



**ASIA STANDARD INTERNATIONAL GROUP LIMITED**

Stock Code: 129

Interim  
Report  
**2008**

*We deliver Quality*



# 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  
Mr. Loup, Nicholas James

### Non-executive

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

Mr. Lun Pui Kan

## 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

The Hongkong and Shanghai Banking  
Corporation Limited  
Bank of China (Hong Kong) Limited  
Hang Seng Bank Limited  
Industrial and Commercial Bank of  
China (Asia) Limited  
The Bank of East Asia Limited  
Bank of Communications Company Limited

## Legal advisers

Stephenson Harwood & Lo  
35th Floor, Bank of China Tower,  
1 Garden Road, Central,  
Hong Kong  
  
Appleby  
8th Floor, Bank of America Tower  
12 Harcourt Road, Central  
Hong Kong

## Auditor

PricewaterhouseCoopers  
Certified Public Accountants  
22nd Floor, Prince's Building,  
Central, Hong Kong

## Share registrar in Bermuda

Butterfield Fulcrum Group (Bermuda) Limited  
Rosebank Centre,  
11 Bermudiana Road,  
Pembroke HM08,  
Bermuda

## Hong Kong branch share registrar and transfer office

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716, 17th Floor,  
Hopewell Centre,  
183 Queen's Road East,  
Wan Chai,  
Hong Kong

# Financial Highlights

	Six months ended 30th September		Change
	2008	2007	
(in HK\$ million, except otherwise indicated)			
<b>Consolidated profit and loss account</b>			
Revenue	<b>462</b>	653	-29%
Operating profit	<b>111</b>	188	-41%
Finance costs	<b>16</b>	34	-53%
Profit attributable to shareholders of the Company	<b>100</b>	160	-38%
Earnings per share (HK cents)			
Basic	<b>0.92</b>	2.26	-59%
Diluted	<b>0.92</b>	2.23	-59%

	30th	31st	Change
	September	March	
	2008	2008	
<b>Consolidated balance sheet</b>			
Total assets	<b>8,162</b>	8,190	-
Net assets	<b>5,826</b>	5,801	-
Equity attributable to shareholders of the Company	<b>5,150</b>	5,111	+1%
Net debt	<b>1,283</b>	1,200	+7%

Supplementary information with hotel properties at valuation (note):

Revalued total assets	<b>9,903</b>	10,118	-2%
Revalued net assets	<b>7,251</b>	7,378	-2%
Equity attributable to shareholders of the Company	<b>6,130</b>	6,194	-1%
Equity attributable to shareholders of the Company per share (HK\$)	<b>0.56</b>	0.57	-2%
Net debt to revalued net asset value (%)	<b>18%</b>	16%	+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 and corresponding deferred tax 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 2008.

## Management Discussion and Analysis



Jadewater at Aberdeen



### Results

The Group recorded a revenue of HK\$462 million (2007: HK\$653 million) with profit attributable to shareholders amounting to HK\$100 million (2007: HK\$160 million), decreased by 29% and 38% respectively. The decrease is attributed to lesser property sales and profit contribution from hotel subsidiary in this period.

### Properties sales, development and leasing

Property sales for the six months amounted to HK\$82 million, attributed to the inventory sale of residential units, and the launch of Jadewater, a 150,000 sq. ft. residential development at Aberdeen. This segment contributed HK\$32 million to operating profit for the period as

compared to HK\$60 million of last interim period and a turnover of HK\$285 million.

Jadewater, completed in September 2008, was launched for sale in June 2008. Sales will continue subject to a more favourable environment.

The superstructure construction of the Castle Peak Road joint venture residential development is progressing with completion scheduled in mid 2009. This 200,000 sq. ft. GFA development is built to a luxurious premium standard. Presale consent is being applied.

Currently the Group holds approximately 0.8 million square feet attributable GFA of properties under development in Hong Kong. In addition, the Group has an

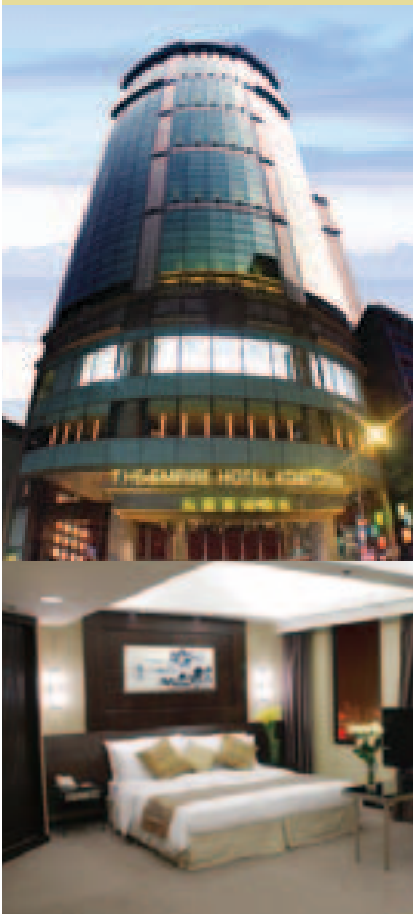
investment of approximately 2 million square feet GFA residential/commercial development in Beijing under progress to obtain planning parameters. The Group has a 44% interest.

Rental income attributable to the Group was approximately HK\$44 million, compared to HK\$37 million of last interim period. Rental income of Asia Standard Tower increased by 14% and that of Asia Orient Tower increased by 30% compared to last interim period, resulting from increased unit rent upon tenancy renewals since last interim period. Average occupancy of the two properties approximates 89%. Revaluation surplus totaling HK\$44 million (net of deferred tax) was recorded for the period.



# Management Discussion and Analysis

## Empire Hotel, Kowloon



The hotel group's new 280 rooms boutique style hotel in Causeway Bay is approaching completion and scheduled for partial opening in January 2009. Another expansion program of 28 rooms to Empire Kowloon Hotel will also be completed by January 2009.

### Financial review

At 30th September 2008, the Group's total asset was approximately HK\$8.2 billion, same as last financial year end. The net asset of HK\$5.8 billion was roughly the same for both dates. Adopting market value of hotel properties, the revalued net assets of the Group would be HK\$7.2 billion at 30th September 2008.

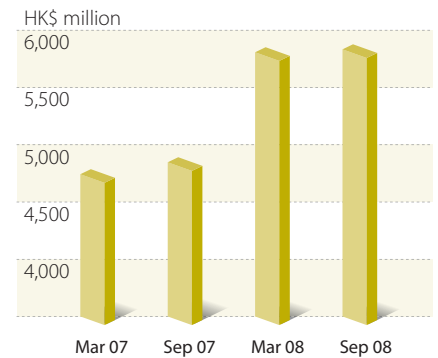
Net borrowings stood at HK\$1.3 billion at period end, including HK\$1.0 billion which belonged to the separately listed hotel group. Net debt to revalued net asset value is approximately 18% (31st March 2008: 16%). Finance costs have reduced by 53% due to reduced market interest rates when comparing the two interim periods.

About 90% of the Group's borrowings are in Hong Kong dollar. All the debts are at floating rates. Interest rate level is managed through interest rate swaps. As at 30th September 2008, about one third of the total bank loans were hedged by these swaps. The maturity of our debts spread over a long period of up to fifteen years, with approximately 7% repayable within one year while 67% repayable after five years.

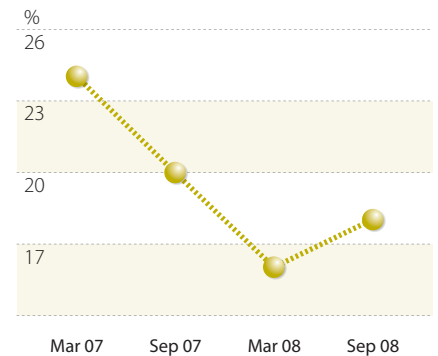
### Hotel

The hotel group had a strong performance during this period by achieving roughly similar level of revenue at HK\$334 million and gross operating profit of HK\$96 million. However, its results was diluted by unrealised loss from its financial asset investment, giving a HK\$2 million net profit for the period compared with HK\$42 million of last period.

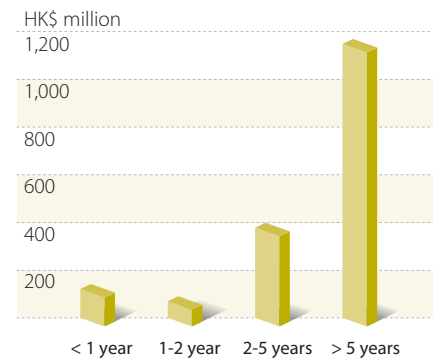
### Net assets



### Gearing ratio (net debt to net asset value – with hotels at valuation)



### Debts - maturity profile



## Management Discussion and Analysis



The Westminster Terrace at Castle Peak Road

As at 30th September 2008, assets with an aggregate net book value of HK\$5,542 million (31st March 2008: HK\$5,496 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\$232 million (31st March 2008: HK\$198 million).

### Employees and remuneration policies

As at 30th September 2008, the Group employed 490 employees and approximate 91% worked for the separately listed hotel subgroup. The remuneration packages including basic salary, annual bonus, share options, retirement and other benefits are commensurate with their job nature and experience level.

### Future outlook

Hong Kong property market is not immune from the global economic downturn triggered by a series of financial melt down across developed economies. As such the environment facing Hong Kong ahead will be very challenging.

The Group nevertheless is well defended by the relatively low debt exposure, and management is taking very cautious approaches to investment undertakings and only to seize opportunities upon market weakness.

# Independent Report on Review of Interim Financial Information

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

*(incorporated in Bermuda with limited liability)*

## **Introduction**

We have reviewed the interim financial information set out on pages 6 to 22, which comprises the condensed consolidated balance sheet of Asia Standard International Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30th September 2008 and the related condensed consolidated profit and loss account, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the "Interim Financial Information"). The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The Directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## **Scope of Review**

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

## **Conclusion**

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

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 11th December 2008

## Condensed Consolidated Profit and Loss Account – Unaudited

	Note	Six months ended 30th September	
		2008 HK\$'000	2007 HK\$'000
Turnover	4, 6	<b>467,777</b>	836,832
Revenue	4, 6	<b>461,821</b>	652,859
Cost of sales	6	<b>(241,558)</b>	(406,935)
Gross profit		<b>220,263</b>	245,924
Selling expenses		<b>(5,432)</b>	(8,116)
Administrative expenses	6	<b>(67,790)</b>	(73,899)
Other income and charges	5	<b>(36,092)</b>	24,187
Operating profit		<b>110,949</b>	188,096
Finance costs	7	<b>(16,352)</b>	(34,288)
Share of profits less losses of			
Jointly controlled entities		<b>(1,196)</b>	30
Associated companies		<b>12,537</b>	51,007
Profit before income tax		<b>105,938</b>	204,845
Income tax expense	8	<b>(6,577)</b>	(28,906)
Profit for the period		<b>99,361</b>	175,939
Attributable to:			
Shareholders of the Company		<b>99,870</b>	160,319
Minority interests		<b>(509)</b>	15,620
		<b>99,361</b>	175,939
Dividend	9	<b>11,211</b>	25,377
Earnings per share (HK cents)			
Basic	10	<b>0.92</b>	2.26
Diluted	10	<b>0.92</b>	2.23



## Condensed Consolidated Balance Sheet – Unaudited

	<i>Note</i>	<b>30th September 2008 HK\$'000</b>	31st March 2008 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	<b>922,938</b>	879,962
Investment properties	12	<b>2,002,500</b>	1,953,380
Leasehold land		<b>1,725,574</b>	1,738,896
Jointly controlled entities		<b>520,242</b>	506,539
Associated companies		<b>665,617</b>	665,572
Available-for-sale investments		<b>337,126</b>	326,656
Goodwill		<b>5,103</b>	5,103
Mortgage loans receivable		<b>25,581</b>	25,022
Deferred income tax assets		<b>34,893</b>	45,808
		<b>6,239,574</b>	6,146,938
<b>Current assets</b>			
Properties held for/under development for sale		<b>391,939</b>	898,242
Completed properties held for sale		<b>755,981</b>	217,402
Mortgage loans receivable		<b>1,696</b>	2,388
Hotel and restaurant inventories		<b>2,201</b>	2,268
Trade and other receivables	13	<b>215,254</b>	196,313
Financial assets at fair value through profit or loss		<b>116,696</b>	106,524
Derivative financial instruments		<b>15,550</b>	–
Income tax recoverable		<b>1,086</b>	566
Bank balances and cash		<b>422,488</b>	619,223
		<b>1,922,891</b>	2,042,926
<b>Current liabilities</b>			
Trade and other payables	14	<b>198,734</b>	115,330
Dividend payable		<b>24,670</b>	–
Amount due to an associated company		<b>51,150</b>	51,150
Derivative financial instruments		<b>6,085</b>	26,289
Warrant liabilities	15(a)	<b>9,351</b>	19,654
Short term bank and other loans and overdrafts, secured		<b>89,901</b>	358,295
Short term bank loans, unsecured		<b>3,734</b>	20,000
Current portion of long term loans, secured	18	<b>24,586</b>	331,068
Amounts due to minority shareholders		<b>115,675</b>	114,071
Income tax payable		<b>20,605</b>	26,277
		<b>544,491</b>	1,062,134
Net current assets		<b>1,378,400</b>	980,792
Total assets less current liabilities		<b>7,617,974</b>	7,127,730

## Condensed Consolidated Balance Sheet – Unaudited

	<i>Note</i>	<b>30th September 2008 HK\$'000</b>	31st March 2008 HK\$'000
<hr/>			
Non-current liabilities			
Warrant liabilities	<i>15(b)</i>	<b>5,436</b>	16,909
Long term loans, secured	<i>18</i>	<b>1,587,432</b>	1,109,535
Deferred income tax liabilities		<b>199,133</b>	200,467
		<b>1,792,001</b>	1,326,911
<hr/>			
Net assets		<b>5,825,973</b>	5,800,819
<hr/>			
Equity			
Share capital	<i>16</i>	<b>109,817</b>	108,758
Reserves	<i>17</i>	<b>5,040,608</b>	5,002,488
Equity attributable to shareholders of the Company		<b>5,150,425</b>	5,111,246
Minority interests		<b>675,548</b>	689,573
		<b>5,825,973</b>	5,800,819
<hr/>			

## Condensed Consolidated Cash Flow Statement – Unaudited

	Six months ended 30th September	
	2008 HK\$'000	2007 HK\$'000
Net cash generated before working capital changes	<b>130,956</b>	148,456
Change in working capital	<b>(119,558)</b>	(8,722)
Net cash generated from operating activities	<b>11,398</b>	139,734
Net cash (used in)/generated from investing activities	<b>(93,218)</b>	7,522
Net cash used in financing activities	<b>(97,658)</b>	(169,121)
Net decrease in cash and cash equivalents	<b>(179,478)</b>	(21,865)
Cash and cash equivalents at the beginning of the period	<b>592,949</b>	196,825
Changes in exchange rates	<b>715</b>	3,327
Cash and cash equivalents at the end of the period	<b>414,186</b>	178,287
Analysis of the balances of cash and cash equivalents		
Bank balances and cash (excluding restricted bank balances)	<b>414,186</b>	178,287

## Condensed Consolidated Statement of Changes in Equity – Unaudited

	Shareholders of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 31st March 2007	4,004,223	731,410	4,735,633
Currency translation differences	16,244	7,989	24,233
Profit for the period	160,319	15,620	175,939
Total recognised income for the period	176,563	23,609	200,172
Issue of warrants	(83,491)	(38,523)	(122,014)
Redemption and conversion of convertible notes	71,013	–	71,013
2007 final dividend	(25,148)	(10,725)	(35,873)
Increase in shareholding of a listed subsidiary	–	(31,688)	(31,688)
Share option granted by a listed subsidiary	15,015	7,385	22,400
	(22,611)	(73,551)	(96,162)
At 30th September 2007	4,158,175	681,468	4,839,643
<b>At 31st March 2008</b>	<b>5,111,246</b>	<b>689,573</b>	<b>5,800,819</b>
Currency translation differences	(4,001)	(1,909)	(5,910)
Fair value loss on available-for-sale investments	(40,839)	(19,269)	(60,108)
Impairment of available-for-sale investments transferred to profit and loss account	22,176	10,580	32,756
Profit for the period	99,870	(509)	99,361
Total recognised income/(loss) for the period	77,206	(11,107)	66,099
Issue of warrants	(26,102)	–	(26,102)
2008 final dividend	(21,752)	(2,918)	(24,670)
Conversion of warrants	9,827	–	9,827
	(38,027)	(2,918)	(40,945)
At 30th September 2008	5,150,425	675,548	5,825,973

# Notes to the Interim Financial Information

## 1 Basis of preparation

The unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and should be read in conjunction with the annual financial statements for the year ended 31st March 2008.

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 2008.

The following new interpretations are mandatory for the Group’s accounting periods beginning on or after 1st April 2008 :

HK (IFRIC) – Int 12	Service Concession Arrangements
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group has assessed the impact of the adoption of these interpretations and considered that there was no significant impact on the Group’s results and financial position and no substantial changes in the Group’s accounting policies.

Certain new standards, amendments and interpretations have been issued but not effective for the Group’s financial year beginning 1st April 2008 and have not been early adopted.

## 2 Financial risk management

The Group’s activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk and 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 uses derivative financial instruments to hedge certain risk exposures.



## Notes to the Interim Financial Information

### 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 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, income taxes and fair value of warrant liabilities and derivative financial instruments.

### 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 is principally engaged in property development and investment, hotel, travel agency and catering operations and investment. Turnover comprises revenue from property sales and leasing, hotel and travel agency, management services, dividend and interest income, together with gross proceeds from investments. Revenue includes revenue from property sales and leasing, hotel and travel agency, management services, dividend and interest income, and net realised gains/losses on sale of financial assets at fair value through profit or loss.

#### Primary reporting format – business segments

The Group is organised into four main business segments, comprising property sales, property leasing, 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 revenue. 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.

## Notes to the Interim Financial Information

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

Primary reporting format – business segments (Continued)

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Investment HK\$'000	Other operations HK\$'000	Group HK\$'000
<b>Six months ended 30th September 2008</b>						
Turnover	<b>81,602</b>	<b>36,314</b>	<b>326,197</b>	<b>14,429</b>	<b>9,235</b>	<b>467,777</b>
Segment revenue	<b>81,602</b>	<b>36,314</b>	<b>326,197</b>	<b>8,473</b>	<b>9,235</b>	<b>461,821</b>
Contribution to segment results	<b>32,175</b>	<b>34,955</b>	<b>88,005</b>	<b>8,473</b>	<b>9,235</b>	<b>172,843</b>
Other income and charges	<b>(1,161)</b>	<b>47,053</b>	<b>(32,568)</b>	<b>(96,824)</b>	<b>47,408</b>	<b>(36,092)</b>
Unallocated corporate expenses						<b>(25,802)</b>
Operating profit						<b>110,949</b>
Finance costs						<b>(16,352)</b>
Share of results of						
Jointly controlled entities	<b>(1,194)</b>	–	–	–	<b>(2)</b>	<b>(1,196)</b>
Associated companies	<b>(1,764)</b>	<b>14,409</b>	–	–	<b>(108)</b>	<b>12,537</b>
Profit before income tax						<b>105,938</b>
Income tax expense						<b>(6,577)</b>
Profit for the period						<b>99,361</b>
<b>Six months ended 30th September 2007</b>						
Turnover	284,565	30,510	322,330	194,965	4,462	836,832
Segment revenue	284,565	30,510	322,330	10,992	4,462	652,859
Contribution to segment results	60,370	28,378	83,430	10,992	4,462	187,632
Other income and charges	(4,661)	40,207	(56,678)	22,282	23,037	24,187
Unallocated corporate expenses						(23,723)
Operating profit						188,096
Finance costs						(34,288)
Share of results of						
Jointly controlled entities	36	–	–	–	(6)	30
Associated companies	(4,308)	55,716	–	–	(401)	51,007
Profit before income tax						204,845
Income tax expense						(28,906)
Profit for the period						175,939

## Notes to the Interim Financial Information

### 4 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:

	Turnover HK\$'000	Segment revenue HK\$'000	Operating Profit HK\$'000
<b>Six months ended 30th September 2008</b>			
Hong Kong	<b>400,311</b>	<b>394,355</b>	<b>88,639</b>
Mainland China	<b>4,136</b>	<b>4,136</b>	<b>1,289</b>
Canada	<b>63,330</b>	<b>63,330</b>	<b>21,021</b>
	<b>467,777</b>	<b>461,821</b>	<b>110,949</b>
<b>Six months ended 30th September 2007</b>			
Hong Kong	768,426	584,453	166,189
Mainland China	4,436	4,436	1,055
Canada	63,970	63,970	20,852
	836,832	652,859	188,096

### 5 Other income and charges

	Six months ended 30th September	
	2008 HK\$'000	2007 HK\$'000
Surplus on revaluation of investment properties	<b>47,053</b>	36,350
Depreciation	<b>(22,859)</b>	(23,557)
Amortisation of leasehold land	<b>(14,838)</b>	(15,887)
Net fair value (loss)/gain on financial assets at fair value through profit or loss	<b>(64,068)</b>	22,282
Impairment of available-for-sale investments	<b>(32,756)</b>	–
Write back of provision for diminution in value of properties held for sale	<b>3,500</b>	3,857
Net fair value gain/(loss) on warrant liabilities	<b>47,876</b>	(8,146)
Share option expense of a listed subsidiary	–	(22,400)
Negative goodwill on acquiring additional interest in a listed subsidiary	–	31,688
	<b>(36,092)</b>	24,187

## Notes to the Interim Financial Information

## 6 Income and expenses by nature

	Six months ended 30th September	
	2008 HK\$'000	2007 HK\$'000
<b>Income</b>		
Net rental income (note (a))	34,955	28,378
Interest income	8,991	4,461
Dividend income	7,969	212
<b>Expenses</b>		
Employee benefit expense, including Directors' emoluments (note (b))	60,786	80,114
Operating lease rental expense for land and buildings	3,167	3,209
Cost of properties and goods sold	170,614	332,443
<b>Note:</b>		
<b>(a) Net rental income</b>		
Gross rental income		
Investment properties	33,597	28,008
Properties held for sale	2,831	2,502
	36,428	30,510
Outgoings	(1,473)	(2,132)
	34,955	28,378
<b>(b) Employee benefit expense</b>		
Wages and salaries	59,410	56,762
Share option expense of a listed subsidiary (Note)	–	22,400
Retirement benefits costs	2,077	1,245
	61,487	80,407
Capitalised under properties under development	(701)	(293)
	60,786	80,114

Note:

Share option expense of the staff costs has been included in other income and charges (note 5) in the condensed consolidated profit and loss account. The remaining staff costs are included in cost of sales and administrative expenses.

## Notes to the Interim Financial Information

## 7 Finance costs

	Six months ended 30th September	
	2008 HK\$'000	2007 HK\$'000
Interest expense		
Long term bank loans	<b>23,793</b>	38,999
Convertible notes	–	842
Amount due to minority shareholder of a subsidiary	<b>1,603</b>	2,197
Short term bank loans and overdrafts	<b>2,333</b>	3,193
Fair value gains on interest rate swaps	<b>(4,244)</b>	(1,558)
	<b>23,485</b>	43,673
Capitalised as cost of properties under development		
Interest expense	<b>(7,133)</b>	(9,385)
	<b>16,352</b>	34,288

## 8 Income tax expense

	Six months ended 30th September	
	2008 HK\$'000	2007 HK\$'000
Current income tax		
Hong Kong profits tax	–	(4,404)
Over/(under) provisions in prior years	<b>5,672</b>	(4,464)
	<b>5,672</b>	(8,868)
Deferred income tax	<b>(12,249)</b>	(20,038)
	<b>(6,577)</b>	(28,906)

In 2008, the Hong Kong government enacted a change in profits tax rate from 17.5% to 16.5% for fiscal year of 2008/2009. No Hong Kong profits tax for the current period has been provided as the Group had sufficient tax losses brought forward to set off against the estimated assessable profit in current period (2007: Hong Kong profits tax was provided at the rate of 17.5% on the estimated assessable profit for the period). No provision for overseas and Mainland China taxation has been made as there are no assessable profits for the period (2007: Nil).

Share of income tax of jointly controlled entities and associated companies for the period of credit of HK\$226,000 (2007: charge of HK\$7,000) and charge of HK\$1,354,000 (2007: HK\$11,851,000) 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 Financial Information

## 9 Dividend

	Six months ended 30th September	
	2008	2007
	HK\$'000	HK\$'000
Interim dividend of HK0.10 cent (2007: HK0.35 cent) per share	<b>11,211</b>	25,377

At a meeting held on 11th December 2008, the Board of Directors recommended to pay an interim dividend of HK0.10 cent per share in scrip. The interim dividend is not reflected in the interim financial information, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2009.

The amount HK\$11,210,674 is based on 11,210,674,162 issued shares as at 11th December 2008.

## 10 Earnings per share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$99,870,000 (2007: HK\$160,319,000) and divided by the weighted average of 10,890,255,182 (2007: 7,101,071,001) shares in issue during the period.

In 2008, the Company and its listed subsidiary's outstanding share options and warrants did not have a dilutive effect on the earnings per share.

The calculation of diluted earnings per share for the six months ended 30th September 2007 was based on HK\$161,014,000 equalling to the profit attributable to shareholders of the Company of HK\$160,319,000 plus after tax interest saving of HK\$695,000 and 7,207,101,447 shares equalling to the weighted average number of 7,101,071,001 shares in issue during the year plus 106,030,446 potential shares deemed to be in issue assuming the convertible notes had been converted. The Company and its listed subsidiary's outstanding share options did not have a dilutive effect on the earnings per share.

## Notes to the Interim Financial Information

## 11 Property, plant and equipment

	Freehold land of a hotel in Canada HK\$'000	Hotel buildings HK\$'000	Other buildings HK\$'000	Other equipment HK\$'000	Total HK\$'000
<b>Cost</b>					
At 31st March 2008	77,259	1,272,251	19,000	51,668	1,420,178
Currency translation difference	(2,486)	(14,245)	–	219	(16,512)
Additions	–	72,769	–	2,622	75,391
Disposals	–	–	–	(320)	(320)
<b>At 30th September 2008</b>	<b>74,773</b>	<b>1,330,775</b>	<b>19,000</b>	<b>54,189</b>	<b>1,478,737</b>
<b>Accumulated depreciation</b>					
At 31st March 2008	–	484,683	5,766	49,767	540,216
Currency translation difference	–	(7,479)	–	215	(7,264)
Charge for the period	–	22,135	188	536	22,859
Disposals	–	–	–	(12)	(12)
<b>At 30th September 2008</b>	<b>–</b>	<b>499,339</b>	<b>5,954</b>	<b>50,506</b>	<b>555,799</b>
<b>Net book value</b>					
<b>At 30th September 2008</b>	<b>74,773</b>	<b>831,436</b>	<b>13,046</b>	<b>3,683</b>	<b>922,938</b>
At 31st March 2008	77,259	787,568	13,234	1,901	879,962

## 12 Investment properties

Investment properties were revalued by Vigers Hong Kong Limited, independent professional valuers, on an open market value basis as at 30th September 2008.

## Notes to the Interim Financial Information

### 13 Trade and other receivables

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

Trade receivables of the Group amounted to HK\$88,967,000 (31st March 2008: HK\$57,418,000). 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 receivables, credit evaluations of customers are performed periodically.

Aging analysis of trade receivables net of provision for impairment of doubtful debts at the balance sheet date is as follows:

	<b>30th September 2008 HK\$'000</b>	31st March 2008 HK\$'000
0 day to 60 days	<b>86,850</b>	56,321
61 days to 120 days	<b>1,725</b>	1,082
More than 120 days	<b>392</b>	15
	<b>88,967</b>	57,418

### 14 Trade and other payables

Trade and other payables of the Group include trade payables, rental and management fee deposits, interest and other payables, retentions payable of construction costs and various accruals. Trade payables of the Group amounted to HK\$64,579,000 (31st March 2008: HK\$23,870,000).

Aging analysis of trade payables at the balance sheet date is as follows:

	<b>30th September 2008 HK\$'000</b>	31st March 2008 HK\$'000
0 day to 60 days	<b>64,364</b>	23,524
61 days to 120 days	<b>90</b>	33
More than 120 days	<b>125</b>	313
	<b>64,579</b>	23,870

## Notes to the Interim Financial Information

### 15 Warrant liabilities

#### (a) The Company

On 7th September 2007, the Company issued warrants to shareholders on the basis of one warrant for every five shares of the Company. The initial subscription price was at HK\$0.29 per share and the warrants were exercisable at any time within one year from the date of issue. Apart from the adjustments upon occurrence of the usual adjustment events, the subscription price is subject to the reset adjustment at the end of each six months period from the date of issue of the warrants and a final reset adjustment on the tenth business day before the date of expiration of the warrants. The warrants were expired on 6th September 2008.

On 8th September 2008, the Company issued new warrants to shareholders on the basis of one warrant for every five shares of the Company. The initial subscription price was at HK\$0.1 per share and the warrants are exercisable at any time within one year from the date of issue. Apart from the adjustments upon occurrence of the usual adjustment events, the subscription price is subject to the reset adjustment ten business days before the date of expiration of the warrants.

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

	HK\$'000
At 1st April 2008	19,654
Issue of warrants	26,102
Fair value gain credited to profit and loss account	(36,403)
Set off against reserve upon conversion of warrants	(2)
<b>At 30th September 2008</b>	<b>9,351</b>

#### (b) Listed subsidiary

Warrants were issued by the listed subsidiary on 7th September 2007 with similar terms and conditions to that of the Company except that the initial subscription price was HK\$0.146 per share and three years maturity.

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

	HK\$'000
At 1st April 2008	16,909
Fair value gain credited to profit and loss account	(11,473)
<b>At 30th September 2008</b>	<b>5,436</b>

## Notes to the Interim Financial Information

## 16 Share capital

Shares of HK\$0.01 each	Number of shares	Amount HK\$'000
Authorised		
At 31st March 2008 and 30th September 2008	400,000,000,000	4,000,000
Issued and fully paid:		
At 31st March 2008	10,875,834,587	108,758
Conversion of warrants	105,871,640	1,059
<b>At 30th September 2008</b>	<b>10,981,706,227</b>	<b>109,817</b>

During the period, the Company allotted and issued 105,435,240 and 436,400 new shares for a gross consideration of HK\$9,781,000 and HK\$44,000 upon conversion of warrants issued on 7th September 2007 and 8th September 2008 respectively.

## 17 Reserves

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Warrants reserve HK\$'000	Available-for-sale investments reserve HK\$'000	Contributed surplus HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 1st April 2008	1,885,487	43,868	18,146	(83,306)	8,610	2,670,292	459,391	5,002,488
Currency translation differences	-	-	-	-	-	-	(4,001)	(4,001)
Fair value loss on available-for-sale investments	-	-	-	-	(40,839)	-	-	(40,839)
Impairment of available-for-sale investments transferred to profit and loss account	-	-	-	-	22,176	-	-	22,176
Profit for the period	-	-	-	-	-	-	99,870	99,870
Conversion of warrants	8,766	-	-	5,413	-	-	(5,411)	8,768
Expiry of warrants	-	-	-	77,898	-	-	(77,898)	-
Issue of warrants	-	-	-	(26,102)	-	-	-	(26,102)
2008 final dividend	-	-	-	-	-	-	(21,752)	(21,752)
<b>At 30th September 2008</b>	<b>1,894,253</b>	<b>43,868</b>	<b>18,146</b>	<b>(26,097)</b>	<b>(10,053)</b>	<b>2,670,292</b>	<b>450,199</b>	<b>5,040,608</b>



# Notes to the Interim Financial Information

## 18 Long term bank loans

	<b>30th September 2008 HK\$'000</b>	31st March 2008 HK\$'000
The maturity of the long term bank loans is as follows:		
Bank loans, secured		
Repayable within one year	<b>24,586</b>	331,068
Repayable between one and two years	<b>66,985</b>	13,942
Repayable between two and five years	<b>374,957</b>	185,828
Repayable after five years	<b>1,145,490</b>	909,765
	<b>1,612,018</b>	1,440,603
Current portion included in current liabilities	<b>(24,586)</b>	(331,068)
	<b>1,587,432</b>	1,109,535

## 19 Capital commitments

Capital expenditure at the balance sheet date but not yet provided is as follows:

	<b>30th September 2008 HK\$'000</b>	31st March 2008 HK\$'000
Property, plant and equipment		
Contracted but not provided for	<b>83,285</b>	115,013
Authorised but not contracted for	<b>15,430</b>	31,827
	<b>98,715</b>	146,840

## 20 Financial guarantees

	<b>30th September 2008 HK\$'000</b>	31st March 2008 HK\$'000
Guarantees for the banking and loan facilities of:		
Jointly controlled entities	<b>231,690</b>	197,840

## 21 Comparative figures

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

## 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\$1,118 million (before Group's provisions) and guarantees given to banks for facilities utilised of HK\$232 million totaling HK\$1,350 million as at 30th September 2008 which exceed 8% of the Group's consolidated total 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:

	<b>Pro forma Combined Balance sheet HK\$'000</b>	<b>Group's Attributable Interest HK\$'000</b>
Property, plant and equipment	1,580	696
Investment properties	1,771,028	584,439
Properties held for/under development for sale	1,936,861	871,436
Derivative financial instruments	(1,995)	(998)
Deferred tax assets	7,559	3,780
Current assets	624,371	249,322
Current liabilities	(252,369)	(95,965)
Long term bank and other loans	(758,511)	(321,723)
Deferred tax liabilities	(188,269)	(63,616)
Minority interests	(5,048)	(2,524)
Shareholders' advance	(2,263,981)	(1,118,013)
	<b>871,226</b>	<b>106,834</b>

## Other Information

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

As at 30th September 2008, 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 corporations (within the meaning of the Hong Kong Securities and Futures Ordinance (the "SFO") which (a) were 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 Issuers 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	
Poon Jing	9,397,533	4,979,427,048	4,988,824,581	45.43

Note: By virtue of his controlling interest (38.72%) in Asia Orient Holdings Limited ("Asia Orient"), Mr. Poon Jing is deemed to be interested in the shares of the Company held by Asia Orient as disclosed under the heading "Substantial shareholders and other persons' interests and short positions in shares and underlying shares" 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 ("Asia Standard Hotel")	403,383	9,121,284,139 (Note 1)	9,121,687,522	70.67
Poon Jing and Fung Siu To, Clement	Centop Investment Limited ("Centop")	–	20 (Note 2)	20	20
Poon Jing	Centop	–	80 (Note 3)	80	80
Fung Siu To, Clement	Mark Honour Limited	9	–	9	9

## Notes

1. By virtue of his controlling interest in Asia Orient, Mr. Poon Jing is deemed to be interested in shares of Asia Standard Hotel held by Asia Orient and the Company.
2. 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.
3. 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.

## Other Information

### 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*

##### *(a) The Company*

Name of Director	Outstanding as at 1st April 2008 and 30th September 2008
Fung Siu To, Clement	20,621,761
Lim Yin Cheng	20,621,761
Poon Jing	5,155,440
Lun Pui Kan	20,621,761
Kwan Po Lam, Phileas	20,621,761
Loup, Nicholas James	20,621,761

Notes:

- Options were granted on 30th March 2005 and exercisable during the period from 30th March 2005 to 29th March 2015 at exercise price of HK\$0.315 per share (as adjusted).
- During the period, no option granted to the directors has been exercised, lapsed or cancelled.

## 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) Subsidiary – Asia Standard Hotel*

Name of Director	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2008 and 30th September 2008
Fung Siu To, Clement	29th March 2007	0.1296	29th March 2007 to 28th March 2017	80,000,000
Lim Yin Cheng	2nd April 2007	0.130	2nd April 2007 to 1st April 2017	80,000,000
Lun Pui Kan	2nd April 2007	0.130	2nd April 2007 to 1st April 2017	80,000,000
Kwan Po Lam, Phileas	2nd April 2007	0.130	2nd April 2007 to 1st April 2017	80,000,000

Note: 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)

##### Interests in warrants

##### (a) The Company

Name of Director	Number of warrants held		Total
	Personal interest	Corporate interest	
Poon Jing	1,879,506	977,680,196 (Note 1)	979,559,702 (Note 2)

Notes:

- (1) By virtue of his controlling interest (38.72%) in Asia Orient, Mr. Poon Jing is deemed to be interested in the warrants of the Company held by Asia Orient as disclosed under the heading "Substantial shareholders and other persons' interests and short positions in shares and underlying shares" below.
- (2) The warrants are exercisable from 8th September 2008 to 7th September 2009 at an initial subscription price of HK\$0.1 per share, subject to adjustments and reset arrangements.

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

Director	Number of warrants held		Total
	Personal interest	Corporate interest	
Poon Jing	76,686	1,742,211,916	1,742,288,602 (Note)

Note: The warrants are exercisable from 7th September 2007 to 6th September 2010 at an initial subscription price of HK\$0.146 per share. Following the reset adjustments pursuant to the terms of warrants, the subscription price was adjusted to HK\$0.052 per share on 6th September 2008.

Save as disclosed above, as at 30th September 2008, 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) were 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 Issuers in the Listing Rules.

## Other Information

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

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 30th September 2008, 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.

#### Long positions in shares and underlying shares of the Company

Name of substantial shareholders	Capacity	Number of shares and underlying shares held			Percentage of shares in issue (%)
		Number of shares held	Number of underlying shares held	Total	
Poon Jing (Note 1)	Interests in controlled corporation	4,988,824,581	979,559,702	5,968,384,283	54.35
Asia Orient (Note 1)	Interests in controlled corporation	4,979,427,048	977,680,196	5,957,107,244	54.25
Asia Orient Holdings (BVI) Limited ("Asia Orient BVI") (Note 1)	Interests in controlled corporation	4,600,407,048	901,876,196	5,502,283,244	50.10
Asia Orient Company Limited ("AOCL") (Note 2)	Beneficial owner	2,223,187,455	426,432,288	2,649,619,743	24.13
Kingfisher Inc. and Lipton Investment Limited ("Kingfisher and Lipton") (Note 2)	Interests in controlled corporation	2,064,268,972	412,853,786	2,477,122,758	22.56
Grosvenor Asset Management Limited ("Grosvenor") (Note 3)	Beneficial owner	446,373,333	134,889,270	581,262,603	5.29



## Other Information

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

(Continued)

Long positions in shares and underlying shares of the Company (Continued)

Name of substantial shareholders	Capacity	Number of shares and underlying shares held			Percentage of shares in issue (%)
		Number of shares held	Number of underlying shares held	Total	
Grosvenor International S.A. (Note 3)	Interests in controlled corporation	446,373,333	134,889,270	581,262,603	5.29
Grosvenor Continental Europe Holdings Limited (Note 3)	Interests in controlled corporation	446,373,333	134,889,270	581,262,603	5.29
Grosvenor Group Limited (Note 3)	Interests in controlled corporation	446,373,333	134,889,270	581,262,603	5.29
Jeremy Henry Moore Newsum (Note 3)	Trustee	446,373,333	134,889,270	581,262,603	5.29
Robin Shedden Broadhurst (Note 3)	Trustee	446,373,333	134,889,270	581,262,603	5.29
Mark Antony Loveday (Note 3)	Trustee	446,373,333	134,889,270	581,262,603	5.29
Gillian Lucy Newsum (Note 3)	Family interest	446,373,333	134,889,270	581,262,603	5.29
Penelope Alison Broadhurst (Note 3)	Family interest	446,373,333	134,889,270	581,262,603	5.29
Mary Elizabeth Loveday (Note 3)	Family interest	446,373,333	134,889,270	581,262,603	5.29

## Other Information

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

(Continued)

#### Long positions in shares and underlying shares of the Company (Continued)

Notes:

1. Asia Orient BVI is a wholly-owned subsidiary of Asia Orient. In addition, as disclosed under the heading "Directors and chief executive's interests and short positions in shares, underlying shares and debentures" above, Mr. Poon Jing is deemed to be interested in the shares and warrants held by Asia Orient and its subsidiaries by virtue of his controlling interest in Asia Orient. Accordingly, Mr. Poon Jing is deemed to have interest and duplicate the interest in the 4,979,427,048 shares and 977,680,196 warrants held by Asia Orient and Asia Orient are deemed to have interest and duplicate the interest in the same 4,600,407,048 shares and 901,876,196 warrants held by Asia Orient BVI.
2. AOCL, companies controlled by AOCL, Kingfisher and Lipton are wholly-owned subsidiaries of Asia Orient BVI. Asia Orient BVI is deemed to be interested in and duplicate the interest held by AOCL, Kingfisher and Lipton.
3. Grosvenor 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 46.61% by The Fourth Duke of Westminster 1964 Settlement.

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 held by Grosvenor.

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 is deemed to be interested in the shares and underlying shares held by Grosvenor. Gillian Lucy Newsum, Penelope Alison Broadhurst and Mary Elizabeth Loveday are the 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 in the interests held by Grosvenor.

Save as disclosed above, as at 30th September 2008, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept under section 336 of the SFO.

## Other Information

### Share option schemes

#### 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. The detailed terms of the scheme were disclosed in the 2008 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 2008 and 30th September 2008
Directors	108,264,245
Employees	41,243,520
	149,507,765

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\$0.315 (as adjusted) per share.
- (b) No option was granted, cancelled, lapsed or exercised during the period.

## Other Information

### Subsidiary – Asia Standard Hotel

As at 30th September 2008, information on share options which had been granted to the employees, including executive directors of Asia Standard Hotel and its subsidiaries to subscribe for shares of Asia Standard Hotel under the Share Option Scheme which remained outstanding was as follows:

#### Share option schemes

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2008 and 30th September 2008
Director	29th March 2007	0.1296	29th March 2007 to 28th March 2017	80,000,000
	2nd April 2007	0.13	2nd April 2007 to 1st April 2017	240,000,000
Director of an associated corporation	29th March 2007	0.1296	29th March 2007 to 28th March 2017	80,000,000
	2nd April 2007	0.13	2nd April 2007 to 1st April 2017	80,000,000
Employees	2nd April 2007	0.13	2nd April 2007 to 1st April 2017	380,000,000
				860,000,000

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

### Interim dividend

The Directors recommend an interim dividend for the six months ended 30th September 2008 of HK0.10 cent (2007: HK0.35 cent) per share in scrip to shareholders whose names appear on the Company's Register of Members on 16th January 2009 ("Record Date") ("Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to the Stock Exchange granting listing of and permission to deal in the new shares to be allotted thereunder, and is expected to be paid on or around 6th February 2009. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company in the Stock Exchange for the three trading days prior to and including the Record Date.

## Other Information

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

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

### **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 Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules"). The Company has also made specific enquiry to the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its Code of Conduct for Securities Transactions by Directors.

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

During the period, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except for the deviation from code provision A.4.1 which stated that non-executive directors should be appointed for a specific term, subject to re-election. All non-executive director and independent non-executive directors of the Company are not appointed for specific terms, but subject to retirement by rotations and re-elections at the annual general meeting of the Company in accordance with the Bye-Laws of the Company.

### **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 interim report of the Group for the six months ended 30th September 2008 has been reviewed by the Audit Committee.

On behalf of the Board

**Fung Siu To, Clement**

*Chairman*

Hong Kong, 11th December 2008