



Asia Orient Holdings Limited

Stock Code: 214

INTERIM REPORT 07



# Corporate Information

## Directors

### Executive

Mr. Fung Siu To, Clement (*Chairman*)

Dr. Lim Yin Cheng (*Deputy Chairman*)

Mr. Poon Jing

(*Managing Director and Chief Executive*)

Mr. Lun Pui Kan

Mr. Kwan Po Lam, Phileas

### Non-executive

Mr. Chan Sze Hung

### Independent non-executive

Mr. Cheung Kwok Wah, Ken

Mr. Wong Chi Keung

Mr. Hung Yat Ming

### Audit committee

Mr. Hung Yat Ming (*Chairman*)

Mr. Cheung Kwok Wah, Ken

Mr. Wong Chi Keung

### Remuneration committee

Mr. Fung Siu To, Clement (*Chairman*)

Mr. Wong Chi Keung

Mr. Hung Yat Ming

### Authorised representatives

Mr. Fung Siu To, Clement

Mr. Lun Pui Kan

### Company secretary

Ms. Chiu Yuk Ching

### Registered office

Canon's Court,  
22 Victoria Street,  
Hamilton HM12,  
Bermuda

## Principal office in Hong Kong

30th Floor, Asia Orient Tower, Town Place,

33 Lockhart Road, Wanchai,

Hong Kong

Telephone 2866 3336

Fascimile 2866 3772

Website <http://www.asiaorient.com.hk>

## Principal bankers

Bank of China (Hong Kong) Limited

Bank of Communications Company Limited

Chiyu Banking Corporation Limited

Chong Hing Bank Limited

Hang Seng Bank Limited

The Hongkong and Shanghai Banking  
Corporation Limited

## Legal advisers

Stephenson Harwood & Lo

35th Floor, Bank of China Tower,

1 Garden Road, Central,

Hong Kong

Appleby

5511, The Center,

99 Queen's Road Central,

Hong Kong

## Auditor

PricewaterhouseCoopers

Certified Public Accountants

22nd Floor, Prince's Building,

Central, Hong Kong

## Share registrar in Bermuda

Butterfield Fund Services (Bermuda) Limited

Rosebank Centre,

11 Bermudiana Road,

Pembroke HM08,

Bermuda

## Hong Kong branch share registrar and transfer office

Computershare Hong Kong Investor  
Services Limited

Shops 1712-1716,

17th Floor, Hopewell Centre,

183 Queen's Road East,

Hong Kong

# Financial Highlights

	Six months ended 30th September		Change (%)
	2007	2006	
(In HK\$ million, except otherwise indicated)			
<b>Consolidated profit and loss account</b>			
Revenue	<b>16</b>	41	- 61%
Share of profits of associated companies	<b>70</b>	23	+204%
Profit attributable to shareholders of the Company	<b>73</b>	29	+152%
Earnings per share – basic (HK cents)	<b>14.6</b>	6.9	+112%
	<b>30th September 2007</b>	31st March 2007	Change (%)
<b>Consolidated balance sheet</b>			
Total assets	<b>2,479</b>	2,062	+20%
Net assets	<b>2,299</b>	2,013	+14%
Net assets per share (HK\$)	<b>4.0</b>	5.2	- 23%
Net cash	<b>276</b>	115	+140%
Gearing	<b>Nil</b>	Nil	n/a

# Management Discussion and Analysis



Residential development  
in Aberdeen

Asia Orient Tower



## Results

The Group reports a six months' profit attributable to shareholders of HK\$73 million compared to HK\$29 million of last interim period. The increase is directly the result of improved performance of Asia Standard International Group Limited ("Asia Standard"), its major associated company.

The Board of Directors declared the payment of an interim dividend of HK2.0 cents (2006: HK3.2 cents) per share.

## Asia Standard

Asia Standard remains the Group's core investment. It achieved HK\$160 million (2006: HK\$55 million) profit attributable to shareholders during the period at a turnover of HK\$642 million (2006: HK\$400 million).

## Property sales and leasing

Property sales turnover increased to HK\$285 million from last corresponding period of HK\$56 million. Canaryside, a residential development in Lei Yue Mun completed in March 2007, is the main contributor of development profit in this six months interim period.

Construction of residential development projects at Aberdeen and Castle Peak Road are progressing satisfactorily. The Aberdeen project, which has a GFA of about 150,000 sq. ft., has already topped

out and will be launched after presale consent is obtained. Presale consent for the 200,000 sq. ft. Castle Peak Road joint venture development project is also under progress. Overall, Asia Standard has nearly 1 million sq. ft. gross floor area of properties under development in Hong Kong.

Asia Standard recently increases its presence in the mainland by investing in a 2 million square feet gross floor area residential/commercial development project in Beijing. This is a rare waterfront project with potential revenue of about 2.2 billion Yuan.

Rental income from its investment portfolio increased by 10% despite the disposal of an office tower end last financial year, the increment is the result of increased unit rent upon tenancy renewal.

## Management Discussion and Analysis



Empire Hotel, Hong Kong



### Hotel

Hotel group registered another satisfactory performance. It reported a HK\$42 million profit for the period, more than double the HK\$17 million of last interim period.

Asia Standard has increased its stake in the Hotel group from 62.8% to 67% during the period.

### Financial review

The Group had net cash position of HK\$276 million at 30th September 2007 (31st March 2007: HK\$115 million).

At 30th September 2007, the Group's net asset value rose to HK\$2.3 billion, an increase of HK\$287 million (14%) from HK\$2.0 billion of 31st March 2007.

Certain listed securities were pledged to secure general banking facilities of the Group. The Group did not provide any guarantees to banks and financial institutions on credit facilities to jointly controlled entities, associated companies and third parties.

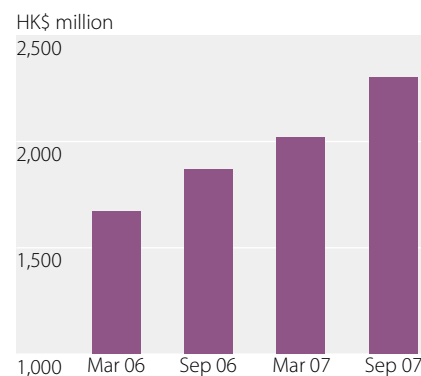
### Employees and remuneration policies

At 30th September 2007, the Group employed 199 full time employees with most of them working for building management and related logistics services. Their remuneration packages, which commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

### Future prospects

The Hong Kong real estate market is experiencing an extremely positive cycle which characterized by sizable price rises

### Net assets



and volume transaction in residential sector, while office sector enjoy healthy rental increases and capital appreciation. The encouraging land sale results, rising salary expectations, falling unemployment rate, value hedging aspirations, all together mean increasing the housing demand. The predicted low housing supply in 2008 could be favourable factor for further price rises.

With 2008 Olympic Games, robust Mainland economy and Macau gaming attractions, the likely strong influx of business and leisure travelers into Hong Kong, the financial and business hub of the region, propel the hotel and tourism industry.

The Hong Kong and Mainland economies are both showing strong momentum, the group will continue to support its investment in Asia Standard, while actively identifying opportunities in China, Macau and Hong Kong.

# Independent Report on Review of Interim Financial Information

## **To the board of directors of Asia Orient Holdings Limited**

*(incorporated in Bermuda with limited liability)*

### **Introduction**

We have reviewed the interim financial information set out on pages 5 to 18, which comprises the consolidated balance sheet of Asia Orient Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30th September 2007 and the related consolidated profit and loss account, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended, and a summary of significant accounting policies and other explanatory notes (the "Interim Financial Information"). The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on Interim Financial Information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of Review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of Interim Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the Interim Financial Information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 21st December 2007

# Consolidated Profit and Loss Account – Unaudited

	Note	Six months ended 30th September	
		2007 HK\$'000	2006 HK\$'000
Revenue from property management, dividend and interest income and proceeds from sale of financial assets at fair value through profit or loss	4	<b>15,961</b>	40,802
Revenue from property management, dividend and interest income	4	<b>11,548</b>	11,162
Cost of sales	6	<b>(5,256)</b>	(4,310)
Gross profit		<b>6,292</b>	6,852
Other income and charges	5	<b>4,963</b>	4,779
Administrative expenses	6	<b>(7,029)</b>	(5,209)
Operating profit		<b>4,226</b>	6,422
Finance costs	7	<b>(194)</b>	(169)
Share of profits less losses of			
Jointly controlled entities		<b>(800)</b>	–
Associated companies		<b>69,955</b>	22,576
Profit before income tax		<b>73,187</b>	28,829
Income tax expense	8	<b>(57)</b>	–
Profit for the period attributable to shareholders of the Company		<b>73,130</b>	28,829
Dividend	9	<b>12,463</b>	12,219
Earnings per share (HK cents)			
Basic	10	<b>14.6</b>	6.9
Diluted	10	<b>14.3</b>	6.8

## Consolidated Balance Sheet – Unaudited

	Note	30th September 2007 HK\$'000	31st March 2007 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	1,502	1,876
Jointly controlled entities		7,272	7,272
Associated companies		1,850,481	1,876,465
Deferred income tax assets		3,885	3,885
		<b>1,863,140</b>	1,889,498
<b>Current assets</b>			
Trade and other receivables	12	87,992	891
Assets held for sale	13	101,155	–
Financial assets at fair value through profit or loss		29,604	50,321
Warrant assets	14	42,733	–
Derivative financial instruments		3,227	5,902
Bank balances and cash		351,295	115,045
		<b>616,006</b>	172,159
<b>Current liabilities</b>			
Trade and other payables	15	41,966	39,100
Deposits received		10,000	–
Dividend payable		11,572	–
Warrant liabilities	16	32,342	–
Amounts due to associated companies		–	1,641
Amounts due to minority shareholders		8,311	8,311
Short-term bank loan and overdrafts		75,467	–
Income tax payable		57	–
		<b>179,715</b>	49,052
<b>Net current assets</b>		<b>436,291</b>	123,107
<b>Total assets less current liabilities</b>		<b>2,299,431</b>	2,012,605
<b>Non-current liabilities</b>			
Deferred income tax liabilities		9	9
<b>Net assets</b>		<b>2,299,422</b>	2,012,596
<b>Equity</b>			
Share capital	17	57,858	38,572
Reserves	18	2,241,564	1,974,024
		<b>2,299,422</b>	2,012,596



# Condensed Consolidated Cash Flow Statement – Unaudited

	Six months ended 30th September	
	2007 HK\$'000	2006 HK\$'000
Net cash generated from/(used in)		
Operating activities	<b>(92,876)</b>	97,736
Investing activities	<b>3,698</b>	(91,872)
Financing activities	<b>321,607</b>	161,403
Net increase in cash and cash equivalents	<b>232,429</b>	167,267
Cash and cash equivalents at the beginning of period	<b>81,779</b>	71,203
Cash and cash equivalents at the end of period	<b>314,208</b>	238,470
Analysis of the balances of cash and cash equivalents		
Bank balances and cash (excluding restricted bank balance)	<b>314,221</b>	238,470
Bank overdrafts	<b>(13)</b>	–
	<b>314,208</b>	238,470

## Consolidated Statement of Changes in Equity – Unaudited

	HK\$'000
At 31st March 2006	1,672,201
Currency translation differences	1,791
Profit for the period	28,829
Total recognised income for the period	30,620
Net proceeds pursuant to rights issue	160,492
Convertible notes of a listed associated company	2,379
	162,871
At 30th September 2006	1,865,692
<b>At 31st March 2007</b>	<b>2,012,596</b>
Currency translation differences	7,612
Profit for the period	73,130
Total recognised income for the period	80,742
Net proceeds pursuant to rights issue	246,152
Net proceeds pursuant to conversion of warrants	1
2007 final dividend	(11,572)
Warrants of the Company	(32,840)
Share options granted by a listed associated company	7,038
Convertible notes and bonds of listed associated companies	(2,695)
	206,084
At 30th September 2007	2,299,422

# Notes to the Interim Financial Information

## 1 Basis of preparation

The unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and should be read in conjunction with the annual financial statements for the year ended 31st March 2007.

The accounting policies and methods of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31st March 2007. In addition, the following accounting policies are adopted:

### (a) Warrant assets and liabilities

Warrant assets and liabilities are initially recognised at fair value on the date of grant and are subsequently remeasured at their fair value. Changes in the fair value of warrant assets and liabilities are recognised in the profit and loss account.

### (b) Assets held for sale

Non-current assets are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through a continuing use.

The following new standards, amendments and interpretations to existing standards have been published which are relevant to the Group’s operations and are mandatory for the Group’s accounting periods beginning on or after 1st April 2007 as follows:

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HK (IFRIC) – Int 8	Scope of HKFRS 2
HK (IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK (IFRIC) – Int 10	Interim Reporting and Impairment
HK (IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions
HKFRS 7	Financial Instruments: Disclosures

The adoption of the above standards, amendments and interpretations does not have substantial changes to the Group’s accounting policies and presentation of the financial statements, except that additional disclosures required under HKAS 1 (Amendment) and HKFRS 7 will be made in the 2008 annual financial statements.

# Notes to the Interim Financial Information

## 2 Financial risk management

The activities of the Group, its jointly controlled entities and its associated companies expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's associated companies use derivative financial instruments to hedge certain risk exposures.

## 3 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group, its jointly controlled entities and its associated companies make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include those related to investment properties, impairment of assets, income taxes and fair values of warrant assets and liabilities.

## 4 Revenue and segment information

The Company is a limited liability company incorporated in Bermuda and listed on The Stock Exchange of Hong Kong Limited. The address of its principal office is 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

The Group, its jointly controlled entities and its associated companies are principally engaged in property management, development and investment, hotel, travel agency and catering operations. Turnover comprises gross revenues from property management, investment and interest income.

## Notes to the Interim Financial Information

**4 Revenue and segment information (Continued)****Primary reporting format – business segments**

The Group, its jointly controlled entities and its associated companies are organised into four main business segments, comprising property sales, property leasing and management, hotel and travel and investment. There is no other significant identifiable separate business segment. Segment revenue from external customers is after elimination of inter-segment revenues. In accordance with the Group's internal financial reporting and operating activities, the primary reporting is by business segments and the secondary reporting is by geographical segments. Additional segment information of jointly controlled entities and associated companies was set out in supplementary notes.

	Property management HK\$'000	Investment HK\$'000	Other operations HK\$'000	Group HK\$'000
<b>Six months ended 30th September 2007</b>				
Proceeds from sales of financial assets at fair value through profit or loss	–	4,413	–	4,413
Segment revenues	7,182	–	4,366	11,548
	7,182	4,413	4,366	15,961
Contribution to segment results	1,926	–	4,366	6,292
Other income and charges	–	4,963	–	4,963
Unallocated corporate expenses				(7,029)
Operating profit				4,226
Finance costs				(194)
Share of results of				
Jointly controlled entities (note (i))				(800)
Associated companies (note (i))				69,955
Profit before income tax				73,187
Income tax expense				(57)
Profit for the period				73,130
<b>Six months ended 30th September 2006</b>				
Proceeds from sales of financial assets at fair value through profit or loss	–	29,640	–	29,640
Segment revenues	5,464	–	5,698	11,162
	5,464	29,640	5,698	40,802
Contribution to segment results	1,154	–	5,698	6,852
Other income and charges	–	4,779	–	4,779
Unallocated corporate expenses				(5,209)
Operating profit				6,422
Finance costs				(169)
Share of results of associated companies (note (i))				22,576
Profit for the period				28,829

## Notes to the Interim Financial Information

**4 Revenues and segment information** (Continued)

Note (i) Share of results of jointly controlled entities and associated companies

	Six months ended 30th September 2007		Six months ended 30th September 2006	
	Jointly controlled entities	Associated companies	Jointly controlled entities	Associated companies
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property sales	–	<b>21,349</b>	–	(783)
Property leasing	–	<b>53,385</b>	–	55,636
Hotel and travel	–	<b>8,930</b>	–	13,456
Other operations	<b>(800)</b>	<b>20,242</b>	–	(7,786)
Finance costs	–	<b>(12,157)</b>	–	(22,139)
Unallocated corporate expenses	–	<b>(10,189)</b>	–	(8,315)
Income tax expenses	–	<b>(11,605)</b>	–	(7,493)
	<b>(800)</b>	<b>69,955</b>	–	22,576

**Geographical segments**

For the six months ended 30th September 2007 and 2006, the activities of the Group are mainly based in Hong Kong. The Group incurred its capital expenditure, derived all of its revenue and operating profit from Hong Kong. Over 90% of its total assets are located in Hong Kong.

**5 Other income and charges**

	Six months ended 30th September	
	2007 HK\$'000	2006 HK\$'000
Net realised gains/(losses) on financial assets at fair value through profit or loss	<b>749</b>	(13,734)
Net unrealised losses on financial assets at fair value through profit or loss	<b>(110)</b>	(633)
Net realised gains on derivative financial instruments	<b>302</b>	–
Net unrealised gains on derivative financial instruments	<b>374</b>	–
Net fair value gains on warrant assets (note 14)	<b>3,805</b>	–
Fair value gains on warrant liabilities (note 16)	<b>498</b>	–
Net (losses)/gains on dilution/acquisition of interest in listed associated companies	<b>(655)</b>	9,630
Gain on disposal of an associated company	–	9,516
	<b>4,963</b>	4,779

## Notes to the Interim Financial Information

**6 Costs and expenses by nature**

	Six months ended 30th September	
	2007 HK\$'000	2006 HK\$'000
<b>Expenses</b>		
Depreciation	393	392
Employee benefit expense, including Directors' emoluments (note (a))	6,777	5,930
<b>(a) Employee benefit expense</b>		
Wages and salaries	6,624	5,776
Retirement benefits costs	153	154
	6,777	5,930

**7 Finance costs**

	Six months ended 30th September	
	2007 HK\$'000	2006 HK\$'000
Interest expense and finance charges on short term bank loans and overdrafts	194	169

**8 Income tax expense**

	Six months ended 30th September	
	2007 HK\$'000	2006 HK\$'000
Current income tax	57	–

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for the period and no Hong Kong profits tax was made in the prior period as the Group had no assessable profits in that period. No overseas income tax has been made as the Group has no estimated assessable profit for the period (2006: nil).

Share of income tax of jointly controlled entities and associated companies for the six months ended 30th September 2007 of nil (2006: nil) and HK\$11,494,000 (2006: HK\$8,253,000) is included in the profit and loss account as share of profits less losses of jointly controlled entities and associated companies respectively.

# Notes to the Interim Financial Information

## 9 Dividend

	Six months ended 30th September	
	2007	2006
	HK\$'000	HK\$'000
Interim dividend of HK2.0 cents (2006: HK3.2 cents) per share.	<b>12,463</b>	12,219

At a meeting held on 21st December 2007, the Board of Directors has declared to pay an interim dividend of HK2.0 cents per share. This interim dividend is not reflected in the interim financial information, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2008.

The amount HK\$12,463,000 is based on 623,143,834 issued shares as at 21st December 2007.

## 10 Earnings per share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$73,130,000 (2006: HK\$28,829,000) and on the weighted average number of 502,314,630 (2006: 420,296,571, adjusted for the effects of rights issue in July 2007) shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30th September 2007 is based on HK\$72,452,000 equalling to profit attributable to shareholders of the Company of HK\$73,130,000 with a decrease in share of profit after tax of HK\$678,000 from Asia Standard International Group Limited ("Asia Standard") arising from conversion of the convertible notes of Asia Standard, and the weighted average number of 508,424,318 shares equalling to the weighted average number of 502,314,630 shares in issue during the period with an increase of 6,056,022 shares and 53,666 shares arising from potential exercise of the Company's share options and warrants respectively. The outstanding share options and warrants of Asia Standard and Asia Standard Hotel Group Limited ("AS Hotel") did not have a dilutive effect on the earnings per share.

The calculation of diluted earnings per share for the six months ended 30th September 2006 was based on HK\$28,455,000 equalling to the profit attributable to shareholders of the Company of HK\$28,829,000 with a decrease in share of profit after tax of HK\$374,000 from Asia Standard arising from potential conversion of the convertible notes of Asia Standard, and the weighted average number of 420,296,571 (adjusted for the effects of rights issue in July 2007) shares in issue during the period.



## Notes to the Interim Financial Information

**11 Property, plant and equipment**

	Other equipment HK\$'000
<b>Cost</b>	
At 31st March 2007	4,984
Additions	19
<b>At 30th September 2007</b>	<b>5,003</b>
<b>Accumulated depreciation</b>	
At 31st March 2007	3,108
Charge for the period	393
<b>At 30th September 2007</b>	<b>3,501</b>
<b>Net book value</b>	
<b>At 30th September 2007</b>	<b>1,502</b>
At 31st March 2007	1,876

**12 Trade and other receivables**

Trade and other receivables of the Group include trade receivables, utility and other deposits, interest and other receivables.

Trade receivables of the Group amounted to HK\$83,000 (31st March 2007: HK\$302,000). The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade debtors, credit evaluations of customers are performed periodically.

Aging analysis of trade receivables net of provision for impairment of doubtful debts is as follows:

	<b>30th September 2007 HK\$'000</b>	31st March 2007 HK\$'000
0 day to 60 days	<b>79</b>	226
61 days to 120 days	<b>4</b>	76
	<b>83</b>	302

**13 Assets held for sale**

On 27th August 2007, the Group entered into a sale and purchase agreement for disposal of 9.6% of the interest in an associated company which invested in a commercial property development in Beijing. The disposal will be completed in the second half of the financial year. Consequently, the corresponding investment in this associated company of HK\$101,155,000 was reclassified as assets held for sale as at 30th September 2007.

## Notes to the Interim Financial Information

### 14 Warrant assets

On 7th September 2007, the Group received 617,469,000 bonus warrants from Asia Standard, a listed associated company. The warrants are exercisable at any time within one year from the date of issue. The initial subscription price was at HK\$0.29 per share, subject to adjustments and reset arrangements.

On the same day, the Group received 65,369,000 bonus warrants from AS Hotel, another listed associated company. The warrants are exercisable at any time within three years from the date of issue. The initial subscription price was at HK\$0.146 per share, subject to adjustments and reset arrangements.

Movement of the warrant assets during the period is as follows:

	HK\$'000
Fair value of warrants at date of issue	38,928
Net fair value gains credited to profit and loss account (note 5)	3,805
<b>At 30th September 2007</b>	<b>42,733</b>

### 15 Trade and other payables

Trade and other payables of the Group include trade payables, rental and management fee deposits, interest and other payables and various accruals. Trade payables of the Group amounted to HK\$3,760,000 (31st March 2007: HK\$4,181,000).

Aging analysis of trade payables is as follows:

	<b>30th September 2007 HK\$'000</b>	31st March 2007 HK\$'000
0 day to 60 days	<b>3,214</b>	3,629
61 days to 120 days	<b>30</b>	28
More than 120 days	<b>516</b>	524
	<b>3,760</b>	4,181

## Notes to the Interim Financial Information

**16 Warrant liabilities**

On 7th September 2007, the Company issued warrants to shareholders on the basis of one warrant for every five shares of the Company. The initial subscription price was at HK\$1.62 per share and the warrants are exercisable at any time within one year from the date of issue. Apart from the adjustments upon occurrence of the usual adjustment events, the subscription price is subject to the reset adjustment at the end of each six months period from the date of issue of the warrants and a final reset adjustment on the tenth business day before the date of expiration of the warrants.

Movement of the warrant liabilities during the period is as follows:

	HK\$'000
Fair value of warrant at date of issue	32,840
Fair value gains credited to profit and loss account (note 5)	(498)
<b>At 30th September 2007</b>	<b>32,342</b>

**17 Share capital**

	Number of shares	Amount HK\$'000
Shares of HK\$ 0.1 each		
Authorised		
At 31st March 2007	750,000,000	75,000
Increase during the period (note (a))	750,000,000	75,000
<b>At 30th September 2007</b>	<b>1,500,000,000</b>	<b>150,000</b>
Issued and fully paid		
At 31st March 2007	385,717,565	38,572
Shares issued pursuant to rights issue (note (b))	192,858,782	19,286
Conversion of warrants	733	–
<b>At 30th September 2007</b>	<b>578,577,080</b>	<b>57,858</b>

Note:

- (a) On 31st August 2007, an ordinary resolution was passed to increase the authorised share capital to HK\$150 million.
- (b) In July 2007, the Company issued 192.8 million shares at HK\$1.3 each for a gross consideration of HK\$250.7 million pursuant to a 1 for 2 rights issue. Net proceeds amounted to HK\$246 million.

## Notes to the Interim Financial Information

**18 Reserves**

	Share premium HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Convertible notes and bonds HK\$'000	Share option reserve HK\$'000	Warrants reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2007	1,718,133	398,021	71,829	3,476	14,280	–	(231,715)	1,974,024
Profit for the period	–	–	–	–	–	–	73,130	73,130
2007 final dividend	–	–	–	–	–	–	(11,572)	(11,572)
Rights issue less expenses	226,866	–	–	–	–	–	–	226,866
Warrants	1	–	–	–	–	(32,840)	–	(32,839)
Share of reserves of associated companies	–	–	–	(3,476)	7,038	–	781	4,343
Currency translation differences	–	–	–	–	–	–	7,612	7,612
<b>At 30th September 2007</b>	<b>1,945,000</b>	<b>398,021</b>	<b>71,829</b>	<b>–</b>	<b>21,318</b>	<b>(32,840)</b>	<b>(161,764)</b>	<b>2,241,564</b>

**19 Capital commitments**

The Group did not have any capital commitments which were contracted but not provided for, nor authorised but not contracted for as at 30th September 2007 and 31st March 2007.

**20 Contingent liabilities**

There were no material contingent liabilities existing as at 30th September 2007 and 31st March 2007.

**21 Comparative figures**

Certain comparative figures have been restated to conform to the current period's presentation.

## Other Information

### Directors and chief executive's interests and short positions in shares, underlying shares and debentures

As at 30th September 2007, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Hong Kong Securities and Futures Ordinance (the "SFO") which (a) are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

#### (I) Long positions in shares

##### (a) The Company

Director	Number of shares held				Percentage of shares in issue (%)
	Personal interest	Corporate interest	Family Interest	Total	
Poon Jing	92,761,366	88,677,414	3,257,939	184,696,719	31.92
Fung Siu To, Clement	9,278,770	–	–	9,278,770	1.60

## Other Information

### Directors and chief executive's interests and short positions in shares, underlying shares and debentures

(Continued)

#### (I) Long positions in shares (Continued)

##### (b) Associated companies

Director	Associated Company	Number of shares held			Total	Percentage of shares in issue (%)
		Personal interest	Corporate interest	Family interest		
Poon Jing	Asia Standard International Group Limited ("Asia Standard")	6,248,502	3,087,345,774 (Note 1)	Nil	3,093,594,276	43.06
Poon Jing	Asia Standard Hotel Group Limited ("AS Hotel")	383,434	8,711,059,638 (Note 1)	Nil	8,711,443,072	69.64
Poon Jing and Fung Siu To, Clement	Centop Investment Limited ("Centop")	–	20 (Note 2)	Nil	20	20
Poon Jing	Centop	–	80 (Note 3)	Nil	80	80
Fung Siu To, Clement	Mark Honour Limited	9	–	Nil	9	9

Notes:

- By virtue of his controlling interest in the Company, Mr. Poon Jing is deemed to be interested in the shares of Asia Standard and AS Hotel held by the Company and its subsidiaries.
- Centop is owned as to 80% by Asia Standard and 20% by Kingscore Investment Limited ("Kingscore"). Each of Mr. Poon Jing and Mr. Fung Siu To, Clement holds 50% interest in Kingscore. By virtue of their interest in Kingscore, each of Mr. Poon Jing and Mr. Fung Siu To, Clement is deemed to have interest in the 20 shares held by Kingscore and duplicate the interest of the other.
- By virtue of his controlling interest in the Company, Mr. Poon Jing is deemed to have interest in the 80 shares of Centop held by Asia Standard.

In addition, by virtue of his interest in the Company, Mr. Poon Jing is deemed to be interested in the shares of all the Company's subsidiaries and associated corporations.

## Other Information

**Directors and chief executive's interests and short positions in shares, underlying shares and debentures**

(Continued)

**(II) Long positions in underlying shares***Interest in share options*

As at 30th September 2007, details of the share options granted to Directors under the share option schemes are as follows:

*a) The Company*

Name of Director	Outstanding as at 1st April 2007	Adjustment (Note 1)	Outstanding as at 30th September 2007
Fung Siu To, Clement	1,900,000	226,301	2,126,301
Lim Yin Cheng	1,900,000	226,301	2,126,301
Lun Pui Kan	1,900,000	226,301	2,126,301
Kwan Po Lam, Phileas	1,900,000	226,301	2,126,301

Notes:

- Options were granted on 29th March 2007 and exercisable from 29th March 2007 to 28th March 2017 at exercise price of HK\$1.602 per share. Following the adjustments made to the number of options granted under the share option scheme of the Company adopted on 11th November 2002 ("Share Option Scheme") and the subscription price thereof as a result of the rights issue of the Company on the basis of 1 rights share for every 2 shares held by the shareholders as of 5th July 2007 ("Rights Issue"), the subscription price of the share option was adjusted to HK\$1.4315 per share and the number of options granted to each grantee was adjusted from 1,900,000 to 2,126,301 on 30th July 2007.
- During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

## Other Information

**Directors and chief executive's interests and short positions in shares, underlying shares and debentures**

(Continued)

**(II) Long positions in underlying shares (Continued)***Interest in share options (Continued)***b) Associated corporation***– Asia Standard*

Name of Director	Outstanding as at 1st April 2007 and 30th September 2007
Fung Siu To, Clement	20,621,761
Poon Jing	5,155,440
Lim Yin Cheng	20,621,761
Lun Pui Kan	20,621,761
Kwan Po Lam, Phileas	20,621,761

Options were granted on 30th March 2005 and exercisable from 30th March 2005 to 29th March 2015 at exercise price of HK\$0.315 (as adjusted) per share. During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

*– AS Hotel*

Name of Director	Date of Grant	Outstanding		Exercise price (HK\$)	Exercise period	Outstanding as at 30th September 2007
		as at 1st April 2007	No. of options granted during the period			
Fung Siu To, Clement	29th March 2007	80,000,000	–	0.1296	29th March 2007 to 28th March 2017	80,000,000
Lim Yin Cheng	2nd April 2007	–	80,000,000	0.130	2nd April 2007 to 1st April 2017	80,000,000
Lun Pui Kan	2nd April 2007	–	80,000,000	0.130	2nd April 2007 to 1st April 2017	80,000,000
Kwan Po Lam, Phileas	2nd April 2007	–	80,000,000	0.130	2nd April 2007 to 1st April 2017	80,000,000

During the period, no option granted to the Directors has been exercised, cancelled or lapsed.



## Other Information

**Directors and chief executive's interests and short positions in shares, underlying shares and debentures**

(Continued)

**(II) Long positions in underlying shares (Continued)***Interest in warrants**(a) The Company*

Name of Director	Personal interest	Number of warrants held		Total
		Corporate interest	Family interest	
Poon Jing	18,552,272	17,735,478	651,587	36,939,337
Fung Siu To, Clement	1,855,753	–	–	1,855,753

The warrants of the Company are exercisable from 7th September 2007 to 6th September 2008 at an initial subscription price of HK\$1.62 per share, subject to adjustments and reset arrangements.

*(b) Associated corporations*

Name of Director	Associated corporation	Number of warrants held		Total
		Personal interest	Corporate interest	
Poon Jing	Asia Standard	1,249,700	617,469,142	618,718,842
Poon Jing	AS Hotel	76,686	1,742,211,916	1,742,288,602

The warrants of Asia Standard are exercisable from 7th September 2007 to 6th September 2008 at an initial subscription price of HK\$0.29 per share, subject to adjustments and reset arrangements.

The warrants of AS Hotel are exercisable from 7th September 2007 to 6th September 2010 at an initial subscription price of HK\$0.146 per share, subject to adjustments and reset arrangements.

Save as disclosed above, as at 30th September 2007, none of the Directors or Chief Executive (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

## Other Information

### Substantial shareholders and other persons' interests and short positions in shares and underlying shares

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 30th September 2007, the Company had been notified of the following shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executive.

#### Long positions in shares of the Company

Name	Number of shares held	Percentage (%)
Heston Holdings Limited ("Heston") (Note 1)	30,816,927	5.33
Teddington Holdings Limited ("Teddington") (Note 1)	36,991,791	6.39
Dalton Investments LLC ("Dalton")	83,589,910	14.45
Clearwater Insurance Company ("Clearwater Insurance") (Note 2)	39,693,519	6.86
Dalton Greater China (Master) Fund ("Dalton Greater China") (Note 3)	28,591,541	4.94
Daswani Rajkumar Murlidhar	29,211,020	5.04

#### Long position in the underlying shares – interest in warrants

Name	Number of warrants held
Teddington (Note 1)	7,398,357
Heston (Note 1)	6,163,384
Dalton	16,717,979
Clearwater Insurance (Note 2)	7,938,703
Dalton Greater China (Note 3)	5,718,308

The warrants of the Company are exercisable from 7th September 2007 to 6th September 2008 at an initial subscription price of HK\$1.62 per share, subject to adjustments and reset arrangements.

Notes:

- Mr. Poon Jing, his family interest and the companies wholly owned by him namely Teddington, Heston and Full Speed Investments Ltd. together hold 184,696,719 shares and 36,939,337 warrants. The interest of Teddington and Heston duplicate the interest of Mr. Poon Jing disclosed under the heading "Director and Chief Executive's interests and short positions in shares, underlying shares and debentures".
- Dalton is the investment manager for Clearwater Insurance and Dalton Greater China. The interest of Clearwater Insurance and Dalton Greater China duplicate the interest of Dalton disclosed above.
- The shares and warrants in aggregate held by Dalton Greater China is more than 5% of the issued shares of the company as at 30th September 2007.

Save as disclosed above, as at 30th September 2007, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept under Section 336 of the SFO.

## Other Information

### Share option scheme

#### Company

Pursuant to the Share Option Scheme, the Board of Directors of the Company may grant options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to the Company, its subsidiary or any invested entity, their discretionary trust or the companies owned by them. There are no changes in any terms of the Share Option Scheme during the six month ended 30th September 2007. The detailed terms of the Share Option Scheme were disclosed in the 2007 annual report.

The following table discloses details of the Company's options granted under the Share Option Scheme held by employees (including Directors):

Name of Director	Outstanding as at 1st April 2007	Adjustment (Note 1)	Outstanding as at 30th September 2007
Directors	7,600,000	905,204	8,505,204
Employees	23,900,000	2,846,627	26,746,627
Director and administrator of the deceased director of associated corporations	6,200,000	738,456	6,938,456
	37,700,000	4,490,287	42,190,287

Notes:

- Options were granted on 29th March 2007 and exercisable from 29th March 2007 to 28th March 2017 at exercise price of HK\$1.602 per share. Subsequent to completion of the Rights Issue, the subscription price of the share option was adjusted to HK\$1.4315 per share and the total number of options was adjusted from 37,700,000 shares to 42,190,287 shares with effect from 30th July 2007.
- During the period, no option was granted, exercised, cancelled or lapsed.

### Interim dividend

The Board of Directors has declared to pay to shareholders whose names appear on the Register of Members of the Company on Wednesday, 16th January 2008 ("Record Date") interim dividend of HK2.0 cents (2006: HK3.2 cents) per share. The interim dividend will be paid on or about Monday, 4th February 2008.

### Closure of register of members

The Register of Members will be closed from Monday, 14th January 2008 to Wednesday, 16th January 2008, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all share certificates with completed transfer forms either overleap or separately must be lodged with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Friday, 11th January 2008.

## Other Information

### **Purchase, sale or redemption of listed securities**

During the period, the Company had not redeemed any of its shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

### **Code on corporate governance practices**

During the period, the Company was in compliance with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules.

### **Code of conduct regarding securities transactions by directors**

The Company has adopted its own Code of Conduct for Securities Transactions by Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10) of the Listing Rules. The Company has also made specific enquiry to the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its Code of Conduct for Securities Transactions by Directors.

### **Audit committee**

The Audit Committee members are Mr. Hung Yat Ming, Mr. Cheung Kwok Wah, Ken and Mr. Wong Chi Keung. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

The unaudited interim financial report of the Group for the six months ended 30th September 2007 has been reviewed by the Audit Committee.

On behalf of the Board

**Fung Siu To, Clement**

*Chairman*

Hong Kong, 21st December 2007