



Asia Standard Hotel Group Limited

Stock Code : 292

Interim Report 2006



Corporate Information

Directors

Executive

Mr. Poon Jing (*Chairman*)

Dr. Lim Yin Cheng

(*Deputy Chairman and Chief Executive*)

Mr. Fung Siu To, Clement

Mr. Poon Tin Sau, Robert

Mr. Wong Shu Pui

Mr. Woo Wei Chun, Joseph

(*appointed on 20 September 2006*)

Non-executive

Mr. Liang Shangli

Independent Non-executive

Mr. Ip Chi Wai

Mr. Leung Wai Keung, Richard

Mr. Hung Yat Ming

Audit committee

Mr. Hung Yat Ming (*Chairman*)

Mr. Leung Wai Keung, Richard

Mr. Ip Chi Wai

Remuneration committee

Dr. Lim Yin Cheng (*Chairman*)

Mr. Hung Yat Ming

Mr. Ip Chi Wai

Authorised representatives

Dr. Lim Yin Cheng

Mr. Lee Tai Hay, Dominic

Company secretary

Mr. Lee Tai Hay, Dominic

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
E-mail info@asia-standard.com.hk
Facsimile 2866 3772

Principal bankers

Bank of China (Hong Kong) Limited
CITIC Ka Wah Bank Limited
Industrial and Commercial Bank of
China (Asia) Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking
Corporation Limited
DBS Bank (Hong Kong) Limited
Wing Hang Bank Limited
Liu Chong Hing Bank Limited
HSBC Canada
Royal Bank of Canada

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	311	290	+7
Gross operating profit *	87	62	+40
Profit/(Loss) attributable to shareholders	17	(25)	N/A
Basic earning/(loss) per share (HK cent)	0.19	(0.46)	N/A

* represents operating profit before depreciation and amortisation on hotel properties

	30th September	31st March	Change (%)
	2006	2006	
Consolidated balance sheet			
Total assets	2,374	2,417	-2
Equity attributable to the Company's shareholders	1,752	1,476	+19
Net debt	502	837	-40

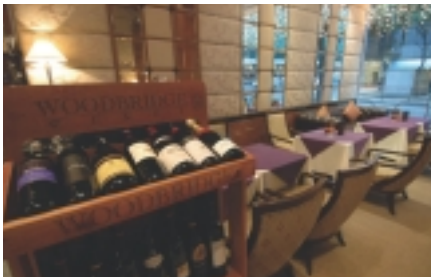
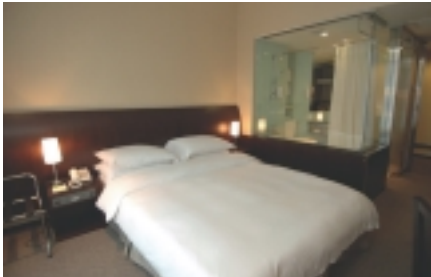
Supplementary information with hotel properties at valuations (note):

Revalued total assets	3,728	3,717	-
Revalued net asset value	3,048	2,725	+12
Revalued net asset value per share (HK\$)	0.32	0.43	-26
Net debt to revalued net asset value (%)	16%	31%	-15

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 2006.

Management Discussion and Analysis



Interim Results

The Group's unaudited turnover and gross operating profit for the six months ended 30th September 2006 amounted to HK\$311 million and HK\$87 million respectively; the latter showed a 40% increase when compared with the same period of last year.

The board declares an interim dividend in respect of the half year under review of HK0.26 cent per share (2005: Nil).

Business Review

Reported visitors arrivals to Hong Kong for the first nine months of 2006 was more than 18.57 million, a 9.5% increase when compared with the same period of last year.

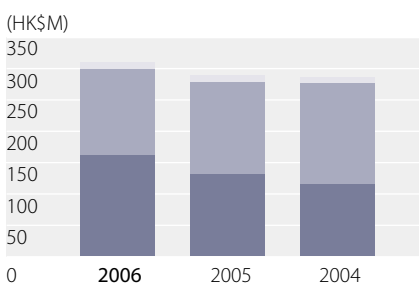
The Empire Hotel, Hong Kong

Prospect for higher commercial and corporate occupancy is promising as the renovation project is recently completed.

Empire Hong Kong's average rate increased 18% and occupancy also improved 12% to 85%. Total revenue increased HK\$12.5 million to HK\$52.3 million, up 31%, and its gross operating profit increased HK\$9.8 million to HK\$30.7 million, up 47%.

Revenue by business segment

- Catering services
- Travel agency
- Hotel operations



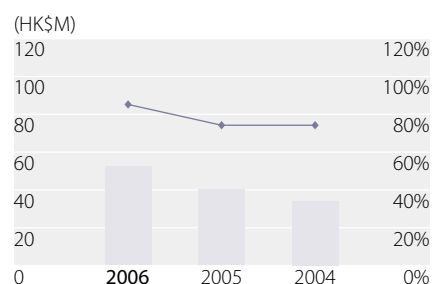
2006 Revenue by hotels

- Empire Kowloon (31%)
- Empire Hong Kong (32%)
- Empire Landmark (37%)

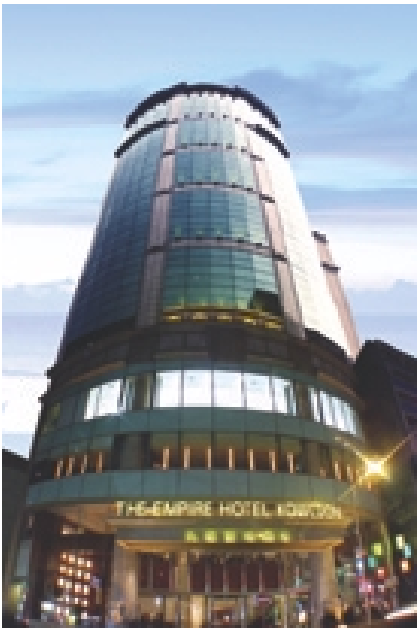


The Empire Hotel Hong Kong

- Revenue
- Occupancy (%)



Management Discussion and Analysis



The Empire Hotel, Kowloon

Empire Kowloon's average rate increased 14% whilst occupancy improved 5% at 94% level. Total revenue increased HK\$8.6 million to HK\$50 million, up 21%, and gross operating profit increased HK\$8.8 million to HK\$31.8 million, up 37%.



The Empire Landmark Hotel, Vancouver

Empire Landmark's average rate increased 6% whilst occupancy improved 2% to 79%. Boosted by a strong Canadian dollar, total revenue increased HK\$9.6 million to HK\$60.0 million, up 19%, and gross operating profit increased HK\$6.1 million to HK\$28.6 million, up 27%.



TGI Friday's

Travel and catering

Revenue for the travel business amounts to HK\$137.5 million and catering revenue about HK\$11.5 million.

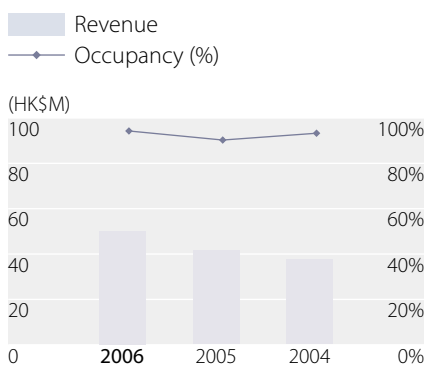


JBC Travel

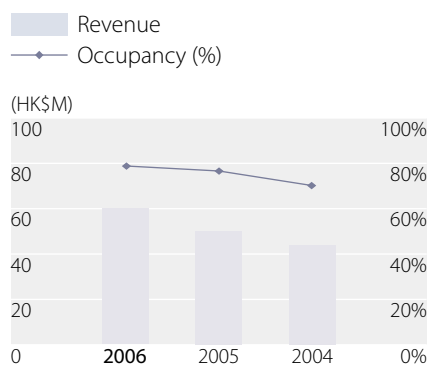
Human Resources

As at 30th September 2006, the total number of employees of the Company and its subsidiaries were 415 (2005: 395). In addition to salary payment, other benefits include insurance, medical scheme and retirement plans and others.

The Empire Hotel Kowloon



The Empire Landmark Hotel Vancouver



Management Discussion and Analysis

Financial Review

As at 30th September 2006, the shareholders' funds amounted to HK\$1,751 million, increased by HK\$275 million over last year.

Total assets amounted to HK\$2,373 million, dropped 2% when compared with HK\$2,417 million as at 31st March 2006. On an open market value basis as at 30th September 2006, the total revalued amount by independent professional valuers of the three hotel properties was HK\$3,572 million, up HK\$35 million when compared with that being prepared on the same basis as at 31st March 2006.

The consolidated net debt was HK\$502 million, a decrease of HK\$335 million when compared with that at 31st March 2006. Gearing on net asset value dropped from 57% to the present 29%, and against revalued net asset value, from 31% to 16%.



73% of the total debt is denominated in HK\$. Total interest rate swap contracts amounts HK\$360 million. There is no principal repayment for the next four years for HK\$ denominated loans. The remaining is the Vancouver property mortgage loan of HK\$145 million (2005: HK\$146 million) that was borrowed in Canadian dollar for exchange hedging purposes.

Total borrowings as at 30th September 2006

- Borrowings hedged by interest rate swap contracts (65%)
- Borrowings with unhedged interest rates (35%)



The aggregate net book value of property, plant and equipment and leasehold land pledged as securities for loans of the Group as at 30th September 2006 amounted to HK\$2,188 million (2005: HK\$2,203 million).

Future Prospects

We see significant potential future value through the renovation program made in our Empire Hong Kong Hotel. We are actively pursuing new opportunities for further growth and value creation, including the search of opportunities for investment and management contracts in Hong Kong, Macau and Mainland China.

The four major attractions in Hong Kong – Hong Kong Disney Land, Madame Tussauds Hong Kong, Ngong Ping 360 and Ocean Park will mark a dazzling finale to 2006 Discover Hong Kong Year, and the diversity of romantic and spectacular activities shall continue showcase Hong Kong's vibrant appeal into 2007.

Prospects for our Vancouver hotel look equally optimistic because of the expected growth in Canada's tourism led by its sustained economic expansion in anticipation of the 2010 Winter Olympics.

Similarly, our franchised restaurants will also benefit from the thriving tourist industry here locally while our Shanghai restaurant is expected to grow in revenue and profitability alongside with Shanghai's vibrant economic growth.

Independent Review Report of the Auditors

Independent Review Report to the Board of Directors of Asia Standard Hotel Group 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") set out on pages 6 to 19.

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 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 Consolidated 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

For the six months ended 30th September 2006

	Note	Six months ended 30th September	
		2006 HK\$'000	2005 HK\$'000
TURNOVER	2	310,795	290,169
COST OF SALES		(180,940)	(188,480)
GROSS PROFIT		129,855	101,689
ADMINISTRATIVE EXPENSES		(42,661)	(39,729)
OPERATING PROFIT BEFORE OTHER CHARGES		87,194	61,960
OTHER CHARGES	3	(36,858)	(35,748)
OPERATING PROFIT	4	50,336	26,212
INTEREST INCOME		1,035	1,728
NET LOSS FROM FINANCIAL ASSETS	5	(5,741)	(26,382)
FINANCE COSTS	6	(23,717)	(25,916)
PROFIT/(LOSS) BEFORE TAXATION		21,913	(24,358)
TAXATION	7	(5,191)	(691)
PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS		16,722	(25,049)
INTERIM DIVIDEND	8	24,602	–
EARNINGS/(LOSS) PER SHARE			
Basic and diluted	9	HK 0.19 cent	HK (0.46) cent

Consolidated Balance Sheet – Unaudited

As at 30th September 2006

	<i>Note</i>	30th September 2006 HK\$'000	31st March 2006 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	873,390	877,179
Leasehold land	10	1,315,107	1,325,426
Goodwill		13,188	13,188
Deferred tax assets		34,938	40,130
		2,236,623	2,255,923
CURRENT ASSETS			
Inventories		2,624	2,566
Derivative financial instruments		–	1,257
Financial assets at fair value through profit or loss		22,888	61,957
Trade and other receivables	11	58,933	50,181
Tax recoverable		–	200
Bank balances and cash		52,594	44,677
		137,039	160,838
CURRENT LIABILITIES			
Trade and other payables	12	54,714	47,480
Current income tax payable		10,973	10,973
Bank borrowings – secured	13	20,000	–
Derivative financial instruments		2,299	–
Current portion of borrowings	13	8,374	17,943
		96,360	76,396
NET CURRENT ASSETS		40,679	84,442
TOTAL ASSETS LESS CURRENT LIABILITIES		2,277,302	2,340,365
NON-CURRENT LIABILITIES			
Borrowings	13	525,731	863,880
NET ASSETS		1,751,571	1,476,485
EQUITY			
Share capital	14	189,243	126,162
Reserves	15	1,562,328	1,320,044
Dividends		–	30,279
		1,751,571	1,476,485

Condensed Consolidated Cash Flow Statement – Unaudited

	Six months ended	
	30th September	
	2006	2005
	HK\$'000	HK\$'000
Net cash from operating activities	66,131	74,292
Net cash from investing activities	24,676	1,185
Net cash used in financing activities	(82,965)	(19,524)
Changes in exchange rates	75	386
Net increase in cash and cash equivalents	7,917	56,339
Cash and cash equivalents at the beginning of the period	44,677	56,194
Cash and cash equivalents at the end of the period	52,594	112,533
Analysis of balances of cash and cash equivalents		
Bank balance	52,594	116,697
Bank overdrafts	–	(4,164)
	52,594	112,533

Consolidated Statement of Changes in Equity – Unaudited

	<i>Note</i>	Six months ended 30th September	
		2006 HK\$'000	2005 HK\$'000
Total equity at the beginning of the period		1,476,485	1,227,030
Net income directly recognised in equity			
Exchange differences	15	6,839	4,750
Profit/(loss) attributable to shareholders	15	16,722	(25,049)
Issue of new shares	14, 15	281,804	–
Dividends paid during the period	8, 15	(30,279)	–
Total equity at the end of the period		1,751,571	1,206,731

Notes to the Interim Consolidated Accounts

1 Basis of preparation

The unaudited interim consolidated accounts ("Interim Consolidated Accounts") have 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").

The accounting policies and methods of computation used in the preparation of the Interim Consolidated Accounts are consistent with those used in the annual accounts 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 Turnover and segment information

The Group is principally engaged in hotel, catering services and travel agency operations. Turnover represents gross revenue from hotel, catering services and travel agency operations.

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.

Primary reporting format – business segments

The Group is organised into three main business segments:

Hotel	–	hotel operation in Hong Kong and Canada
Catering services	–	restaurant operation in Hong Kong and Mainland China
Travel agency	–	sale of air tickets and hotel reservation service

Notes to the Interim Consolidated Accounts

2 Turnover and segment information (Continued)**Business segments**

	Hotel operation HK\$'000	Catering services HK\$'000	Travel agency HK\$'000	Total HK\$'000
Six months ended 30th September 2006				
Room rentals	122,186			
Food and beverages	28,574			
Ancillary services	5,020			
Rental income	5,962			
Segment revenue	161,742	11,515	137,538	310,795
Segment results	54,469	1,765	655	56,889
Unallocated corporate expenses				(6,553)
Operating profit				50,336
Interest income				1,035
Net loss from financial assets				(5,741)
Finance costs				(23,717)
Profit before taxation				21,913
Taxation				(5,191)
Profit attributable to shareholders				16,722
Six months ended 30th September 2005				
Room rentals	95,910			
Food and beverages	25,152			
Ancillary services	4,387			
Rental income	5,699			
Segment revenue	131,148	11,408	147,613	290,169
Segment results	31,098	1,907	52	33,057
Unallocated corporate expenses				(6,845)
Operating profit				26,212
Interest income				1,728
Net loss from financial assets				(26,382)
Finance costs				(25,916)
Loss before taxation				(24,358)
Taxation				(691)
Loss attributable to shareholders				(25,049)

Notes to the Interim Consolidated Accounts

2 Turnover and segment information (Continued)**Secondary reporting format – geographical segments**

The Group's business segments operating in various geographical areas are as follows:

Hong Kong	–	all the Group's business segments
Canada	–	hotel and catering
Mainland China	–	catering

A summary of geographical segments is set out as follows:

	Turnover		Operating profit	
	Six months ended		Six months ended	
	30th September		30th September	
	2006	2005	2006	2005
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	246,422	235,765	29,678	11,321
Mainland China	59,476	49,942	19,329	14,255
Canada	4,897	4,462	1,329	636
	310,795	290,169	50,336	26,212

3 Other charges

	Six months ended	
	30th September	
	2006	2005
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	26,539	25,429
Amortisation of leasehold land	10,319	10,319
	36,858	35,748

Notes to the Interim Consolidated Accounts

4 Operating profit

	Six months ended 30th September	
	2006 HK\$'000	2005 HK\$'000
Operating profit is stated after charging the following:		
Staff costs, including directors' emoluments	40,488	37,308
Operating lease rental expense for properties	2,594	2,469
Provision for bad and doubtful debts	2,322	1,312
Cost of goods sold	17,226	11,033

5 Net loss from financial assets

	Six months ended 30th September	
	2006 HK\$'000	2005 HK\$'000
Financial assets at fair value through profit or loss		
Net fair value losses	(6,170)	(22,651)
Realised gains/(losses)	350	(5,160)
Dividend income from listed equity securities	79	1,429
	(5,741)	(26,382)

6 Finance costs

	Six months ended 30th September	
	2006 HK\$'000	2005 HK\$'000
Interest expense		
Bank loans and overdrafts	20,149	26,328
Finance lease obligations wholly payable within five years	12	16
Fair value losses/ (gains) on interest rate swap contracts	3,556	(428)
	23,717	25,916

Notes to the Interim Consolidated Accounts

7 Taxation

	Six months ended 30th September	
	2006	2005
	HK\$'000	HK\$'000
Deferred taxation	5,191	691

No provision for Hong Kong profits tax, overseas and Mainland China tax has been made as the Group has sufficient tax losses brought forward to set off against the estimated assessable profit for the period (2005: HK\$Nil).

8 Dividend

	Six months ended 30th September	
	2006	2005
	HK\$'000	HK\$'000
Interim dividend of HK 0.26 cent (2005: Nil) per ordinary share	24,602	–

The Directors declared the payment of an interim dividend HK\$24,602,000 (2005: Nil).

A final dividend of HK0.32 cent per ordinary share, totalling HK\$30,279,000 for the year ended 31st March 2006 was paid in September 2006.

9 Earnings/(loss) per share

The calculation of basis earnings/(loss) per share is based on the profit attributable to shareholders of HK\$16,722,000 (2005: loss of HK\$25,049,000) and on the weighted average of 8,815,840,410 (2005: 5,471,433,701) shares in issue during the period. The comparative figure for basic earnings per share has been adjusted to reflect the effect of rights issue completed in May 2006.

There is no dilutive effect on the earnings per share for the six months ended 30th September 2006 in respect of the outstanding share options during the period, and there were no dilutive instruments for the six months ended 30th September 2005. Accordingly, the basis earnings/(loss) per share is equal to the diluted earnings/(loss) per share for both periods.

Notes to the Interim Consolidated Accounts

10 Property, plant and equipment and leasehold land

Cost	Freehold land and hotel buildings	Plant and equipment	Leasehold land	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31st March 2006	978,569	296,628	1,527,516	2,802,713
Exchange difference	17,070	3,180	–	20,250
Additions	376	9,311	–	9,687
At 30th September 2006	996,015	309,119	1,527,516	2,832,650
Accumulated depreciation and amortisation				
At 31st March 2006	201,986	196,032	202,090	600,108
Exchange difference	7,022	166	–	7,188
Charge for the period	12,789	13,750	10,319	36,858
At 30th September 2006	221,797	209,948	212,409	644,154
Net book value				
At 30th September 2006	774,218	99,171	1,315,107	2,188,496
At 31st March 2006	776,583	100,596	1,325,426	2,202,605
			30th September 2006 HK\$'000	31st March 2006 HK\$'000
Net book value of hotel properties comprise the following:				
(i) Freehold land and hotel buildings			774,218	776,583
(ii) Plant and equipment			99,172	100,596
Property, plant and equipment			873,390	877,179
(iii) Leasehold land			1,315,107	1,325,426
			2,188,497	2,202,605

Supplementary information with hotel properties at valuation:

The aggregate valuation of the hotel properties in Hong Kong and Canada based on the valuation reports of Knight Frank and Grant Thornton Management Consultants respectively, independent professional valuers, amounted to HK\$3,571,510,000 (31st March 2006: HK\$3,537,540,000).

The supplementary information with hotel properties at valuation is for readers' information only. It does not constitute a disclosure requirement under HKAS16 and HKAS17.

Notes to the Interim Consolidated Accounts

11 Trade and other receivables

An ageing analysis of trade receivables net of provision of doubtful debts, which are included in trade and other receivables, is as follows:

	30th September	31st March
	2006	2006
	HK\$'000	HK\$'000
0 day to 60 days	40,101	38,132
61 days to 120 days	4,124	1,482
More than 120 days	5,083	–
	49,308	39,614

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 receivables, credit evaluations of customers are performed periodically.

12 Trade and other payables

An ageing analysis of trade payables, which are included in trade and other payables, is as follows:

	30th September	31st March
	2006	2006
	HK\$'000	HK\$'000
0 day to 60 days	24,268	17,309
61 days to 120 days	453	33
More than 120 days	457	1,066
	25,178	18,408

Notes to the Interim Consolidated Accounts

13 Borrowings

	30th September 2006 HK\$'000	31st March 2006 HK\$'000
Short term bank borrowing, secured	20,000	–
Long term bank borrowing, secured	534,105	881,823
	554,105	881,823
The maturity of long term bank borrowings is as follows:		
Bank borrowings, secured		
Repayable within one year	8,287	17,846
Repayable within one to two years	8,982	18,475
Repayable within two to five years	216,901	114,323
Repayable after five years	299,742	730,939
	533,912	881,583
Obligations under finance leases wholly payable within five years	193	240
	534,105	881,823
Current portion included in current liabilities	(8,374)	(17,943)
	525,731	863,880

The bank loans are secured by mortgages of the Group's hotel properties (note 11), floating charges over all the assets of certain subsidiaries and corporate guarantees given by the Company.

Notes to the Interim Consolidated Accounts

14 Share capital

	Number of shares of HK\$0.02 per share	HK\$'000
Authorised:		
At 31st March 2005 and 2006	25,000,000,000	500,000
Issued and fully paid:		
At 31st March 2006	6,308,108,681	126,162
Rights issue	3,154,054,340	63,081
At 30th September 2006	9,462,163,021	189,243

The Company issued 3,154,054,340 shares of HK\$0.02 each at the issue price of HK\$0.09 per share on the basis of one rights share for every two existing shares on 15th May 2006.

15 Reserves

	Share premium HK\$'000	Contributed surplus HK\$'000	Share options reserve HK\$'000	Exchange reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 1st April 2006	521,207	899,333	280	44,341	(114,838)	1,350,323
Exchange difference	–	–	–	6,839	–	6,839
Dividend paid	–	–	–	–	(30,279)	(30,279)
Issue of shares	218,723	–	–	–	–	218,723
Profit attributable to shareholders	–	–	–	–	16,722	16,722
At 30th September 2006	739,930	899,333	280	51,180	(128,395)	1,562,328
Representing:						
Reserves	739,930	899,333	280	51,180	(158,674)	1,532,049
Interim dividend	–	–	–	–	30,279	30,279
	739,930	899,333	280	51,180	(128,395)	1,562,328
At 1st April 2005	299,770	899,333	–	38,100	(111,215)	1,125,988
Exchange difference	–	–	–	4,750	–	4,750
Loss attributable to shareholders	–	–	–	–	(25,049)	(25,049)
At 30th September 2005	299,770	899,333	–	42,850	(136,264)	1,105,689

Notes to the Interim Consolidated Accounts

16 Related party transactions

The following is a summary of significant related party transactions during the period:

	Six months ended 30th September	
	2006 HK\$'000	2005 HK\$'000
(i) Operating lease rental expense for land and buildings to fellow subsidiaries	(330)	(231)
(ii) Management service expenses to related companies	(507)	(479)

Notes:

- (i) Rental expense is subject to terms agreed by the parties involved, which is at a monthly fixed fee.
- (ii) Management service expenses, including cleaning, repair and maintenance, are subject to terms agreed by the parties involved, which are at fixed fees.

17 Capital commitments

As at 30th September 2006 and 31st March 2006, the Group has no capital commitments.

18 Contingent liabilities

As at 30th September 2006 and 31st March 2006, the Group has no significant contingent liabilities.

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

(I) Long positions in shares

(a) The Company

Director	Number of shares held			Percentage of shares in issue (%)
	Personal interest	Corporate interest	Total	
Mr. Poon Jing ("Mr. Poon")	373,405	5,656,723,156	5,657,096,561	59.78

By virtue of his interest in the Company through Asia Orient Holdings Limited ("Asia Orient") and its subsidiaries as disclosed under the heading "Substantial shareholders and other persons' interests in shares and underlying shares." below, Mr. Poon is deemed to be interested in the shares of all of the Company's subsidiaries.

Other Information

(I) Long positions in shares (Continued)

(b) Associated corporations

Associated corporation	Director	Number of shares held			Total	Percentage of shares in issue (%)
		Personal interest	Corporate interest	Family Interest		
Asia Standard International Group Limited ("ASI")	Mr. Poon					
	Shares held	4,492,200	2,097,709,712	Nil	2,102,201,912	
	Entitled rights shares (note 1)	3,200,796	716,388,722	Nil	719,589,518	
	Total	7,692,996	2,814,098,434 (note 2)	Nil	2,821,791,430	41.69 (note 3)
Centop Investment Limited ("Centop") (note 4)	Mr. Poon and Mr. Fung Siu To, Clement ("Mr. Fung")	Nil	20	Nil	20	20
Centop (note 5)	Mr. Poon	Nil	80	Nil	80	80
Mark Honour Limited	Mr. Fung	9	Nil	Nil	9	9

Notes:

1. ASI announced on 26th September 2006 to issue rights share on basis of every 3 shares held for 1 rights share to the shareholders as of 18th October 2006. Each of Mr. Poon and Asia Orient has undertaken to take up their entitled rights shares.
2. By virtue of his controlling interest in Asia Orient, Mr. Poon is deemed to be interested in the shares of ASI held by subsidiaries of Asia Orient.
3. The percentage of shareholding is calculated on the basis of 6,769,234,609 shares in issue (being the sum of the then issued shares as at 30th September 2006 and the rights shares in respect of the then issued shares) immediately after completion of the rights issue.
4. Centop is owned as to 80% by ASI and as to 20% by Kingscore Investment Limited ("Kingscore"). Each of Mr. Poon and Mr. Fung 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 Asia Orient, Mr. Poon is deemed to be interested in the Company's subsidiaries and associated corporations, including the 80 shares of Centop held by ASI.

Other Information

(II) Long positions in underlying shares

Interests in share options

(a) *The Company*

As at 30th September 2006, details of the share options granted to Directors under the share option scheme are as follows:–

Name of Director	Outstanding as at 1st April 2006		Outstanding as at 30th September 2006
	(as previously reported)	(as adjusted)	
Wong Shu Pui	4,000,000	4,465,909	4,465,909

Notes:

- Options were granted on 31st October 2005 and exercisable from 1st November 2005 to 31st October 2015 at an exercise price of HK\$0.217 per share. Subsequent to completion of the rights issue of the Company on the basis of 1 rights share for every 2 existing shares held by the shareholder as of 19th April 2006, the exercise price of the share option has been adjusted to HK\$0.19436 per share and the number of options has also been adjusted from 4,000,000 shares to 4,465,909 shares from 10th May 2006.
- During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

(b) *Associated corporation – ASI*

On 30th March 2005, options to subscribe for shares of ASI were granted to the following directors of the Company exercisable during the period from 30th March 2005 to 29th March 2015 at an exercise price of HK\$0.325 per share:

Name of Directors	No. of share options granted	Outstanding as at
		1st April 2006 and 30 September 2006
Poon Jing	5,000,000	5,000,000
Lim Yin Cheng	20,000,000	20,000,000
Fung Siu To, Clement	20,000,000	20,000,000
Wong Shu Pui	15,000,000	15,000,000

During the period, no option was granted, exercised, cancelled or lapsed.

Save as disclosed above, as at 30th September 2006, none of the Directors or the 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 & 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

Other Information

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

As at 30th September 2006, according to the register of substantial shareholders kept by the Company under Section 336 of the SFO, the following parties (other than the Directors and Chief Executive of the Company) had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long position in shares of the Company

	Number of shares	Percentage (%)
Asia Standard International Limited	5,374,920,591	56.80
ASI (note 1)	5,382,502,737	56.88
Asia Orient Company Limited (note 2)	5,656,723,156	59.78
Asia Orient Holdings (BVI) Limited (note 3)	5,656,723,156	59.78
Asia Orient (note 3)	5,656,723,156	59.78

Notes:

- (1) Asia Standard International Limited is a wholly owned subsidiary of ASI and ASI is deemed to be interested in and duplicates all the shares held by Asia Standard International Limited.
- (2) Asia Orient Company Limited and its subsidiaries together hold more than one-third of the issued shares of ASI and is deemed to be interested in and duplicates the shares held by ASI.
- (3) Asia Orient Company Limited is a wholly owned subsidiary of Asia Orient Holdings (BVI) Limited which in turn is a wholly owned subsidiary of Asia Orient. Asia Orient Holdings (BVI) Limited and Asia Orient are deemed to be interested in and duplicate the shares held by of Asia Orient Company Limited and its subsidiaries.

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

Interim Dividend

The Board of Directors has declared to pay to shareholders whose names appear on the Register of Members of the Company on Tuesday, 16th January 2007 ("Record Date") interim dividend of HK 0.26 cent 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 Stock Exchange 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 Wednesday, 14th February 2007.

Other Information

Closure of Register of Members

The Register of Members will be closed from Friday, 12th January 2007 to Tuesday, 16th January 2007, both days inclusive, during which period no transfer of shares will be registered by the Company. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch registrar, Computershare Hong Kong Investor Services Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Thursday, 11th January 2007.

Purchase, sale or redemption of listed securities

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

Code on corporate governance practices

During the period, the Company was in compliance with the code provision of the Code of Corporate Governance Practices as set out in Appendix 14 of the Listing Rules save and except that the Chairman was absent from the Annual General Meeting for 2006 due to personal and family concern.

Code of conduct regarding securities transactions by directors

The Company has adopted its own code of conduct for Securities Transactions by Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10) of the Listing Rules. The Company has also made specific enquiry 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. Leung Wai Keung, Richard and Mr. Ip Chi Wai. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

The unaudited interim consolidated accounts of the Company for the six months ended 30th September 2006 have been reviewed by the Audit Committee.

By Order of the Board

Poon Jing

Chairman

Hong Kong 15th December 2006