



Asia Standard International Group Limited

Stock Code : 129

Interim Report 2006



Corporate Information

Directors

Executive

Mr. Fung Siu To, Clement (*Chairman*)

Dr. Lim Yin Cheng (*Deputy Chairman*)

Mr. Poon Jing

(*Managing Director and Chief Executive*)

Mr. Lun Pui Kan

Mr. Kwan Po Lam, Phileas

Mr. Loup, Nicholas James

Non-executive

Mr. Liang Shangli

Mr. Au Yat Chuen, Raymond

Independent Non-executive

Mr. Koon Bok Ming, Alan

Mr. Leung Wai Keung, Richard

Mr. Wong Chi Keung

Audit committee

Mr. Koon Bok Ming, Alan (*Chairman*)

Mr. Leung Wai Keung, Richard

Mr. Wong Chi Keung

Executive committee

Mr. Poon Jing (*Chairman*)

Mr. Fung Siu To, Clement

Mr. Lun Pui Kan

Mr. Loup, Nicholas James

Remuneration committee

Mr. Fung Siu To, Clement (*Chairman*)

Mr. Loup, Nicholas James

Mr. Koon Bok Ming, Alan

Mr. Leung Wai Keung, Richard

Mr. Wong Chi Keung

Authorised representatives

Mr. Fung Siu To, Clement

Mr. Lun Pui Kan

Company secretary

Ms. Chiu Yuk Ching

Registered office

Canon's Court, 22 Victoria Street,

Hamilton HM12, Bermuda

Principal office in Hong Kong

30th Floor, Asia Orient Tower, Town Place,

33 Lockhart Road, Wanchai, Hong Kong

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Facsimile 2866 3772

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

E-mail as_info@asia-standard.com.hk

Principal bankers

Bank of China (Hong Kong) Limited

The Hongkong and Shanghai Banking

Corporation Limited

Hang Seng Bank Limited

The Bank of East Asia Limited

Citic Ka Wah Bank Limited

Industrial and Commercial Bank of

China (Asia) Limited

Liu Chong Hing Bank Limited

China Construction Bank Corporation

Legal advisers

Stephenson Harwood & Lo

35/F., Bank of China Tower,

1 Garden Road,

Central, Hong Kong

Appleby Hunter Bailhache

5511, The Centre,

99 Queen's Road Central,

Hong Kong

Auditors

PricewaterhouseCoopers

Certified Public Accountants

22nd Floor, Prince's Building,

Central, Hong Kong

Share registrar in Bermuda

Butterfield Fund Services (Bermuda)

Limited

Rosebank Centre,

11 Bermudiana Road,

Pembroke, Bermuda

Hong Kong branch share registrar and transfer office

Computershare Hong Kong Investor

Services Limited

46th Floor, Hopewell Centre,

183 Queen's Road East,

Hong Kong

Financial Highlights

	Six months ended		Change (%)
	2006	2005	
(in HK\$ million, except otherwise indicated)			
Consolidated profit and loss account			
Turnover	433	403	+7
Operating profit	132	113	+17
Finance costs	64	58	+10
Profit attributable to shareholders of the Company	55	52	+6
Earnings per share (HK cents)			
Basic	1.08	1.02	+6
Diluted	1.06	1.02	+4
	30th September	31st March	
	2006	2006	Change (%)
Consolidated balance sheet			
Total assets	7,156	6,984	+2
Equity attributable to the Company's shareholders	3,500	3,436	+2
Net debt	1,859	1,859	-

Supplementary information with hotel properties at valuations (note):

Revalued total assets	8,455	8,343	+1
Equity attributable to the Company's shareholders	4,797	4,291	+12
Equity attributable to the Company's shareholders per share (HK\$)	0.94	0.85	+11
Net debt to revalued net asset value (%)	33%	34%	- 3

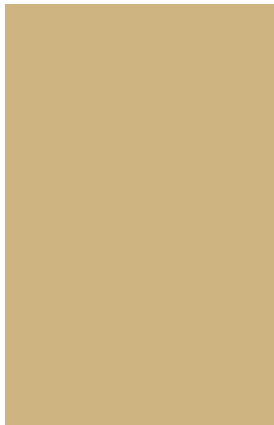
Note: Hong Kong Financial Reporting Standards ("HKFRS") do not permit leasehold land other than investment properties to be carried at valuation. The Group considers that such treatment does not reflect the economic substance of its hotel property investments. Therefore the Group has presented supplementary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

The hotel properties in Hong Kong and Canada were revalued by Knight Frank and Grant Thornton Management Consultants respectively, independent professional valuers, on an open market value basis as at 30th September 2006.

Management Discussion and Analysis



Canaryside, Lei Yue Mun



Ping Shan, Yuen Long



The occupation permit in Ping Shan development of about 43,000 sq. ft. residential GFA was obtained. Combined with Canaryside inventory, further revenue of HK\$650 million is expected upon full sales.

Results

The Group recorded a profit attributable to shareholders of HK\$55 million, compared to HK\$52 million profit of last interim period. Turnover amounted to HK\$433 million while last period was HK\$403 million.

The Directors recommend an interim dividend of HK0.35 cent (2005: nil) per share.

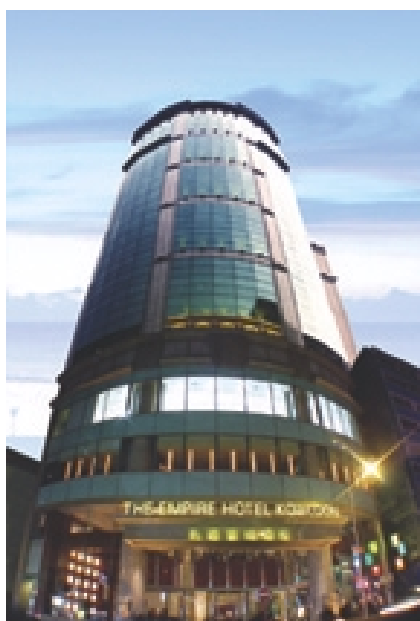
Properties sales, development and leasing

Turnover from property sales amounted to HK\$56 million, mainly from the sale of 28 Marble Road office and other residential inventory. Sales in last interim period were HK\$54 million. The Group has presold approximately HK\$468 million residential units in the Canaryside project as at the end of the interim period. Revenue and corresponding profit of approximately HK\$110 million from such presale will be recognized in the coming second half of the financial year when the development is completed.

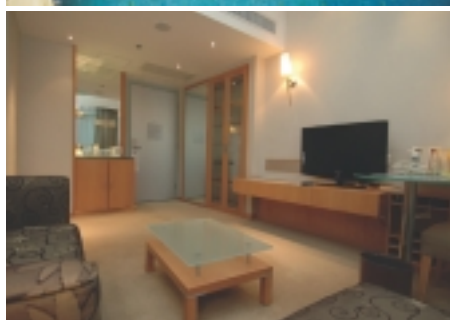
The Group has paid HK\$364 million of land premium for residential development projects in Aberdeen and Castle Peak Road. These two projects, which provide a combined GFA of approximately 350,000 sq. ft., are now in superstructure and foundation construction stage respectively. Presale consent for the Aberdeen project has been applied. Currently the Group has a total GFA of 1 million sq. ft. of properties under development.

Rental income attributable to the Group for both interim periods was approximately HK\$33 million. Average occupancy was 91%.

Management Discussion and Analysis



The Empire Hotel Kowloon



Hotel

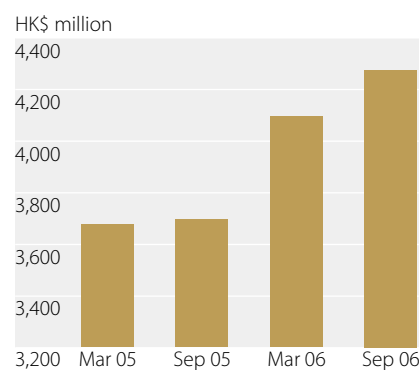
Turnover of Hong Kong based hotels increased by more than 20% while profit contribution increased by 40%. Turnover for Empire Landmark Hotel in Vancouver also increased by 30% absorbing exchange rate appreciation effect. Overall, the Hotel group generated 40% increase in gross operating profit to HK\$87 million and a profit to shareholders for the period of HK\$17 million compared to a loss of HK\$25 million of last period.

Net borrowings of the hotel group were down by HK\$335 million to HK\$502 million versus HK\$837 million at last year end date, representing a decrease of 40%.

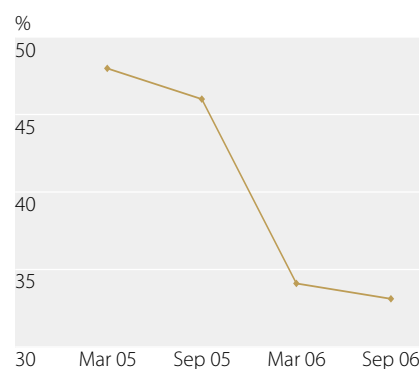
Financial review

At 30th September 2006, the Group's total assets stood at HK\$7.2 billion (31st March 2006: HK\$7.0 billion), and the net assets amounted to HK\$4.3 billion (31st March 2006: HK\$4.1 billion). Adopting market value of hotel properties, the revalued net assets of the Group would be HK\$5.6 billion at 30th September 2006 and HK\$5.4 billion at 31st March 2006.

Net assets

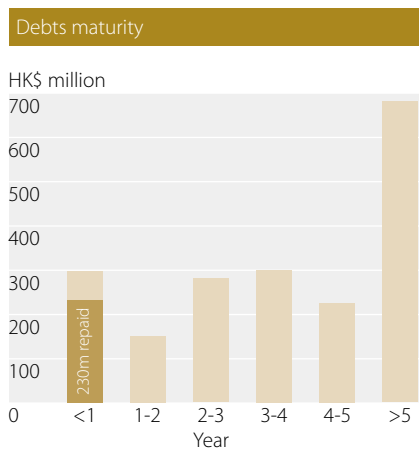


Gearing ratio



Net borrowings of HK\$1.9 billion was the same at 30th September 2006 and 31st March 2006, HK\$0.5 billion (31st March 2006: HK\$0.9 billion) belonged to the separately listed hotel group. Net debt to revalued net asset value is approximately 33% (31st March 2006: 34%).

Management Discussion and Analysis



The Group's borrowings are in Hong Kong dollar except the Empire Landmark Hotel in Vancouver which is Canadian dollar denominated. All the debts, except the convertible notes and bonds, were at floating rates. Interest rate swaps totaling HK\$760 million had been contracted as at 30th September 2006. The maturity of our debts spread over a period of up to eleven years, and approximately one-third were repayable after five years.

In November 2006, the Group redeemed all the outstanding convertible bonds issued in 2002.

As at 30th September 2006, assets with an aggregated net book value of HK\$ 5,879 million (31st March 2006: HK\$5,550 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\$229 million (31st March 2006: HK\$141 million).

Employees and remuneration policies

As at 30th September 2006, the Group employed 450 employees and approximate 90% worked for the separately listed hotel subgroup. The remuneration packages including basic salary, annual bonus, retirement and other benefit are commensurate with their job nature and experience level.

Future prospects

Hong Kong economy performed very well during the first 3 quarters of 2006, as partly indicated by the declining unemployment rate, better than expected GDP growth, and increasing number of arrivals to the territory over the corresponding period of last year.

Land auction results were higher than expected. We believe the residential housing market will continue to prosper as a result of rising income, improved job prospect, low mortgage rates and higher affordability ratio.

Emergence of a huge Chinese economy has reinforced Hong Kong as a business hub in the region, producing multiple effects such as a more robust capital market activities and inflow of multinational professional practices and financial medium which give rise to demand for offices and housing.

Management is identifying opportunities in both Macau and Mainland China. It is also investigating the redevelopment opportunities of the Group's investment property portfolio.

Independent Review Report of the Auditors

TO THE BOARD OF DIRECTORS OF ASIA STANDARD INTERNATIONAL GROUP LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have been instructed by the Company to review the interim consolidated accounts of the Company for the six months ended 30th September 2006 (the "Interim Consolidated Accounts") set out on pages 6 to 21.

Respective responsibilities of directors and auditors

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

It is our responsibility to form an independent conclusion, based on our review, on the Interim Consolidated Accounts and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

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

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the Interim Consolidated Accounts.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15th December 2006

Consolidated Profit and Loss Account – Unaudited

	Note	Six months ended 30th September	
		2006 HK\$'000	2005 HK\$'000
Turnover	4	432,885	403,400
Cost of sales		(267,980)	(273,115)
Gross profit		164,905	130,285
Administrative expenses		(63,380)	(59,568)
Other income and charges	5	30,359	42,391
Operating profit	6	131,884	113,108
Finance costs	7	(63,641)	(58,302)
Share of profits less losses of			
Jointly controlled entities		1,404	521
Associated companies		12,845	10,133
Profit before income tax		82,492	65,460
Income tax expense	8	(20,316)	(20,322)
Profit for the period		62,176	45,138
Attributable to:			
Shareholders of the Company		54,637	51,967
Minority interests		7,539	(6,829)
		62,176	45,138
Dividend	9	23,947	–
Earnings per share			
Basic	10	1.08 cents	1.02 cents
Diluted	10	1.06 cents	1.02 cents

Consolidated Balance Sheet – Unaudited

	<i>Note</i>	30th September 2006 HK\$'000	31st March 2006 HK\$'000
Non-current assets			
Property, plant and equipment	11	855,035	856,586
Investment properties	12	2,140,750	2,046,470
Leasehold land		1,367,928	1,378,106
Jointly controlled entities		227,746	134,817
Associated companies		487,105	473,867
Goodwill		8,651	8,651
Mortgage loan receivables		10,088	9,800
Deferred income tax assets		90,688	98,820
		5,187,991	5,007,117
Current assets			
Properties held for/under development for sale	13	1,469,410	1,182,333
Completed properties held for sale		141,651	196,690
Mortgage loan receivables		437	420
Hotel and restaurant inventories		2,624	2,566
Trade and other receivables	14	159,629	156,460
Financial assets at fair value through profit or loss		28,828	84,458
Derivative financial instruments		–	5,257
Current income tax recoverable		3	213
Bank balances and cash		165,004	348,220
		1,967,586	1,976,617
Current liabilities			
Trade and other payables	15	145,560	147,167
Amount due to an associated company		51,150	51,150
Deposits received on properties pre-sold		369,439	212,068
Short term bank loans and overdrafts			
Secured		80,000	50,000
Unsecured		10,000	–
Convertible bonds	18	134,926	218,265
Current portion of long term loans	20	72,274	58,312
Derivative financial instruments		3,088	–
Amounts due to minority shareholders		107,766	105,509
Current income tax payable		21,209	23,896
		995,412	866,367
Net current assets		972,174	1,110,250
Total assets less current liabilities		6,160,165	6,117,367

Consolidated Balance Sheet – Unaudited

	<i>Note</i>	30th September 2006 HK\$'000	31st March 2006 HK\$'000
Non-current liabilities			
Convertible notes	<i>19</i>	88,867	–
Long term loans	<i>20</i>	1,638,056	1,880,954
Deferred income tax liabilities		156,373	141,502
		1,883,296	2,022,456
Net assets			
		4,276,869	4,094,911
Equity			
Share capital	<i>16</i>	50,769	50,769
Reserves	<i>17</i>	3,449,584	3,385,251
Equity attributable to shareholders of the Company		3,500,353	3,436,020
Minority interests		776,516	658,891
		4,276,869	4,094,911

Condensed Consolidated Cash Flow Statement – Unaudited

	Six months ended	
	30th September	
	2006	2005
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	(40,720)	52,870
Net cash used in investing activities	(63,037)	(13,154)
Net cash used in financing activities	(85,635)	(76,859)
Net decrease in cash and cash equivalents	(189,392)	(37,143)
Cash and cash equivalents at beginning of period	319,009	424,149
Changes in exchange rates	73	386
Cash and cash equivalents at end of period	129,690	387,392
Analysis of the balances of cash and cash equivalents		
Bank balances and cash (excluding pledged deposits)	139,690	391,556
Bank overdrafts	(10,000)	(4,164)
	129,690	387,392

Consolidated Statement of Changes in Equity – Unaudited

	Shareholders of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1st April 2005	3,272,954	401,515	3,674,469
Currency translation differences	3,373	1,377	4,750
Profit for the period	51,967	(6,829)	45,138
Total recognised income for the period	55,340	(5,452)	49,888
2005 final dividend	(20,304)	–	(20,304)
Acquisition of additional interest in a listed subsidiary	–	(12,144)	(12,144)
At 30th September 2005	3,307,990	383,919	3,691,909
At 1st April 2006	3,436,020	658,891	4,094,911
Currency translation differences	3,891	2,948	6,839
Profit for the period	54,637	7,539	62,176
Total recognised income for the period	58,528	10,487	69,015
Issue of convertible notes	5,805	–	5,805
Issue of rights shares by a listed subsidiary	–	120,217	120,217
Distribution of 2006 final dividend of a listed subsidiary	–	(13,079)	(13,079)
At 30th September 2006	3,500,353	776,516	4,276,869

Notes to the Interim Consolidated Accounts

1 Basis of preparation

The unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), and should be read in conjunction with the annual financial statements for the year ended 31st March 2006.

The accounting policies and methods of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31st March 2006.

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

2 Financial risk management

The Group'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 programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

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 and income taxes.

4 Turnover and segment information

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

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

Notes to the Interim Consolidated Accounts

4 Turnover and segment information (Continued)**Primary reporting format – business segments**

The Group is organised into three main business segments, comprising property sales, property leasing, hotel and travel. There is no other significant identifiable separate business segment. Segment revenue from external customers is after elimination of inter-segment revenues. In accordance with the Group's internal financial reporting and operating activities, the primary reporting is by business segments and the secondary reporting is by geographical segments.

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Other operations HK\$'000	Group HK\$'000
Six months ended 30th September 2006					
Segment revenue	55,984	27,019	310,795	39,087	432,885
Contribution to segment results	3,356	24,770	87,272	6,187	121,585
Other income/(charges)	(4,661)	94,280	(34,186)	(25,074)	30,359
Unallocated corporate expenses					(20,060)
Operating profit					131,884
Finance costs					(63,641)
Share of results of					
Jointly controlled entities	1,412	–	–	(8)	1,404
Associated companies	(1,667)	15,176	–	(664)	12,845
Profit before income tax					82,492
Income tax expense					(20,316)
Profit for the period					62,176
Six months ended 30th September 2005					
Segment revenue	53,613	26,777	290,169	32,841	403,400
Contribution to segment results	603	24,276	62,037	3,082	89,998
Other income/(charges)	(4,416)	107,660	(34,614)	(26,239)	42,391
Unallocated corporate expenses					(19,281)
Operating profit					113,108
Finance costs					(58,302)
Share of results of					
Jointly controlled entities	527	–	–	(6)	521
Associated companies	(5,874)	16,382	–	(375)	10,133
Profit before income tax					65,460
Income tax expense					(20,322)
Profit for the period					45,138

Notes to the Interim Consolidated Accounts

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:

	Segment revenue		Operating profit	
	Six months ended 30th September		Six months ended 30th September	
	2006 HK\$'000	2005 HK\$'000	2006 HK\$'000	2005 HK\$'000
Hong Kong	368,512	348,408	111,226	97,739
Mainland China	4,897	5,050	1,329	1,114
Canada	59,476	49,942	19,329	14,255
	432,885	403,400	131,884	113,108

5 Other income and charges

	Six months ended 30th September	
	2006 HK\$'000	2005 HK\$'000
Surplus on revaluation of investment properties	94,280	97,807
Write-back of provision for diminution in value of completed properties held for sale	–	9,880
Net fair value losses on financial assets at fair value through profit or loss	(22,730)	(24,630)
Depreciation	(24,489)	(25,223)
Amortisation of leasehold land	(14,838)	(14,594)
Provision for doubtful debts	(1,864)	(849)
	30,359	42,391

Notes to the Interim Consolidated Accounts

6 Income and expenses by nature

	Six months ended 30th September	
	2006 HK\$'000	2005 HK\$'000
Income		
Net rental income (<i>note (a)</i>)	24,660	24,563
Interest income	5,404	6,483
Dividends from listed financial assets at fair value through profit or loss	103	1,429
Net realised gains on financial assets at fair value through profit or loss	350	–
Expenses		
Employee benefit expense, including Directors' emoluments (<i>note (b)</i>)	51,289	51,034
Net realised losses on financial assets at fair value through profit or loss	–	5,160
Note:		
(a) Net rental income		
Gross rental income		
Investment properties	22,957	17,908
Properties held for sale	4,062	8,869
	27,019	26,777
Outgoings	(2,359)	(2,214)
	24,660	24,563
(b) Employee benefit expense		
Wages and salaries	51,022	50,262
Retirement benefits costs	1,202	1,586
	52,224	51,848
Capitalised under properties under development	(935)	(814)
	51,289	51,034

Notes to the Interim Consolidated Accounts

7 Finance costs

	Six months ended 30th September	
	2006	2005
	HK\$'000	HK\$'000
Interest expense		
Long term bank loans	46,884	49,792
Convertible bonds	8,833	16,787
Convertible notes	2,104	–
Loans from minority shareholders of subsidiaries	2,257	1,788
Short term bank loans and overdrafts	3,591	692
Fair value loss/(gain) on interest rate swaps	8,313	(1,178)
	71,982	67,881
Capitalised as cost of properties under development		
Interest expense	(8,341)	(9,579)
	63,641	58,302

8 Income tax expense

	Six months ended 30th September	
	2006	2005
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	–	–
Overprovisions in prior years	2,688	–
Deferred income tax	(23,004)	(20,322)
	(20,316)	(20,322)

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profit for the period. Income tax on overseas profits has been calculated on the estimated assessable profit for the period at the rates of tax prevailing in the countries in which the Group operates.

Share of income tax of jointly controlled entities and associated companies for the six months ended 30th September 2006 of HK\$6,000 (2005: nil) and HK\$3,219,000 (2005: HK\$3,522,000) are included in the profit and loss account as share of profits less losses of jointly controlled entities and associated companies respectively.

Notes to the Interim Consolidated Accounts

9 Dividend

	Six months ended 30th September	
	2006	2005
	HK\$'000	HK\$'000
Proposed interim dividend of HK 0.35 cent (2005: nil) per share	23,947	–

The amount HK\$23,947,000 is based on 6,842,072,178 issued shares as at 15th December 2006.

10 Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of the Company of HK\$54,637,000 (2005: HK\$51,967,000) and on the weighted average of 5,076,925,957 (2005: 5,075,999,990) shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30th September 2006 is based on HK\$56,373,000 equalling to the profit attributable to shareholders of the Company of HK\$54,637,000 plus after tax interest saving of HK\$1,736,000, and 5,309,336,599 shares equivalent to the weighted average number of 5,076,925,957 shares in issue during the period plus 232,410,642 potential shares deemed to be in issue assuming the convertible notes had been converted.

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

Notes to the Interim Consolidated Accounts

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
Cost					
At 31st March 2006	68,165	1,141,409	19,000	49,577	1,278,151
Currency translation differences	3,010	17,070	–	171	20,251
Additions	–	9,497	–	379	9,876
At 30th September 2006	71,175	1,167,976	19,000	50,127	1,308,278
Accumulated depreciation					
At 31st March 2006	–	368,131	5,014	48,420	421,565
Currency translation differences	–	7,023	–	166	7,189
Charge for the period	–	23,794	188	507	24,489
At 30th September 2006	–	398,948	5,202	49,093	453,243
Net book value					
At 30th September 2006	71,175	769,028	13,798	1,034	855,035
At 31st March 2006	68,165	773,278	13,986	1,157	856,586

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 2006.

13 Properties held for/under development for sale

At 30th September 2006, properties held for/under development for sale include leasehold land of HK\$1,469,410,000 (31st March 2006: HK\$1,182,333,000).

Notes to the Interim Consolidated Accounts

14 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\$54,294,000 (31st March 2006: HK\$43,779,000). The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade debtors, credit evaluations of customers are performed periodically.

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

	30th September	31st March
	2006	2006
	HK\$'000	HK\$'000
0 day to 60 days	42,942	41,656
61 days to 120 days	4,743	2,001
More than 120 days	6,609	122
	54,294	43,779

15 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 in respect of construction costs and various accruals. Trade payables amounted to HK\$25,178,000 (31st March 2006: HK\$18,407,000).

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

	30th September	31st March
	2006	2006
	HK\$'000	HK\$'000
0 day to 60 days	24,268	17,309
61 days to 120 days	453	32
More than 120 days	457	1,066
	25,178	18,407

Notes to the Interim Consolidated Accounts

16 Share capital

Shares of HK\$0.01 each	Number of shares	Amount HK\$'000
Authorised		
At 31st March 2006 and 30th September 2006	400,000,000,000	4,000,000
Issued and fully paid		
At 31st March 2006 and 30th September 2006	5,076,925,957	50,769

17 Reserves

	Share premium	Capital redemption reserve	Convertible notes	Share option reserve	Contributed surplus	Revenue reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April 2006	884,454	43,868	–	160	2,670,292	(213,523)	3,385,251
Currency translation differences	–	–	–	–	–	3,891	3,891
Issue of convertible notes	–	–	5,805	–	–	–	5,805
Profit for the period	–	–	–	–	–	54,637	54,637
At 30th September 2006	884,454	43,868	5,805	160	2,670,292	(154,995)	3,449,584

18 Convertible bonds

	30th September 2006 HK\$'000	31st March 2006 HK\$'000
Convertible bonds	115,000	190,000
Provision for premium payable	19,926	28,265
	134,926	218,265

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

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

Notes to the Interim Consolidated Accounts

18 Convertible bonds (Continued)

On 29th May 2006, ASI CL repurchased convertible bonds which has a principal amount of HK\$75,000,000 with accrued interest.

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

Provision of HK\$19,926,000 (31st March 2006: HK\$28,265,000) for the premium payable has been made in the accounts so as to provide a constant periodic rate of charge to the profit and loss account over the term of the bonds.

19 Convertible notes

On 15th May 2006, the Group issued convertible notes of the principal amount of HK\$94,000,000, which bear interest at 4% per annum payable semi-annually in arrears. Each holder of the notes had the option to convert the notes into shares at an initial conversion price of HK\$0.305 per share, subject to adjustment. The Company may purchase/redeem all or part of the notes at any time on or after 15th May 2007, at par together with accrued interest.

The fair value of the liability component and the equity conversion component were determined at issuance of the notes. The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible note. The residual amount represents the value of the equity conversion component.

20 Borrowings

	30th September 2006 HK\$'000	31st March 2006 HK\$'000
The maturity of the long term loan is as follows:		
Bank loans, secured		
Repayable within one year	72,274	58,312
Repayable between one and two years	149,707	291,011
Repayable between two and five years	829,941	470,916
Repayable after five years	658,408	1,119,027
	1,710,330	1,939,266
Current portion included in current liabilities	(72,274)	(58,312)
	1,638,056	1,880,954

Notes to the Interim Consolidated Accounts

21 Capital commitments

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

22 Contingent liabilities

	30th September 2006 HK\$'000	31st March 2006 HK\$'000
Guarantees for the banking and loan facilities of:		
Jointly controlled entities	159,840	68,150
Associated companies	68,310	71,610
Third parties	1,274	1,306
	229,424	141,066

23 Subsequent event

In November 2006, the Company offered a rights issue of 1,710,518,044 rights shares of HK\$0.175 each on the basis of one rights share for every three existing shares held. Net proceeds approximate HK\$295,000,000 and were used for repayment of convertible bonds and bank loans of the Group.

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\$1,086 million (before Group's provisions) and guarantees given to banks for facilities utilised of HK\$228 million totaling HK\$1,314 million as at 30th September 2006 which exceeds 8% of the Group's net assets. A pro forma combined balance sheet of certain affiliated companies with major financial assistance from the Group and the Group's attributable interest in these affiliated companies are presented below:

	Pro forma combined balance sheet HK\$'000	Group's attributable interest HK\$'000
Property, plant and equipment	523	239
Investment properties	1,036,346	341,994
Properties held for/under development for sale	1,292,205	597,273
Derivative financial instruments	1,751	876
Deferred tax assets	7,941	3,971
Current assets	142,198	56,970
Current liabilities	(137,584)	(44,778)
Long term bank and other loans	(617,453)	(252,375)
Deferred tax liabilities	(10,196)	(4,852)
Minority interests	(6,240)	(3,120)
Shareholders' advance	(1,964,178)	(1,006,575)
	(254,687)	(310,377)

Other Information

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

As at 30th September 2006, the interests and short position of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Hong Kong Securities and Futures Ordinance (the "SFO") which (a) are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Rules Governing the Listing of Securities on The Stock Exchange (the "Listing Rules") were as follows:

(I) Long positions in shares

(a) The Company

Director	Number of shares held			Percentage of shares in issue (%)
	Personal Interest	Corporate interest	Total	
Poon Jing				
Share held	4,492,200	2,097,709,712	2,102,201,912	
Entitled rights shares (Note 1)	3,200,796	716,388,722	719,589,518	
Total	7,692,996	2,814,098,434 (Note 2)	2,821,791,430	41.69 (Note 3)

Note 1: The Company announced on 26th September 2006 to issue rights shares to the shareholders as of 18th October 2006 on basis of every 3 shares held for 1 rights share ("Rights Issue"). Each of Mr. Poon and Asia Orient Holdings Ltd ("Asia Orient") has undertaken to take up the rights shares to be allocated to them.

Note 2: By virtue of his controlling interest (30.14%) in Asia Orient, Mr. Poon Jing is deemed to be interested in the shares of the Company held by the subsidiaries of Asia Orient as disclosed under the heading "Substantial Shareholders and other person's interests and short positions in shares and underlying shares" below.

Note 3: The percentage of shareholding is calculated on the basis of 6,769,234,609 shares in issue (being the sum of the then issued capital and the rights shares in respect the then issued shares) immediately after completion of the Rights Issue.

Other Information

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

(Continued)

(I) Long positions in shares (Continued)

(b) Subsidiaries

Director	Subsidiary	Number of shares held			Percentage of shares in issue (%)
		Personal interest	Corporate interest	Total	
Poon Jing	Asia Standard Hotel Group Limited ("AS Hotel")	373,405	5,656,723,156	5,657,096,561	59.78
Poon Jing (Note 1) and Fung Siu To, Clement	Centop Investment Limited ("Centop")	–	20	20	20
Poon Jing (Note 2)	Centop	–	80	80	80
Fung Siu To, Clement	Mark Honour Limited	9	–	9	9

Note 1: Centop is owned as to 80% by the Company and as to 20% by Kingscore Limited. Each of Mr. Poon Jing and Mr. Fung Siu To, Clement holds 50% interest in Kingscore Limited. By virtue of their interest in Kingscore Limited, each of Mr. Poon and Mr. Fung is deemed to have interest in the 20 shares held by Kingscore Limited and duplicate the interest of the other.

Note 2: By virtue of his interest in the Company through Asia Orient, Mr. Poon Jing is deemed to be interested in the shares of all the Company's subsidiaries and associated corporations.

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**The Company*

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

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

Save as disclosed above, as at 30th September 2006, none of the Directors or Chief Executive (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

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 detail terms of the scheme were disclosed in the 2006 annual report.

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

Grantee	Outstanding as at 1st April 2006	Lapsed	Outstanding as at 30th September 2006
Directors	105,000,000	–	105,000,000
Other employees	60,000,000	5,000,000	55,000,000

Notes:

- (a) The options were granted on 30th March 2005 and exercisable from 30th March 2005 to 29th March 2015 at an exercise price of HK\$0.325 per share.
- (b) No option was granted, cancelled, or exercised during the period.

Subsidiary – Asia Standard Hotel

The share option scheme adopted by Asia Standard Hotel on 24th May 2000 (the "Old Share Option Scheme") has been terminated at the annual general meeting on 28th August 2006 without prejudice to the rights and benefits of and attached to those option granted thereunder which are outstanding as at that date. The Old Shares Option Scheme was replaced on the same date by a new share option scheme (the "New Share Option Scheme") which remained in force as at 30th September 2006.

Other Information

Share option schemes (Continued)**Subsidiary – Asia Standard Hotel** (Continued)

As at 30th September 2006, 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 Old Share Option Schemes and which remained outstanding was as follows:

Grantee	Outstanding as at 1st April 2006		Outstanding as at 30th September 2006
	(as previously reported)	(as adjusted)	
Employees	4,000,000	4,465,909	4,465,909

Note (1): The options were granted on 31st October 2005 and exercisable from 1st November 2005 to 31st October 2015 at exercise price of HK\$0.217 per share. Subsequent to completion of the rights issue of Asia Standard Hotel on the basis of 1 rights share for every 2 existing shares held by the shareholders as of 19th April 2006, the subscription price of the share option has been adjusted to HK\$0.19436 per share and the number of options has also been adjusted from 4,000,000 shares to 4,465,909 shares with effect from 10th May 2006.

Note (2): During the period, no option was granted, exercised, cancelled or lapsed.

No option had been granted to the Directors or the chief executive under the New Share Option Scheme during the period.

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 2006, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executive.

(a) Long positions in shares of the Company

Name	Number of shares	Percentage
Asia Orient (Note 1 and 2)	2,814,098,434	(Note 9) 41.57
Asia Orient Holdings (BVI) Limited ("Asia Orient BVI") (Note 2)	2,097,709,712	(Note 10) 41.32
Asia Orient Company Limited ("AOCL") (Note 2 and 4)	2,097,709,712	(Note 10) 41.32
Impetus Holdings Limited ("Impetus") (Note 3)	1,092,862,918	(Note 10) 21.50
Kingfisher Inc. and Lipton Investment Limited ("Kingfisher and Lipton") (Note 5)	975,708,512	(Note 10) 19.22
Grosvenor Asset Management Limited (Note 6)	758,530,000	(Note 10) 14.94
Grosvenor Australia Asia Pacific General Partner Limited (formerly Stargreen Limited) (Note 6)	758,530,000	(Note 10) 14.94
Grosvenor International S.A. (Note 6)	758,530,000	(Note 10) 14.94
Grosvenor Group Limited (Note 6)	758,530,000	(Note 10) 14.94
Jeremy Henry Moore Newsum (Note 6)	758,530,000	(Note 10) 14.94
Robin Shedden Broadhurst (Note 6)	758,530,000	(Note 10) 14.94
Mark Antony Loveday (Note 6)	758,530,000	(Note 10) 14.94
Gillian Lucy Newsum (Note 6)	758,530,000	(Note 10) 14.94
Penelope Alison Broadhurst (Note 6)	758,530,000	(Note 10) 14.94
Mary Elizabeth Loveday (Note 6)	758,530,000	(Note 10) 14.94
Merrill Lynch & Co., Inc. (Note 7)	307,398,000	(Note 10) 6.05
Taifook Securities Group Limited (Note 8)	894,150,766	(Note 9) 13.21
Taifook (BVI) Limited (Note 8)	894,150,766	(Note 9) 13.21
Taifook Finance Company Limited (Note 8)	894,150,766	(Note 9) 13.21
Taifook Securities Company Limited (Note 8)	894,150,766	(Note 9) 13.21

Other Information

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

(Continued)

(b) Short position in the shares of the Company

Name	Number of Shares	Percentage (Note 9)
Taifook Securities Group Limited (Note 8)	171,400,000	2.53
Taifook (BVI) Limited (Note 8)	171,400,000	2.53
Taifook Finance Company Limited (Note 8)	171,400,000	2.53
Taifook Securities Company Limited (Note 8)	171,400,000	2.53

(c) Long positions in underlying shares of the Company**Convertible bonds**

Name	Underlying shares interest of HK\$115,000,000 convertible bonds at 30th September 2006
Grosvenor Limited (Note 6)	261,363,636
Grosvenor Asset Management Limited (Note 6)	261,363,636
Grosvenor Australia Asia Pacific General Partner Limited (formerly Stargreen Limited) (Note 6)	261,363,636
Grosvenor International S.A. (Note 6)	261,363,636
Grosvenor Group Limited (Note 6)	261,363,636
Jeremy Henry Moore Newsum (Note 6)	261,363,636
Robin Shedden Broadhurst (Note 6)	261,363,636
Mark Antony Loveday (Note 6)	261,363,636
Gillian Lucy Newsum (Note 6)	261,363,636
Penelope Alison Broadhurst (Note 6)	261,363,636
Mary Elizabeth Loveday (Note 6)	261,363,636

The convertible bonds can be converted into shares of the Company at conversion price of HK\$0.44 per share at any time between 7th January 2002 to 7th January 2007. During the period, HK\$125,000,000 amount of the convertible bonds was purchased and no part of the convertible bonds was converted.

Notes:

1. These shares represent the sum of 2,097,709,912 shares held by the subsidiaries of Asia Orient and 716,388,722 rights shares which Asia Orient has undertaken to take up.
2. AOCL is a wholly-owned subsidiary of Asia Orient BVI which in turn is a wholly-owned subsidiary of Asia Orient. Accordingly, Asia Orient BVI and Asia Orient are deemed to have interest and duplicate the interest in 2,097,709,712 shares of the Company.
3. Impetus is a wholly-owned subsidiary of AOCL, the interests of Impetus are deemed to be, and have therefore been included in, the interest of AOCL.

Other Information

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

(Continued)

(c) Long positions in underlying shares of the company (Continued)

4. The interest of AOCL and its subsidiaries duplicate the interests of Mr. Poon Jing disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above which he is deemed to have by virtue of his controlling interest (30.14%) in Asia Orient.
5. Both Kingfisher and Lipton are wholly-owned subsidiaries of Impetus and jointly hold 975,708,512 shares. The joint interests of Kingfisher and Lipton are deemed to be, and have therefore been included in, the interests of Impetus.
6. Grosvenor Limited is a wholly owned subsidiary of Grosvenor Asset Management Limited which is a wholly owned subsidiary of Grosvenor International S.A.. Grosvenor International S.A. is a company listed in Luxemburg and is majority owned (64.04%) by Grosvenor Continental Europe Holdings Limited. Grosvenor Continental Europe Holdings Limited is an indirect wholly owned subsidiary of Grosvenor Group Limited which is controlled (43.56%) by The Fourth Duke of Westminster 1964 Settlement. The Company has been advised that on 17th November 2005, Grosvenor Australia Asia Pacific General Partner Limited (formerly Stargreen Limited) signed a conditional share purchase agreement with Grosvenor International S.A. to acquire the entire issued share capital of Grosvenor from Grosvenor International S.A.. Grosvenor Australia Asia Pacific General Partner Limited is a wholly-owned subsidiary of Grosvenor International S.A.. During the period, the share purchase agreement has not been completed.

Grosvenor Asset Management Limited owned 758,530,000 shares of the Company. Each of Grosvenor Australia Asia Pacific General Partner Limited, Grosvenor International S.A., Grosvenor Continental Europe Holdings Limited and Grosvenor Group Limited is deemed to be interested in and duplicate the interest in the 758,530,000 shares held by Grosvenor Asset Management Limited. Grosvenor Limited owned HK\$115,000,000 convertible bonds convertible into 261,363,636 shares of the Company. Each of Grosvenor Asset Management Limited, Grosvenor Australia Asia Pacific General Partner Limited, Grosvenor International S.A., Grosvenor Continental Europe Holdings Limited and Grosvenor Group Limited is deemed to be interested in and duplicate the interest in the underlying 261,363,636 shares of the Company under the convertible bonds.

Jeremy Henry Moore Newsum, Robin Shedden Broadhurst and Mark Antony Loveday are the trustees of The Fourth Duke of Westminster 1964 Settlement. Each of Jeremy Henry Moore Newsum, Robin Shedden Broadhurst, Mark Antony Loveday are deemed to be interested and duplicate the interest in 758,530,000 shares and the underlying 261,363,636 shares of the Company under the convertible bonds. Gillian Lucy Newsum, Penelope Alison Broadhurst and Mary Elizabeth Loveday are spouse of Jeremy Henry Moore Newsum, Robin Shedden Broadhurst and Mark Antony Loveday respectively. Each of Gillian Lucy Newsum, Penelope Alison Broadhurst and Mary Elizabeth Loveday is deemed to have family interest and duplicate the interest in 758,530,000 shares and the underlying 261,363,636 shares of the Company under the convertible bonds.

7. Merrill Lynch Investment Managers Limited owned 307,398,000 shares of the Company on behalf of its discretionary clients. Merrill Lynch Investment Managers Limited is the wholly-owned subsidiary of Merrill Lynch Investment Managers Group Limited which is wholly-owned by ML Invest Holdings Limited. ML Invest Holdings Limited is wholly-owned by ML Invest. Inc. which is the wholly-owned subsidiary of Merrill Lynch Group Inc.. Merrill Lynch Group Inc. is the wholly-owned subsidiary of Merrill Lynch & Co. Inc.. Each of Merrill Lynch Investment Managers Limited, Merrill Lynch Investment Managers Group Limited, ML Invest Holdings Limited, ML Invest. Inc., Merrill Lynch Group Inc. and Merrill Lynch & Co. Inc. is deemed to be interested in and duplicate the interest in the 307,398,000 shares held by Merrill Lynch Investment Managers Limited on behalf of its discretionary clients.

Other Information

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

(Continued)

(c) Long positions in underlying shares of the company (Continued)

8. These 894,150,766 shares represent the maximum number of the rights shares which Taifook Securities Company Limited has underwritten in respect of the Rights Issue. Taifook Securities Company Limited is wholly-owned by Taifook Finance Company Limited which in turn is wholly-owned by Taifook (BVI) Limited. Taifook (BVI) Limited is wholly-owned by Taifook Securities Group Limited, a company whose shares are listed on The Stock Exchange. Each of Taifook Finance Company Limited, Taifook (BVI) Limited and Taifook Securities Group Limited is deemed to be interested in and duplicate the interest in the 894,150,766 shares and the short position in the 171,400,000 shares underwritten by Taifook Securities Company Limited.
9. The percentage shareholdings is calculated on the basis of 6,769,234,609 shares in issue (being the sum of the then issued shares and the rights shares in respect of the then issued shares) immediately after completion of the Rights issue.
10. The percentage shareholdings is calculated on the basis of 5,076,925,957 shares in issue as at 30th September 2006.

Save as disclosed above, as at 30th September 2006, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept under Section 336 of the SFO.

Interim dividend

The Board of Directors has declared to pay to shareholders whose names appear on the Register of Members of the Company on 16th January 2007 ("Record Date") interim dividend of HK0.35 cent (2005: nil) per share.

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

Closure of Register of Members

The Register of Members will be closed from 12th January 2007 to 16th January 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all share certificates with completed transfer forms either overleap or separately must be lodged with the Company's Hong Kong branch registrar, Computershare Hong Kong Investor Services Limited at 17th floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 11th January 2007.

Purchase, sale or redemption of listed securities

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

Other Information

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.

Code of conduct regarding securities transactions by directors

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

Audit committee

The Audit Committee members are Mr. Koon Bok Ming, Alan, Mr. Leung Wai Keung, Richard and Mr. Wong Chi Keung. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

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

On behalf of the Board

Fung Siu To, Clement

Chairman

Hong Kong, 15th December 2006