



ASIA STANDARD HOTEL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 00292)

ANNOUNCEMENT OF INTERIM RESULTS SIX MONTHS ENDED 30TH SEPTEMBER 2007

FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	Six months ended 30th September		Change
	2007	2006	
Consolidated profit and loss account			
Revenue	322	311	+4%
Profit attributable to shareholders	42	17	+147%
Basic earnings per share (HK cents)	0.34	0.19	+79%
Dividend per share (HK cent)	0.26	0.26	-
	30th September 2007	31st March 2007	
Consolidated balance sheet			
Net assets	1,998	1,943	+3%
Net debt	626	723	-13%
Supplementary information with hotel properties at valuation:			
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%

The Directors of Asia Standard Hotel Group Limited (the “Company”) announce that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2007 together with the comparative figures for the six months ended 30th September 2006 were as follows :

CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

For the six months ended 30th September

	<i>Note</i>	2007 HK\$'000	2006 HK\$'000
Revenue	2	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	3	(18,259)	(42,599)
Operating profit	4	66,006	44,595
Interest income		1,277	1,035
Finance costs	5	(18,141)	(23,717)
Profit before income tax		49,142	21,913
Income tax expense	6	(7,007)	(5,191)
Profit attributable to shareholders		42,135	16,722
Dividend	7	33,105	24,602
Earnings per share			
Basic	8	HK0.34 cent	HK0.19 cent
Diluted	8	HK0.34 cent	N/A

CONSOLIDATED BALANCE SHEET - UNAUDITED

		30th September 2007 HK\$'000	31st March 2007 HK\$'000
Non-current assets			
Property, plant and equipment		912,757	888,009
Leasehold land		1,701,213	1,712,580
Goodwill		13,188	13,188
Deferred income tax assets		27,768	30,372
		<u>2,654,926</u>	<u>2,644,149</u>
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	9	74,683	53,843
Bank balances and cash		84,125	68,861
		<u>273,889</u>	<u>166,543</u>
Current liabilities			
Derivative financial instruments		675	1,619
Dividend payable		32,523	-
Trade and other payables	10	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		15,157	13,161
		<u>204,938</u>	<u>140,403</u>
Net current assets		<u>68,951</u>	<u>26,140</u>
Total assets less current liabilities		<u>2,723,877</u>	<u>2,670,289</u>
Non-current liabilities			
Convertible bonds		-	116,162
Warrant liabilities		114,080	-
Long term bank loans, secured		611,580	611,486
		<u>725,660</u>	<u>727,648</u>
Net assets		<u>1,998,217</u>	<u>1,942,641</u>
Equity			
Share capital		250,176	221,605
Reserves		1,748,041	1,721,036
		<u>1,998,217</u>	<u>1,942,641</u>

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. 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. Revenue and segment information

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

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	<u>167,670</u>	<u>10,241</u>	<u>144,419</u>	<u>-</u>	<u>322,330</u>
Segment results	94,025	914	5	-	94,944
Other income / (charges)	(34,677)	(27)	(19)	16,464	(18,259)
Unallocated corporate expenses					<u>(10,679)</u>
Operating profit					66,006
Interest income					1,277
Finance costs					<u>(18,141)</u>
Profit before income tax					49,142
Income tax expense					<u>(7,007)</u>
Profit attributable to shareholders					<u>42,135</u>

2. Revenue and segment information (Continued)

Business segments (Continued)

	Hotel operation HK\$'000	Catering services HK\$'000	Travel agency HK\$'000	Other operations HK\$'000	Group 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	<u>161,742</u>	<u>11,515</u>	<u>137,538</u>	<u>-</u>	<u>310,795</u>
Segment results	91,228	1,831	688	-	93,747
Other income / (charges)	(36,759)	(66)	(33)	(5,741)	(42,599)
Unallocated corporate expenses					<u>(6,553)</u>
Operating profit					44,595
Interest income					1,035
Finance costs					<u>(23,717)</u>
Profit before income tax					21,913
Income tax expense					<u>(5,191)</u>
Profit attributable to shareholders					<u>16,722</u>

2. Revenue and segment information (Continued)

Secondary reporting format – geographical segments

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

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

A summary of geographical segments is set out as follows:

	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
	<u>322,330</u>	<u>310,795</u>	<u>66,006</u>	<u>44,595</u>

3. Other income and charges

	Six months ended 30th September	
	2007	2006
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	(23,356)	(26,539)
Amortisation of leasehold land	(11,367)	(10,319)
Share option expenses	(22,400)	-
Fair value gain on warrant liabilities	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
	<u>(18,259)</u>	<u>(42,599)</u>

4. 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	<u>212</u>	<u>79</u>
Expenses		
Operating lease rental expense for properties	3,209	2,594
Cost of inventories sold	<u>11,128</u>	<u>11,342</u>

5. 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	<u>(944)</u>	<u>3,556</u>
	<u>18,141</u>	<u>23,717</u>

6. 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	<u>2,604</u>	<u>5,191</u>
	<u>7,007</u>	<u>5,191</u>

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).

7. Dividend

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

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 ended 31st March 2008.

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

8. 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.

9. 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	31st March 2007
	HK\$'000	HK\$'000
0 day to 60 days	41,411	38,485
61 days to 120 days	879	1,382
More than 120 days	-	156
	<u>42,290</u>	<u>40,023</u>

10. 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
	<u>25,152</u>	<u>30,360</u>

11. Comparative figures

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

Management Discussion and Analysis

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.

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 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 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.

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.

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.

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.

By Order of the Board

Poon Jing
Chairman

Hong Kong, 21st December 2007

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