



ASIA ORIENT HOLDINGS LIMITED

Stock Code: 214

Interim Report 2011



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

Non-executive

Mr. Chan Sze Hung

Independent Non-executive

Mr. Cheung Kwok Wah
 Mr. Hung Yat Ming
 Mr. Wong Chi Keung

Audit committee

Mr. Hung Yat Ming (*Chairman*)
 Mr. Cheung Kwok Wah
 Mr. Wong Chi Keung

Remuneration committee

Mr. Fung Siu To, Clement (*Chairman*)
 Mr. Hung Yat Ming
 Mr. Wong Chi Keung

Authorised representatives

Mr. Fung Siu To, Clement
 Mr. Lun Pui Kan

Company secretary

Mr. Tung Kwok Lui

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.asiaorient.com.hk>
 Email ao_info@asia-standard.com.hk

Principal bankers

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

Legal advisers

Stephenson Harwood
 35th Floor, Bank of China Tower,
 1 Garden Road, Central,
 Hong Kong

Appleby
 2206-19, Jardine House,
 1 Connaught Place, Central,
 Hong Kong

Auditor

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

Share registrar in Bermuda

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

Hong Kong branch share registrar and transfer office

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

Financial Highlights

	Six months ended		
	30th September		
	2011	2010	Change
		(Restated)	

(In HK\$ million, except otherwise indicated)

Consolidated profit and loss account

Revenue	633	18	+35 times
Operating (loss)/profit	(814)	104	N/A
(Loss)/profit attributable to shareholders of the Company	(312)	885	N/A
(Loss)/earnings per share – basic (HK\$)	(0.44)	1.25	N/A

	30th	31st	
	September	March	
	2011	2011	Change
		(Restated)	

Consolidated balance sheet

Total assets	20,301	20,045	+1%
Net assets	14,292	14,944	– 4%
Equity attributable to shareholders of the Company	6,709	7,048	–5%
Equity attributable to shareholders of the Company per share (HK\$)	9.42	9.89	–5%
Net debt	4,707	3,716	+27%
Gearing – net debt to net assets	33%	25%	+8%

Management Discussion and Analysis



The Westminster Terrace



ASIA STANDARD BECAME A SUBSIDIARY

In January 2011, the Group's shareholdings in Asia Standard International Group Limited ("Asia Standard") increased from 49.2% to 50.3%. The increase changed the status of Asia Standard from an associated company of the Group to a subsidiary in January 2011. Accordingly, results of Asia Standard are consolidated in the current interim period but equity accounted for in the interim period of 2010.

RESULTS

The Group's revenue for the six months amounted to HK\$633 million (2010: HK\$18 million), it recorded a HK\$312 million loss attributable to shareholders (2010: HK\$885 million profit). The loss is mainly due to unrealised loss arising from the change in market value of its securities investment. This unrealised loss does not affect the cashflow of the Group in the period.

ASIA STANDARD

The 50.3% owned Asia Standard reported a loss attributable to shareholders of HK\$192 million (2010: HK\$1,555 million profit) with a revenue of HK\$589 million (2010: HK\$595 million).

Property sales, development and leasing

Property sales amounted to HK\$38 million (2010: HK\$133 million). Development profit was HK\$5 million (2010: HK\$64 million).

Development sales at The Westminster Terrace, a 50% joint venture luxurious residential development at Castle Peak Road, generated a HK\$256 million revenue (2010: HK\$277 million) and contributed HK\$109 million (2010: HK\$95 million) profit before tax to Asia Standard for the current interim period. By accounting convention, these revenue and profit was excluded from Asia Standard's revenue and segment results but separately accounted for as share of profit from jointly controlled entity.

Management Discussion and Analysis

Asia Orient Tower



Empire Hotel Kowloon



On development planning, the land premium of the approximately 590,000 sq. ft. GFA residential development at Hung Shui Kiu, New Territories is at discussion with government. The 186,000 sq. ft. site in Macau is currently under planning application for residential development. During the period, the 50% owned 2 million sq. ft. GFA joint venture residential/commercial project in Beijing has obtained planning parameters. Land premium assessment is in progress and details on demolition and resettlement plan are being worked out.

During the period, Asia Standard jointly with its partner acquired another 1.5 million sq. ft. site in Shanghai, planning to be developed into low rise residential buildings and villas. It owned a 47.5% stake in this project and has contracted to increase to 50%.

On leasing, rental income attributable to its investment properties portfolio increased by 20% to HK\$55 million from HK\$46 million of interim period last year. Revaluation gain (including that from associated company) of HK\$1,059 million (2010: HK\$966 million) was recorded. Deferred tax on revaluation surplus of investment properties was written back with the adoption of revised accounting standard during the period.

Financial investments

At 30th September 2011, Asia Standard's financial investment portfolio amounted to HK\$4,093 million (31st March 2011: HK\$5,250 million). It recorded a net unrealised fair value loss of HK\$1,727 million (2010: HK\$404 million) and a net realised gain of HK\$6 million (2010: HK\$6 million) during the period. These investments generated dividend and interest income of HK\$156 million (2010: HK\$96 million).

Management Discussion and Analysis

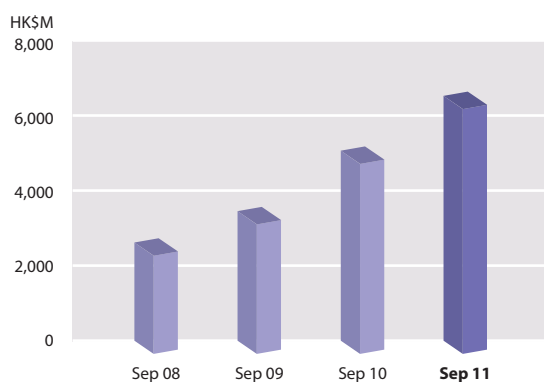
Hotel

The hotel group reported a loss of HK\$487 million (2010: profit of HK\$151 million) for the period.

Revenue increased for the entire hotel portfolio, slightly offset by minor reduction in the travel agency and catering operation. Contribution to segment results before depreciation of HK\$131 million was registered for the period compared to HK\$98 million of interim period last year, which is the result of both higher occupancies and room rates.

Due to the unrealised loss on its securities investment, the hotel group reported loss on its overall result.

Equity attributable to shareholders



FINANCIAL REVIEW

The Group's total asset at period end amounted to approximately HK\$20 billion (31st March 2011: HK\$20 billion). Net asset was HK\$14.3 billion (31st March 2011: HK\$14.9 billion).

Net debt at 30th September 2011 was HK\$4.7 billion (31st March 2011: HK\$3.7 billion), of which HK\$4.6 billion (31st March 2011: HK\$3.6 billion) belong to the separately listed subsidiary and HK\$0.1 billion (31st March 2011: HK\$0.1 billion) belong to the parent group. Gearing was 33% (31st March 2011: 25%). The increase in debt is mainly to finance the acquisition of development project.

All the debts are at floating rates and interest rate fluctuation is partly managed through interest rate swaps. At 30th September 2011, a total of HK\$200 million interest rate swap contracts were held for hedging purpose against our borrowings. Total interest costs increased due to increase in average loan balance.

The maturity of our debts spread over a long period of up to 15 years. 20% of total borrowings are from revolving credit facilities secured by property assets. 23% are from revolving credit facilities through the pledge of financial assets investment. 19% are repayable between one to five years and 33% repayable after five years, which are also secured by property assets. At 30th September 2011, the Group had current assets of HK\$6,670 million (31st March 2011: HK\$7,684 million).

About 78% of the Group's borrowings are in Hong Kong dollar and 14% in Euro. With the weakening of Euro against Hong Kong dollar, the Group recorded an exchange gain in these foreign currencies loan revaluation for the period, resulting in a net credit in total finance costs.

Management Discussion and Analysis

At 30th September 2011, the Group's financial investment portfolio amounted to HK\$4,587 million (31st March 2011: HK\$5,949 million). These financial investments comprise 69% by debt securities and 31% by equity securities. They are denominated in different currencies with 32% in Sterling, 29% in US dollar, 22% in Euro and 17% in HK dollar.

Excluding Asia Standard, the parent group has a net unrealised fair value loss of HK\$202 million (2010: HK\$93 million unrealised gain) and a net realised gain of HK\$9 million (2010: HK\$1 million) recognised in the profit and loss account and generated dividend and interest income of HK\$33 million during the period (2010: HK\$13 million).

At 30th September 2011, an approximate HK\$14,832 million (31st March 2011: HK\$13,529 million) book value of property assets and financial investments were pledged to banks as collateral for credit facilities granted to the Group. The Group did not provide any guarantees (31st March 2011: Nil) to financial institutions on credit facilities extended to jointly controlled entities, associated companies and third parties.

In October 2011, the Company issued 3-year convertible bonds with principal amount of HK\$80 million, bearing interest at 6.5% per annum. Net proceeds of HK\$78.6 million were applied against repayment of short term borrowings, thereby significantly improving the debt maturity profile at the parent group.

EMPLOYEES AND REMUNERATION POLICIES

At 30th September 2011, the Group employed approximately 680 full time employees. Their remuneration packages, commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

FUTURE PROSPECTS

The Group had over the years developed a strong recurrent income base from property rental income, investment coupon and hotel operating income. This has provided a solid foundation to the Group to finance its operation and property development projects.

The Group has property development interests in Hong Kong, Shanghai, Beijing and Macau. We expect that these projects will in time bring profitable return to the shareholders. Meanwhile, the Group continues to hold a cautious approach in seeking development opportunities in the coming month.

Report on Review of Interim Financial Information

**To the Board of Directors of
Asia Orient Holdings Limited**

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 8 to 28, which comprises the condensed consolidated balance sheet of Asia Orient Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30th September 2011 and the related condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28th November 2011

Condensed Consolidated Profit and Loss Account – Unaudited

	Note	For the six months ended	
		30th September	
		2011	2010
		HK\$'000	HK\$'000
			(Restated)
Revenue	4	633,121	18,098
Cost of sales		(203,259)	(3,758)
Gross profit		429,862	14,340
Selling and administrative expenses		(94,409)	(4,195)
Depreciation		(85,807)	(18)
Fair value gain of investment properties		852,241	–
Net investment (loss)/gain	5	(1,915,665)	93,744
Operating (loss)/profit		(813,778)	103,871
Net finance income/(costs)	7	9,676	(558)
Share of profits less losses of			
Jointly controlled entities		3,009	–
Associated companies		212,617	767,948
Negative goodwill arising from acquisition of additional interest in associated companies		–	13,581
(Loss)/profit before income tax		(588,476)	884,842
Income tax credit	8	7,625	550
(Loss)/profit for the period		(580,851)	885,392
Attributable to:			
Shareholders of the Company		(311,847)	885,392
Non-controlling interests		(269,004)	–
		(580,851)	885,392
Dividend	9	–	7,102
(Loss)/earnings per share (HK\$)			
Basic	10	(0.44)	1.25
Diluted	10	(0.44)	1.25

Condensed Consolidated Statement of Comprehensive Income – Unaudited

	For the six months ended	
	30th September	
	2011	2010
	HK\$'000	HK\$'000
		(Restated)
(Loss)/profit for the period	(580,851)	885,392
Other comprehensive (charge)/income		
Net fair value loss on available-for-sale investments	(58,037)	(1,222)
Impairment of available-for-sale investments		
charged to profit and loss account	1,517	–
Currency translation differences	(14,148)	(925)
Negative goodwill recognised by an associated company	–	18,633
	(70,668)	16,486
Total comprehensive (charge)/income for the period	(651,519)	901,878
Total comprehensive (charge)/income attributable to:		
Shareholders of the Company	(338,814)	901,878
Non-controlling interests	(312,705)	–
	(651,519)	901,878

Condensed Consolidated Balance Sheet – Unaudited

	<i>Note</i>	30th September 2011 HK\$'000	31st March 2011 HK\$'000 (Restated)
Non-current assets			
Property, plant and equipment	11	6,801,000	6,897,728
Investment properties	12	4,245,258	3,393,017
Jointly controlled entities		1,219,861	821,543
Associated companies		1,114,547	929,967
Available-for-sale investments		174,636	230,257
Mortgage loans receivable		73,784	81,729
Deferred income tax assets		1,939	5,852
		13,631,025	12,360,093
Current assets			
Properties under development for sale		1,475,295	1,133,217
Completed properties held for sale		132,798	170,536
Hotel and restaurant inventories		2,159	2,341
Mortgage loans receivable		2,899	3,664
Trade and other receivables	13	305,414	244,290
Amount due from an associated company		13,200	–
Amount due from a jointly controlled entity		–	65,000
Income tax recoverable		13	513
Financial assets at fair value through profit or loss	14	4,412,036	5,718,781
Bank balances and cash		326,611	346,156
		6,670,425	7,684,498
Current liabilities			
Trade and other payables	15	124,580	160,624
Amount due to an associated company		–	14,850
Income tax payable		22,573	36,857
Derivative financial instruments		33,853	26,242
Borrowings	16	2,476,111	1,791,956
		2,657,117	2,030,529
Net current assets		4,013,308	5,653,969
Total assets less current liabilities		17,644,333	18,014,062

Condensed Consolidated Balance Sheet – Unaudited

	<i>Note</i>	30th September 2011 HK\$'000	31st March 2011 HK\$'000 (Restated)
<hr/>			
Non-current liabilities			
Long term borrowings	<i>16</i>	2,557,879	2,270,071
Deferred income tax liabilities		794,454	800,472
		3,352,333	3,070,543
<hr style="border-top: 1px dashed #000;"/>			
Net assets		14,292,000	14,943,519
<hr/>			
Equity			
Share capital	<i>17</i>	71,243	71,243
Reserves	<i>18</i>	6,637,756	6,976,570
Equity attributable to shareholders of the Company		6,708,999	7,047,813
Non-controlling interests		7,583,001	7,895,706
		14,292,000	14,943,519
<hr/>			

Condensed Consolidated Statement of Cash Flows – Unaudited

	For the six months ended	
	30th September	
	2011	2010
	HK\$'000	HK\$'000
Net cash generated/(used) before working capital changes	179,205	(3,121)
Changes in working capital	(835,938)	(22,043)
Net cash used in operating activities	(656,733)	(25,164)
Net cash (used in)/generated from investing activities	(339,920)	7,037
Net cash generated from financing activities	981,005	48,381
Net (decrease)/increase in cash and cash equivalents	(15,648)	30,254
Cash and cash equivalents at the beginning of period	318,863	17,597
Changes in exchange rates	(4,479)	–
Cash and cash equivalents at the end of period	298,736	47,851
Analysis of the balances of cash and cash equivalents		
Bank balances and cash (excluding restricted bank balances)	298,736	47,851

Condensed Consolidated Statement of Changes in Equity – Unaudited

	Shareholders of the Company	Non-controlling interests	Total
	HK\$'000 (Restated)	HK\$'000 (Restated)	HK\$'000 (Restated)
<hr/>			
At 31st March 2010			
As previously reported	4,134,213	–	4,134,213
Prior year adjustment – Write-back of deferred tax on investment properties	158,500	–	158,500
As restated	4,292,713	–	4,292,713
<hr style="border-top: 1px dashed #000;"/>			
Currency translation differences	(925)	–	(925)
Fair value loss on available-for-sale investments	(1,222)	–	(1,222)
Negative goodwill recognised by associated companies	18,633	–	18,633
Profit for the period	885,392	–	885,392
Total comprehensive income for the period	901,878	–	901,878
<hr style="border-top: 1px dashed #000;"/>			
Dividend and total transactions with owners	(6,867)	–	(6,867)
<hr/>			
At 30th September 2010	5,187,724	–	5,187,724
<hr/>			
At 31st March 2011			
As previously reported	6,755,397	7,648,404	14,403,801
Prior year adjustment – Write-back of deferred tax on investment properties	292,416	247,302	539,718
As restated	7,047,813	7,895,706	14,943,519
<hr style="border-top: 1px dashed #000;"/>			
Currency translation differences	(5,399)	(8,749)	(14,148)
Net fair value loss on available-for-sale investments	(22,147)	(35,890)	(58,037)
Impairment of available-for-sale investments charged to profit and loss account	579	938	1,517
Loss for the period	(311,847)	(269,004)	(580,851)
Total comprehensive income for the period	(338,814)	(312,705)	(651,519)
<hr style="border-top: 1px dashed #000;"/>			
At 30th September 2011	6,708,999	7,583,001	14,292,000

Notes to the Interim Financial Information

1 Basis of preparation

During the period from December 2010 to end of January 2011, the Group's shareholdings in Asia Standard International Group Limited ("Asia Standard") increased from 49.2% to 50.3%. The increase changed the status of Asia Standard from an associated company of the Group to a subsidiary in January 2011. As a result, the Group would consolidate the results of Asia Standard Group from February 2011 onwards. Prior to that, the results and net assets of Asia Standard were equity accounted for in the Group's financial statements.

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 2011.

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 2011, except for the adoption of new and revised standards and amendments to existing standards ("new HKFRSs"), which are relevant to the Group's operations and are applicable to the Group's accounting periods beginning on 1st April 2011.

The following new HKFRSs are relevant to the Group's operations and are mandatory for accounting periods beginning on or after 1st January 2011:

HKAS 24 (Revised)	Related Party Disclosures
Amendment to HKAS 34	Interim Financial Reporting

The adoption of new HKFRSs in the current period did not have any significant effect on the interim financial information or result in any substantial changes in the Group's significant accounting policies.

The Group has decided to early adopt the amendments to HKAS 12, Deferred tax: recovery of underlying assets ("HKAS 12 (Amendment)"), in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40, Investment property. The amendments are effective for annual periods beginning on or after 1 January 2012, but early adoption is permitted.

The change in policy arising from the adoption of HKAS 12 (Amendment) is the only change which has had a material impact on the current and comparative periods. The Group's investment properties in Hong Kong do not have to provide deferred tax on fair value changes arising from revaluation of investment properties. Previously, where these properties were held under leasehold interests, deferred tax was generally measured using the tax rate that would apply as a result of recovery of the asset's value through use.

Notes to the Interim Financial Information

1 Basis of preparation (continued)

This change in accounting policy has been applied retrospectively. The impact of the adoption of HKAS 12 (Amendment) is as follows:

Condensed consolidated profit and loss account

	Six months ended	
	30th September	
	2011	2010
	HK\$'000	HK\$'000
Increase in:		
Share of profits of associated companies	33,759	78,159
Negative goodwill arising from acquisition of interest in associated companies	–	523
Income tax credit	140,933	–
Decrease in loss/increase in profit for the period attributable to shareholders of the Company	174,692	78,682
Decrease in loss/increase in earnings per share (HK\$)	0.25	0.11

Condensed consolidated balance sheet

	30th	31st
	September	March
	2011	2011
	HK\$'000	HK\$'000
Increase/(decrease) in:		
Associated companies	143,886	110,127
Deferred income tax liabilities	(570,524)	(429,591)
Net assets	714,410	539,718

Except for disclosure above, certain new and revised standards have been issued but not yet effective for the year ending 31st March 2012 and have not been early adopted by the Group. The Group has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether they will have substantial changes to the Group's accounting policies and presentation of the condensed consolidated interim financial information.

Notes to the Interim Financial Information

2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk and interest rate risk. There have been no changes in the overall risk management since the year ended 31st March 2011.

The interim condensed consolidated financial information does not include financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31st March 2011.

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 are related to fair value of investment properties, impairment of trade and other receivables, income taxes, fair value of derivative financial instruments and impairment of available-for-sale investments.

At 30th September 2011, the Group had investment properties with fair value of HK\$4,245,258,000 (31st March 2011: HK\$3,393,017,000). The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the amount is determined within a range of reasonable fair value estimates. Information from a variety of sources are considered in making the judgement:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

Notes to the Interim Financial Information

4 Turnover and segment information

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

The Group is principally engaged in property management, development and investment, hotel, travel agency and catering operations and securities investments. Turnover comprises revenue from property sales and leasing, hotel and travel agency, management services, interest income and dividend income, together with gross proceeds from disposal of financial assets at fair value through profit or loss and derivative financial instruments. Revenue includes revenue from property sales and leasing, hotel and travel agency, management services, interest income and dividend income.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by the chief operating decision-maker. The Group is organised into five main operating segments, comprising property management, property sales, property leasing, hotel and travel and investments. Segment assets consist primarily of property, plant and equipment, leasehold land, investment properties, available-for-sale investments, other non-current assets, hotel inventories, properties, trade and other receivables and financial assets at fair value through profit or loss. Segment liabilities comprise mainly borrowings.

Current period segment results consolidate segment results of Asia Standard as it became a subsidiary from February 2011 onwards. Prior to that, its result was included as share of profits less losses of associated companies. As a result of this change, certain comparative figures were re-presented to conform to current period's presentation of segment results.

Notes to the Interim Financial Information

4 Turnover and segment information (continued)

	Property management	Property sales	Property leasing	Hotel and travel	Investments	Others	Group
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30th September 2011							
Turnover	6,139	37,919	44,520	340,775	2,045,300	14,425	2,489,078
Segment revenue	6,139	37,919	44,520	340,775	189,343	14,425	633,121
Contribution to segment results	2,545	235	42,580	130,713	189,343	14,425	379,841
Depreciation	(48)	-	-	(83,255)	-	(2,504)	(85,807)
Fair value gain of investment properties	-	-	852,241	-	-	-	852,241
Net investment loss	-	-	-	-	(1,915,665)	-	(1,915,665)
Segment results	2,497	235	894,821	47,458	(1,726,322)	11,921	(769,390)
Unallocated corporate expenses							(44,388)
Operating loss							(813,778)
Net finance income							9,676
Share of profits less losses of							
Jointly controlled entities	-	3,009	-	-	-	-	3,009
Associated companies	-	(16)	212,643	-	-	(10)	212,617
Loss before income tax							(588,476)
Income tax credit							7,625
Loss for the period							(580,851)
Six months ended 30th September 2010 (Restated)							
Turnover	5,280	-	-	-	17,600	31	22,911
Segment revenue	5,280	-	-	-	12,787	31	18,098
Contribution to segment results	1,522	-	-	-	12,787	31	14,340
Depreciation	(18)	-	-	-	-	-	(18)
Net investment gain	-	-	-	-	93,744	-	93,744
Segment results	1,504	-	-	-	106,531	31	108,066
Unallocated corporate expenses							(4,195)
Operating profit							103,871
Finance costs							(558)
Share of profits of associated companies	-	46,624	484,203	15,707	210,620	10,794	767,948
Negative goodwill arising from acquisition of additional interest in associated companies							13,581
Profit before income tax							884,842
Income tax credit							550
Profit for the period							885,392

Notes to the Interim Financial Information

4 Turnover and segment information (continued)

	Property management HK\$'000	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Investments HK\$'000	Others HK\$'000	Group HK\$'000
At 30th September 2011							
Segment assets	22,587	2,874,425	5,333,684	6,725,244	4,758,609	398,570	20,113,119
Other unallocated assets							188,331
							20,301,450
Segment assets include:							
Jointly controlled entities and associated companies	-	1,265,724	1,080,963	-	-	921	2,347,608
Addition to non-current assets* for the six months ended 30th September 2011							
	306	500,000	-	4,951	-	421	505,678
Segment liabilities							
Borrowings	-	1,605,000	490,452	1,069,869	1,868,669	-	5,033,990
Other unallocated liabilities							975,460
							6,009,450
At 31st March 2011 (Restated)							
Segment assets	21,714	2,237,605	4,281,120	6,813,618	6,070,249	407,205	19,831,511
Other unallocated assets							213,080
							20,044,591
Segment assets include:							
Jointly controlled entities and associated companies	-	932,409	883,170	-	-	931	1,816,510
Addition to non-current assets* for the six months ended 30th September 2010							
	9	-	-	-	-	-	9
Segment liabilities							
Borrowings	-	775,000	498,484	1,097,683	1,690,860	-	4,062,027
Other unallocated liabilities							1,039,045
							5,101,072

* The amounts exclude financial instruments and deferred income tax assets.

	Six months ended 30th September	
	2011 HK\$'000	2010 HK\$'000
Revenue		
Hong Kong	389,930	5,311
Overseas	243,191	12,787
	633,121	18,098

Notes to the Interim Financial Information

4 Turnover and segment information (continued)

	30th September 2011 HK\$'000	31st March 2011 HK\$'000 (Restated)
Non-current assets*		
Hong Kong	12,560,368	11,189,570
Overseas	820,298	852,685
	13,380,666	12,042,255

* The amounts exclude financial instruments and deferred income tax assets.

5 Net investment (loss)/gain

	Six months ended 30th September	
	2011 HK\$'000	2010 HK\$'000
Financial assets at fair value through profit or loss		
– net unrealised (loss)/gain from market price movements	(1,773,122)	74,991
– net unrealised exchange (loss)/gain	(147,796)	17,974
– net realised gain (note)	14,569	779
Net unrealised loss on derivative financial instruments	(7,799)	–
Impairment of available-for-sale investments	(1,517)	–
	(1,915,665)	93,744
Note:		
Net realised gain on financial assets at fair value through profit or loss		
Gross proceeds	1,855,957	4,812
Cost of purchase	(1,089,324)	(4,033)
Total gain	766,633	779
Net unrealised gain recognised in prior years	(752,064)	–
	14,569	779

Notes to the Interim Financial Information

6 Income and expenses by nature

	Six months ended 30th September	
	2011 HK\$'000	2010 HK\$'000
Income		
Net rental income (note(a))	42,580	–
Interest income		
– Listed investments	177,119	12,787
– Unlisted investments	180	–
– A jointly controlled entity	4,493	–
– Other receivables	2,210	–
– Bank deposits	325	31
Dividend income		
– Listed investments	11,694	–
Expenses		
Operating lease rental expense for land and buildings	3,620	–
Employee benefit expense, including Director's emoluments (note (b))	84,439	5,347
Cost of properties and goods sold	120,476	–
Notes:		
(a) Net rental income		
Gross rental income		
– Investment properties	42,063	–
– Properties held for sale	2,457	–
	44,520	–
Outgoings	(1,940)	–
	42,580	–
(b) Employee benefit expense		
Wages and salaries	81,858	5,214
Retirement benefit costs	2,581	133
	84,439	5,347

Notes to the Interim Financial Information

7 Net finance income/(costs)

	Six months ended	
	30th September	
	2011	2010
	HK\$'000	HK\$'000
		(Restated)
Interest expenses on		
Long term bank loans	(22,027)	–
Short term bank loans and overdrafts	(13,678)	(110)
Interest capitalised under properties under development for sale	5,609	–
Other incidental borrowings costs	(437)	(136)
Net foreign exchange gain/(loss) on borrowings	40,021	(312)
Fair value gain on interest rate swaps	188	–
	9,676	(558)

8 Income tax credit

	Six months ended	
	30th September	
	2011	2010
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	(4,327)	–
Overprovision in prior years	18,085	–
	13,758	–
Deferred income tax	(6,133)	550
	7,625	550

Hong Kong profits tax is provided at the rate of 16.5% (2010: 16.5%) 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 tax rates prevailing in the countries in which the Group operates. In 2010, no provision for Hong Kong profits tax has been made as the Group had sufficient tax losses brought forward to set off against the estimated assessable profits for the period.

Share of income tax expenses of jointly controlled entities and associated companies for the period of HK\$785,000 (2010: Nil) and HK\$1,566,000 (2010: HK\$66,374,000) are included in the profit and loss account as share of profits less losses of jointly controlled entities and associated companies respectively.

Notes to the Interim Financial Information

9 Dividend

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2011 (2010: HK1 cent per share, with a scrip option).

10 (Loss)/earnings per share

The calculation of basic and diluted (loss)/earnings per share for the six months ended 30th September is based on the following:

	Six months ended 30th September	
	2011	2010
	HK\$'000	HK\$'000 (Restated)
(Loss)/profit attributable to shareholders of the Company	(311,849)	885,392
		Number of shares
Weighted average number of shares for calculation of basic (loss)/earnings per share	712,431,720	708,809,638
Effect of dilutive potential shares:		
A portion of share options assumed to be exercised	4,064,896	1,164,627
Weighted average number of shares for calculation of diluted (loss)/earnings per share	716,496,616	709,974,265

Diluted (loss)/earnings per share for the six months ended 30th September 2011 and 2010 did not assume the exercise of the outstanding share options of Asia Standard and Asia Standard Hotel Group Limited since their exercise would have an anti-dilutive effect.

Notes to the Interim Financial Information

11 Property, plant and equipment

	Freehold land of a hotel in Canada HK\$'000	Leasehold land in Hong Kong HK\$'000	Hotel buildings HK\$'000	Other buildings HK\$'000	Other equipments HK\$'000	Total HK\$'000
Cost						
At 31st March 2011	253,090	5,403,640	2,198,617	72,384	49,507	7,977,238
Currency translation differences	(5,186)	–	(31,214)	–	165	(36,235)
Additions	–	–	4,951	98	629	5,678
Disposal	–	–	(199)	–	(201)	(400)
At 30th September 2011	247,904	5,403,640	2,172,155	72,482	50,100	7,946,281
Accumulated depreciation						
At 31st March 2011	–	367,175	663,175	6,647	42,513	1,079,510
Currency translation differences	–	–	(19,826)	–	134	(19,692)
Charge for the period	–	42,273	41,614	943	977	85,807
Disposals	–	–	(149)	–	(195)	(344)
At 30th September 2011	–	409,448	684,814	7,590	43,429	1,145,281
Net book value						
At 30th September 2011	247,904	4,994,192	1,487,341	64,892	6,671	6,801,000
At 31st March 2011	253,090	5,036,465	1,535,442	65,737	6,994	6,897,728

12 Investment properties

Investment properties were revalued by Prudential Surveyors International Limited, independent valuers, on an open market value basis as at 30th September 2011 and 31st March 2011.

13 Trade and other receivables

Trade and other receivables of the Group include trade receivables, utility and other deposits, accrued interest and dividend receivable.

An aging analysis of trade receivables net of provision for impairment is as follows:

	30th September 2011 HK\$'000	31st March 2011 HK\$'000
0-60 days	40,617	67,777
61-120 days	965	500
More than 120 days	25	23
	41,607	68,300

Notes to the Interim Financial Information

14 Financial assets at fair value through profit or loss

	30th September 2011 HK\$'000	31st March 2011 HK\$'000
Equity securities		
– Listed in Hong Kong	578,828	440,778
– Listed in the USA	339,984	920,313
– Listed in Europe	424,996	840,366
– Unlisted	–	44,695
	1,343,808	2,246,152
Debt securities		
– Listed in the USA	36,142	104,510
– Listed in Europe	2,286,782	3,040,755
– Listed in Singapore	710,362	292,834
– Unlisted	8,000	8,000
	3,041,286	3,446,099
Unlisted fund	26,942	26,530
	4,412,036	5,718,781

Financial assets at fair value through profit or loss are denominated in the following currencies:

Sterling	1,478,127	2,878,710
US dollar	1,328,646	1,843,888
Euro	1,018,435	547,405
Hong Kong dollar	586,828	448,778
	4,412,036	5,718,781

Note:

The debt securities carry fixed coupons ranging from 4.1% to 13.5% (31.3.2011: from 5.905% to 13.5%) per annum based on nominal values which are equivalent to HK\$5,293,521,000 (31.3.2011: HK\$4,157,450,000).

Notes to the Interim Financial Information

15 Trade and other payables

Trade and other payables of the Group include trade payables, rental and management fee deposits, building management account surplus and various accruals.

An aging analysis of trade receivables net of provision for impairment is as follows:

	30th September 2011 HK\$'000	31st March 2011 HK\$'000
0-60 days	17,415	58,132
61-120 days	38	83
More than 120 days	19	106
	17,472	58,321

16 Borrowings

	30th September 2011 HK\$'000	31st March 2011 HK\$'000
Current liabilities		
Short term bank loans and overdrafts		
Secured	2,178,670	1,411,860
Unsecured	130,000	99,000
	2,308,670	1,510,860
Current portion of long term bank loans	99,325	202,541
Portion of long term loans with a repayment on demand clause	68,116	78,555
	2,476,111	1,791,956
Non-current liabilities		
Long term bank loans, secured	2,557,879	2,270,071
	5,033,990	4,062,027

The maturity of the long term bank loans is as follows (note):

Repayable within one year	99,325	202,541
Repayable between one and two years	427,549	388,244
Repayable between two and five years	534,974	247,890
Repayable after five years	1,663,472	1,712,492
	2,725,320	2,551,167
Current portion included in current liabilities	(99,325)	(202,541)
	2,625,995	2,348,626

Note:

The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

Notes to the Interim Financial Information

17 Share capital

	Number of shares	Amount HK\$'000
Shares of HK\$0.1 each		
Authorised		
At 31st March 2011 and 30th September 2011	3,000,000,000	300,000
Issue and fully paid		
At 31st March 2011 and 30th September 2011	712,431,720	71,243

18 Reserves

	Share Premium HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Available for-sale investment reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2011							
As previously reported	2,097,635	398,021	60,257	11,466	(3,687)	4,120,462	6,684,154
Prior year adjustment–							
Write-back of deferred tax on investment properties	–	–	–	–	–	292,416	292,416
As restated	2,097,635	398,021	60,257	11,466	(3,687)	4,412,878	6,976,570
Currency translation differences	–	–	–	–	–	(5,399)	(5,399)
Net fair value loss on available-for- sale investments	–	–	–	–	(22,147)	–	(22,147)
Impairment of available-for-sale investments charged to profit and loss account	–	–	–	–	579	–	579
Loss for the period	–	–	–	–	–	(311,847)	(311,847)
At 30th September 2011	2,097,635	398,021	60,257	11,466	(25,255)	4,095,632	6,637,756

Notes to the Interim Financial Information

19 Capital commitments

Capital commitments at the balance sheet date are as follows:

	30th September 2011 HK\$'000	31st March 2011 HK\$'000
Property, plant and equipment		
Contracted but not provided for	759	1,054
Authorised but not contracted for	5,106	4,277
	5,865	5,331
Investment in a jointly controlled entity		
Contracted but not provided for	25,915	–
	31,780	5,331

20 Financial guarantees

At 30th September 2011 and 31st March 2011, the Group had no financial guarantee and significant contingent liabilities.

21 Related parties transactions

During the period, no significant transactions have been entered except for income from a jointly controlled entity comprising management fee, project management fee, agency fee and interest income of HK\$6,900,000 (2010: Nil).

No transactions have been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel compensation) (2010: Nil).

22 Comparative figures

Certain comparative figures have been restated as a result of the adoption of new HKFRS and to conform with the current period's presentation.

23 Subsequent event

On 14th October 2011, the Company issued convertible bonds with principal amount of HK\$80 million which bears interest at 6.5% per annum payable semi-annually in arrears. The bondholder has the option to convert the bonds into fully paid shares at HK\$1.1 per share at any time within three years from the date of issue. The net proceeds amounting to HK\$78.6 million has been applied towards repayment of short term bank borrowings.

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\$930 million (before Group's provisions) as at 30th September 2011 which exceed 8% of the Group's consolidated total assets. A pro forma combined balance sheet of certain affiliated companies with major financial assistance from the Group and the Group's attributable interest in these affiliated companies are presented below:

	Pro forma combined balance sheet HK\$'000	Group's attributable interest HK\$'000
Property, plant and equipment	3,001	735
Investment properties	3,350,000	556,165
Properties under development for sale	2,396,750	697,397
Deferred income tax assets	1,759	443
Current assets	437,506	97,532
Current liabilities	(192,992)	(43,962)
Long term borrowings	(122,600)	(20,354)
Deferred income tax liabilities	(13,443)	(2,980)
Non-controlling interests	(4,138)	1,123,531
Shareholders' advance	(1,855,910)	(364,116)
	3,999,933	2,044,391

Other Information

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

As at 30th September 2011, the interests and short positions 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 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 Issuers (the "Model Code") as set out in Appendix 10 of 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			Total	Percentage of shares in issue (%)
	Personal interest	Corporate interest	Family interest		
Poon Jing	193,842,510	132,997,302	4,873,940	331,713,752	46.56
Fung Siu To, Clement	14,042,433	–	–	14,042,433	1.97

(b) Associated corporations

Director	Associated corporation	Number of shares held			Percentage of shares in issue (%)
		Personal interest	Corporate interest	Total	
Poon Jing	Asia Standard International Group Limited ("Asia Standard")	1,176,670	614,962,312 (Notes)	616,138,982	50.40
Poon Jing	Asia Standard Hotel Group Limited ("AS Hotel")	49,528	1,120,832,195 (Notes)	1,120,881,723	72.88
Fung Siu To, Clement	Mark Honour Limited	9	–	9	0.01

Notes:

- By virtue of his controlling interest in the Company, Mr. Poon Jing is deemed to be interested in the shares of Asia Standard and AS Hotel held by the Company and its subsidiaries.
- By virtue of his interest in the Company, Mr. Poon Jing is deemed to be interested in the shares of all the Company's subsidiaries and associated companies.

Other Information

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

(continued)

(II) Long positions in underlying shares*Interests in share options**(a) The Company*

Director	Outstanding as at 1st April 2011 and 30th September 2011
Fung Siu To, Clement	2,126,301
Lim Yin Cheng	2,126,301
Lun Pui Kan	2,126,301
Kwan Po Lam, Phileas	2,126,301

Notes:

- (1) Options were granted on 29th March 2007 and exercisable during the period from 29th March 2007 to 28th March 2017 at exercise price of HK\$1.4315 (as adjusted) per share.
- (2) During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

(b) Associated corporations

– Asia Standard

Director	Outstanding as at 1st April 2011 and 30th September 2011
Fung Siu To, Clement	2,062,176
Lim Yin Cheng	2,062,176
Poon Jing	515,544
Lun Pui Kan	2,062,176
Kwan Po Lam, Phileas	2,062,176

Notes:

- (1) Options were granted on 30th March 2005 and exercisable during the period from 30th March 2005 to 29th March 2015 at exercise price of HK\$3.15 (as adjusted) per share.
- (2) During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

Other Information

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

(II) Long positions in underlying shares (continued)

Interests in share options (continued)

(b) Associated corporations (continued)

– AS Hotel

Director	Date of Grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2011 and 30th September 2011
Fung Siu To, Clement	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
Lim Yin Cheng	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000
Lun Pui Kan	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000
Kwan Po Lam, Phileas	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000

Note:

During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

Save as disclosed above, as at 30th September 2011, 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.

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 2011, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executive.

Long positions in shares and underlying shares of the Company

Shareholder	Capacity	Number of shares held	Percentage (%)
Heston Holdings Limited ("Heston") (Note 1)	Beneficial owner	46,205,044	6.48
Teddington Holdings Limited ("Teddington") (Note 1)	Beneficial owner	55,538,026	7.79
Dalton Investments LLC ("Dalton") (Note 2)	Investment manager	121,467,993	17.04
Clearwater Insurance Company ("Clearwater Insurance") (Note 2)	Trustee	48,341,035	6.78
Daswani Rajkumar Murlidhar	Beneficial owner	49,007,674	6.87

Notes:

1. Mr. Poon Jing, his family interest and the companies wholly owned by him namely Teddington, Heston and Full Speed Investments Limited together hold 331,713,752 shares. The interest of Teddington and Heston duplicate the interest of Mr. Poon Jing disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures".
2. Dalton is the investment manager for Clearwater Insurance. The interest of Clearwater Insurance in the shares duplicate the interest of Dalton disclosed above.

Save as disclosed above, as at 30th September 2011, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept under section 336 of the SFO.

Other Information

Share option scheme

The Company

The share option scheme of the Company was adopted by the Company on 11th November 2002. As at 30th September 2011, there were 41,927,116 share options outstanding. Movements of the share options of the Company during the period are as follows:

Grantee	Outstanding as at 1st April 2011 and 30th September 2011
Directors (Note 1)	8,505,204
Director of a subsidiary (Note 1)	3,469,228
Employees of subsidiaries (Note 1)	24,172,684
Employee of a subsidiary (Note 2)	5,780,000
	41,927,116

Notes:

1. These share options were granted on 29th March 2007 and exercisable during the period from 29th March 2007 to 28th March 2017 at an exercise price of HK\$1.4315 (as adjusted) per share.
2. These share options were granted on 15th August 2008 and exercisable during the period from 15th August 2008 to 14th August 2018 at an exercise price of HK\$1.07 per share.
3. During the period, no option was granted, exercised, cancelled or lapsed.

Subsidiaries

– *Asia Standard*

The share option scheme of Asia Standard was adopted by Asia Standard on 27th August 2004. As at 30th September 2011, there were 13,404,141 share options outstanding. Movements of the share options of Asia Standard during the period are as follows:

Grantee	Outstanding as at 1st April 2011 and 30th September 2011
Directors (Note 1)	8,764,248
Director of a subsidiary	2,062,176
Other employees	2,577,717
	13,404,141

Notes:

1. These share options were granted on 30th March 2005 and exercisable from 30th March 2005 to 29th March 2015 at an exercise price of HK\$3.15 (as adjusted) per share.
2. During the period, no option was granted, exercised, cancelled or lapsed.

Other Information

Share option scheme (continued)

Subsidiaries (continued)

– AS Hotel

The share option scheme of AS Hotel was adopted by AS Hotel on 28th August 2006. As at 30th September 2011, there were 78,999,999 share options outstanding. Movements of the share options of AS Hotel during the period are as follows:

Grantee	Date of Grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2011 and 30th September 2011
Directors	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	24,000,000
Directors of a subsidiary	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000
Employees	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	30,999,999
				78,999,999

Note:

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

Other Information

Interim dividend

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2011 (2010: HK1 cent per share, with a scrip option).

Purchase, sale or redemption of listed securities

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

Code of conduct regarding securities transactions by directors

The Company has adopted the Model Code and has made specific enquiry of all directors regarding any non-compliance with the Model Code during the period, and they all confirmed that they have fully complied with the required standard as set out in the Model Code throughout the period ended 30th September 2011.

Code on corporate governance practices

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

Audit committee

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th September 2011.

On behalf of the Board
Asia Orient Holdings Limited
Fung Siu To, Clement
Chairman

Hong Kong, 28th November 2011

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