



Asia Standard International Group Limited  
Interim Report 2005

# Corporate Information

## Directors

### Executive

Mr. Fung Siu To, Clement (*Chairman*)  
 Mr. Lim Yin Cheng (*Deputy Chairman*)  
 Mr. Poon Jing (*Managing Director and Chief Executive*)  
 Mr. Lun Pui Kan  
 Mr. Kwan Po Lam, Phileas  
 Mr. Loup, Nicholas James

### Non-executive

Mr. Liang Shangli  
 Mr. Au Yat Chuen, Raymond

### Independent Non-executive

Mr. Koon Bok Ming, Alan  
 Mr. Leung Wai Keung, Richard  
 Mr. Wong Chi Keung

## Audit committee

Mr. Koon Bok Ming, Alan (*Chairman*)  
 Mr. Leung Wai Keung, Richard  
 Mr. Wong Chi Keung

## Executive committee

Mr. Poon Jing (*Chairman*)  
 Mr. Fung Siu To, Clement  
 Mr. Lun Pui Kan  
 Mr. Loup, Nicholas James

## Remuneration committee

Mr. Fung Siu To, Clement (*Chairman*)  
 Mr. Loup, Nicholas James  
 Mr. Koon Bok Ming, Alan  
 Mr. Leung Wai Keung, Richard  
 Mr. Wong Chi Keung

## 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  
 Facsimile 2866 3772  
 Website <http://www.asiastandard.com>  
 E-mail [as\\_info@asia-standard.com.hk](mailto:as_info@asia-standard.com.hk)

## Principal bankers

Bank of China (Hong Kong) Limited  
 The Hongkong and Shanghai  
 Banking Corporation Limited  
 Hang Seng Bank Limited  
 The Bank of East Asia Limited  
 Citic Ka Wah Bank Limited  
 Industrial and Commercial Bank of  
 China (Asia) Limited  
 Liu Chong Hing Bank Limited  
 Wing Hang Bank Limited

## Legal advisers

Stephenson Harwood & Lo  
 18th Floor, Edinburgh Tower,  
 The Landmark,  
 15 Queen's Road Central,  
 Hong Kong

Appleby Spurling Hunter  
 5511, The Centre,  
 99 Queen's Road Central,  
 Hong Kong

## Auditors

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, Bermuda

## Hong Kong branch share registrar and transfer office

Computershare Hong Kong Investor  
 Services Limited  
 46th Floor, Hopewell Centre,  
 183 Queen's Road East,  
 Hong Kong

# Financial Highlights

(in HK\$ million, except otherwise indicated)

	<b>Six months ended 30th September</b>		Change (%)
	<b>2005</b>	2004 (restated)	
<b>Consolidated profit and loss account</b>			
Turnover	<b>403</b>	350	+15
Operating profit	<b>113</b>	14	+707
Finance costs	<b>58</b>	47	+23
Profit attributable to shareholders of the Company	<b>52</b>	148	-65
Earnings per share (HK cents)			
Basic	<b>1.02</b>	3.59	-72
Diluted	<b>1.02</b>	3.37	-70
<b>Consolidated balance sheet</b>			
	<b>30th September 2005</b>	31st March 2005 (restated)	Change (%)
Total assets	<b>6,707</b>	6,733	-
Equity attributable to the Company's shareholders	<b>3,308</b>	3,272	+1
Net debt	<b>2,210</b>	2,257	-2

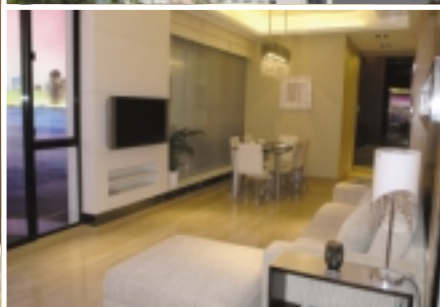
Supplementary information with hotel properties at valuations (note):

Revalued total assets	<b>7,826</b>	7,830	-
Equity attributable to the Company's shareholders	<b>4,075</b>	4,023	+1
Equity attributable to the Company's shareholders per share (HK\$)	<b>0.80</b>	0.79	+1
Net debt to revalued net asset value (%)	<b>46%</b>	48%	-2

Note: Hong Kong Financial Reporting Standards ("HKFRS") do not permit leasehold land other than investment properties to be carried at valuation. The Group considers that such treatment does not reflect the economic substance of its hotel property investments. Therefore the Group has presented supplementary unaudited financial information taking into account the fair market value of hotel properties in addition to those in accordance with HKFRS.

The hotel properties in Hong Kong and Canada were revalued by Knight Frank and Grant Thornton Management Consultants respectively, independent professional valuers, on an open market value basis as at 30th September 2005.

# Management Discussion and Analysis



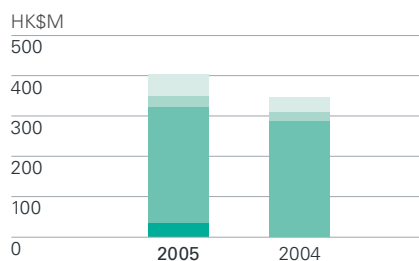
Canaryside, Lei Yue Mun

## Properties sales and development

Presale consent of the 190,000 sq. ft. gross floor area sea-view residential development in Kowloon facing Lei Yue Mun, was issued last month. The project will be launched for sale in early 2006. The entire project will bring in a total proceeds of about HK\$1 billion. The development is now at superstructure stage of construction and expect to be completed by the end of 2006. Presale consent is also being applied for another low-rise residential development of 43,000 sq. ft. gross floor area alongside the light rail in Ping Shan, New Territories. Superstructure construction has commenced and completion is expected towards late 2006.

## Turnover

- Property sales
- Property leasing
- Hotel and travel
- Other operations

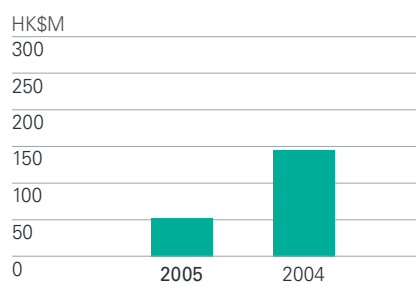


## Results

The Group recorded a profit attributable to shareholders of HK\$52 million, compared to last period's HK\$148 million (restated). Turnover for the current period amounted to HK\$403 million, an increase of 15% from HK\$350 million of last period.

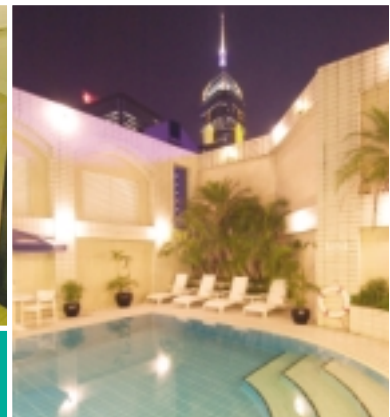
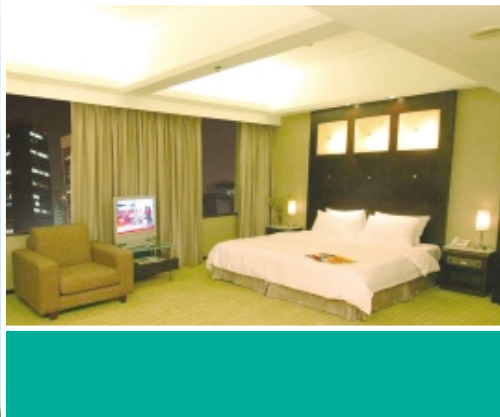
The Directors do not recommend any interim dividend.

## Profit attributable to shareholders





## Empire Hotel Hong Kong



The joint venture residential development with the Grosvenor group at Castle Peak Road in Ting Kau is also progressing. Land exchange has been applied and preliminary lease terms accepted. Building plans are being designed and formulated.

Land exchange and premium negotiation is also being conducted for sites at Aberdeen, Hung Shui Kiu and Lam Tei. In aggregate, the Group has over 1.1 million sq. ft. gross floor area of properties under development.

### Leasing

Rental income attributed to the Group for the period was approximately HK\$27 million, an 8% increment from the corresponding period last year. Pick up in both occupancies and unit rate contribute to the overall increase.

At present, the Group has about 440,000 sq. ft. office and retail portfolio. About 16% of the tenancies are due to renewal in the remaining financial year. We expect that the renewal will continue to bring up the rental income.

### Hotel

The hotel subsidiary achieved a HK\$290 million turnover and operating profit of HK\$26.2 million compared with HK\$287 million turnover and HK\$15.5 million operating profit last period.

Revenue from hotel operation increased by 14% to HK\$131 million. Combined occupancies of the two Hong Kong based hotels is slightly higher by 1% compared with last corresponding period, while room rate increased by 14%. Over 80% of guest rooms in Empire Hotel, Hong Kong has been renovated and well received by its customers. Our Canadian hotel's revenue also increased by 14%.

In November 2005, the listed hotel subsidiary raised approximately HK\$192.7 million net proceeds through the placement of new shares to market. The proceeds were all used to repay bank borrowings. The Group's shareholdings reduces to 56.9% thereafter.

# Management Discussion and Analysis

## Financial review

At 30th September 2005, the Group's total assets stood at HK\$6.7 billion (31st March 2005 restated: HK\$6.7 billion), and the net assets amounted to HK\$3.7 billion (31st March 2005 restated: HK\$3.7 billion). The Group adopted the new and revised financial reporting and accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for this 2005/06 financial year. The changes have no impact on the Group's cash flows, but increase the profit by HK\$88 million and decrease net assets by HK\$1,385 million.

The net borrowing was HK\$2.2 billion (31st March 2005: HK\$2.3 billion) of which HK\$1.1 billion (31st March 2005: HK\$1.2 billion) belonged to the separately listed hotel group. Net debt to equity ratio (including minority interests) was 60% (31st March 2005 restated: 61%). The ratios would be 46% and 48% respectively as adjusted with hotel properties at valuations.

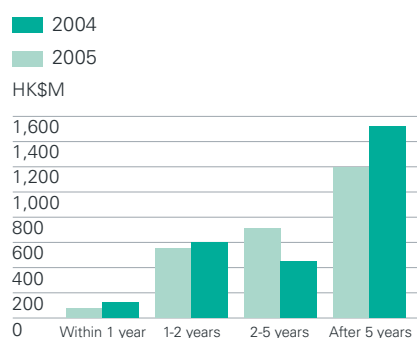
Except for the Canadian dollar loan of Empire Landmark Hotel, all our Group's borrowings are denominated in Hong Kong dollar. Of the total borrowings, 5.7% were repayable

within one year and repayment of the remaining portion is spread over eleven years.

Apart from the convertible bonds, all the debts were at floating rates. Hong Kong has entered into an interest rate hike cycle, following the United States. One month HIBOR increased from approximate 2.5% p.a. at beginning of the interim period to 4.2% p.a. at end of the period, compared with 0.08% and 1% for last corresponding period. Finance costs increased by 23% comparing the two periods. To alleviate further rise in interest charge, the Group has entered into interest rate swaps ("IRS") and by 30th September 2005, there is outstanding HK\$265 million IRS spreading between 3-5 years. A further HK\$360 million IRS was entered into after the period end, in aggregate hedging about 33% of the Group's floating rate net borrowings.

As at 30th September 2005, assets with an aggregated net book value of HK\$5,395 million (31st March 2005 restated: HK\$5,300 million) were pledged to secure banking facilities of the Group. The guarantees provided to financial institutions for jointly controlled entities, associated companies and third parties was HK\$167 million (31st March 2005: HK\$159 million).

## Debts maturity profile



## Employees and remuneration policies

As at 30th September 2005, the Group employed 430 employees and approximate 90% worked for the separately listed hotel subgroup. The remuneration packages including basic salary, annual bonus, retirement and other benefit are commensurate with their job nature and experience level.

# Independent Review Report of the Auditors

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## **To the Board of Directors of Asia Standard International Group Limited**

*(incorporated in Bermuda with limited liability)*

### **Introduction**

We have been instructed by the Company to review the interim financial information set out on pages 6 to 27.

### **Respective responsibilities of Directors and auditors**

The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of an interim financial information to be in compliance with Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial information is the responsibility of, and has been approved by, the Directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial information 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.

### **Review work performed**

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial information and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial information.

### **Review conclusion**

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial information for the six months ended 30th September 2005.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 20th December 2005

# Consolidated Profit and Loss Account – Unaudited

		<b>Six months ended 30th September</b>	
	<i>Note</i>	<b>2005 HK\$'000</b>	2004 HK\$'000 (restated)
Turnover	6	<b>403,400</b>	350,137
Cost of sales		<b>(273,115)</b>	(254,725)
Gross profit		<b>130,285</b>	95,412
Administrative expenses		<b>(59,568)</b>	(55,639)
Other income/(charges)	7	<b>42,391</b>	(25,962)
Operating profit	8	<b>113,108</b>	13,811
Finance costs	9	<b>(58,302)</b>	(46,546)
Share of profits less losses of			
Jointly controlled entities		<b>521</b>	170,730
Associated companies		<b>10,133</b>	91
Profit before taxation		<b>65,460</b>	138,086
Taxation (charge)/credit	10	<b>(20,322)</b>	3,769
Profit for the period		<b>45,138</b>	141,855
Attributable to:			
Shareholders of the Company		<b>51,967</b>	147,549
Minority interests		<b>(6,829)</b>	(5,694)
		<b>45,138</b>	141,855
Dividend	11	–	8,218
Earnings per share			
Basic	12	<b>1.02 cents</b>	3.59 cents
Diluted	12	<b>1.02 cents</b>	3.37 cents



# Consolidated Balance Sheet – Unaudited

	30th September 2005	31st March 2005
	Note	HK\$'000
		HK\$'000 (restated)
<b>Non-current assets</b>		
Property, plant and equipment	13	876,999
Investment properties	14	1,573,117
Leasehold land		1,386,575
Jointly controlled entities		152,784
Associated companies		398,586
Goodwill		9,905
Mortgage loan receivables		11,298
Derivative financial instruments		1,177
Deferred tax assets		85,701
		<b>4,496,142</b>
<b>Current assets</b>		
Properties held for/under development for sale	15	1,111,110
Completed properties held for sale		537,446
Hotel and restaurant inventories		2,577
Debtors and prepayments	16	76,432
Financial assets at fair value through profit and loss		61,997
Tax recoverable		224
Bank balances and cash		421,544
		<b>2,211,330</b>
<b>Current liabilities</b>		
Creditors and accruals	17	146,121
Short term bank loans and overdrafts		70,000
Secured		4,164
Unsecured		76,912
Current portion of long term loans	21	19,916
Taxation		317,113
		118,705
		-
		8,778
		127,673
		19,916
		275,072
Net current assets		<b>1,894,217</b>
Total assets less current liabilities		<b>6,390,359</b>
<b>Non-current liabilities</b>		
Convertible bonds	20	270,823
Long term loans	21	2,209,658
Deferred tax liabilities		114,600
Amounts due to minority shareholders		103,369
		<b>2,698,450</b>
Net assets		<b>3,691,909</b>
<b>Equity</b>		
Share capital	18	50,760
Reserves	19	3,257,230
Equity attributable to the Company's shareholders		<b>3,307,990</b>
Minority interests		<b>383,919</b>
		<b>3,691,909</b>
		3,673,779

# Condensed Consolidated Cash Flow Statement – Unaudited

	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
Net cash from/(used in) operating activities	<b>52,870</b>	(255,179)
Net cash (used in)/from investing activities	<b>(13,154)</b>	288,187
Net cash (used in)/from financing activities	<b>(76,859)</b>	15,405
Net (decrease)/increase in cash and cash equivalents	<b>(37,143)</b>	48,413
Cash and cash equivalents at beginning of period	<b>424,149</b>	56,742
Changes in exchange rates	<b>386</b>	293
Cash and cash equivalents at end of period	<b>387,392</b>	105,448
Analysis of the balances of cash and cash equivalents		
Bank balances and cash (excluding pledged deposits)	<b>391,556</b>	113,502
Bank overdrafts	<b>(4,164)</b>	(8,054)
	<b>387,392</b>	105,448

# Consolidated Statement of Changes in Equity – Unaudited

	Shareholders of the Company	Minority interests (Note)	Total
	HK\$'000	HK\$'000	HK\$'000
At 1st April 2004, as previously reported	3,467,580	672,350	4,139,930
Retrospective effect of changes in accounting policies (note 3)	(834,247)	(280,539)	(1,114,786)
At 1st April 2004, as restated	2,633,333	391,811	3,025,144
Currency translation differences and net income directly recognised in the equity	2,916	1,249	4,165
Profit for the period	147,549	(5,694)	141,855
Total recognised income for the period	150,465	(4,445)	146,020
At 30th September 2004	2,783,798	387,366	3,171,164
At 1st April 2005, as previously reported	4,273,163	736,478	5,009,641
Retrospective effect of changes in accounting policies (note 3)	(1,000,899)	(334,963)	(1,335,862)
Opening adjustment for the adoption of HKAS 39 (note 3)	3,272,264 690	401,515 –	3,673,779 690
At 1st April 2005, as restated	3,272,954	401,515	3,674,469
Currency translation differences and net income directly recognised in the equity	3,373	1,377	4,750
Profit for the period	51,967	(6,829)	45,138
Total recognised income for the period	55,340	(5,452)	49,888
2005 final dividend	(20,304)	–	(20,304)
Change in shareholding in a listed subsidiary	–	(12,144)	(12,144)
<b>At 30th September 2005</b>	<b>3,307,990</b>	<b>383,919</b>	<b>3,691,909</b>

Note:

In prior years, minority interests were not classified as part of equity and were not presented in this statement.

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# Notes to the Interim Consolidated Accounts

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## 1 Basis of preparation

The unaudited consolidated 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.

The accounting policies and methods of computation used in the preparation of this consolidated financial information are consistent with those used in the annual financial statements for the year ended 31st March 2005 except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards (“HKFRS”) and HKAS which are effective for accounting periods commencing on or after 1st January 2005 as described in note 2 below. A summary of effects of the changes in accounting policies between the Statements of Standard Accounting Practices in effect until 31st December 2004 (the “Old Hong Kong Accounting Standards”) and the new HKFRS which has been applied in the financial statements for the six months ended 30th September 2005 is set out in note 3.

## 2 Changes in accounting policies

Commencing from 1st April 2005, the Group adopted the new/revised standards of HKFRS set out below, which are relevant to its operations. The comparatives have been amended as required, in accordance with the relevant provisions of these new/revised standards.

HKAS 1	Presentation of Financial Statements
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 40	Investment Property
HKAS-Int 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations
HK-Int 2	The Appropriate Policies for Hotel Properties
HK-Int 3	Pre-completion Contracts for the Sale of Development Properties
HK-Int 4	Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases

### (i) Presentation of Financial Statements

HKAS 1 has affected the presentation of minority interests, share of net after-tax results of jointly controlled entities, associated companies and other disclosures.

## 2 Changes in accounting policies (continued)

### (ii) Hotel properties

The adoption of HKAS 16 and HK-Int 2 has resulted in a change in the accounting policy for the Group's hotel properties, which are now stated at cost less accumulated depreciation and impairment loss. In prior years, hotel properties were stated at valuation and were not depreciated.

Depreciation is calculated to write off the carrying value of the assets on a straight line basis over the shorter of the unexpired period of the land lease and the anticipated remaining useful lives of the assets. The useful lives which have been adopted are summarised as follows:

Hotel building	Shorter of 50 years or the remaining lease period of the land on which the hotel building is located
Plant and machinery	10 years
Furniture, fixtures and equipment	5 years
Computer equipment	3 <sup>1</sup> / <sub>3</sub> years

No depreciation is provided for freehold land.

### (iii) Leasehold land in Hong Kong

The adoption of revised HKAS 17 and HK-Int 4 has resulted in a change in the accounting policy relating to the reclassification of leasehold land to prepaid operating leases. The up-front prepayments made for the leasehold land are expensed in the profit and loss account on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the profit and loss account. In prior years, the leasehold land was accounted for at cost.

### (iv) Goodwill

The adoption of HKAS 36, HKAS 38 and HKFRS 3 results in a change in the accounting policy for goodwill. The Group ceased amortisation of goodwill from 1st April 2005; accumulated amortisation as at 31st March 2005 has been eliminated with a corresponding decrease in the cost of goodwill and from the year ending 31st March 2006 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

### (v) Financial instruments

The adoption of HKASs 32 and 39 has resulted in a change in the classification of financial assets at fair value through profit and loss. It has also resulted in the recognition of derivative financial instruments at fair value and the change in the recognition and measurement of hedging activities.

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## Notes to the Interim Consolidated Accounts

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### **2 Changes in accounting policies** (continued)

#### **(vi) Investment properties**

The adoption of revised HKAS 40 has resulted in a change in the accounting policy in respect of which the changes in fair values are recorded in the profit and loss account as part of other income. In prior years, the changes in fair value were credited or charged to revaluation reserve.

The adoption of revised HKAS-Int 21 has resulted in a change in the accounting policy relating to the measurement of deferred tax liabilities arising from the revaluation of investment properties. Such deferred tax liabilities are measured on the basis of tax consequences that would follow from recovery of the carrying amount of that asset through use.

#### **(vii) Share options**

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. The Group now expenses the cost of share options in the profit and loss account whereas no cost was recognised in the past.

#### **(viii) Pre-completion sale of development properties**

The adoption of HK-Int 3 has resulted in a change in the accounting policy for the revenue recognition of pre-completion sale of development properties. The stage of completion method would no longer be used to recognise revenue from pre-completion sale of development properties and revenue is now recognised upon completion of those properties.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All the new/revised standards adopted by the Group require retrospective application other than those stated below:

- (a) HKAS 39 – the adjustments to recognise all derivatives at fair value and to remeasure those financial assets or financial liabilities are adjusted to the opening balance of the revenue reserve at 1st April 2005;
- (b) HKFRS 3 and HK-Int 3 – prospectively after the adoption date.

The adoption of new/revised HKASs 2, 7, 8, 10, 21, 23, 24, 27, 28, 31 and HKAS-Int 15 did not result in substantial changes to the Group's accounting policies.

### 3 Summary of effects of the changes in accounting policies

(a) Effects of the changes in accounting policies on consolidated profit and loss account

	Profit/(loss) attributable to shareholders of the Company HK\$'000	EPS HK cents
Period ended 30th September 2005		
Reported under the Old Hong Kong Accounting Standards	<b>(35,641)</b>	<b>(0.70)</b>
HKAS 16 and HK-Int 2		
Increase in rental income	552	0.01
Increase in depreciation	(24,595)	(0.48)
Renovation costs of hotel property capitalised	15,100	0.30
Decrease in taxation charge	4,189	0.08
Revaluation deficit of a hotel property	14,308	0.28
Increase in profit attributable to minority interests	(2,611)	(0.05)
HKAS 17 and HK-Int 4		
Amortisation of leasehold land	(14,634)	(0.29)
Increase in interest expense	(1,373)	(0.03)
Decrease in share of profits less losses of		
Jointly controlled entities	(65)	–
Associated companies	(1,803)	(0.04)
Decrease in taxation charge	270	0.01
Decrease in profit attributable to minority interests	3,804	0.07
HKAS 32 and HKAS 39		
Increase in interest income	31	–
Decrease in interest expense	256	0.01
Increase in profit attributable to minority interests	(124)	–
HKAS 40		
Surplus on revaluation of investment properties	97,807	1.93
Increase in share of profits less losses of associated		
companies	16,500	0.33
HKAS-Int 21		
Decrease in share of profits less losses of associated		
companies	(2,888)	(0.06)
Increase in taxation charge	(17,116)	(0.35)
	<b>87,608</b>	<b>1.72</b>
Reported under new HKFRS	<b>51,967</b>	<b>1.02</b>

## Notes to the Interim Consolidated Accounts

### 3 Summary of effects of the changes in accounting policies (continued)

(a) Effects of the changes in accounting policies on consolidated profit and loss account (continued)

	Profit attributable to shareholders of the Company HK\$'000	EPS HK cents
Period ended 30th September 2004		
Reported under the Old Hong Kong Accounting Standards	<b>174,070</b>	<b>4.24</b>
HKAS 16 and HK-Int 2		
Increase in depreciation	(24,354)	(0.59)
Renovation costs of hotel property capitalised	2,610	0.06
Decrease in taxation charge	4,411	0.10
Decrease in profit attributable to minority interests	5,199	0.12
HKAS 17 and HK-Int 4		
Amortisation of leasehold land	(14,901)	(0.36)
Increase in interest expense	(1,537)	(0.04)
Decrease in taxation charge	299	0.01
Decrease in share of profits less losses of		
Jointly controlled entities	(65)	–
Associated companies	(1,803)	(0.04)
Decrease in profit attributable to minority interests	3,985	0.10
HKAS 32 and HKAS 39		
Increase in interest expense	(502)	(0.01)
Decrease in profit attributable to minority interests	137	–
	<b>(26,521)</b>	<b>(0.65)</b>
Reported under new HKFRS	<b>147,549</b>	<b>3.59</b>



### 3 Summary of effects of the changes in accounting policies (continued)

#### (b) Effects of the changes in accounting policies on consolidated balance sheet

	HKAS 16 and HK-Int 2 HK\$'000	HKAS 17 and HK-Int 4 HK\$'000	HKAS 32 and HKAS 39 HK\$'000	HKAS 40 HK\$'000	HKFRS 3 HK\$'000	HKAS- Int 21 HK\$'000	Total HK\$'000
<b>At 30th September 2005</b>							
<i>Increase/(decrease) in net assets/equity</i>							
Property, plant & equipment	(932,532)	(1,571,906)	–	9,924	–	–	(2,494,514)
Investment properties	–	–	–	(66,883)	–	–	(66,883)
Leasehold land	–	1,354,768	–	31,807	–	–	1,386,575
Jointly controlled entities	–	(840)	–	–	–	–	(840)
Associated companies	–	(9,017)	–	–	–	(17,238)	(26,255)
Derivative financial instruments	–	–	1,177	–	–	–	1,177
Mortgage loan receivables	–	–	721	–	–	–	721
Deferred tax assets	36,112	–	–	–	–	–	36,112
Debtors and prepayments	–	–	(9,596)	–	–	–	(9,596)
Properties held for/under development for sale	1,114	(173,291)	–	–	–	–	(172,177)
<b>Total assets</b>	<b>(895,306)</b>	<b>(400,286)</b>	<b>(7,698)</b>	<b>(25,152)</b>	<b>–</b>	<b>(17,238)</b>	<b>(1,345,680)</b>
Convertible bonds	–	–	1,979	–	–	–	1,979
Current portion of long term loans	–	–	1,747	–	–	–	1,747
Long term loans	–	–	7,849	–	–	–	7,849
Deferred tax liabilities	41,511	19,949	–	–	–	(111,933)	(50,473)
<b>Net assets</b>	<b>(853,795)</b>	<b>(380,337)</b>	<b>3,877</b>	<b>(25,152)</b>	<b>–</b>	<b>(129,171)</b>	<b>(1,384,578)</b>
Investment properties revaluation reserve	–	–	–	(758,111)	–	–	(758,111)
Hotel properties revaluation reserve	(438,715)	–	–	–	–	–	(438,715)
Capital reserve	–	–	–	–	(362)	–	(362)
Revenue reserve	(169,899)	(286,040)	3,753	732,959	362	(129,171)	151,964
Minority interests	(245,181)	(94,297)	124	–	–	–	(339,354)
<b>Equity</b>	<b>(853,795)</b>	<b>(380,337)</b>	<b>3,877</b>	<b>(25,152)</b>	<b>–</b>	<b>(129,171)</b>	<b>(1,384,578)</b>

# Notes to the Interim Consolidated Accounts

## 3 Summary of effects of the changes in accounting policies (continued)

(b) Effects of the changes in accounting policies on consolidated balance sheet (continued)

	HKAS 16 and HK-Int 2 HK\$'000	HKAS 17 and HK-Int 4 HK\$'000	HKAS 32 and HKAS 39 HK\$'000	HKAS 40 HK\$'000	HKFRS 3 HK\$'000	HKAS- Int 21 HK\$'000	Total HK\$'000
<b>At 31st March 2005</b>							
<i>Increase/(decrease) in net assets/equity</i>							
Property, plant & equipment	(921,572)	(1,571,906)	–	9,965	–	–	(2,483,513)
Investment properties	–	–	–	(64,690)	–	–	(64,690)
Leasehold land	–	1,364,815	–	31,938	–	–	1,396,753
Jointly controlled entities	–	(775)	–	–	–	–	(775)
Associated companies	–	(7,214)	–	–	–	(14,350)	(21,564)
Deferred tax assets	36,798	–	–	–	–	–	36,798
Properties held for/under development for sale	1,114	(167,502)	–	–	–	–	(166,388)
<b>Total assets</b>	<b>(883,660)</b>	<b>(382,582)</b>	<b>–</b>	<b>(22,787)</b>	<b>–</b>	<b>(14,350)</b>	<b>(1,303,379)</b>
Convertible bonds	–	–	2,900	–	–	–	2,900
Deferred tax liabilities	39,755	19,679	–	–	–	(94,817)	(35,383)
<b>Net assets</b>	<b>(843,905)</b>	<b>(362,903)</b>	<b>2,900</b>	<b>(22,787)</b>	<b>–</b>	<b>(109,167)</b>	<b>(1,335,862)</b>
Investment properties revaluation reserve	–	–	–	(641,611)	–	–	(641,611)
Hotel properties revaluation reserve	(423,029)	–	–	–	–	–	(423,029)
Revenue reserve	(176,406)	(272,410)	2,900	618,824	–	(109,167)	63,741
Minority interests	(244,470)	(90,493)	–	–	–	–	(334,963)
<b>Equity</b>	<b>(843,905)</b>	<b>(362,903)</b>	<b>2,900</b>	<b>(22,787)</b>	<b>–</b>	<b>(109,167)</b>	<b>(1,335,862)</b>

**3 Summary of effects of the changes in accounting policies** (continued)

(b) Effects of the changes in accounting policies on consolidated balance sheet (continued)

	HKAS 16 and HK-Int 2 HK\$'000	HKAS 17 and HK-Int 4 HK\$'000	HKAS 32 and HKAS 39 HK\$'000	HKAS 40 HK\$'000	HKFRS 3 HK\$'000	HKAS- Int 21 HK\$'000	Total HK\$'000
<b>At 1st April 2005</b>							
<i>Increase/(decrease) in equity</i>							
Capital reserve	-	-	-	-	(362)	-	(362)
Revenue reserve	-	-	690	-	362	-	1,052
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>690</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>690</b>
<b>At 1st April 2004</b>							
<i>Increase/(decrease) in equity</i>							
Investment properties revaluation reserve	-	-	-	(483,031)	-	-	(483,031)
Hotel properties revaluation reserve	(343,866)	-	-	-	-	-	(343,866)
Revenue reserve	(148,171)	(249,877)	2,995	469,943	-	(82,240)	(7,350)
Minority interests	(197,884)	(82,655)	-	-	-	-	(280,539)
<b>Equity</b>	<b>(689,921)</b>	<b>(332,532)</b>	<b>2,995</b>	<b>(13,088)</b>	<b>-</b>	<b>(82,240)</b>	<b>(1,114,786)</b>

**4 Financial risk management**

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

**5 Critical accounting estimates and judgements**

Estimates and judgements 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 makes 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 and income taxes.

**6 Turnover and segment information**

The Group is principally engaged in property development and investment, hotel, travel agency and catering operations. Turnover comprises gross revenues from property sales, property leasing, hotel and travel agency, management services, investment and interest income.

## Notes to the Interim Consolidated Accounts

### 6 Turnover and segment information (continued)

#### Primary reporting format – business segments

The Group is organised into three main business segments, comprising property sales, property leasing, hotel and travel. 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.

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Other operations HK\$'000	Group HK\$'000
Six months ended 30th September 2005					
Segment revenue	<b>53,613</b>	<b>26,777</b>	<b>290,169</b>	<b>32,841</b>	<b>403,400</b>
Contribution to segment results	<b>603</b>	<b>24,276</b>	<b>62,037</b>	<b>3,082</b>	<b>89,998</b>
Other income/(charges)	<b>(4,416)</b>	<b>107,660</b>	<b>(34,614)</b>	<b>(26,239)</b>	<b>42,391</b>
Unallocated corporate expenses					<b>(19,281)</b>
Operating profit					<b>113,108</b>
Finance costs					<b>(58,302)</b>
Share of results of					
Jointly controlled entities	<b>527</b>	<b>–</b>	<b>–</b>	<b>(6)</b>	<b>521</b>
Associated companies	<b>(5,874)</b>	<b>16,382</b>	<b>–</b>	<b>(375)</b>	<b>10,133</b>
Profit before taxation					<b>65,460</b>
Taxation charge					<b>(20,322)</b>
Profit for the period					<b>45,138</b>
Six months ended 30th September 2004 (restated)					
Segment revenue	36,165	25,208	286,722	2,042	350,137
Contribution to segment results	(18,805)	21,930	53,060	2,042	58,227
Other income/(charges)	6,691	(172)	(36,059)	3,578	(25,962)
Unallocated corporate expenses					(18,454)
Operating profit					13,811
Finance costs					(46,546)
Share of results of					
Jointly controlled entities	170,730	–	–	–	170,730
Associated companies	(2,226)	2,317	–	–	91
Profit before taxation					138,086
Taxation credit					3,769
Profit for the period					141,855

**6 Turnover and segment information** (continued)

## Secondary reporting format – geographical segments

The activities of the Group are mainly based in Hong Kong. A summary of geographical segments is set out as follows:

	Segment revenue		Operating profit	
	Six months ended 30th September		Six months ended 30th September	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000 (restated)
Hong Kong	<b>348,408</b>	302,360	<b>97,739</b>	3,088
Mainland China	<b>5,050</b>	4,013	<b>1,114</b>	386
Canada	<b>49,942</b>	43,764	<b>14,255</b>	10,337
	<b>403,400</b>	350,137	<b>113,108</b>	13,811

**7 Other income/(charges)**

	Six months ended 30th September	
	2005 HK\$'000	2004 HK\$'000 (restated)
Surplus on revaluation of investment properties	<b>97,807</b>	–
Write-back of provision for diminution in value of properties under development/held for sale	<b>9,880</b>	11,400
Net fair value losses on financial assets at fair value through profit and loss	<b>(24,630)</b>	(8,607)
Depreciation	<b>(25,223)</b>	(24,987)
Amortisation of leasehold land	<b>(14,594)</b>	(14,860)
Amortisation of goodwill	–	(1,232)
(Provision)/write-back of provision for doubtful debts	<b>(849)</b>	12,324
	<b>42,391</b>	(25,962)

# Notes to the Interim Consolidated Accounts

## 8 Operating profit

	<b>Six months ended 30th September</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
		(restated)
Operating profit is stated after crediting and charging the following:		
<b>Crediting</b>		
Net rental income (note (a))	<b>24,563</b>	22,520
Interest income	<b>6,483</b>	1,900
Dividends from listed investments	<b>1,429</b>	142
<b>Charging</b>		
Staff costs, including Directors' emoluments (note (b))	<b>51,034</b>	43,414
Net realised losses on financial assets at fair value through profit and loss	<b>5,160</b>	–
<b>Note:</b>		
<b>(a) Net rental income</b>		
Gross rental income		
Investment properties	<b>17,908</b>	16,052
Properties held for sale	<b>8,869</b>	9,156
	<b>26,777</b>	25,208
Outgoings	<b>(2,214)</b>	(2,688)
	<b>24,563</b>	22,520
<b>(b) Staff costs</b>		
Wages and salaries	<b>50,262</b>	44,042
Retirement benefits costs	<b>1,586</b>	1,347
	<b>51,848</b>	45,389
Capitalised as properties under development	<b>(814)</b>	(1,975)
	<b>51,034</b>	43,414

## 9 Finance costs

	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2005</b>	2004
	<b>HK\$'000</b>	HK\$'000
		(restated)
Interest expense		
Long term bank loans	<b>49,101</b>	28,285
Convertible bonds	<b>16,787</b>	15,547
Convertible notes	–	1,278
Loans from minority shareholders of subsidiaries	<b>1,788</b>	1,545
Short term bank loans and overdrafts	<b>692</b>	3,676
Other incidental borrowing costs	<b>691</b>	1,560
Fair value gains on interest rate swaps	<b>(1,178)</b>	–
	<b>67,881</b>	51,891
Capitalised as cost of properties under development		
Interest expense	<b>(9,104)</b>	(4,805)
Other incidental borrowing costs	<b>(475)</b>	(540)
	<b>58,302</b>	46,546

# Notes to the Interim Consolidated Accounts

## 10 Taxation (charge)/credit

	Six months ended 30th September	
	2005 HK\$'000	2004 HK\$'000 (restated)
Current taxation		
Hong Kong profits tax	–	(68)
Overprovisions in prior years	–	140
Deferred taxation		
Relating to the origination and reversal of temporary differences	<b>(20,322)</b>	3,697
	<b>(20,322)</b>	3,769

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

Share of tax of jointly controlled entities and associated companies for the six months ended 30th September 2005 of nil (2004: HK\$36,465,000) and HK\$3,521,600 (2004: HK\$510,000) are included in the profit and loss account as share of profits less losses of jointly controlled entities and associated companies respectively.

## 11 Dividend

No interim dividend was declared for the period (2004: HK\$8,218,000).

## 12 Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of the Company of HK\$51,967,000 (2004 restated: HK\$147,549,000) and on the weighted average of 5,075,999,990 (2004: 4,109,249,990) shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30th September 2005 is based on profit attributable to shareholders of the Company of HK\$51,967,000 and 5,088,149,634 shares equivalent to the weighted average number of 5,075,999,990 shares in issue during the period plus 12,149,644 potential shares deemed to be in issue assuming the share options had been exercised.

The calculation of diluted earnings per share for the six months ended 30th September 2004 is based on HK\$160,336,000 equivalent to the profit attributable to shareholders of HK\$147,549,000 plus after tax interest savings of HK\$12,787,000 and 4,753,694,434 shares equivalent to the weighted average number of 4,109,249,990 shares in issue during the period plus 644,444,444 potential shares deemed to be in issue assuming the convertible bonds had been converted.



### 13 Property, plant and equipment

	Hotel buildings HK\$'000	Buildings under development HK\$'000	Other buildings HK\$'000	Other equipment HK\$'000	Total HK\$'000
<b>Cost</b>					
At 31st March 2005, as previously reported	3,312,610	41,159	7,973	48,643	3,410,385
Effects of changes in accounting policies (note 3)	(2,119,161)	(38,949)	11,027	–	(2,147,083)
At 31st March 2005, as restated	1,193,449	2,210	19,000	48,643	1,263,302
Exchange difference	13,532	–	–	163	13,695
Cost adjustment	–	(37)	–	–	(37)
Additions	15,100	–	–	422	15,522
Disposals	(19,681)	–	–	–	(19,681)
<b>At 30th September 2005</b>	<b>1,202,400</b>	<b>2,173</b>	<b>19,000</b>	<b>49,228</b>	<b>1,272,801</b>
<b>Accumulated depreciation</b>					
At 31st March 2005, as previously reported	–	–	1,770	47,352	49,122
Effects of changes in accounting policies (note 3)	335,368	–	1,062	–	336,430
At 31st March 2005, as restated	335,368	–	2,832	47,352	385,552
Exchange difference	4,549	–	–	159	4,708
Charge for the year	24,595	–	118	510	25,223
Disposals	(19,681)	–	–	–	(19,681)
<b>At 30th September 2005</b>	<b>344,831</b>	<b>–</b>	<b>2,950</b>	<b>48,021</b>	<b>395,802</b>
<b>Net book value</b>					
<b>At 30th September 2005</b>	<b>857,569</b>	<b>2,173</b>	<b>16,050</b>	<b>1,207</b>	<b>876,999</b>
At 31st March 2005, as restated	858,081	2,210	16,168	1,291	877,750

### 14 Investment properties

Investment properties were revalued by Vigers Hong Kong Limited, independent professional valuers, on an open market value basis as at 30th September 2005.

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## Notes to the Interim Consolidated Accounts

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### 15 Properties held for/under development for sale

At 30th September 2005, properties held for/under development for sale include leasehold land of HK\$908,331,000 (31st March 2005 restated: HK\$912,747,000).

### 16 Debtors and prepayments

Debtors and prepayments include trade debtors, utility and other deposits, stakeholders' accounts, interest and other receivables.

Trade debtors amounted to HK\$45,853,000 (31st March 2005: HK\$42,044,000), and 98% (31st March 2005: 96%) of which were aged under six months. 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.

### 17 Creditors and accruals

Creditors and accruals include trade creditors, rental and management fee deposits, interest and other payables, retentions payable in respect of construction costs and various accruals. Trade creditors amounted to HK\$10,033,000 (31st March 2005: HK\$18,465,000), and 89% (31st March 2005: 93%) of which were aged under six months.

### 18 Share capital

Shares of HK\$0.01 each	Number of shares	Amount HK\$'000
Authorised		
At 31st March 2005 and 30th September 2005	400,000,000,000	4,000,000
Issued and fully paid		
At 31st March 2005 and 30th September 2005	5,075,999,990	50,760

## 19 Reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Revaluation reserve			Revenue reserve HK\$'000	Total HK\$'000
				Investment properties HK\$'000	Hotel properties HK\$'000	Contributed surplus HK\$'000		
At 1st April 2005, as previously reported	884,110	362	43,868	641,611	423,029	2,670,292	(440,869)	4,222,403
Retrospective effect of changes in accounting policies (note 3)	–	–	–	(641,611)	(423,029)	–	63,741	(1,000,899)
	884,110	362	43,868	–	–	2,670,292	(377,128)	3,221,504
Opening adjustment for the adoption of HKAS 39 and HKFRS 3 (note 3)	–	(362)	–	–	–	–	1,052	690
At 1st April 2005, as restated	884,110	–	43,868	–	–	2,670,292	(376,076)	3,222,194
Translation difference	–	–	–	–	–	–	3,373	3,373
2005 final dividend	–	–	–	–	–	–	(20,304)	(20,304)
Profit for the period	–	–	–	–	–	–	51,967	51,967
<b>At 30th September 2005</b>	<b>884,110</b>	<b>–</b>	<b>43,868</b>	<b>–</b>	<b>–</b>	<b>2,670,292</b>	<b>(341,040)</b>	<b>3,257,230</b>

## 20 Convertible bonds

	<b>30th September 2005 HK\$'000</b>	31st March 2005 HK\$'000 (restated)
Convertible bonds	<b>240,000</b>	290,000
Provision for premium payable	<b>30,823</b>	31,414
	<b>270,823</b>	321,414

On 7th January 2002, Asia Standard International Capital Limited ("ASICL"), a wholly owned subsidiary of the Company, issued HK\$290,000,000 convertible bonds to Westrata Investment Limited ("Westrata"), a substantial shareholder of the Company. The bonds bear interest at 7% per annum payable semi-annually in arrears and are guaranteed by the Company. In March 2003, the bond had been transferred from Westrata to Grosvenor Limited ("Grosvenor"), an indirect subsidiary of Grosvenor Group Limited.

The bondholder has the option to convert the bonds into fully paid shares of HK\$0.01 each of the Company at a conversion price of HK\$0.44 per share, subject to adjustment, at any time between 7th January 2002 and 7th January 2007. ASICL may purchase all or part of the bonds at any time on or after 7th January 2002, subject to certain conditions, together with accrued interest. Unless previously converted or purchased, the bonds will be redeemed on 7th January 2007 at a redemption price equal to 118.3% of the principal amount together with accrued interest.

On 22nd August 2005, ASICL repurchased convertible bonds which has a principal amount of HK\$50,000,000 with accrued interest.

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## Notes to the Interim Consolidated Accounts

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### 20 Convertible bonds (continued)

The fair value of the liability component and the equity conversion component were determined at issuance of the bonds. The fair value of the liability component, included in long term borrowing, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component was determined to be immaterial.

Provision of HK\$30,823,000 (31st March 2005 restated: HK\$31,414,000) for the premium payable has been made in the accounts so as to provide a constant periodic rate of charge to the profit and loss account over the term of the bonds.

### 21 Long term loans

	<b>30th September 2005 HK\$'000</b>	31st March 2005 HK\$'000
Bank loans, secured		
Repayable within one year	<b>76,912</b>	127,673
Repayable between one and two years	<b>284,785</b>	278,511
Repayable between two and five years	<b>718,502</b>	456,390
Repayable after five years	<b>1,206,371</b>	1,525,860
	<b>2,286,570</b>	2,388,434
Current portion included in current liabilities	<b>(76,912)</b>	(127,673)
	<b>2,209,658</b>	2,260,761

### 22 Capital commitments

At 30th September 2005, the Group has no capital commitments (31st March 2005: nil).

## 23 Contingent liabilities

	<b>30th September 2005 HK\$'000</b>	31st March 2005 HK\$'000
Guarantees for the banking and loan facilities of:		
Jointly controlled entities	<b>67,350</b>	65,000
Associated companies	<b>98,368</b>	92,439
Third parties	<b>1,344</b>	1,387
	<b>167,062</b>	158,826

## 24 Subsequent event

In November 2005, Asia Standard Hotel Group Limited ("AS Hotel"), a listed subsidiary of the Group, has issued the following new shares:

- (1) 246,000,000 new shares are issued upon the exercise of share options by employees at HK\$0.217 per share of AS Hotel; and
- (2) 1,010,000,000 new shares are issued to third parties at HK\$0.195 per share of AS Hotel

As a result of the above, the Group's shareholding in AS Hotel was diluted from 71.0% to 56.9%.

# Pro Forma Combined Balance Sheet of Affiliated Companies

The Group had amounts due from and loans to certain affiliated companies in a total sum of HK\$996 million (before Group's provisions) and guarantees given to banks for facilities utilised of HK\$167 million totaling HK\$1,163 million as at 30th September 2005 which exceeds 8% of the Group's net assets. A pro forma combined balance sheet of certain affiliated companies with major financial assistance from the Group and the Group's attributable interest in these affiliated companies are presented below:

	Pro forma combined balance sheet HK\$'000	Group's attributable interest HK\$'000
Property, plant and equipment	325	150
Investment properties	1,005,771	331,904
Jointly controlled entities	84,470	42,235
Properties held for/under development for sale	825,685	395,823
Derivative financial instruments	5,450	2,725
Deferred tax assets	7,928	3,964
Current assets	216,058	100,866
Current liabilities	(237,206)	(63,555)
Long term bank and other loans	(422,588)	(167,502)
Deferred tax liabilities	(62,497)	(22,111)
Minority interests	(17,608)	(8,804)
Shareholders' advance	(1,860,671)	(996,498)
	<b>(454,883)</b>	<b>(380,803)</b>

# Other Information

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

As at 30th September 2005, the interests and short position of the Directors and Chief Executives 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		Total	Percentage of shares in issue (%)
	Personal interest	Corporate interest		
Poon Jing	4,445,650	2,055,469,712	2,059,915,362 (Note)	40.58

#### Note:

By virtue of his controlling interest (32.12%) in Asia Orient Holdings Limited ("Asia Orient"), Mr. Poon Jing is deemed to be interested in the shares of the Company held by the subsidiaries of Asia Orient as disclosed under the heading "Substantial Shareholders" below.

## 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) Subsidiaries

Director	Subsidiary	Number of shares held			Percentage of shares in issue (%)
		Personal interest	Corporate interest	Total	
Poon Jing	Asia Standard Hotel Group Limited ("AS Hotel")	248,937	3,749,148,774	3,749,397,711	74.21
Poon Jing and Fung Siu To, Clement (Note 1)	Centop Investment Limited ("Centop")	–	20	20	20
Poon Jing (Note 2)	Centop	–	80	80	80
Fung Siu To, Clement	Mark Honour Limited	9	–	9	9

#### Note 1

Centop is owned as to 80% by the Company and as to 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 and Mr. Fung is deemed to have interest in the 20 shares held by Kingscore and duplicate the interest of the other.

#### Note 2

By virtue of his interest in the Company through Asia Orient, Mr. Poon Jing is deemed to be interested in the shares of all the Company's subsidiaries and associated corporations including Centop.



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

### (ii) Long positions in underlying shares

#### *Interests in share options*

#### *The Company*

Name of Director	Outstanding as at 1st April 2005 and 30th September 2005
Fung Siu To, Clement	20,000,000
Lim Yin Cheng	20,000,000
Poon Jing	5,000,000
Lun Pui Kan	20,000,000
Kwan Po Lam, Phileas	20,000,000
Nicholas James Loup	20,000,000

Options were granted on 30th March 2005 exercisable during the period from 30th March 2005 to 29th March 2015 at exercise price of HK\$0.325 per share. During the period, no option was granted, exercised, cancelled or lapsed.

Save as disclosed above, as at 30th September 2005, 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.

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## Other Information

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### Share option schemes

#### (a) Company

The share option scheme was adopted on 27th August 2004 whereby the Directors may grant options to the eligible participants to subscribe shares at the subscription price of the highest of (i) the closing price of a share on the relevant date of grant; (ii) the average of the closing prices of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share. The share option scheme is effective for 10 years from 27th August 2004. There are no changes in any terms of the scheme during the six months ended 30th September 2005. The detail terms of the scheme were disclosed in the 2005 annual report.

The following table discloses details of the Company's options granted under the share option scheme held by employees (including Directors):

Grantee	Outstanding as at 1st April 2005 and 30th September 2005
Directors	105,000,000
Other employees	60,000,000

Notes:

(a) The options were granted on 30th March 2005 and exercisable from 30th March 2005 to 29th March 2015 at an exercise price of HK\$0.325 per share.

(b) No option was granted, cancelled, lapsed nor exercised during the period.

#### (b) Subsidiary – Asia Standard Hotel

The share option scheme was adopted on 24th May 2000 whereby options may be granted to the employees, including Executive Directors of Asia Standard Hotel and its subsidiaries, to subscribe for shares of Asia Standard Hotel. There are no changes in any terms of the scheme during the six months ended 30th September 2005. The detail terms of the scheme were disclosed in the 2005 annual report.

During the period, no option has been granted under the share option scheme.

## 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 2005, the Company had been notified of the following substantial 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.

### (a) Long positions in shares of the Company

Name	Number of shares	Percentage
Asia Orient (Note 1)	2,055,469,712	40.49
Asia Orient Holdings (BVI) Limited ("Asia Orient BVI") (Note 1)	2,055,469,712	40.49
Asia Orient Company Limited ("AOCL") (Note 1 and 3)	2,055,469,712	40.49
Impetus Holdings Limited ("Impetus") (Note 2)	1,092,862,918	21.53
Kingfisher Inc. and Lipton Investment Limited ("Kingfisher and Lipton") (Note 4)	975,708,512	19.22
Grosvenor Asset Management Limited (Note 5)	758,530,000	14.94
Grosvenor International S.A. (Note 5)	758,530,000	14.94
Grosvenor Group Limited (Note 5)	758,530,000	14.94
Jeremy Henry Moore Newsum (Note 5)	758,530,000	14.94
Robin Shedden Broadhurst (Note 5)	758,530,000	14.94
Mark Antony Loveday (Note 5)	758,530,000	14.94
Gillian Lucy Newsum (Note 5)	758,530,000	14.94
Penelope Alison Broadhurst (Note 5)	758,530,000	14.94
Mary Elizabeth Loveday (Note 5)	758,530,000	14.94

## Other Information

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

#### (b) Long positions in underlying shares of the Company

##### *Convertible bonds*

Name	Underlying shares interest of HK\$240,000,000 convertible bonds at 30th September 2005
Grosvenor Limited (Note 5)	545,454,545
Grosvenor Asset Management Limited (Note 5)	545,454,545
Grosvenor International S.A. (Note 5)	545,454,545
Grosvenor Group Limited (Note 5)	545,454,545
Jeremy Henry Moore Newsum (Note 5)	545,454,545
Robin Shedden Broadhurst (Note 5)	545,454,545
Mark Antony Loveday (Note 5)	545,454,545
Gillian Lucy Newsum (Note 5)	545,454,545
Penelope Alison Broadhurst (Note 5)	545,454,545
Mary Elizabeth Loveday (Note 5)	545,454,545

The convertible bonds can be converted into shares of the Company at conversion price of HK\$0.44 per share at any time between 7th January 2002 to 7th January 2007. During the period, HK\$50,000,000 amount of the convertible bonds was purchased and no part of the convertible bonds was converted.

##### Notes:

1. AOCL is a wholly-owned subsidiary of Asia Orient BVI which in turn is a wholly-owned subsidiary of Asia Orient. Accordingly, Asia Orient BVI and Asia Orient are deemed to have interest and duplicate the interest in 2,055,469,712 shares of the Company.
2. Impetus is a wholly-owned subsidiary of AOCL, the interests of Impetus are deemed to be, and have therefore been included in, the interest of AOCL.
3. The interest of AOCL and its subsidiaries duplicate the interests of Mr. Poon Jing disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above which he is deemed to have by virtue of his controlling interest (32.12%) in Asia Orient.
4. Both Kingfisher and Lipton are wholly-owned subsidiaries of Impetus and jointly hold 975,708,512 shares. The joint interests of Kingfisher and Lipton are deemed to be, and have therefore been included in, the interests of Impetus.
5. Grosvenor Limited is a wholly owned subsidiary of Grosvenor Asset Management Limited which is a wholly owned subsidiary of Grosvenor International S.A.. Grosvenor International S.A. is a company listed in Luxemburg and is majority owned (64.04%) by Grosvenor Continental Europe Holdings Limited. Grosvenor Continental Europe Holdings Limited is an indirect wholly owned subsidiary of Grosvenor Group Limited which is controlled (43.56%) by The Fourth Duke of Westminster 1964 Settlement.

## **Substantial shareholders and other persons' interests and short positions in shares and underlying shares** (continued)

### **(b) Long positions in underlying shares of the company** (continued)

Grosvenor Asset Management Limited owned 758,530,000 shares of the Company. Each of Grosvenor International S.A., Grosvenor Continental Europe Holdings Limited and Grosvenor Group Limited is deemed to be interested in and duplicate the interest in the 758,530,000 shares held by Grosvenor Asset Management Limited. Grosvenor Limited owned HK\$240,000,000 convertible bonds convertible into 545,454,545 shares of the Company. Each of Grosvenor Asset Management Limited, Grosvenor International S.A., Grosvenor Continental Europe Holdings Limited and Grosvenor Group Limited is deemed to be interested in and duplicate the interest in the underlying 545,454,545 shares of the Company under the convertible bonds.

Jeremy Henry Moore Newsum, Robin Shedden Broadhurst and Mark Antony Loveday are the trustees of The Fourth Duke of Westminster 1964 Settlement. Each of Jeremy Henry Moore Newsum, Robin Shedden Broadhurst, Mark Antony Loveday are deemed to be interested and duplicate the interest in 758,530,000 shares and the underlying 545,454,545 shares of the Company under the convertible bonds. Gillian Lucy Newsum, Penelope Alison Broadhurst and Mary Elizabeth Loveday are spouse of Jeremy Henry Moore Newsum, Robin Shedden Broadhurst and Mark Antony Loveday respectively. Each of Gillian Lucy Newsum, Penelope Alison Broadhurst and Mary Elizabeth Loveday is deemed to have family interest and duplicate the interest in 758,530,000 shares and the underlying 545,454,545 shares of the Company under the convertible bonds.

Save as disclosed above, as at 30th September 2005, 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.

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

During the period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### **Code on corporate governance practice**

During the period, the Company has complied with the Code on Corporate Governance Practice 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 for Securities Transactions by Directors on terms no less exacting than the required standard of dealings as set out in the Model Code (Appendix 10) of the Listing Rules. The Company has also made specific enquiry of the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

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## Other Information

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### **Audit committee**

The Audit Committee members are Mr. Koon Bok Ming, Alan, Mr. Leung Wai Keung, Richard 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 accounts of the Group for the six months ended 30th September 2005 have been reviewed by the Audit Committee.

On behalf of the Board  
**Fung Siu To, Clement**  
Chairman

Hong Kong, 20th December 2005