



Asia Standard Hotel Group Limited

Stock Code: 292

INTERIM REPORT 07



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 Shui Pui

(*Passed away in July 2007*)

Mr. Woo Wei Chun, Joseph

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

Facsimile 2866 3772

Website <http://www.asiastandardhotel.com>

Principal bankers

Bank of China (Hong Kong) Limited

China Construction Bank Corporation

Hong Kong Branch

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

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

5511, The Center,

99 Queen's Road Central,

Hong Kong

Auditor

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

Share registrar in Bermuda

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre,
11 Bermudiana Road,
Pembroke HM08,
Bermuda

Hong Kong branch share registrar and transfer office

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

Financial Highlights

	Six months ended 30th September		Change
	2007	2006	
(In HK\$ million, except otherwise indicated)			
Consolidated profit and loss account			
Revenue	322	311	+4%
Operating profit	66	45	+47%
Profit attributable to shareholders	42	17	+147%
Earnings per share (HK cent)			
Basic	0.34	0.19	+79%
Diluted	0.34	N/A	N/A

	30th	31st	Change
	September	March	
	2007	2007	
Consolidated balance sheet			
Total assets	2,929	2,811	+4%
Equity attributable to shareholders of the Company	1,998	1,943	+3%
Net debt	626	723	-13%

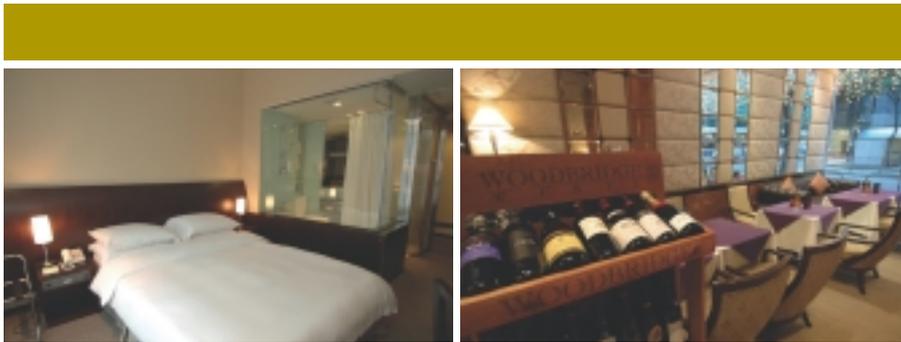
Supplementary information with hotel properties at valuation (note):

Revalued total assets	4,521	4,287	+5%
Revalued net assets	3,498	3,347	+5%
Revalued net assets per share (HK\$)	0.28	0.30	-7%
Net debt to revalued net asset value (%)	18%	22%	-4%

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 net assets value based on the financial statements prepared 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 2007.

Management Discussion and Analysis



The Empire Hotel, Hong Kong

Interim Results

The Group's unaudited revenue and profit attributable to shareholders for the six months ended 30th September 2007 amounted to HK\$322 million and HK\$42 million respectively; the former had a 3.5% increase while the latter showed a 147% increase when compared with the same period of last year.

The Board of Directors declared an interim dividend in respect of the half year under review of HK0.26 cent per share (2006: HK0.26 cent).

Business Review

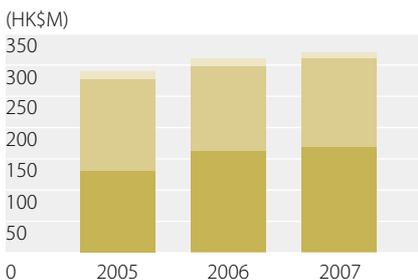
Reported total visitors and overnight visitors arrivals to Hong Kong for the first nine months of 2007 were more than 20 million and 12 million, a 9.6% and 6.9% increase, respectively, when compared with the same period in 2006. All long- and short-haul market regions achieved notable gains, with Mainland China enjoying the greatest increase in arrivals. Double-digit growth was also registered in Australia, New Zealand & South Pacific and in Europe, Africa & the Middle East.

The Empire Hotel, Hong Kong

Empire Hong Kong's average room rate increased 3.5% at 84% occupancy rate. Total revenue increased to HK\$52 million, generating gross operating profit of HK\$32 million. The improved yield is primary due to adjustment of business mix to higher yield commercial and corporate segment as a result of the renovation completed last year.

Revenue by business segment

- Catering services
- Travel agency
- Hotel operations



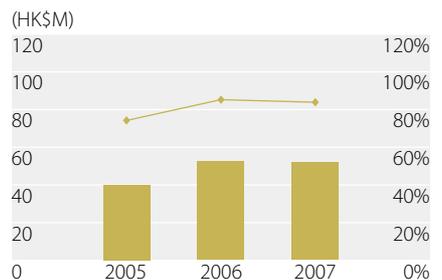
2007 Revenue by hotels

- Empire Kowloon (31%)
- Empire Hong Kong (31%)
- Empire Landmark (38%)

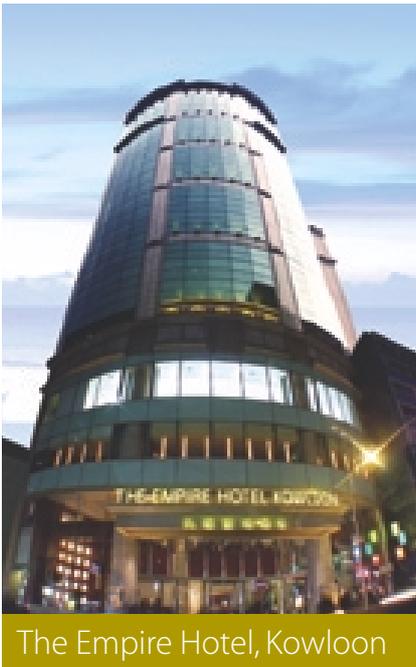


The Empire Hotel Hong Kong

- Revenue
- Occupancy (%)



Management Discussion and Analysis

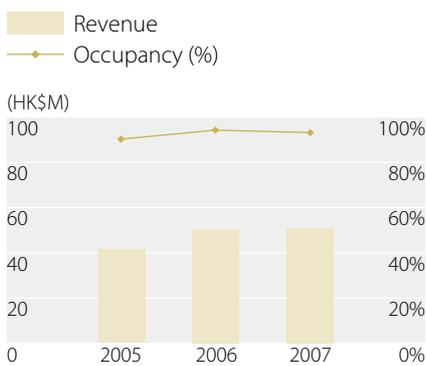


The Empire Hotel, Kowloon

The Empire Hotel, Kowloon

Empire Kowloon's average rate increased 3.6% while maintaining a very high occupancy rate of 93%, leading to increased revenue at HK\$50 million. An expansion plan for adding 21 rooms to the existing property is on the way, which will further increase its capacity by 7%, from 315 rooms to 336 rooms.

The Empire Hotel Kowloon

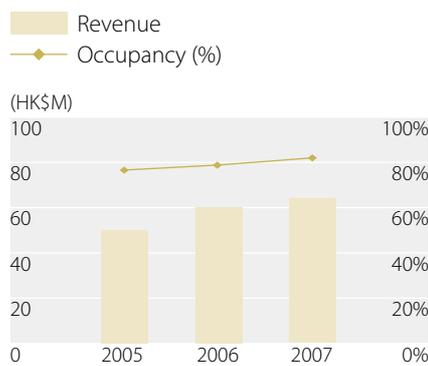


The Empire Landmark Hotel, Vancouver

The Empire Landmark Hotel, Vancouver

Empire Landmark's average rate remained the same for the first 6 months but occupancy improved 3% to 83%. As boosted by a strong Canadian dollar, total revenue increased HK\$5 million to HK\$64 million, up 8.5%. Gross operating profit also increased 7% to HK\$31 million.

The Empire Landmark Hotel Vancouver



The new 280 rooms hotel in Causeway Bay

This new hotel 'Empire Causeway Bay' will adopt a fashionable and user friendly boutique design style, and is anticipated to be in operation within late 2008 and early 2009.

Looking ahead, with the 21 new rooms at the Empire Kowloon and the addition of 280 rooms in Empire Causeway Bay in late 2008, the Group's room portfolio will increase 30% from the current 1,035 rooms to 1,336 rooms. Not only our market positioning and brand enhancement effort would be more appealing to our guests, our management and operational pool would also strengthen through an efficient centralised hotel management system and control, and collective purchasing arrangement, resulting in better services to guests and higher productivity and contribution to the Group.

Travel and catering

Revenue for the travel agency business amounted to HK\$144 million and catering revenue is about HK\$10 million, while the former showed a 4% increase.



(Top) TGI Friday's

(Bottom) JBC Travel

Management Discussion and Analysis

Human Resources

As at 30th September 2007, the total number of employees of the Company and its subsidiaries were 397. In addition to salary payment, other benefits include insurance, medical scheme and retirement plans and others.

Options to subscribe for a total of 700,000,000 shares of the Company were granted under the share option scheme at an exercise price of HK\$0.13 per share on 2nd April 2007. Up to 30th September 2007, none of the share option granted has been exercised.

Financial Review

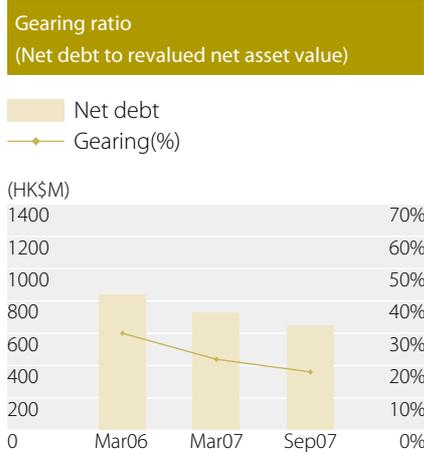
As at 30th September 2007, total assets amounted to HK\$2,929 million, increased 4 % when compared with HK\$2,811 million as at 31st March 2007. On an open market value basis as at 30th September 2007, the total revalued amount by independent professional valuers of the four hotel properties was HK\$4,201 million, up 3% when compared with that prepared on the same basis as at 31st March 2007.

The shareholders' funds amounted to HK\$1,998 million, increased by HK\$55 million over last year. The increase was in part due to the conversion of all outstanding convertible bonds of HK\$150 million in April 2007, which resulted in a total of 1,428,571,427 shares being issued and allotted, offset by HK\$117 million debit reserves from issue of warrants.

The listed securities investments and treasury products were HK\$113 million, which formed part of the Group's cash

management activities. In respect of its performance, a gain of HK\$36 million was recorded during the period as opposed to a loss of HK\$6 million last period.

The consolidated net debt was HK\$626 million, decreased by HK\$97 million when compared with that at 31st March 2007. The corresponding gearing on net asset value dropped from 37% to the present 31%, and against revalued net assets, from 22% to 18%. This significant reduction was mainly due to the conversion of the convertible bonds.



79% of the total debt is denominated in HK\$, the remaining is the Vancouver hotel property mortgage loan of HK\$147 million (31st March 2007: HK\$136 million) that was borrowed in Canadian dollar, the local currency. Total interest rate swap contracts of HK\$300 million were entered for hedging purposes against our borrowings which are all at floating interest rate. There is no principal repayment for the next two years for HK\$ denominated loans.

The aggregate net book value of land and hotel buildings pledged as securities for loans of the Group as at 30th September 2007 amounted to HK\$2,613 million (31st March 2007: HK\$2,599 million).

Future Prospects

The Group has performed well within buoyant hospitality markets in Hong Kong. With the continuous economic growth in Mainland China, increasing tourist attractions in Hong Kong as a result of HKSAR Government's efforts in promoting the tourism industry, and timely asset enhancement initiatives carried out by our hotels, the Directors are confident in the medium to long term prospects of the Group.

Significant potential value is seen in the new 280 rooms' boutique hotel in Causeway Bay, which is anticipated to be in operation by the second half of 2008.

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.

Independent Report on Review of Interim Financial Information

To the Board of Directors of Asia Standard Hotel Group Limited

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 6 to 20 which comprises the consolidated balance sheet of Asia Standard Hotel Group Limited (the "Company") and its subsidiaries (together, the "Group") as at 30th September 2007 and the related consolidated profit and loss account, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended, and a summary of significant accounting policies and other explanatory notes (the "Interim Financial Information"). The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this Interim Financial Information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this Interim Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21st December 2007

Consolidated Profit and Loss Account – Unaudited

	Note	Six months ended 30th September	
		2007 HK\$'000	2006 HK\$'000
Revenue	4	322,330	310,795
Cost of sales		(188,835)	(180,940)
Gross profit		133,495	129,855
Administrative expenses		(49,230)	(42,661)
Operating profit before other income and charges		84,265	87,194
Other income and charges	5	(18,259)	(42,599)
Operating profit	6	66,006	44,595
Interest income		1,277	1,035
Finance costs	7	(18,141)	(23,717)
Profit before income tax		49,142	21,913
Income tax expense	8	(7,007)	(5,191)
Profit attributable to shareholders		42,135	16,722
Dividend	9	33,105	24,602
Earnings per share (HK cent)			
Basic	10	0.34	0.19
Diluted	10	0.34	N/A

Consolidated Balance Sheet – Unaudited

	<i>Note</i>	30th September 2007 HK\$'000	31st March 2007 HK\$'000
Non-current assets			
Property, plant and equipment	11	912,757	888,009
Leasehold land	11	1,701,213	1,712,580
Goodwill		13,188	13,188
Deferred income tax assets		27,768	30,372
		2,654,926	2,644,149
Current assets			
Inventories		2,382	2,190
Derivative financial instruments		–	2,854
Financial assets at fair value through profit or loss		112,699	38,795
Trade and other receivables	12	74,683	53,843
Bank balances and cash		84,125	68,861
		273,889	166,543
Current liabilities			
Derivative financial instruments		675	1,619
Dividend payable		32,523	–
Trade and other payables	13	56,906	63,063
Current income tax payable		15,964	11,560
Short term bank loans, secured		83,713	51,000
Current portion of long term bank loans, secured	14	15,157	13,161
		204,938	140,403
Net current assets		68,951	26,140
Total assets less current liabilities		2,723,877	2,670,289
Non-current liabilities			
Convertible bonds	16(b)	–	116,162
Warrant liabilities	15	114,080	–
Long term bank loans, secured	14	611,580	611,486
		725,660	727,648
Net assets		1,998,217	1,942,641
Equity			
Share capital	16	250,176	221,605
Reserves	17	1,748,041	1,721,036
		1,998,217	1,942,641

Condensed Consolidated Cash Flow Statement – Unaudited

	Six months ended 30th September	
	2007 HK\$'000	2006 HK\$'000
Net cash generated from operating activities	36,631	66,131
Net cash (used in)/generated from investing activities	(37,724)	24,676
Net cash generated from/(used in) financing activities	13,034	(82,965)
Net increase in cash and cash equivalents	11,941	7,842
Cash and cash equivalents at the beginning of the period	68,861	44,677
Changes in exchange rates	3,323	75
Cash and cash equivalents at the end of the period	84,125	52,594
Analysis of balances of cash and cash equivalents		
Bank balances and cash	84,125	52,594

Consolidated Statement of Changes in Equity – Unaudited

	Six months ended	
	2007	2006
	HK\$'000	HK\$'000
At 31st March	1,942,641	1,476,485
Currency translation differences	24,234	6,839
Profit attributable to shareholders	42,135	16,722
Total recognised income for the period	66,369	23,561
Issue of shares upon exercise of convertible bonds	116,162	–
Issue of rights shares	–	281,804
Issue of warrants	(116,832)	–
Fair value of share options	22,400	–
Dividend	(32,523)	(30,279)
	(10,793)	251,525
At 30th September	1,998,217	1,751,571

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 (the "HKICPA"), and should be read in conjunction with the annual financial statements for the year ended 31st March 2007.

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

Warrant liabilities are initially recognised at fair value on the date of grant and are subsequently remeasured at fair value at each balance sheet date. Changes in the fair value of warrant liabilities are recognised immediately in the profit and loss account.

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

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

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

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 cash flow interest rate risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group 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 impairment of assets, income taxes and fair values of warrant liabilities and share options.

Notes to the Interim Financial Information

4. Revenue and segment information

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

The Group is principally engaged in hotel, catering services and travel agency operations. Revenue comprises 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 operation – 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

Business segments

	Hotel operation HK\$'000	Catering services HK\$'000	Travel agency HK\$'000	Other operations HK\$'000	Group HK\$'000
Six months ended 30th September 2007					
Room rentals	127,394				
Food and beverages	27,474				
Ancillary services	6,459				
Rental income	6,343				
Segment revenue	167,670	10,241	144,419	–	322,330
Contribution to segment results	94,025	914	5	–	94,944
Other income and charges	(34,677)	(27)	(19)	16,464	(18,259)
Unallocated corporate expenses					(10,679)
Operating profit					66,006
Interest income					1,277
Finance costs					(18,141)
Profit before income tax					49,142
Income tax expense					(7,007)
Profit attributable to shareholders					42,135

Notes to the Interim Financial Information

4. Revenue and segment information (Continued)**Business segments (Continued)**

	Hotel operation	Catering services	Travel agency	Other operations	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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
Contribution to segment results	91,228	1,831	688	–	93,747
Other income and charges	(36,759)	(66)	(33)	(5,741)	(42,599)
Unallocated corporate expenses					(6,553)
Operating profit					44,595
Interest income					1,035
Finance costs					(23,717)
Profit before income tax					21,913
Income tax expense					(5,191)
Profit attributable to shareholders					16,722

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:

	Segment revenue		Operating profit	
	Six months ended 30th September		Six months ended 30th September	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong	253,924	246,422	44,099	23,937
Canada	63,970	59,476	20,852	19,329
Mainland China	4,436	4,897	1,055	1,329
	322,330	310,795	66,006	44,595

Notes to the Interim Financial Information

5. Other income and charges

	Six months ended 30th September	
	2007 HK\$'000	2006 HK\$'000
Depreciation of property, plant and equipment	(23,356)	(26,539)
Amortisation of leasehold land	(11,367)	(10,319)
Share option expense (note 16(c))	(22,400)	–
Fair value gain on warrant liabilities (note 15)	2,752	–
Net gain/(loss) from financial assets at fair value through profit and loss	35,900	(5,820)
Dividend income from listed equity securities	212	79
	(18,259)	(42,599)

6. Income and expenses by nature

	Six months ended 30th September	
	2007 HK\$'000	2006 HK\$'000
Income		
Dividends from listed financial assets at fair value through profit and loss	212	79
Expenses		
Employee benefit expense, including Directors' emoluments (note)	66,359	40,488
Operating lease rental expense for properties	3,209	2,594
Cost of inventories sold	11,128	11,342
Employee benefit expenses		
Wages and salaries	43,016	37,817
Share option expense (note)	22,400	–
Retirement benefits costs	943	2,671
	66,359	40,488

Note:

Share option expense of the staff costs has been included in other income and charges (note 5) whereas the other staff costs have been included in administrative expenses.

Notes to the Interim Financial Information

7. Finance costs

	Six months ended 30th September	
	2007 HK\$'000	2006 HK\$'000
Interest expense		
Bank loans and overdrafts	17,656	18,618
Finance lease obligations wholly payable within five years	3	12
Other incidental borrowing costs	628	1,531
Exchange differences arising from foreign currency bank loans	798	–
Fair value (gain)/loss on interest rate swaps	(944)	3,556
	18,141	23,717

8. Income tax expense

	Six months ended 30th September	
	2007 HK\$'000	2006 HK\$'000
Current income tax		
Hong Kong profits tax	4,403	–
Deferred income tax	2,604	5,191
	7,007	5,191

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for the period. No provision for Hong Kong profits tax was provided in the prior period as the Group had sufficient tax losses brought forward to set off against the estimated assessable profit in that period. No provision for overseas and Mainland China taxation has been made as there are no assessable profits for the period (2006: Nil).

Notes to the Interim Financial Information

9. Dividend

	Six months ended 30th September	
	2007 HK\$'000	2006 HK\$'000
Interim dividend of HK0.26 cent (2006: HK0.26 cent) per share	33,105	24,602

At a meeting held on 21st December 2007, the Board of Directors has declared to pay an interim dividend of HK0.26 cent per share with a scrip option. 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 2008.

The amount HK\$33,105,000 is based on 12,732,864,512 issued shares as at 21st December 2007.

10. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK\$42,135,000 (2006: HK\$16,722,000) and on the weighted average of 12,438,548,545 (2006: 8,815,840,410) shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30th September 2007 is based on the profit attributable to shareholders of HK\$42,135,000 and 12,497,060,055 shares equalling to the weighted average number of 12,438,548,545 shares in issue during the period plus 58,511,510 potential shares deemed to be in issue assuming the outstanding share options had been exercised.

The conversion of the warrants would not have any dilutive effect on the earnings per share for the six months ended 30th September 2007.

The diluted earnings per share was equal to the basic earnings per share for the six months ended 30th September 2006 as there were no dilutive instruments outstanding in that period.

Notes to the Interim Financial Information

11. 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 2007	1,024,622	313,020	1,936,356	3,273,998
Currency translation differences	60,156	9,960	–	70,116
Additions	–	5,937	–	5,937
Disposals	–	(708)	–	(708)
At 30th September 2007	1,084,778	328,209	1,936,356	3,349,343
Accumulated depreciation and amortisation				
At 31st March 2007	229,928	219,705	223,776	673,409
Currency translation differences	20,324	7,619	–	27,943
Charge for the period	13,764	9,592	11,367	34,723
Disposals	–	(702)	–	(702)
At 30th September 2007	264,016	236,214	235,143	735,373
Net book value				
At 30th September 2007	820,762	91,995	1,701,213	2,613,970
At 31st March 2007	794,694	93,315	1,712,580	2,600,589
			30th September 2007 HK\$'000	31st March 2007 HK\$'000
Net book value of hotel properties comprise the following:				
(i) Freehold land and hotel buildings			820,762	794,694
(ii) Plant and equipment			90,549	91,794
Property, plant and equipment			911,311	886,488
(iii) Leasehold land			1,701,213	1,712,580
			2,612,524	2,599,068

Supplementary information with hotel properties at valuation:

The aggregate valuation of 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\$4,200,743,000 (31st March 2007: HK\$4,075,614,000).

The supplementary information with hotel properties at valuation is for readers' information only. It does not constitute a disclose requirement under HKASs16 and 17.

Notes to the Interim Financial Information

12. Trade and other receivables

Trade receivables of the Group amounted to HK\$42,290,000 (31st March 2007: HK\$40,023,000). 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.

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

	30th September 2007 HK\$'000	31st March 2007 HK\$'000
0 day to 60 days	41,411	38,485
61 days to 120 days	879	1,382
More than 120 days	–	156
	42,290	40,023

13. Trade and other payables

Trade payables of the Group amounted to HK\$25,152,000 (31st March 2007: HK\$30,360,000).

An ageing analysis of trade payables is as follows:

	30th September 2007 HK\$'000	31st March 2007 HK\$'000
0 day to 60 days	24,734	29,656
61 days to 120 days	37	406
More than 120 days	381	298
	25,152	30,360

Notes to the Interim Financial Information

14. Long term bank loans

	30th September 2007 HK\$'000	31st March 2007 HK\$'000
The maturity of long term bank loans is as follows:		
Bank loans, secured		
Repayable within one year	15,040	13,071
Repayable within one to two years	15,040	13,071
Repayable within two to five years	100,390	81,714
Repayable after five years	496,150	516,645
	626,620	624,501
Obligations under finance leases wholly payable within five year	117	146
	626,737	624,647
Current portion included in current liabilities	(15,157)	(13,161)
	611,580	611,486

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.

15. Warrant liabilities

On 7th September 2007, the Company issued warrants to shareholders on the basis of one warrant for every five shares of the Company. The initial subscription price was at HK\$0.146 per share and the warrants are exercisable at any time within three years from the date of issue. Apart from the adjustments upon occurrence of the usual adjustment events, the subscription price is subject to the reset adjustment at the end of each six months period from the date of issue of the warrants and a final reset adjustment on the tenth business day before the date of expiration of the warrants.

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

	HK\$'000
At 31st March 2007	–
Fair value of warrants at date of issue	116,832
Fair value gain credited to profit and loss account (note 5)	(2,752)
Exercise of warrants	–
At 30th September 2007	114,080

Notes to the Interim Financial Information

16. Share capital

Shares of HK\$0.02 each	Number of shares	Amount HK\$'000
Authorised:		
At 31st March 2007	25,000,000,000	500,000
Increase in authorised share capital (note a)	10,000,000,000	200,000
At 30th September 2007	35,000,000,000	700,000
Issued and fully paid:		
At 31st March 2007	11,080,234,729	221,605
Conversion of convertible bonds (note b)	1,428,571,427	28,571
Exercise of warrants (note 15)	260	–
At 30th September 2007	12,508,806,416	250,176

Notes:

- (a) On 31st August 2007, an ordinary resolution was passed at the Annual General Meeting to increase the Company's authorised share capital from 25,000,000,000 shares to 35,000,000,000 shares of HK\$0.02 each.
- (b) In April 2007, Asia Standard Finance Company Limited ("ASFCL") converted all its remaining convertible bonds in an aggregate principal amount of HK\$22,150,000 into 210,952,380 ordinary shares of the Company of HK\$0.02 each, and Asia Standard Development (Holdings) Limited ("ASDHL") converted an aggregate principal amount of HK\$127,850,000 convertible bonds into 1,217,619,047 ordinary shares of the Company of HK\$0.02 each. Both ASFCL and ASDHL were indirect wholly owned subsidiaries of Asia Standard International Group Limited, the ultimate holding company of the Company.
- (c) Options to subscribe for a total of 700,000,000 shares of the Company were granted under the share option scheme of the Company adopted on 28th August 2006 ("Share Option Scheme") on 2nd April 2007. No option was exercised during the period.

The fair value of options granted during the period determined using the Binomial option pricing model was HK\$22,400,000. The significant inputs into the model was share price of HK\$0.13 at the date of grant, exercise price of HK\$0.13, implied life of options of 1.6 years, annual risk-free interest rate of 4.30% and 1 year annualised daily volatility rate.

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over one year immediately preceding the grant date. The calculation of fair values of share options granted is based on the assumption that there is no material difference between the expected volatility over the whole life of the options and the historical volatility of the shares.

Notes to the Interim Financial Information

17. Reserves

	Share premium	Warrants reserve	Contributed surplus	Convertible bonds- equity component	Exchange reserve	Share option reserve	Revenue reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31st March 2007	875,912	–	899,333	33,838	46,106	7,960	(142,113)	1,721,036
Dividend paid	–	–	–	–	–	–	(32,523)	(32,523)
Currency translation differences	–	–	–	–	24,234	–	–	24,234
Issue of shares upon exercise of convertible bonds	121,429	–	–	(33,838)	–	–	–	87,591
Issue of warrants	–	(116,832)	–	–	–	–	–	(116,832)
Share options granted	–	–	–	–	–	22,400	–	22,400
Profit attributable to shareholders	–	–	–	–	–	–	42,135	42,135
At 30th September 2007	997,341	(116,832)	899,333	–	70,340	30,360	(132,501)	1,748,041

18. Capital commitments

Capital commitments at the balance sheet date are as follows:

	30th September 2007 HK\$'000	31st March 2007 HK\$'000
Property, plant and equipment		
Contracted but not provided for	–	1,300
Authorised but not contracted for	132,000	96,700
	132,000	98,000

19. Contingent liabilities

As at 30th September 2007 and 31st March 2007, the Group has no significant contingent liabilities.

20. Comparative figures

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

Other Information

Directors' and chief executives' interests in shares and underlying shares

As at 30th September 2007, 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	
Poon Jing	383,434	8,711,059,638	8,711,443,072	69.64

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 Jing 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			Percentage of shares in issue (%)
		Personal interest	Corporate interest	Total	
Asia Standard International Group Ltd ("ASI")	Poon Jing (note 1)	6,248,502	3,087,345,774	3,093,594,276	43.06
Centop Investment Limited ("Centop") (note 2)	Poon Jing and Fung Siu To, Clement	Nil	20	20	20
Centop (note 3)	Poon Jing	Nil	80	80	80
Mark Honour Limited	Fung Siu To, Clement	9	Nil	9	9

Notes:

1. By virtue of his controlling interest in Asia Orient, Mr. Poon Jing is deemed to be interested in the shares of ASI held by subsidiaries of Asia Orient.
2. Centop is owned as to 80% by ASI 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 Jing and Mr. Fung Siu To, Clement is deemed to have interest in the 20 shares held by Kingscore and duplicate the interest of the other.
3. By virtue of his controlling interest in Asia Orient, Mr. Poon Jing 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 2007, details of the share options granted to Directors under the share option scheme of the Company adopted on 28th August 2006 ("Share Option Scheme") are as follows:

Name of Director	Date of grant	Outstanding as at 1st April 2007	Granted during the period	Exercise price (HK\$)	Exercise period	Outstanding as at 30th September 2007
Fung Siu To, Clement	29th March 2007	80,000,000	–	0.1296	29th March 2007 to 28th March 2017	80,000,000
Poon Tin Sau, Robert	29th March 2007	80,000,000	–	0.1296	29th March 2007 to 28th March 2017	80,000,000
Lim Yin Cheng	2nd April 2007	–	80,000,000	0.1300	2nd April 2007 to 1st April 2017	80,000,000
Woo Wei Chun, Joseph	2nd April 2007	–	80,000,000	0.1300	2nd April 2007 to 1st April 2017	80,000,000

(b) Associated corporation – ASI

Name of Directors	Outstanding as at 1st April 2007 and 30th September 2007
Poon Jing	5,155,440
Lim Yin Cheng	20,621,761
Fung Siu To, Clement	20,621,761

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. 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

(II) Long positions in underlying shares (Continued)

Interests in warrants

Details of interests in warrants of the Company and its associated corporations are as follows:

a) The Company

Name of Director	Number of underlying shares subject to the warrants		Total
	Beneficial owner	Corporate interest	
Poon Jing	76,686	1,742,211,916	1,742,288,602

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

b) Associated corporations – ASI

Name of Director	Number of underlying shares subject to the warrants		Total
	Beneficial owner	Corporate interest	
Poon Jing	1,249,700	617,469,142	618,718,842

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

Save as disclosed above, as at 30th September 2007, 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 in shares and underlying shares

As at 30th September 2007, 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 Finance Company Limited ("AS Finance")	1,639,523,808	13.11
Asia Standard Development (Holdings) Limited ("ASDHL")	1,217,619,047	9.73
Asia Standard International Limited ("ASIL")	5,519,288,292	44.12
ASI (note 1)	8,384,216,946	67.03
Asia Orient Holdings (BVI) Limited (notes 2 & 3)	8,711,059,638	69.64
Asia Orient (note 3)	8,711,059,638	69.64

Long Position in the underlying shares – interest in warrants

Name	Number of underlying shares subject to the warrants
AS Finance	327,904,761
ASDHL	243,523,809
ASIL	1,103,857,657
ASI	1,676,843,387
Asia Orient Holdings (BVI) Limited	1,742,211,916
Asia Orient	1,742,211,916

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

Notes:

- (1) AS Finance, ASDHL and ASIL are the wholly owned subsidiaries of ASI and ASI is deemed to be interested in and duplicates all the shares held by AS Finance, ASDHL and ASIL.
- (2) Asia Orient Holdings (BVI) 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 Holdings (BVI) Limited is a wholly owned subsidiary of Asia Orient and Asia Orient is deemed to be interested in and duplicates the shares held by Asia Orient Holdings (BVI) Limited and its subsidiaries.

Other Information

Substantial shareholders and other persons' interests in shares and underlying shares (Continued)

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

Share option scheme

Pursuant to the share option scheme of the Company adopted on 28th August 2006 ("Share Option Scheme"), the Board of Directors of the Company may grant options to any Director, employee, consultant customer, supplier agent partner of advisers of or contractor to the Company, its subsidiary or any invested entity, their discretionary trust or the companies owned by them. There are no changes in any terms of the Share Option Scheme during the six months ended 30th September 2007. The detail terms of the Share Option Scheme were disclosed in the 2007 annual report.

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

Grantee	Date of grant	Outstanding	Granted during the period	Exercise price (HK\$)	Exercise period	Outstanding
		as at 1st April 2007				as at 30th September 2007
Directors	29th March 2007	160,000,000	–	0.1296	29th March 2007 to 28th March 2017	160,000,000
	2nd April 2007	–	160,000,000	0.1300	2nd April 2007 to 1st April 2017	160,000,000
Directors of an associated company	2nd April 2007	–	160,000,000	0.1300	2nd April 2007 to 1st April 2017	160,000,000
Employees of an associated company	2nd April 2007	–	380,000,000	0.1300	2nd April 2007 to 1st April 2017	380,000,000
Administrator of Wong Shu Pui, deceased	31st October 2005	4,465,909 (note 1)	–	0.19436 (note 1)	1st November 2005 to 31st October 2015	4,465,909
	29th March 2007	80,000,000	–	0.1296	29th March 2007 to 28th March 2017	80,000,000

Note:

- Subsequent to completion of the rights issue of the Company, the subscription price of the share option has been adjusted from HK\$0.217 to HK\$0.19436 per share and the number of option has also been adjusted from 4,000,000 to 4,465,909 from 10th May 2006.
- No option was cancelled, lapsed or exercised during the period.

Other Information

Interim Dividend

The Board of Directors has declared to pay to shareholders whose names appear on the Register of Members of the Company on Wednesday, 16th January 2008 ("Record Date") interim dividend of HK0.26 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 three consecutive trading days up to and including the Record Date less a discount of 6%. 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 Tuesday, 19th February 2008.

Closure of Register of Members

The Register of Members will be closed from Monday, 14th January 2008 to Wednesday, 16th January 2008, both days inclusive, during which period no transfer of shares will be registered 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, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 pm on Friday, 11th January 2008.

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 on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules at any time during the six months ended 30th September 2007.

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 the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

Other Information

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 Financial Report of the Group for the six months period ended 30th September 2007 has been reviewed by the Audit Committee.

On behalf of the Board

Poon Jing

Chairman

HONG KONG, 21st December 2007