



Asia Orient Holdings Limited

Stock Code : 214

Interim Report 2006

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
Facsimile 2866 3772
Website <http://www.asiaorient.com.hk>
Email ao_info@asia-standard.com.hk

Principal bankers

Bank of China (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Chiyu Banking Corporation Limited
Liu Chong Hing Bank Limited
Bank of Communications

Legal advisers

Stephenson Harwood & Lo
35th Floor, Bank of China Tower,
1 Garden Road, Central
Hong Kong

Appleby Hunter Bailhache
5511 The Center,
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

	Six months ended 30th September		Change (%)
	2006	2005	
(In HK\$ million, except otherwise indicated)			
Consolidated profit and loss account			
Turnover	41	11	273%
Profit attributable to shareholders of the Company	29	2	1,350%
Earnings per share (HK cents)			
Basic	7.68	0.78	885%
Diluted	7.58	0.76	897%
	30th September 2006	31st March 2006	Change (%)
Consolidated balance sheet			
Total assets	1,917	1,726	11.1%
Equity attributable to the Company's shareholders	1,866	1,672	11.6%
Net assets per share (HK\$)	4.89	6.57	-25.6%
Net debt to equity	Net cash	Net cash	n/a

Management Discussion and Analysis



Canaryside, Lei Yue Mun



Results

The Group reported a turnover for the six months of HK\$41 million, whilst it was HK\$11 million for last corresponding period. Profit attributable to shareholders is HK\$29 million as compared to HK\$2 million in last period.

Higher turnover was due to sales of securities investment, while the surge in profit was mainly from the sale of investment in an associated company, Q9 Technology Limited, and the gain arising from the acquisition of additional interest in Asia Standard International Group Limited ("Asia Standard") and Asia Standard Hotel Group Limited.

The Directors recommend the payment of an interim dividend of HK3.2 cents (2005: nil) per share.

Property sales and leasing

Asia Standard remains the Group's core investment with shareholdings increased from 40.98% to 41.32% during the period. It achieved a HK\$55 million profit attributable to shareholders during the period at a turnover of HK\$433 million.

Asia Standard has presold more than HK\$460 million of its residential units and carparks at Canaryside, a residential development in Lei Yue Mun. Income and profit will be recognized in the second half of the financial year. The remaining 40% residential units and all the retail spaces at Canaryside, together with another new residential development at Ping Shan, Yuen Long will be launched soon.

Combined revenue of about HK\$650 million to Asia Standard is expected upon full sales.

During the period, Asia Standard has also paid land premium for two other residential development projects at Aberdeen and Castle Peak Road. They are now at construction of superstructure and foundation stages respectively. Presale consent is being applied for the Aberdeen project, which has a GFA of 150,000 sq. ft. Overall, Asia Standard has over 1 million sq. ft. gross floor area of properties under development.

Average occupancy of its investment properties stood at 91%, approximately the same for current and last interim periods.

Management Discussion and Analysis



Hotel

The two Hong Kong based Empire hotels achieved a combined revenue increment of 20% against that of last corresponding period, attributable mainly to increased room rates and occupancies. Empire Landmark in Canada also experienced a 30% revenue increase, including exchange rate effect.

Hotel group's gross operating profit increased by HK\$25 million (40%) to HK\$87 million. It reported a HK\$17 million profit for the period compared to a loss of HK\$25 million of last period.

Hotel group's net borrowings were down by HK\$335 million, a 40% decrease to HK\$502 million.

Financial review

The Group was at net cash position at both 30th September 2006 and 31st March 2006.

The Group supported and subscribed a capital rights issue by Asia Standard to the amount of HK\$127 million.

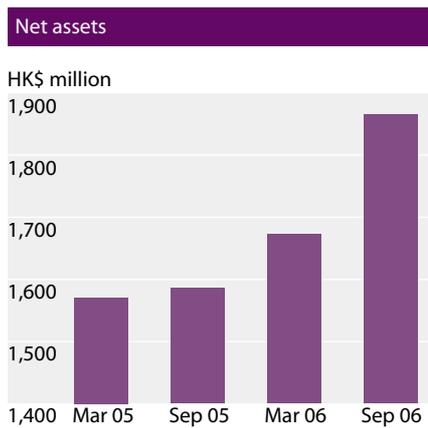
At 30th September 2006, the Group's net asset value rose to HK\$1.86 billion, an increase of HK\$190 million (11%) from HK\$1.67 billion of 31st March 2006.

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.

Management Discussion and Analysis

Employees and remuneration policies

At 30th September 2006, the Group employed 199 full time employees with most of them working for building management and related logistics services. Their remuneration packages, which are commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.



Future prospects

Hotel performance is very encouraging resulting from the continuing favourable effect of economic expansion, Disney Theme Park, conferences and exhibitions hosted by Hong Kong, and the increasing importance of China in the world trade platform. Visitors' arrivals to Hong Kong for the first nine months of 2006 reached 19 million, 9.5% higher than last corresponding period. We believe there will be growing attractions in Hong Kong with its privileged position as a door to the mainland.

Property market continues to advance with low mortgage rates, rising personal income and increasing affordabilities. Management is confident that its investments in Asia Standard would bring favourable returns as and when its results reflect the expanding economy of Hong Kong.

Management continues to investigate investment possibilities in Mainland.

Independent Review Report of the Auditors

Independent review report to the board of directors of Asia Orient Holdings Limited

(incorporated in Bermuda with limited liability)

Introduction

We have been instructed by the Company to review the interim consolidated accounts of the Company for the six months ended 30th September 2006 ("the Interim Consolidated Accounts") of the Company set out on pages 6 to 18.

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 Consolidation Accounts 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 Consolidated Accounts 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 Consolidated Accounts.

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 Consolidated Accounts.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15th December 2006

Consolidated Profit and Loss Account – Unaudited

	Note	Six months ended 30th September	
		2006 HK\$'000	2005 HK\$'000
Turnover	4	40,802	10,867
Cost of sales		(47,684)	(5,390)
Gross (loss)/profit		(6,882)	5,477
Administrative expenses		(4,817)	(8,739)
Other income and charges	5	18,121	(22,003)
Operating profit/(loss)	6	6,422	(25,265)
Finance costs	7	(169)	(675)
Share of profits less losses of			
Jointly controlled entities		–	8,126
Associated companies		22,576	19,120
Profit before income tax		28,829	1,306
Income tax credit	8	–	753
Profit for the period attributable to shareholders of the Company		28,829	2,059
Dividend	9	12,219	–
Earnings per share			
Basic	10	7.68 cents	0.78 cent
Diluted	10	7.58 cents	0.76 cent

Consolidated Balance Sheet – Unaudited

	<i>Note</i>	30th September 2006 HK\$'000	31st March 2006 HK\$'000
Non-current assets			
Property, plant and equipment	11	2,265	2,646
Jointly controlled entities		7,272	11,694
Associated companies		1,599,593	1,453,079
Deferred income tax assets		3,902	3,902
		1,613,032	1,471,321
Current assets			
Trade and other receivables	12	756	102,977
Financial assets at fair value through profit or loss		30,901	45,943
Bank balances and cash		271,861	105,505
		303,518	254,425
Current liabilities			
Trade and other payables	13	39,496	40,659
Amounts due to jointly controlled entities		–	4,422
Amounts due to associated companies		2,916	18
Amounts due to minority shareholders		8,311	8,311
		50,723	53,410
Net current assets		252,795	201,015
Total assets less current liabilities		1,865,827	1,672,336
Non-current liabilities			
Deferred income tax liabilities		135	135
Net assets		1,865,692	1,672,201
Equity			
Share capital	14	38,184	25,456
Reserves	15	1,827,508	1,646,745
		1,865,692	1,672,201

Condensed Consolidated Cash Flow Statement – Unaudited

	Six months ended	
	30th September	
	2006	2005
	HK\$'000	HK\$'000
Net cash generated from/(used in)		
Operating activities	97,736	(23,319)
Investing activities	(91,872)	(1,196)
Financing activities	161,403	(30,221)
Net increase/(decrease) in cash and cash equivalents	167,267	(54,736)
Cash and cash equivalents at beginning of period	71,203	91,006
Cash and cash equivalents at end of period	238,470	36,270
Analysis of the balances of cash and cash equivalents		
Bank balances and cash (excluding restricted bank balance)	238,470	37,087
Bank overdrafts	–	(817)
	238,470	36,270

Consolidated Statement of Changes in Equity – Unaudited

	HK\$'000
At 1st April 2005	1,576,633
Currency translation differences	1,517
Profit for the period	2,059
Total recognised income for the period	3,576
Grant of share options	3,348
At 30th September 2005	1,583,557
At 1st April 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 an associated company	2,379
	162,871
At 30th September 2006	1,865,692

Notes to the Interim Consolidated Accounts

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 (the “HKICPA”), and should be read in conjunction with the annual financial statements for the year ended 31st March 2006.

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 2006.

For the six months ended 30th September 2006, the Group has also applied the new standards, amendments and interpretations issued by the HKICPA that are effective for the accounting periods beginning on or after 1st January 2006. However, the adoption of these new standards, amendments and interpretations does not have significant effect on the results and financial position of the Group.

2 Financial risk management

The Group, its jointly controlled entities and its associated companies’ activities 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 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, 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 and income taxes.

4 Turnover 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 development and investment, hotel, travel agency, catering and management services operations. Turnover comprises gross revenues from property management, investment and interest income.

Notes to the Interim Consolidated Accounts

4 Turnover 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
Six months ended 30th September 2006				
Segment revenue	5,464	29,640	5,698	40,802
Contribution to segment results	1,154	(13,734)	5,698	(6,882)
Other income/(charges)	(21)	18,513	(371)	18,121
Unallocated corporate expenses				(4,817)
Operating profit				6,422
Finance costs				(169)
Share of results of associated companies (note (i))				22,576
Profit for the period				28,829
Six months ended 30th September 2005				
Segment revenue	5,620	1,604	3,643	10,867
Contribution to segment results	1,709	125	3,643	5,477
Other charges	(24)	(21,818)	(161)	(22,003)
Unallocated corporate expenses				(8,739)
Operating loss				(25,265)
Finance costs				(675)
Share of results of				
Jointly controlled entities (note (i))				8,126
Associated companies (note (i))				19,120
Profit before income tax				1,306
Income tax credit				753
Profit for the period				2,059

Notes to the Interim Consolidated Accounts

4 Turnover and segment information (continued)

Primary reporting format – business segments (continued)

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

	Six months ended 30th September			
	2006		2005	
	Jointly controlled entities HK\$'000	Associated companies HK\$'000	Jointly controlled entities HK\$'000	Associated companies HK\$'000
Property sales	–	(663)	–	(3,755)
Property leasing	–	50,115	–	60,014
Hotel and travel	–	25,834	–	13,152
Investment	–	–	8,126	(1,114)
Other operations	–	(7,777)	–	(9,531)
Finance costs	–	(27,680)	–	(23,609)
Unallocated corporate expenses	–	(9,000)	–	(7,808)
Income tax expenses	–	(8,253)	–	(8,229)
	–	22,576	8,126	19,120

Secondary reporting format – geographical segments

For the six months ended 30th September 2006 and 2005, the Group derived all of its revenue and operating profit from Hong Kong.

Notes to the Interim Consolidated Accounts

5 Other income and charges

	Six months ended 30th September	
	2006 HK\$'000	2005 HK\$'000
Unrealised losses on financial assets at fair value through profit or loss	(633)	(21,818)
Negative goodwill recognised on acquisition of additional interest in listed associated companies	9,630	–
Gain on disposal of an associated company	9,516	–
Depreciation	(392)	(185)
	18,121	(22,003)

6 Income and expenses by nature

	Six months ended 30th September	
	2006 HK\$'000	2005 HK\$'000
Income		
Interest income	5,350	3,382
Net realised gains on financial assets at fair value through profit or loss	–	125
Expenses		
Employee benefit expense, including Directors' emoluments (note (a))	5,930	10,527
Net realised losses on financial assets at fair value through profit or loss	13,734	–
(a) Employee benefit expense		
Wages and salaries	5,776	7,075
Retirement benefits costs	154	104
Employee share option benefits	–	3,348
	5,930	10,527

Notes to the Interim Consolidated Accounts

7 Finance costs

	Six months ended 30th September	
	2006 HK\$'000	2005 HK\$'000
Interest expense		
Long term bank loans	–	404
Short term bank loans and overdrafts	169	271
	169	675

8 Income tax credit

	Six months ended 30th September	
	2006 HK\$'000	2005 HK\$'000
Deferred income tax	–	753

No provision for Hong Kong profits tax and overseas income tax has been made as the Group has no estimated assessable profit for the period (2005: nil).

Share of income tax of jointly controlled entities and associated companies for the six months ended 30th September 2006 of nil (2005: nil) and HK\$8,253,000 (2005: HK\$8,229,000) are 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 Consolidated Accounts

9 Dividend

The Directors recommended an interim dividend of HK3.2 cents (2005: nil) per share.

10 Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of the Company of HK\$28,829,000 (2005: HK\$2,059,000) and on the weighted average number of 375,553,167 (2005: 263,491,186, adjusted for the effects of rights issue of current period) shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30th September 2006 is based on HK\$28,455,000 equaling to the profit attributable to shareholders of HK\$28,829,000 with a decrease in share of profit after tax of HK\$374,000 from Asia Standard arising from conversion of the convertible notes of Asia Standard, and the weighted average number of 375,553,167 shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30th September 2005 is based on HK\$2,009,000 equivalent to profit attributable to shareholders of HK\$2,059,000 with a decrease in share of profit after tax of HK\$50,000 from Asia Standard arising from exercise of its share options, and the weighted average number of 263,491,186 shares, adjusted for the effects of rights issue of current period, in issue during the period.

Notes to the Interim Consolidated Accounts

11 Property, plant and equipment

	Other equipment HK\$'000
Cost	
At 31st March 2006	4,970
Additions	11
At 30th September 2006	4,981
Accumulated depreciation	
At 31st March 2006	2,324
Charge for the period	392
At 30th September 2006	2,716
Net book value	
At 30th September 2006	2,265
At 31st March 2006	2,646

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\$235,000 (31st March 2006: HK\$159,000). 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:

	30th September 2006 HK\$'000	31st March 2006 HK\$'000
0 day to 60 days	231	98
61 days to 120 days	4	11
More than 120 days	–	50
	235	159

Notes to the Interim Consolidated Accounts

13 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\$3,824,000 (31st March 2006: HK\$2,173,000).

Aging analysis of trade payables is as follows:

	30th September 2006 HK\$'000	31st March 2006 HK\$'000
0 day to 60 days	3,301	1,807
61 days to 120 days	42	12
More than 120 days	481	354
	3,824	2,173

14 Share capital

	Number of shares	Amount HK\$'000
Shares of HK\$ 0.1 each		
Authorised		
At 30th September 2006 and 31st March 2006	750,000,000	75,000
Issued and fully paid		
At 31st March 2006	254,557,972	25,456
Shares issued pursuant to rights issue	127,278,986	12,728
At 30th September 2006	381,836,958	38,184

Share options were granted to Directors and employees of an associated company of the Group to subscribe for shares in accordance with the terms and conditions of the share option scheme. There are no movements in the number of share options outstanding during the period.

Notes to the Interim Consolidated Accounts

15 Reserves

	Share premium	Capital reserve	Contributed surplus	Convertible notes	Share option reserve	Revenue reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31st March 2006	1,564,357	360,302	71,829	–	3,420	(353,163)	1,646,745
Profit for the period	–	–	–	–	–	28,829	28,829
Shares issued pursuant to rights issue, less expenses	147,764	–	–	–	–	–	147,764
Goodwill released upon disposal of an associated company	–	37,719	–	–	–	(37,719)	–
Share of reserve of an associated company	–	–	–	2,379	–	–	2,379
Currency translation differences	–	–	–	–	–	1,791	1,791
At 30th September 2006	1,712,121	398,021	71,829	2,379	3,420	(360,262)	1,827,508

16 Capital commitments

The Group did not have any capital commitments which were contracted but not provided for, nor authorized but not contracted for as at 30th September 2006 and 31st March 2006.

17 Contingent liabilities

There were no material contingent liabilities existing as at 30th September 2006 and 31st March 2006.

18 Subsequent events

In November 2006, Asia Standard International Group Limited, a listed associated company of the Group, issued 1,710.5 million shares at HK\$0.175 each, amounting to HK\$299.3 million pursuant to a rights issue of 1 rights share for every 3 existing shares held. The Group subscribed for its entitlement of HK\$126.8 million fully.

Other Information

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

As at 30th September 2006, 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			Total	Percentage of shares in issue (%)
	Personal interest	Corporate interest	Family Interest		
Poon Jing	54,974,656	58,000,204	2,130,882	115,105,742	30.14
Fung Siu To, Clement	6,068,858	–	–	6,068,858	1.59

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							
– Shares held	Asia Standard International	4,492,200	2,097,709,712	Nil	2,102,201,912		
– Entitled rights shares (Note 1)	Group Limited ("Asia Standard")	3,200,796	716,388,722	Nil	719,589,518		
		7,692,996	2,814,098,434 (Note 2)	Nil	2,821,791,430		41.69 (Note 3)
Poon Jing	Asia Standard Hotel Group Limited ("AS Hotel")	373,405	5,656,723,156 (Note 2)	Nil	5,657,096,561		59.78
Poon Jing and Fung Siu To, Clement	Centop Investment Limited ("Centop")	–	20 (Note 4)	Nil	20		20
Poon Jing	Centop	–	80 (Note 5)	Nil	80		80
Fung Siu To, Clement	Mark Honour Limited	9	–	Nil	9		9

Notes:

1. On 26th September 2006, Asia Standard announced to issue rights shares on basis of 1 rights share for every 3 shares held to the shareholders as of 18th October 2006. Each of Mr. Poon and the Company has undertaken to take up their entitled rights shares.
2. 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's subsidiaries.
3. The percentage of shareholdings is calculated on the basis of 6,769,234,609 shares in issue (being the sum of the then issued capital and the rights shares in respect of the then issued shares) immediately after completion of the rights issue.

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** (continued)

4. 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 and Mr. Fung is deemed to have interest in the 20 shares held by Kingscore and duplicate the interest of the other.
5. By virtue of his controlling interest in the Company, Mr. Poon 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.

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

As at 30th September 2006, 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		Outstanding as at 30th September 2006
	(as previously reported)	1st April 2006 (as adjusted)	
Fung Siu To, Clement	1,718,000	1,930,262	1,930,262
Lim Yin Cheng	1,718,000	1,930,262	1,930,262
Lun Pui Kan	1,718,000	1,930,262	1,930,262
Kwan Po Lam, Phileas	1,718,000	1,930,262	1,930,262

Notes:

1. Options were granted on 12th February 2004 and exercisable from 12th February 2004 to 11th February 2014 at exercise price of HK\$3.3 per share. Subsequent to completion of the rights issue of the Company, the subscription price of the share option has been adjusted to HK\$2.9371 per share and the number of options for each grantee has also been adjusted from 1,718,000 shares to 1,930,262 shares with effect from 10th April 2006.
2. 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)

b) Associated company – Asia Standard

Name of Director	Outstanding as at 1st April 2006 and 30th September 2006
Fung Siu To, Clement	20,000,000
Poon Jing	5,000,000
Lim Yin Cheng	20,000,000
Lun Pui Kan	20,000,000
Kwan Po Lam, Phileas	20,000,000

Options were granted on 30th March 2005 and exercisable from 30th March 2005 to 29th March 2015 at exercise price of HK\$0.325 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.

Save as disclosed above, as at 30th September 2006, 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.

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 2006, 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 (%)
Teddington Holdings Limited ("Teddington")	24,194,790	6.33
Heston Holdings Limited ("Heston")	20,156,068	5.27
Dalton Investments LLC	33,330,728	8.73

Note: Mr. Poon Jing, his family interest and the companies wholly owned by him namely Teddington, Heston and Full Speed Investments Ltd. together hold 115,105,742 shares. 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."

Other Information

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

(continued)

Save as disclosed above, as at 30th September 2006, the Directors are not aware of any other persons who had in 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.

Share option scheme

Pursuant to the share option scheme of the Company adopted on 11th November 2002 ("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 months ended 30th September 2006. The detail terms of the Share Option Scheme were disclosed in the 2006 annual report.

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

Grantee	Date of Grant	Outstanding as at 1st April 2006 (adjusted)	Exercised price (adjusted) (HK\$)	Exercised period	Outstanding as at 30th September 2006
Directors	12th February 2004	7,721,048	2.9371	12th February 2004 to 11th February 2014	7,721,048
Employees of an associated company	25th February 2005	6,067,180	2.5766	25th February 2005 to 24th February 2015	6,067,180
Employees of an associated company	8th April 2005	3,033,590	2.1583	8th April 2005 to 7th April 2015	3,033,590

Notes:

- No option was granted, cancelled, lapsed or exercised during the period.
- Subsequent to completion of the rights issue of the Company, the subscription price of the share option has been adjusted to HK\$2.9371, HK\$2.5766 and HK\$2.1583 per share respectively and the number of options has also been adjusted from 10th April 2006 as follows:

Grantee	Outstanding as at 1st April 2006 (as previously reported)	Outstanding as at 1st April 2006 (adjusted)
Directors	6,872,000	7,721,048
Employees of an associated company	5,400,000	6,067,180
Employees of an associated company	2,700,000	3,033,590

Other Information

Interim dividend

The Board of Directors has declared to pay to shareholders whose names appear on the Register of Members of the Company on 16th January 2007 ("Record Date") interim dividend of HK3.2 cents (2005: nil) per share.

The Board of Directors has also resolved that shareholders will be given an option to elect to receive shares of the Company credited as fully paid in lieu of cash in respect of part or all of such dividend ("Scrip Dividend Scheme"). The market value of the new shares to be issued under the Scrip Dividend Scheme will be fixed by reference to the average of the closing prices of the Company's shares on The Stock Exchange of Hong Kong Limited for the five consecutive trading days up to and including the Record Date. Full details of the Scrip Dividend Scheme will be set out in a circular to the shareholders. New share certificates will be posted on or about 14th February 2007.

Closure of register of members

The Register of Members will be closed from 12th January 2007 to 16th January 2007, 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 share registrar, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 11th January 2007.

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 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 a code of conduct regarding 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 of the Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding 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 accounts of the Group for the six months ended 30th September 2006 have been reviewed by the Audit Committee.

On behalf of the Board

Fung Siu To, Clement

Chairman

HONG KONG, 15th December 2006