



ASIA ORIENT HOLDINGS LIMITED

Stock Code: 214



INTERIM REPORT
2013

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. Poon Hai
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas

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

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Mr. Lun Pui Kan (appointed on 2nd October 2013)
Mr. Tung Kwok Lui (resigned on 2nd October 2013)

REGISTERED OFFICE

Canon's Court, 22 Victoria Street,
Hamilton HM12, Bermuda

PRINCIPAL OFFICE IN HONG KONG

30th Floor, Asia Orient Tower, Town Place,
33 Lockhart Road, Wanchai,
Hong Kong

Telephone 2866 3336
Facsimile 2866 3772
Website <http://www.asiaorient.com.hk>
Email ao_info@asia-standard.com.hk

PRINCIPAL BANKERS

HSBC
Bank of China (Hong Kong)
Hang Seng Bank
Industrial and Commercial Bank of China (Asia)
Bank of East Asia
Chiyu Banking
Chong Hing Bank
Barclays Bank
Bank Morgan Stanley
UBS
Bank Julius Baer

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

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street,
Hamilton HM11, 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 | | |
| | 2013 | 2012 | Change |
| (in HK\$ million, except otherwise indicated) | | | |
| Consolidated profit and loss account | | | |
| Revenue | 817 | 598 | +37% |
| Operating profit | 1,056 | 747 | +41% |
| Profit attributable to shareholders of the Company | 536 | 424 | +26% |
| Earnings per share – basic (HK\$) | 0.75 | 0.59 | +27% |

| | 30th September 2013 | 31st March 2013 | Change |
|--|---------------------------|-----------------------|--------|
|--|---------------------------|-----------------------|--------|

Consolidated balance sheet

| | | | |
|--|--------|--------|------|
| Total assets | 24,353 | 22,012 | +11% |
| Net assets | 18,542 | 17,532 | +6% |
| Equity attributable to shareholders of the Company | 9,003 | 8,373 | +8% |
| Net debt | 3,736 | 3,006 | +24% |

Supplementary information with hotel properties in operation at valuation (note):

| | | | |
|--|--------|--------|------|
| Revalued total assets | 27,029 | 24,374 | +11% |
| Revalued net assets | 21,836 | 20,519 | +6% |
| Equity attributable to shareholders of the Company | 10,277 | 9,522 | +8% |
| Equity attributable to shareholders of the Company per share (HK\$) | 14.14 | 13.33 | +6% |
| Gearing – net debt to revalued net assets | 17% | 15% | +2% |

Note: According to the Group's accounting policies, hotel properties were carried at cost less accumulated depreciation. To give further information on the economic substance of its hotel properties investments, the Group hereby presents supplementary unaudited financial information taking into account the fair market value of hotel properties and excluding the corresponding deferred income tax on Hong Kong properties as Hong Kong tax jurisdiction does not include capital gain tax.

The hotel properties in Hong Kong and Canada were revalued by Vigers Appraisal & Consulting Limited and Grant Thornton Management Consultants respectively, independent professional valuers, on an open market value basis as at 30th September 2013 and 31st March 2013.

MANAGEMENT DISCUSSION AND ANALYSIS



RESULTS

The Group's revenue for the six months amounted to HK\$817 million (2012: HK\$598 million), it recorded a HK\$536 million (2012: HK\$424 million) profit attributable to shareholders.

PROPERTY SALES AND DEVELOPMENT

The Group's property sales, development and leasing operation is carried out through Asia Standard International, its 50.9% owned listed subsidiary.

The HK\$160 million sales contract for the inventory retail podium of Canaryside in Yau Tong was completed and recognised during the period. This development is completely sold out.

The Group is at present engaged in the development of several residential and commercial projects with an attributable GFA of approximately 4.0 million sq. ft., spanning over Hong Kong, Shanghai, Beijing and Macau.

In Hong Kong New Territories, our Hung Shui Kiu development is currently pending land exchange process. This is a residential and commercial development on an 110,000 sq. ft. site, which will provide approximately 900 residential units and retail shops with an approximate total GFA of 514,000 sq. ft. Our development is conveniently located adjacent to a light rail station linked to the West Rail network. It is also positioned to be the station portal for the Hong Kong and Shenzhen Western Railway, connecting to the Qian Hai Bay Economic Zone in Shenzhen. We have a similar development at the Lam Tei station pending land exchange with government.

Luxurious developments at Perkins Road and Henderson Road at Jardine's Lookout on the Hong Kong Island are underway.

MANAGEMENT DISCUSSION AND ANALYSIS



Qingpu, Shanghai

In Shanghai, we are building over 300 villas and apartments in a traditional high end and low-density residential neighborhood in the Qingpu district, Puxi. There are about a dozen international schools that surround our development, which makes the location very sought after. Furthermore, our development is minutes away from the Hongqiao transportation hub and is about 30 minutes drive from the Nanjing West Road CBD. The Group's 50% joint venture project is now in superstructure stage. The development has a total floor area of approximately 1,080,000 sq. ft. on a 1.5 million sq. ft. site. We expect the development will be completed in 2015 and pre-sale will commence around mid-2014.

In Beijing, our group was successful in gaining planning approvals from the local government of Tongzhou. This 50% joint venture development is a waterfront residential/commercial development with a total floor area of approximately 2,360,000 sq. ft.. Land premium has been paid and land clearances are under preparation.

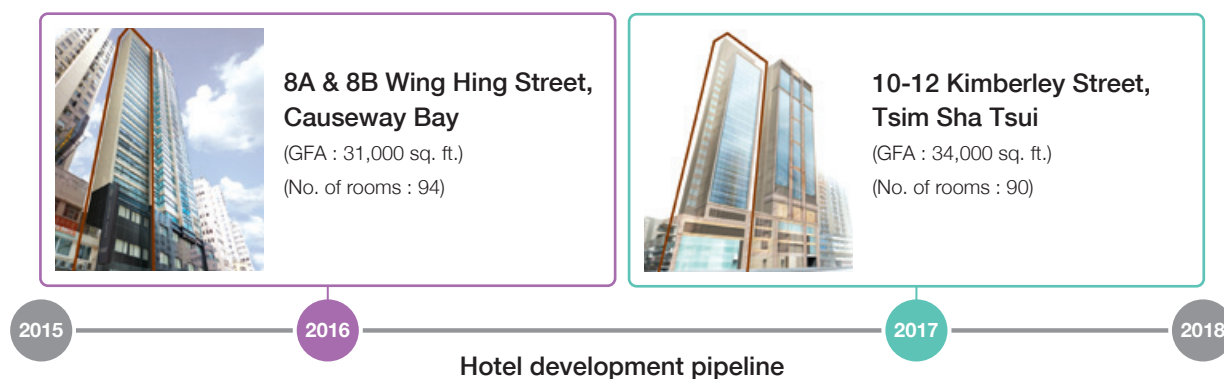
In Macau, planning application for the 190,000 sq. ft. site is underway. This site is located within the proposed residential/commercial Seac Pai Van zoning outline indicated by the local Government.

LEASING

Rental income attributable to our 353,000 sq. ft. investment properties portfolio in Central, Wan Chai and Causeway Bay amounted to HK\$65 million (2012: HK\$55 million), an increase of 18%. Significant increases in rent were achieved by the retail space of Asia Standard Tower in Central, which was effective in the second half of previous financial year.

Investment properties revaluation gain (including that generated from properties owned by an associated company) of HK\$124 million (2012: HK\$427 million) was recorded.

MANAGEMENT DISCUSSION AND ANALYSIS



HOTEL

The hotel and travel operation is carried out through Asia Standard Hotel, another separately listed subsidiary 70.1% owned by Asia Standard International, and 3% directly owned by the parent group.

Revenue arising from the hotel and travel segment increased 5% from HK\$360 million of last interim period to HK\$379 million of current interim period. The increase mostly came from travel business. Average room rate of Hong Kong hotels were 3% more than interim period last year, while average occupancies of them stay above 95%, closely approximate to interim period last year. Contribution to segment results before depreciation was approximately HK\$128 million (2012: HK\$134 million), with increased operating costs.

Foundation of the new hotel adjacent to the existing one in Causeway Bay is about to commence, while demolition of existing buildings in the acquired site in Tsimshatsui is scheduled to complete by end November 2013. These two new developed hotels will add 184 rooms to the portfolio upon completion in 2016/2017.

FINANCIAL INVESTMENTS

At 30th September 2013, the Group's financial investment portfolio amounted to HK\$6,012 million (31st March 2013: HK\$4,729 million), of which HK\$5,379 million were held in the group's two listed subsidiaries. The increase was arisen from a mark to market valuation gain of HK\$661 million and a further investment of HK\$622 million.

Interest and dividend income for the period from these investments amounted to HK\$210 million (2012: HK\$175 million). During the period, the Group recorded a net investment gain of HK\$666 million (2012: HK\$187 million) comprising mostly unrealised gain from the mark to market valuation at period end.

These financial investments comprise 64% by debt securities and 36% by equity securities. They are denominated in different currencies with 57% in United States dollar, 20% in Sterling, 13% in Hong Kong dollar, 5% in Euro and 5% in Renminbi.

At 30th September 2013, an approximate value of HK\$1,040 million (31st March 2013: HK\$60 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

At 30th September 2013, the Group's total assets amounted to approximately HK\$24.4 billion (31st March 2013: HK\$22.0 billion). Net assets were HK\$18.5 billion (31st March 2013: HK\$17.5 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group would be HK\$27.0 billion (31st March 2013: HK\$24.4 billion) and HK\$21.8 billion (31st March 2013: HK\$20.5 billion).

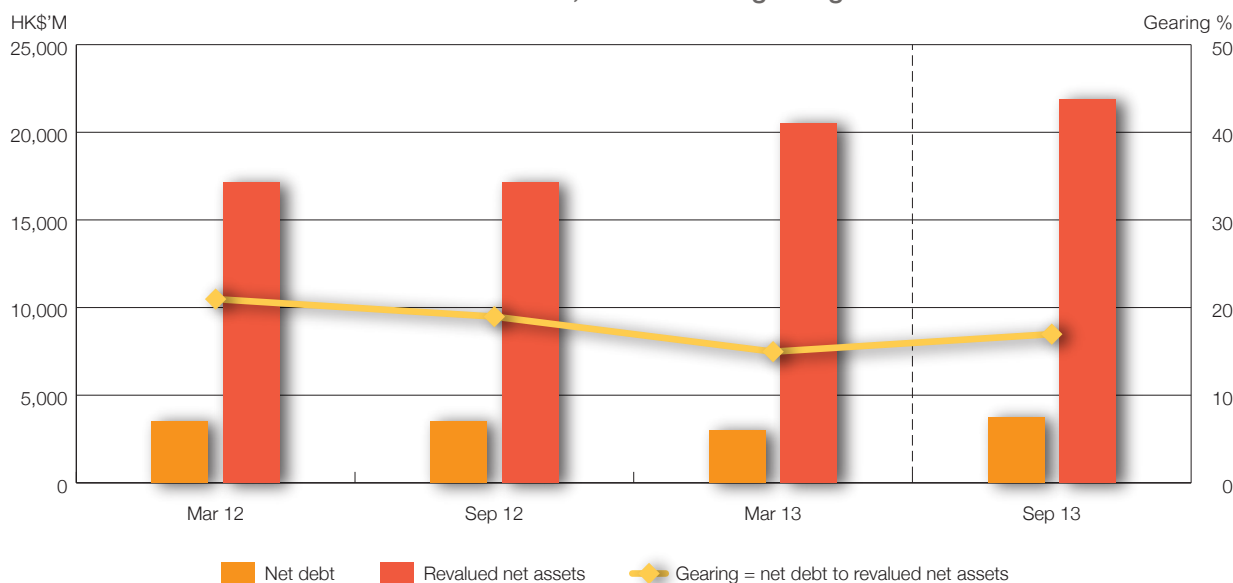
In April 2013, Asia Standard International issued RMB500 million medium term notes ("MTN") at effective interest rate (after hedging) of approximately 5.5% p.a. for a period of 5 years. The MTN represents a new funding source to the Group.

Net debt at 30th September 2013 was HK\$3,736 million (31st March 2013: HK\$3,006 million), of which HK\$50 million (31st March 2013: HK\$37 million) attributable to the parent group. The Group's gearing, calculated as net debt to revalued net asset, was 17% (31st March 2013: 15%).

Subsequent to the period end, Asia Standard International successfully raised a 4-year unsecured club loan of HK\$1 billion. The funding will be used for future project acquisition, land premium and general working capital.

All the bank borrowings are at floating rates, while the medium term notes and convertible bonds carry interest at fixed rate. At 30th September 2013, a total of HK\$50 million (31st March 2013: HK\$150 million) interest rate swap contract and RMB500 million cross currency interest rate swap contracts were held to hedge our borrowings. Total interest costs increased due to issuance of MTN and increased borrowings during the period.

Revalued net assets, net debt and gearing ratio



MANAGEMENT DISCUSSION AND ANALYSIS

The maturities of our debts are well spread over a long period of up to 13 years. Revolving loans account for 5% and term loans secured by financial assets repayable between one to five years account for 10%. Term loans secured by property assets account for 70% with 10% repayable within 1 year, 39% repayable between one to five years and 21% repayable after five years. The remaining 15% are from convertible bonds and medium term notes repayable between one to five years. At 30th September 2013, the Group had current assets of HK\$8.3 billion (31st March 2013: HK\$6.6 billion).

About 72% of the Group's borrowings are in Hong Kong dollar, 13% in Renminbi, 13% in US dollars, and the remaining 2% in other currencies.

At 30th September 2013, an approximate HK\$16.7 billion (31st March 2013: HK\$15.1 billion) book value of property assets and financial investments were pledged to banks as collateral for credit facilities granted to the Group. HK\$357 million guarantees (31st March 2013: HK\$339 million) were provided to financial institutions against credit facilities granted to jointly controlled entities.

EMPLOYEES AND REMUNERATION POLICIES

At 30th September 2013, the Group employed approximately 610 (31st March 2013: 608) 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 continuing liquidity around the world has fuelled asset price inflation in the local property market, which is recently stamped down by tax interventions instituted in latter half of last financial year, as reflected in the reduced transaction volume in secondary market. We believe this will instill stability into the local market in the longer term.

We continue to be bullish on the mainland property market as there remains a strong positive demand for housing from the population, further encouraged by the urbanization policy adopted by the Mainland government.

Prospect of the hotel segment is looking promising in view of the rising household income of the mainland population which remains a principal source of our business demand.

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 9 to 29, which comprises the condensed consolidated balance sheet of Asia Orient Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th September 2013 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-month 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, 26th November 2013

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT – UNAUDITED

| | Note | For the six months ended 30th September | |
|--|------|--|------------------|
| | | 2013 HK\$'000 | 2012 HK\$'000 |
| Revenue | 4 | 817,291 | 598,440 |
| Cost of sales | | (345,382) | (185,022) |
| Gross profit | | 471,909 | 413,418 |
| Selling and administrative expenses | | (97,377) | (100,256) |
| Depreciation | | (82,364) | (81,856) |
| Net investment gain | 5 | 666,500 | 187,421 |
| Fair value gain of investment properties | | 97,190 | 328,718 |
| Operating profit | | 1,055,858 | 747,445 |
| Net finance costs | 7 | (45,087) | (28,982) |
| Share of profits less losses of | | | |
| Jointly controlled entities | | (1,722) | 4,964 |
| Associated companies | | 35,880 | 109,077 |
| Profit before income tax | | 1,044,929 | 832,504 |
| Income tax expense | 8 | (17,110) | (10,314) |
| Profit for the period | | 1,027,819 | 822,190 |
| Attributable to: | | | |
| Shareholders of the Company | | 535,567 | 424,492 |
| Non-controlling interests | | 492,252 | 397,698 |
| | | 1,027,819 | 822,190 |
| Earnings per share (HK\$) | | | |
| Basic | 10 | 0.75 | 0.59 |
| Diluted | 10 | 0.68 | 0.54 |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

| | For the six months ended 30th September | |
|---|--|----------|
| | 2013 | 2012 |
| | HK\$'000 | HK\$'000 |
| Profit for the period | 1,027,819 | 822,190 |
| Other comprehensive income | | |
| Items that have been reclassified or may be reclassified subsequently to profit or loss: | | |
| Impairment of available-for-sale investments charged to profit and loss account | – | 395 |
| Release of reserve upon disposal of available-for-sale investments | – | (622) |
| Net fair value gain on available-for-sale investments | 8,246 | 12,021 |
| Cash flow hedges | | |
| – fair value gains | 6,557 | – |
| – transfer to finance costs | (4,471) | – |
| Currency translation differences | (2,202) | 3,120 |
| | 8,130 | 14,914 |
| Total comprehensive income for the period | 1,035,949 | 837,104 |
| Attributable to: | | |
| Shareholders of the Company | 539,210 | 430,122 |
| Non-controlling interests | 496,739 | 406,982 |
| | 1,035,949 | 837,104 |

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

| | | 30th September 2013 HK\$'000 | 31st March 2013 HK\$'000 |
|---|----|---------------------------------------|-----------------------------------|
| <hr/> | | | |
| Non-current assets | | | |
| Property, plant and equipment | 11 | 7,189,663 | 7,171,385 |
| Investment properties | 12 | 5,450,032 | 5,418,841 |
| Jointly controlled entities | | 1,154,201 | 1,121,706 |
| Associated companies | | 1,477,879 | 1,441,984 |
| Available-for-sale investments | | 249,635 | 241,390 |
| Financial assets at fair value through profit or loss | 14 | 522,385 | – |
| Derivative financial instruments | | 6,557 | – |
| Mortgage loans receivable | | 2,896 | 3,790 |
| Deferred income tax assets | | 3,352 | 1,254 |
| | | 16,056,600 | 15,400,350 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Current assets | | | |
| Properties under development for sale | | 1,723,035 | 1,177,534 |
| Completed properties held for sale | | 3,816 | 131,352 |
| Hotel and restaurant inventories | | 1,673 | 2,218 |
| Mortgage loans receivable | | 530 | 672 |
| Trade and other receivables | 13 | 291,438 | 370,570 |
| Income tax recoverable | | 513 | 815 |
| Financial assets at fair value through profit or loss | 14 | 5,239,906 | 4,487,788 |
| Bank balances and cash | | 1,035,486 | 440,457 |
| | | 8,296,397 | 6,611,406 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Current liabilities | | | |
| Trade and other payables | 15 | 167,705 | 155,121 |
| Amount due to jointly controlled entities | | 51,816 | 69,686 |
| Derivative financial instruments | | 1,408 | 2,289 |
| Borrowings | 16 | 772,384 | 479,102 |
| Income tax payable | | 61,720 | 27,214 |
| | | 1,055,033 | 733,412 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Net current assets | | 7,241,364 | 5,877,994 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Total assets less current liabilities | | 23,297,964 | 21,278,344 |
| <hr style="border-top: 1px dashed black;"/> | | | |

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

| | Note | 30th September 2013 HK\$'000 | 31st March 2013 HK\$'000 |
|--|------|---------------------------------------|-----------------------------------|
| <hr/> | | | |
| Non-current liabilities | | | |
| Long term borrowings | 16 | 3,311,203 | 2,898,786 |
| Convertible bonds | | 71,935 | 68,493 |
| Medium term notes | 17 | 616,018 | – |
| Deferred income tax liabilities | | 756,664 | 778,613 |
| | | 4,755,820 | 3,745,892 |
| <hr/> | | | |
| Net assets | | 18,542,144 | 17,532,452 |
| <hr/> | | | |
| Equity | | | |
| Share capital | 18 | 72,658 | 71,416 |
| Reserves | 19 | 8,930,418 | 8,301,776 |
| | | | |
| Equity attributable to shareholders of the Company | | 9,003,076 | 8,373,192 |
| Non-controlling interests | | 9,539,068 | 9,159,260 |
| | | 18,542,144 | 17,532,452 |
| <hr/> | | | |

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW – UNAUDITED

| | For the six months ended | |
|---|--------------------------|-----------|
| | 30th September | |
| | 2013 | 2012 |
| | HK\$'000 | HK\$'000 |
| Net cash generated before working capital changes | 366,226 | 305,306 |
| Changes in working capital | (984,771) | (283,292) |
| Net cash (used in)/generated from operating activities | (618,545) | 22,014 |
| Net cash used in investing activities | (84,902) | (47,049) |
| Net cash generated from/(used in) financing activities | 1,298,366 | (61,048) |
| Net increase/(decrease) in cash and cash equivalents | 594,919 | (86,083) |
| Cash and cash equivalents at the beginning of period | 413,968 | 408,155 |
| Changes in exchange rates | 775 | 917 |
| Cash and cash equivalents at the end of period | 1,009,662 | 322,989 |
| Analysis of the balances of cash and cash equivalents | | |
| Bank balances and cash (excluding restricted bank balances) | 1,009,662 | 322,989 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

| | Attributable to shareholders of the Company | | | Non- controlling interests HK\$'000 | Total HK\$'000 |
|--|--|----------------------|-------------------|--|-------------------|
| | Share capital HK\$'000 | Reserves HK\$'000 | Total HK\$'000 | | |
| At 31st March 2012 | 71,416 | 6,908,343 | 6,979,759 | 7,853,184 | 14,832,943 |
| Net fair value gain on available-for-sale investments | – | 4,597 | 4,597 | 7,424 | 12,021 |
| Impairment of available-for-sale investments charged to profit and loss account | – | 152 | 152 | 243 | 395 |
| Release of reserve upon disposal of available-for-sale investments | – | (314) | (314) | (308) | (622) |
| Currency translation differences | – | 1,195 | 1,195 | 1,925 | 3,120 |
| Profit for the period | – | 424,492 | 424,492 | 397,698 | 822,190 |
| Total comprehensive income for the period | – | 430,122 | 430,122 | 406,982 | 837,104 |
| Dividends paid by a subsidiary | – | – | – | (4,867) | (4,867) |
| At 30th September 2012 | 71,416 | 7,338,465 | 7,409,881 | 8,255,299 | 15,665,180 |
| At 31st March 2013 | 71,416 | 8,301,776 | 8,373,192 | 9,159,260 | 17,532,452 |
| Net fair value gain on available-for-sale investments | – | 3,396 | 3,396 | 4,850 | 8,246 |
| Cash flow hedges | | | | | |
| – fair value gains | – | 3,319 | 3,319 | 3,238 | 6,557 |
| – transfer to finance costs | – | (2,263) | (2,263) | (2,208) | (4,471) |
| Currency translation differences | – | (809) | (809) | (1,393) | (2,202) |
| Profit for the period | – | 535,567 | 535,567 | 492,252 | 1,027,819 |
| Total comprehensive income for the period | – | 539,210 | 539,210 | 496,739 | 1,035,949 |
| Net increase in shareholding of subsidiaries | – | 99,677 | 99,677 | (99,677) | – |
| Dividends paid | 1,242 | (10,245) | (9,003) | (17,254) | (26,257) |
| Total transactions with owners | 1,242 | 89,432 | 90,674 | (116,931) | (26,257) |
| At 30th September 2013 | 72,658 | 8,930,418 | 9,003,076 | 9,539,068 | 18,542,144 |

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information ("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, and should be read in conjunction with the annual financial statements for the year ended 31st March 2013.

The accounting policies and methods of computation used in the preparation of this Interim Financial Information are consistent with those used in the annual financial statements for the year ended 31st March 2013, except for the new derivative contracts designated as cash flow hedge instruments and the adoption of new standards, which are relevant to the Group's operations and are applicable to the Group's accounting periods beginning on 1st April 2013.

Changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in other comprehensive income. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss account.

The following new standards are relevant to the Group's operations and are mandatory for accounting periods beginning on or after 1st January 2013:

| | |
|---------------------|---|
| Amendment to HKAS 1 | Presentation of Items of Other Comprehensive Income |
| HKFRS 10 | Consolidated Financial Statements |
| HKFRS 11 | Joint Arrangement |
| HKFRS 12 | Disclosures of Interests in Other Entities |
| HKFRS 13 | Fair Value Measurement |

The adoption of new standards 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.

2 FINANCIAL RISK MANAGEMENT

(I) FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. There have been no changes in the overall risk management since the year ended 31st March 2013.

The Interim 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 2013.

(II) FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

NOTES TO THE INTERIM FINANCIAL INFORMATION

2 FINANCIAL RISK MANAGEMENT (CONTINUED)

(II) FAIR VALUE ESTIMATION (CONTINUED)

The following table presents the Group's assets and liabilities that are measured at fair value.

| | Level 1 HK\$'000 | Level 2 HK\$'000 | Total HK\$'000 |
|---|---------------------|---------------------|-------------------|
| At 30th September 2013 | | | |
| Assets | | | |
| Financial assets at fair value through profit or loss | 5,754,107 | 8,184 | 5,762,291 |
| Derivative financial instruments | – | 6,557 | 6,557 |
| Available-for-sale investments | 230,340 | 19,295 | 249,635 |
| | 5,984,447 | 34,036 | 6,018,483 |
| Liabilities | | | |
| Derivative financial instruments | – | 1,408 | 1,408 |
| At 31st March 2013 | | | |
| Assets | | | |
| Financial assets at fair value through profit or loss | 4,487,788 | – | 4,487,788 |
| Available-for-sale investments | 223,923 | 17,467 | 241,390 |
| | 4,711,711 | 17,467 | 4,729,178 |
| Liabilities | | | |
| Derivative financial instruments | – | 2,289 | 2,289 |

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using latest available transaction price or valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

Level 2 derivative financial instruments comprise cross currency interest rate swap and interest rate swap. They are fair valued using forward interest rates extracted from observable yield curves and foreign exchange rates that are quoted in an active market.

Level 2 available-for-sale investments comprise unlisted equity securities, which are fair valued using dealer quotes on observable values for the asset or liability and foreign exchange rates that are quoted in an active market.

During the six months ended 30 September 2013, there was no transfer between level 1 and level 2 fair value measurements.

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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 2013, the Group had investment properties with fair value of HK\$5,450,032,000 (31st March 2013: HK\$5,418,841,000). 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.

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 operation and catering operations and securities investments. Revenue includes revenue from property management, property sales and leasing, hotel and travel operation, management services, interest income and dividend income. Management regards turnover as comprising these revenue as defined under generally accepted accounting principles together with gross consideration from disposal of financial assets at fair value through profit or loss and derivative financial instruments.

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 four main operating segments, comprising property sales, property leasing, hotel and travel and financial investments. As property management segment represents less than 1% of the Group's total revenue and results, this business segment is included in others but not reported separately. Corresponding comparative figures have been adjusted to conform with the re-classification. Segment assets consist primarily of property, plant and equipment, 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.

NOTES TO THE INTERIM FINANCIAL INFORMATION

4 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

| | Property sales HK\$'000 | Property leasing HK\$'000 | Hotel and travel HK\$'000 | Financial investments HK\$'000 | Others HK\$'000 | Total HK\$'000 |
|---|-------------------------------|---------------------------------|---------------------------------|--------------------------------------|--------------------|-------------------|
| Six months ended 30th September 2013 | | | | | | |
| Turnover | 160,000 | 52,962 | 378,955 | 478,950 | 14,919 | 1,085,786 |
| Segment revenue | 160,000 | 52,962 | 378,955 | 210,455 | 14,919 | 817,291 |
| Contribution to segment results | 31,592 | 48,066 | 128,453 | 210,172 | 702 | 418,985 |
| Depreciation | - | - | (79,285) | - | (3,079) | (82,364) |
| Net investment gain | - | - | - | 666,500 | - | 666,500 |
| Fair value gain of investment properties | - | 97,190 | - | - | - | 97,190 |
| Share of profits less losses of | | | | | | |
| Jointly controlled entities | (1,177) | - | - | - | (545) | (1,722) |
| Associated companies | - | 35,880 | - | - | - | 35,880 |
| Segment results | 30,415 | 181,136 | 49,168 | 876,672 | (2,922) | 1,134,469 |
| Unallocated corporate expenses | | | | | | (44,453) |
| Net finance costs | | | | | | (45,087) |
| Profit before income tax | | | | | | 1,044,929 |
| Six months ended 30th September 2012 | | | | | | |
| Turnover | 683 | 42,135 | 360,458 | 933,388 | 19,715 | 1,356,379 |
| Segment revenue | 683 | 42,135 | 360,458 | 175,449 | 19,715 | 598,440 |
| Contribution to segment results | 77 | 39,221 | 134,346 | 175,449 | 8,112 | 357,205 |
| Depreciation | - | - | (78,720) | - | (3,136) | (81,856) |
| Net investment gain | - | - | - | 187,421 | - | 187,421 |
| Fair value gain of investment properties | - | 328,718 | - | - | - | 328,718 |
| Share of profits less losses of | | | | | | |
| Jointly controlled entities | 4,964 | - | - | - | - | 4,964 |
| Associated companies | - | 109,077 | - | - | - | 109,077 |
| Segment results | 5,041 | 477,016 | 55,626 | 362,870 | 4,976 | 905,529 |
| Unallocated corporate expenses | | | | | | (44,043) |
| Net finance costs | | | | | | (28,982) |
| Profit before income tax | | | | | | 832,504 |

NOTES TO THE INTERIM FINANCIAL INFORMATION

4 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

| | Property sales HK\$'000 | Property leasing HK\$'000 | Hotel and travel HK\$'000 | Financial investments HK\$'000 | Others HK\$'000 | Total HK\$'000 |
|--|-------------------------------|---------------------------------|---------------------------------|--------------------------------------|--------------------|-------------------|
| At 30th September 2013 | | | | | | |
| Segment assets | 2,897,825 | 6,904,752 | 7,082,596 | 6,155,545 | 433,132 | 23,473,850 |
| Other unallocated assets | | | | | | 879,147 |
| | | | | | | 24,352,997 |
| Segment assets include: | | | | | | |
| Jointly controlled entities and associated companies | 1,170,621 | 1,431,074 | - | - | 30,385 | 2,632,080 |
| Addition to non-current assets* | | | | | | |
| for the six months ended 30th September 2013 | 7,456 | 287 | 36,652 | - | 31,656 | 76,051 |
| Segment liabilities | | | | | | |
| Borrowings | 1,352,820 | 469,401 | 1,517,413 | 743,953 | - | 4,083,587 |
| Other unallocated liabilities | | | | | | 1,727,266 |
| | | | | | | 5,810,853 |
| At 31st March 2013 | | | | | | |
| Segment assets | 2,554,943 | 6,835,321 | 7,126,750 | 4,869,666 | 346,913 | 21,733,593 |
| Other unallocated assets | | | | | | 278,163 |
| | | | | | | 22,011,756 |
| Segment assets include: | | | | | | |
| Jointly controlled companies and associated companies | 1,167,571 | 1,395,193 | - | - | 926 | 2,563,690 |
| Addition to non-current assets* | | | | | | |
| for the six months ended 30th September 2012 | 97,845 | 763 | 200,853 | - | 3,815 | 303,276 |
| Segment liabilities | | | | | | |
| Borrowings | 1,115,500 | 474,932 | 1,474,202 | 313,254 | - | 3,377,888 |
| Other unallocated liabilities | | | | | | 1,101,416 |
| | | | | | | 4,479,304 |

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

4 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

| | Six months ended 30th September | |
|----------------------------|---------------------------------------|-----------------------------------|
| | 2013 HK\$'000 | 2012 HK\$'000 |
| Revenue | | |
| Hong Kong | 580,439 | 376,986 |
| Overseas | 236,852 | 221,454 |
| | 817,291 | 598,440 |
| | | |
| | 30th September 2013 HK\$'000 | 31st March 2013 HK\$'000 |
| Non-current assets* | | |
| Hong Kong | 13,948,953 | 13,816,119 |
| Overseas | 1,322,822 | 1,337,797 |
| | 15,271,775 | 15,153,916 |

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

5 NET INVESTMENT GAIN

| | Six months ended 30th September | |
|--|------------------------------------|------------------|
| | 2013 HK\$'000 | 2012 HK\$'000 |
| Financial assets at fair value through profit or loss | | |
| – net unrealised gain from market price movements | 575,680 | 162,917 |
| – net unrealised exchange gain/(loss) | 77,331 | (2,165) |
| – net realised gain (note) | 13,489 | 24,761 |
| Available for sale investments | | |
| – net realised gain | – | 2,303 |
| – impairment | – | (395) |
| | 666,500 | 187,421 |
| | | |
| Note: | | |
| Net realised gain on financial assets at fair value through profit or loss | | |
| Gross consideration | 268,495 | 757,939 |
| Cost of investments | (233,562) | (638,314) |
| | | |
| Total gain | 34,933 | 119,625 |
| Less: net unrealised gain recognised in prior years | (21,444) | (94,864) |
| | | |
| Net realised gain recognised in current period | 13,489 | 24,761 |

NOTES TO THE INTERIM FINANCIAL INFORMATION

6 INCOME AND EXPENSES BY NATURE

| | Six months ended 30th September | |
|--|------------------------------------|------------------|
| | 2013 HK\$'000 | 2012 HK\$'000 |
| Income | | |
| Net rental income (note (a)) | 48,066 | 39,221 |
| Interest income | | |
| – Listed investments | 200,666 | 164,482 |
| – Unlisted investments | 4 | 209 |
| – A jointly controlled entity | – | 771 |
| – Other receivables | 1,759 | 1,936 |
| – Bank deposits | 2,735 | 453 |
| Dividend income | | |
| – Listed investments | 9,704 | 10,304 |
| Expenses | | |
| Cost of properties and goods sold | 237,608 | 99,403 |
| Employee benefit expense, including Director's emoluments (note (b)) | 87,772 | 87,609 |
| Operating lease rental expense for land and buildings | 4,853 | 3,756 |
| Notes: | | |
| (a) Net rental income | | |
| Gross rental income | | |
| – Investment properties | 52,938 | 41,399 |
| – Properties held for sale | 23 | 736 |
| | 52,961 | 42,135 |
| Outgoings | (4,895) | (2,914) |
| | 48,066 | 39,221 |
| (b) Employee benefit expense | | |
| Wages and salaries | 84,701 | 84,785 |
| Retirement benefit costs | 3,071 | 2,824 |
| | 87,772 | 87,609 |

NOTES TO THE INTERIM FINANCIAL INFORMATION

7 NET FINANCE COSTS

| | Six months ended 30th September | |
|---|------------------------------------|----------|
| | 2013 | 2012 |
| | HK\$'000 | HK\$'000 |
| Interest expenses | | |
| Long term bank loans | (38,238) | (24,609) |
| Short term bank loans and overdrafts | (2,155) | (8,250) |
| Convertible bonds | (5,835) | (5,356) |
| Medium term notes | (18,699) | – |
| Derivative financial instruments | 2,872 | – |
| Interest capitalised under properties under development | 18,335 | 8,074 |
| | (43,720) | (30,141) |
| Other incidental borrowing costs | (5,306) | (3,657) |
| Net foreign exchange (loss)/gain on borrowings | (1,412) | 3,044 |
| Fair value gain on interest rate swaps | | |
| Cash flow hedge, transfer from reserve | 4,471 | – |
| Not applying hedging accounting | 880 | 1,772 |
| | (45,087) | (28,982) |

8 INCOME TAX EXPENSE

| | Six months ended 30th September | |
|-------------------------------|------------------------------------|----------|
| | 2013 | 2012 |
| | HK\$'000 | HK\$'000 |
| Current income tax | | |
| Hong Kong profits tax | (40,697) | (20,236) |
| Overseas profits tax | (571) | – |
| Over-provision in prior years | 112 | 3 |
| | (41,156) | (20,233) |
| Deferred income tax | 24,046 | 9,919 |
| | (17,110) | (10,314) |

Hong Kong profits tax is provided at the rate of 16.5% (2012: 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.

Share of income tax expenses of jointly controlled entities and associated companies for the period of HK\$54,000 (2012: HK\$1,327,000) and HK\$1,817,000 (2012: HK\$2,086,000) 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 2013 (2012: Nil).

10 EARNINGS PER SHARE

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

| | Six months ended 30th September | |
|--|------------------------------------|--------------------|
| | 2013 HK\$'000 | 2012 HK\$'000 |
| Profit attributable to shareholders of the Company | 535,567 | 424,492 |
| Effect of dilutive potential shares: | | |
| Finance costs saved on convertible bonds | 4,524 | 3,790 |
| Profit for calculation of diluted earnings per share | 540,091 | 428,282 |
| | Number of shares | |
| Weighted average number of shares for calculation of basic earnings per share | 714,157,660 | 714,157,660 |
| Effect of dilutive potential shares: | | |
| Share options assumed to be exercised | 4,188,226 | 69,381 |
| Convertible bonds assumed to be converted at beginning of the period | 72,727,272 | 72,727,272 |
| Weighted average number of shares for calculation of diluted earnings per share | 791,073,158 | 786,954,313 |

Diluted earnings per share for the six months ended 30th September 2013 and 2012 did not assume the exercise of the outstanding share options of Asia Standard International Group Limited ("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 2013 | 249,441 | 5,990,928 | 2,205,207 | 68,414 | 57,080 | 8,571,070 |
| Currency translation differences | (1,051) | – | (6,365) | – | 216 | (7,200) |
| Additions | – | 25,370 | 11,281 | 434 | 1,766 | 38,851 |
| Transferred from investment properties | – | 59,461 | – | 6,825 | – | 66,286 |
| Disposals | – | – | (428) | – | (19,908) | (20,336) |
| At 30th September 2013 | 248,390 | 6,075,759 | 2,209,695 | 75,673 | 39,154 | 8,648,671 |
| Accumulated depreciation | | | | | | |
| At 31st March 2013 | – | 534,531 | 808,788 | 8,655 | 47,711 | 1,399,685 |
| Currency translation differences | – | – | (4,359) | – | 137 | (4,222) |
| Charge for the period | – | 41,695 | 38,122 | 609 | 1,937 | 82,363 |
| Disposals | – | – | (177) | – | (18,641) | (18,818) |
| At 30th September 2013 | – | 576,226 | 842,374 | 9,264 | 31,144 | 1,459,008 |
| Net book value | | | | | | |
| At 30th September 2013 | 248,390 | 5,499,533 | 1,367,321 | 66,409 | 8,010 | 7,189,663 |
| At 31st March 2013 | 249,441 | 5,456,397 | 1,396,419 | 59,759 | 9,369 | 7,171,385 |

Supplementary information with hotel properties in operation at valuation:

According to the Group's accounting policies, the carrying amount of the four hotel properties in Hong Kong and Canada were HK\$6,262,694,000 (31st March 2013: HK\$6,340,204,000).

Their aggregate open market value based on valuation conducted by Vigers Appraisal & Consulting Limited and Grant Thornton Management Consultants, independent professional valuers, amounted to HK\$8,938,695,000 (31st March 2013: HK\$8,702,579,000).

The supplementary information with hotel properties in operation at valuation is for readers' information only. It does not constitute a disclosure requirement under HKAS 16 and HKAS 17.

NOTES TO THE INTERIM FINANCIAL INFORMATION

12 INVESTMENT PROPERTIES

Investment properties were revalued by Prudential Surveyors International Limited, independent professional valuers, on an open market value basis as at 30th September 2013 and 31st March 2013.

13 TRADE AND OTHER RECEIVABLES

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

Trade receivables of the Group amounted to HK\$62,347,000 (31st March 2013: HK\$81,661,000). 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 evaluation of customers are performed periodically.

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

| | 30th September 2013 HK\$'000 | 31st March 2013 HK\$'000 |
|---------------------|---|-----------------------------------|
| 0 day to 60 days | 60,784 | 80,019 |
| 61 days to 120 days | 1,563 | 1,642 |
| | 62,347 | 81,661 |

NOTES TO THE INTERIM FINANCIAL INFORMATION

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | 30th September 2013 HK\$'000 | 31st March 2013 HK\$'000 |
|--|---------------------------------------|-----------------------------------|
| Equity securities | | |
| – Listed in Europe | 770,726 | 533,988 |
| – Listed in the USA | 607,558 | 553,712 |
| – Listed in Hong Kong | 14,850 | 345,883 |
| | 1,393,134 | 1,433,583 |
| Debt securities | | |
| – Listed in Singapore | 1,596,960 | 1,470,547 |
| – Listed in Europe | 1,110,674 | 1,001,180 |
| – Listed in Hong Kong | 1,130,954 | 582,478 |
| | 3,838,588 | 3,054,205 |
| Unlisted fund | 8,184 | – |
| Total amount included in current assets | 5,239,906 | 4,487,788 |
| Equity securities included in non-current assets | | |
| – Listed in Hong Kong | 522,385 | – |
| | 5,762,291 | 4,487,788 |
| Financial assets at fair value through profit or loss are denominated in the following currencies: | | |
| United States dollar | 3,384,381 | 2,775,303 |
| Sterling | 1,227,796 | 987,111 |
| Hong Kong dollar | 537,235 | 345,883 |
| Euro | 316,017 | 222,507 |
| Renminbi | 296,862 | 156,984 |
| | 5,762,291 | 4,487,788 |

Note:

The debt securities carry fixed coupons ranging from 2% to 13.875% (31st March 2013: from 2% to 13.875%) per annum based on nominal values which are equivalent to HK\$3,978,575,000 (31st March 2013: HK\$3,432,351,000).

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, retentions payable of construction costs and various accruals. Trade payables of the Group amounted to HK\$23,079,000 (31st March 2013: HK\$26,067,000).

An aging analysis of trade payables is as follows:

| | 30th September 2013 HK\$'000 | 31st March 2013 HK\$'000 |
|---------------------|---------------------------------------|-----------------------------------|
| 0 day to 60 days | 21,930 | 25,715 |
| 61 days to 120 days | 703 | 161 |
| More than 120 days | 446 | 191 |
| | 23,079 | 26,067 |

16 BORROWINGS

| | 30th September 2013 HK\$'000 | 31st March 2013 HK\$'000 |
|---|---------------------------------------|-----------------------------------|
| Current liabilities | | |
| Short term bank loans and overdrafts | | |
| Secured | 246,358 | 213,253 |
| Unsecured | 10,000 | – |
| | 256,358 | 213,253 |
| Current portion of long term bank loans | 469,412 | 213,040 |
| Portion of long term bank loans with a repayment on demand clause | 46,614 | 52,809 |
| | 772,384 | 479,102 |
| Non-current liabilities | | |
| Long term bank loans, secured | 3,311,203 | 2,898,786 |
| | 4,083,587 | 3,377,888 |

The maturity of the long term bank loans, based on the scheduled repayment dates set out in the loan agreements and ignoring the effect of any repayment on demand clause, are as follows:

| | | |
|---|------------------|------------------|
| Repayable within one year | 469,412 | 213,040 |
| Repayable between one and two years | 535,552 | 476,501 |
| Repayable between two and five years | 1,802,403 | 1,093,641 |
| Repayable after five years | 1,019,862 | 1,381,453 |
| | 3,827,229 | 3,164,635 |
| Current portion included in current liabilities | (469,412) | (213,040) |
| | 3,357,817 | 2,951,595 |

NOTES TO THE INTERIM FINANCIAL INFORMATION

17 MEDIUM TERM NOTES

In April 2013, Asia Standard issued RMB500 million notes at coupon of 6.5% per annum for a period of 5 years under a medium term note programme established during the year. Cross currency swap contracts were entered into simultaneously to hedge the principal repayment and reduce the effective interest rate to 5.5% per annum. The notes are listed on The Stock Exchange of Hong Kong Limited.

18 SHARE CAPITAL

| | Number of shares | | Amount HK\$'000 | |
|--|---------------------------|-----------------------|---------------------------------------|-----------------------------------|
| Shares of HK\$0.1 each | | | | |
| Authorised: | | | | |
| At 31st March 2013 and 30th September 2013 | 3,000,000,000 | | 300,000 | |
| | Number of shares | | Amount | |
| | 30th September 2013 | 31st March 2013 | 30th September 2013 HK\$'000 | 31st March 2013 HK\$'000 |
| Issued and fully paid: | | | | |
| At the beginning of the year | 714,157,660 | 714,157,660 | 71,416 | 71,416 |
| Scrip dividend (note) | 12,421,373 | – | 1,242 | – |
| At the end of the year | 726,579,033 | 714,157,660 | 72,658 | 71,416 |

Note:

In September 2013, 12,421,373 new shares were allotted and issued at HK\$1.69 per share in lieu of dividend.

NOTES TO THE INTERIM FINANCIAL INFORMATION

19 RESERVES

| | Share premium HK\$'000 | Capital reserve HK\$'000 | Contributed surplus HK\$'000 | Convertible bond reserve HK\$'000 | Share option reserve HK\$'000 | Hedging reserve HK\$'000 | Available- for-sale investments reserve HK\$'000 | Revenue reserve HK\$'000 | Total HK\$'000 |
|---|------------------------------|--------------------------------|------------------------------------|--|--|--------------------------------|--|--------------------------------|-------------------|
| At 31st March 2013 | 2,100,310 | 398,021 | 60,257 | 18,980 | 11,466 | - | (3,461) | 5,716,203 | 8,301,776 |
| Currency translation differences | - | - | - | - | - | - | - | (809) | (809) |
| Cash flow hedges | | | | | | | | | |
| - fair value gains | - | - | - | - | - | 3,319 | - | - | 3,319 |
| - transfer to finance costs | - | - | - | - | - | (2,263) | - | - | (2,263) |
| Net fair value gain on available-for-sale investments | - | - | - | - | - | - | 3,396 | - | 3,396 |
| Increase in shareholding of subsidiaries | - | - | - | - | - | - | - | 99,677 | 99,677 |
| Profit for the period | - | - | - | - | - | - | - | 535,567 | 535,567 |
| 2013 final dividend | 19,750 | - | - | - | - | - | - | (29,995) | (10,245) |
| At 30th September 2013 | 2,120,060 | 398,021 | 60,257 | 18,980 | 11,466 | 1,056 | (65) | 6,320,643 | 8,930,418 |

20 CAPITAL COMMITMENTS

Capital commitments at the balance sheet date are as follows:

| | 30th September 2013 HK\$'000 | 31st March 2013 HK\$'000 |
|-----------------------------------|---|-----------------------------------|
| Property, plant and equipment | | |
| Contracted but not provided for | 29,191 | 15,427 |
| Authorised but not contracted for | 360,976 | 400,549 |
| | 390,167 | 415,976 |

21 FINANCIAL GUARANTEES

| | 30th September 2013 HK\$'000 | 31st March 2013 HK\$'000 |
|--|---|-----------------------------------|
| Guarantees for the banking and loan facilities of: | | |
| Jointly controlled entities | 356,921 | 339,126 |

22 RELATED PARTY TRANSACTIONS

During the period, no significant transactions have been entered except for income from jointly controlled entities comprising management fee, project management fee, agency fee and interest income of HK\$1,630,000 (2012: HK\$4,900,000).

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 key management personnel compensation) (2012: Nil).

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September 2013, 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 | | | | Percentage of shares in issue (%) |
|----------------------|-----------------------|--------------------|-----------------|-------------|-----------------------------------|
| | Personal interest | Corporate interest | Family interest | Total | |
| Poon Jing | 210,122,160 | 136,375,288 | 4,995,066 | 351,492,514 | 48.37 |
| Fung Siu To, Clement | 14,500,440 | – | – | 14,500,440 | 1.99 |

(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") | 1,223,452 | 638,938,336 (Notes) | 640,161,788 | 51.01 |
| Poon Jing | Asia Standard Hotel Group Limited ("Asia Standard Hotel") | 50,050 | 1,132,669,492 (Notes) | 1,132,719,542 | 73.08 |
| Fung Siu To, Clement | Mark Honour Limited | 9 | – | 9 | 0.01 |

Notes:

1. By virtue of Mr. Poon Jing's controlling interest in the Company, he is deemed to be interested in the shares of Asia Standard and Asia Standard Hotel held by the Company and its subsidiaries.
2. By virtue of Mr. Poon Jing's interest in the Company, he is deemed to be interested in the shares of all the Company's subsidiaries and associated corporations.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

II. LONG POSITIONS IN UNDERLYING SHARES

Interests in share options

(a) The Company

| Director | Outstanding as at 1st April 2013 and 30th September 2013 |
|----------------------|---|
| 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 2013 and 30th September 2013 |
|----------------------|---|
| 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)

– Asia Standard Hotel

| Director | Date of grant | Exercise price (HK\$) | Exercise period | Outstanding as at 1st April 2013 and 30th September 2013 |
|----------------------|-----------------|--------------------------|---------------------------------------|--|
| 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 2013, 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 2013, 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 | 47,360,116 | 6.51 |
| Teddington Holdings Limited ("Teddington") (Note 1) | Beneficial owner | 56,934,459 | 7.83 |
| Dalton Investments LLC ("Dalton") (Note 2) | Investment manager | 135,678,237 | 18.67 |
| Clearwater Insurance Company ("Clearwater Insurance") (Note 2) | Trustee | 48,341,035 | 6.65 |
| Daswani Rajkumar Murlidhar | Beneficial owner | 49,007,674 | 6.74 |

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 351,492,514 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 duplicates the interest of Dalton disclosed above.

Save as disclosed above, as at 30th September 2013, 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 SCHEMES

THE COMPANY

The share option scheme of the Company was adopted by the Company on 11th November 2002. As at 30th September 2013, 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 2013 and 30th September 2013 |
|--|---|
| Directors (Note 1) | 8,505,204 |
| Director of a listed subsidiary (Note 1) | 3,469,228 |
| Employees of subsidiaries (Note 1) | 24,172,684 |
| Employee of a subsidiary (Note 2) | 5,780,000 |
| | <hr/> 41,927,116 <hr/> |

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 2013, there were 11,341,965 share options outstanding. Movements of the share options of Asia Standard during the period are as follows:

| Grantee | Outstanding as at 1st April 2013 and 30th September 2013 |
|--------------------|---|
| Directors (Note 1) | 8,764,248 |
| Other employees | 2,577,717 |
| | <hr/> 11,341,965 <hr/> |

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 SCHEMES (CONTINUED)

SUBSIDIARIES (CONTINUED)

- Asia Standard Hotel

The share option scheme of Asia Standard Hotel was adopted by Asia Standard Hotel on 28th August 2006. As at 30th September 2013, there were 78,999,999 share options outstanding. Movements of the share options of Asia Standard Hotel during the period are as follows:

| Grantee | Date of grant | Exercise price (HK\$) | Exercise period | Outstanding as at 1st April 2013 and 30th September 2013 |
|----------------------------------|-----------------|-----------------------|------------------------------------|--|
| 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 listed subsidiary | 2nd April 2007 | 1.300 | 2nd April 2007 to 1st April 2017 | 8,000,000 |
| Employees | 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 | 30,999,999 |
| | | | | 78,999,999 |

Note:

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

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2013 (2012: Nil).

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 2013.

OTHER INFORMATION

CORPORATE GOVERNANCE CODE

During the period, the Company has complied with the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Listing Rules, except the following derivations:-

1. Code Provision A.4.1 of CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. All 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; and
2. Code Provision A.5.1 of CG Code provides that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. The Company does not have a nomination committee. The Board as a whole is responsible for reviewing the structure, size and composition of the Board, the appointment of new Directors and the nomination of Directors for re-election by shareholders at the general meeting of the Company. Under the Bye-Laws of the Company, the Board may from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th September 2013.

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

Hong Kong, 26th November 2013

ASIA ORIENT HOLDINGS LIMITED

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