



ASIA STANDARD HOTEL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 292)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2008

FINANCIAL HIGHLIGHTS	2008	2007	Change
(in HK\$ million, except otherwise indicated)			
Revenue	665	619	+7%
Gross operating profit	200	162	+23%
Profit attributable to shareholders	96	28	+243%
Net debt	900	723	+24%
Revalued net asset value*	3,599	3,347	+8%
Revalued net asset value per share* (HK\$)	0.28	0.30	-7%
Gearing – net debt to revalued net asset value*	25%	22%	+3%
* These are unaudited supplementary information taking into account the fair market value of hotel properties and the corresponding deferred tax in addition to the net asset value based on the financial statements prepared in accordance with Hong Kong Financial Reporting Standards.			

The Directors of Asia Standard Hotel Group Limited (the “Company”) announce that the consolidated results of the Company and its subsidiaries (together, the “Group”) for the year ended 31st March 2008 together with the comparative figures for the year ended 31st March 2007 were as follows :

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2008

	<i>Note</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Turnover	3	<u>1,097,994</u>	<u>653,124</u>
Revenue	3	664,848	618,878
Cost of sales	5	<u>(370,837)</u>	<u>(366,391)</u>
Gross profit		294,011	252,487
Administrative expenses	5	<u>(94,467)</u>	<u>(90,348)</u>
Operating profit before other income and charges		199,544	162,139
Other income and charges	4	<u>(52,364)</u>	<u>(82,347)</u>
Operating profit		147,180	79,792
Interest income		2,671	2,832
Finance costs		<u>(39,629)</u>	<u>(44,674)</u>
Profit before income tax		110,222	37,950
Income tax expense	6	<u>(13,952)</u>	<u>(10,345)</u>
Profit attributable to shareholders		<u>96,270</u>	<u>27,605</u>
Dividends	7	<u>42,141</u>	<u>57,125</u>
Earnings per share			
Basic	8	<u>HK 0.76 cent</u>	<u>HK 0.30 cent</u>
Diluted	8	<u>HK 0.76 cent</u>	<u>HK 0.29 cent</u>

CONSOLIDATED BALANCE SHEET*As at 31st March 2008*

	<i>Note</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		899,114	888,009
Leasehold land		1,685,653	1,712,580
Goodwill		9,640	13,188
Deferred income tax assets		18,883	30,372
Available-for-sale investments		313,976	-
		2,927,266	2,644,149
Current assets			
Inventories		2,268	2,190
Derivative financial instruments		-	2,854
Financial assets at fair value through profit or loss		88,108	38,795
Trade and other receivables	9	88,101	53,843
Bank balances and cash		84,116	68,861
		262,593	166,543
Current liabilities			
Derivative financial instruments		18,332	1,619
Trade and other payables	10	51,540	63,063
Current income tax payable		14,025	11,560
Short term bank borrowings		378,295	51,000
Current portion of borrowings, secured		11,075	13,161
		473,267	140,403
Net current (liabilities)/assets		(210,674)	26,140
Total assets less current liabilities		2,716,592	2,670,289
Non-current liabilities			
Convertible bonds		-	116,162
Warrant liabilities		51,325	-
Borrowings, secured		594,373	611,486
Deferred income tax liabilities		2,607	-
		648,305	727,648
Net assets		2,068,287	1,942,641
Equity			
Share capital		258,164	221,605
Reserves		1,810,123	1,721,036
		2,068,287	1,942,641

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss, available-for-sale investments, and financial liabilities (including warrant liabilities and derivative financial instruments), which are carried at fair value, and in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

2 The adoption of new/revised HKFRS

During the year, the Group adopted the new standard, amendment and interpretations of HKFRS below, which are relevant to its operations.

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 11	HKFRS 2 - Group and Treasury Share Transactions
HKFRS 7	Financial Instruments: Disclosures

The Group has assessed the impact of the adoption of these standard, amendment and interpretations and considered that there were no significant impact on the Group’s results and financial position and no substantial changes in the Group’s accounting policies, except that additional disclosures relating to capital management and financial instruments are required under HKAS 1 (Amendment) and HKFRS 7 respectively.

3. Turnover and segment information

Turnover comprises revenue from hotel, catering services, travel agency operations, together with gross proceeds from securities investments.

Revenue includes revenue from hotel, catering services, travel agency operations, dividend income and net realised gains/losses on sale of financial assets at fair value through profit or loss.

An analysis of turnover, revenue and results of the Group by business segments and geographical segments is set out below :

Business segments

	Hotel operation	Catering services	Travel agency	Investment	Other operations	Total
2008 (in HK\$'000)						
Room rentals	252,108					
Food and beverages	47,874					
Ancillary services	10,849					
Rental income	14,381					
Turnover	325,212	20,349	282,817	469,616	-	1,097,994
Segment revenue	325,212	20,349	282,817	36,470	-	664,848
Contribution to segment results	180,400	1,763	(162)	36,470	-	218,471
Other income and charges	(68,177)	(39)	(3,608)	(23,554)	43,014	(52,364)
Unallocated corporate expenses						(18,927)
Operating profit						147,180
Interest income						2,671
Finance costs						(39,629)
Profit before income tax						110,222
Income tax expense						(13,952)
Profit attributable to shareholders						96,270

	Hotel operation	Catering services	Travel agency	Investment	Other operations	Total
2007 (in HK\$'000)						
Room rentals	236,572					
Food and beverages	51,354					
Ancillary services	9,795					
Rental income	15,191					
Turnover	312,912	22,570	281,797	35,845	-	653,124
Segment revenue	312,912	22,570	281,797	1,599	-	618,878
Contribution to segment results	173,542	3,314	1,422	1,599	-	179,877
Other income and charges	(74,623)	(109)	(80)	272	(7,807)	(82,347)
Unallocated corporate expenses						(17,738)
Operating profit						79,792
Interest income						2,832
Finance costs						(44,674)
Profit before income tax						37,950
Income tax expense						(10,345)
Profit attributable to shareholders						27,605

Geographical segments

	Turnover	Segment revenue	Operating profit
2008 (in HK\$'000)			
Hong Kong	987,810	554,664	127,799
Canada	101,440	101,440	17,302
Mainland China	8,744	8,744	2,079
	<u>1,097,994</u>	<u>664,848</u>	<u>147,180</u>
2007 (in HK\$'000)			
Hong Kong	551,037	516,791	61,128
Canada	92,791	92,791	16,209
Mainland China	9,296	9,296	2,455
	<u>653,124</u>	<u>618,878</u>	<u>79,792</u>

4. Other income and charges

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Depreciation of property, plant and equipment	(46,679)	(53,253)
Amortisation of leasehold land	(21,685)	(21,686)
Impairment of goodwill	(3,548)	-
Share options expense	(22,400)	(7,680)
Fair value gain on warrant liabilities	65,502	-
Fair value (loss)/gain on financial assets at fair value through profit or loss	(10,159)	272
Fair value loss on derivative financial instruments	(13,395)	-
	<u>(52,364)</u>	<u>(82,347)</u>

5. Income and expense by nature

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Income		
Operating lease rental income for hotel buildings	14,381	15,025
Dividend income	1,725	627
Net realised gain on financial assets at fair value through profit or loss	34,745	972
Gain on disposal of property, plant and equipment	<u>582</u>	<u>15</u>
Expenses		
Cost of goods sold	249,849	232,455
Provision for impairment of trade receivables	<u>1,370</u>	<u>4,088</u>

6. Income tax expense

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) on the estimated assessable profits for the year. No provision for overseas and Mainland China taxation has been made as there are no assessable profits for the year (2007: Nil).

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Hong Kong profits tax		
Current income tax	2,463	587
Deferred income tax	<u>11,489</u>	<u>9,758</u>
Income tax expense	<u>13,952</u>	<u>10,345</u>

7. Dividends

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interim, paid, of HK0.26 cent (2007 : HK 0.26 cent) per share	33,105	24,602
Final, proposed, of HK0.07 cent (2007: HK0.26 cent) per share	<u>9,036</u>	<u>32,523</u>
	<u>42,141</u>	<u>57,125</u>

At a meeting held on 10th July 2008, the Board has proposed the payment of a final dividend of HK0.07 cent per share in scrip. This proposed dividend is not reflected in the financial statements, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2009.

8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK\$96,270,000 (2007: HK\$27,605,000) and on the weighted average of 12,605,196,985 (2007: 9,270,960,859) shares in issue during the year ended 31st March 2008.

The outstanding warrants and share options did not have dilutive effect on the earnings per share for the year ended 31st March 2008.

The diluted earnings per share is equal to the basic earnings per share for the year ended 31st March 2008.

The calculation of diluted earnings per share for the year ended 31st March 2007 was based on the profit attributable to shareholders of HK\$27,605,000 and 9,631,039,137 shares equalling to the weighted average number of 9,270,960,859 shares in issue during the year plus 360,078,278 potential shares deemed to be in issue assuming the convertible bonds had been converted.

The outstanding share options did not have dilutive effect on the earnings per share for the year ended 31st March 2007.

9. Trade and other receivables

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0 - 60 days	36,002	38,485
61 - 120 days	1,082	1,382
Over 120 days	15	156
	37,099	40,023

The credit terms given to the customers vary and are generally based on financial strength of individual customers. In order to effectively manage the credit risks associated with trade debtors, credit evaluations of customers are performed periodically.

10. Trade and other payables

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0 - 60 days	16,364	29,656
61 - 120 days	33	406
Over 120 days	313	298
	16,710	30,360

11. Subsequent event

Subsequent to the balance sheet date, the Group completed a 10 year HK\$380 million new long term bank facility and HK\$320 million new short term bank facility. The new long term bank facility is used primarily to refinance the long term bank borrowings of approximately HK\$180 million and short term bank borrowings of approximately HK\$200 million then outstanding, and the new short term bank facility is to provide additional working capital for the Group.

The figures in this preliminary announcement have been agreed by PricewaterhouseCoopers (“PwC”) to those in the Group’s draft consolidated financial statements for the year ended 31st March 2008. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PwC for this announcement.

DIVIDENDS

The Directors recommend a final dividend for the year ended 31st March 2008 of HK0.07 cent (2007: HK0.26 cent, with scrip option) per share in scrip to shareholders whose names appear on the Company's Register of Members on 26th August 2008 ("Record Date") ("Scrip Dividend Scheme"). Total dividends for the year, including interim dividend of HK0.26 cent (2007: HK0.26 cent) per share, amounts to HK0.33 cent (2007: HK0.52 cent) per share.

The Scrip Dividend Scheme will be subject to (i) the approval of the proposed final dividend at the 2008 AGM; (ii) the Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company in the Stock Exchange for the three trading days prior to and including the Record Date of such average price or the par value of shares, whichever is the higher. Full details of the Scrip Dividend Scheme will be set out in a circular to shareholders.

BOOK CLOSURE

The Register of Members will be closed from Friday, 22nd August 2008 to Tuesday, 26th August 2008, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the final dividend and to ascertain the right to attend the meeting of the Company to be held on Wednesday, 27th August 2008, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00p.m. on Thursday, 21st August 2008.

BUSINESS AND FINANCIAL REVIEW

RESULTS

The Group's revenue and profit attributable to shareholders for the twelve months ended 31st March 2008 amounted to HK\$665 million and HK\$96 million respectively. The increase in the profit attributable to shareholders over last year was in part due to fair value changes of financial liabilities at the balance sheet date.

BUSINESS REVIEW

Visitor arrivals to Hong Kong in 2007 reached a record high of more than 28 million, an increase of 11.6% on 2006's arrivals. Arrivals from Mainland China passed the 15-million mark for the first time, 13.9% more than in 2006. Among the long-haul market regions, Europe, Africa and the Middle East led the field with arrivals growing by 14.2%, followed by The Americas and Australia, New Zealand and South Pacific. As for short-haul markets, South & Southeast Asia enjoyed solid gain of 8.6% to become Hong Kong's second largest source market region. The cumulative arrivals for the first quarter of 2008 saw a 10% growth on the same period last year.

The Empire Hotel, Hong Kong

Empire Hong Kong's average room rate increased 6% and occupancy rate at 84%. Total revenue amounted to HK\$114 million whilst its gross operating profit increased 6% to HK\$73 million. The improved yield was primarily due to its strategic focus on higher yield commercial and corporate segment. With a number of refurbishment projects planned for in the coming year, the hotel would be in a promising position to earn market share further in the higher yield business segment.

The Empire Hotel, Kowloon

Empire Kowloon's average rate increased 5% while maintaining a very healthy occupancy rate of 94%, leading to increased revenue at HK\$108 million. Gross operating profit amounted to HK\$69 million. The expansion project for adding 28 rooms with spa facilities has commenced, and the target opening time is around end of 2008. These creations will further increase the hotel capacity by 9%, from 315 rooms to 343 rooms.

The Empire Landmark Hotel, Vancouver

Empire Landmark's average rate remained the same for the year but occupancy improved 3% to 69%. Coupled with a strong Canadian dollar, total revenue increased HK\$8 million to HK\$101 million, up 9%. Gross operating profit also increased 10% to HK\$38 million. An extensive renovation and upgrading work has been planned to carry out progressively in the next 2 years to enhance its quality and facilities to be competitive among its peers.

Empire Landmark Hotel, the tallest hotel with the award-winning revolving "Cloud 9" restaurant in the heart of Vancouver, shall continue to reap the benefit of Canada's sustained economic growth in welcoming the 2010 Winter Olympics.

The New 280 rooms hotel in Causeway Bay

Creation of this new hotel is approached with the application of advanced, intelligent, user-friendly concepts with green touch wherever possible, together with designer spa facilities that are completely complementary to our guests. Management considers this new hotel, upon delivery in 2009, will be exciting and appreciated by various segments in the travelling world.

The Group's room portfolio will increase 30% from the current 1,036 rooms to 1,344 rooms as a direct result.

Travel and Catering

Revenues for the travel and catering amounted to HK\$283 million and HK\$20 million respectively.

FINANCIAL REVIEW

As at 31st March 2008, total assets amounted to HK\$3,190 million, increased 13% when compared with HK\$2,811 million as at 31st March 2007. Appraised by independent professional valuers on an open market value basis, the total revalued amount of the four hotel properties as at 31st March 2008 was HK\$4,455 million, up 9% when compared with that prepared on the same basis as at 31st March 2007.

The shareholders' funds amounted to HK\$2,068 million, increased by HK\$125 million over last year. The increase was mainly due to profit for the year and the conversion of all outstanding convertible bonds in April 2007, offset by a debit reserve from the issue of bonus warrants. Taking into account the market value of the hotel properties, the revalued net asset value of the Group would become HK\$3,599 million.

The Group has long term securities investment of HK\$314 million and other financial assets of HK\$88 million. This segment of business generated a profit of HK\$13 million, compared with a gain of HK\$2 million last year.

The consolidated net debt was HK\$900 million, increased by HK\$177 million when compared with that at 31st March 2007. The corresponding gearing on net asset value increased from 37% to the present 43%, and against revalued net asset value, from 22% to 25%. Subsequent to the balance sheet date, the Group has completed a 10 year new long term bank facility, part of which was to refinance its HK\$200 million short term borrowings then outstanding.

86% of the total debt is denominated in HK dollar, the remaining is the Vancouver property mortgage loan of HK\$118 million (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.

The aggregate net book value of hotel properties pledged as securities for loans of the Group as at 31st March 2008 amounted to HK\$2,583 million (2007: HK\$2,599 million).

Human Resources

As at 31st March 2008, the total number of employees of the Company and its subsidiaries were 421. In addition to salary payment, other additional benefits include insurance, medical scheme and retirement plans and others.

Options to subscribe for a total of 700,000,000 shares of the Company at an exercise price of HK\$0.13 per share were granted on 2nd April 2007 under the share option scheme. Up to 31st March 2008, none of the option shares granted have been exercised.

FUTURE PROSPECTS

The Group has performed well within buoyant hospitality markets in Hong Kong. With timely asset enhancement initiatives carried out by our hotels and the continuous economic growth in Mainland China, 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 in the first quarter of 2009.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, 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 year.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted its own Code for Securities Transactions by Directors on terms no less exactly than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issues (Appendix 10) of the Rules Governing the listing of Securities on the Stock Exchange ("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.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year, the Company has complied with the Code on Corporate Governance Practice as set out in Appendix 14 of the Listing Rules.

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 annual financial statements of the Group for the year ended 31st March 2008 have been reviewed by the Audit Committee.

By Order of the Board
POON JING
Chairman

Hong Kong 10th July 2008

As at the date of this announcement, the executive directors of the Company are Mr. Poon Jing, Dr. Lim Yin Cheng, Mr. Fung Siu To, Clement, Mr. Poon Tin Sau, Robert and Mr. Woo Wei Chun, Joseph; and the independent non-executive directors are Mr. Ip Chi Wai, Mr. Leung Wai Keung, Richard and Mr. Hung Yat Ming.