INTERIM REPORT

for the six months ended 30 September 2011

Associated International Hotels Limited

Stock Code: 105

Associated International Hotels Limited
Interim Report
(Expressed in Hong Kong dollars)

The Board of Directors is pleased to announce the unaudited consolidated results of the Group for the half year ended 30 September 2011. These results have been reviewed 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 ("HKICPA"), by KPMG, certified public accountants in Hong Kong, and the Audit Committee with no disagreement. The unmodified review report of the auditor is attached.

CONSOLIDATED INCOME STATEMENT
for the six months ended 30 September 2011 – unaudited

	Note	***Six months ended 30 September***	
		2011	*2010*
			(restated)
		$'000	$'000
Continuing operation			
Turnover	3	**221,991**	181,649
Cost of services		**(32,890)**	(30,482)
Gross profit		**189,101**	151,167
Other revenue	6	**2,030**	2,042
Other net (loss)/income	6	**(897)**	1,914
Administrative expenses		**(16,418)**	(15,345)
Profit from operations before valuation changes in investment properties		**173,816**	139,778
Valuation gains on investment properties	11(b)	**46,127**	659,901
Profit from operations after valuation changes in investment properties		**219,943**	799,679
Finance costs	7(a)	**(1,232)**	(4,450)
Profit before taxation	7	**218,711**	795,229
Income tax	8	**(35,484)**	10,497
Profit for the period from continuing operation		**183,227**	805,726
Discontinued operation			
Loss for the period from discontinued operation	5(a)	**–**	(385)
Profit for the period attributable to equity shareholders of the Company		**183,227**	805,341
Earnings per share – basic and diluted	10		
Continuing operation		**$0.51**	$2.24
Discontinued operation		**–**	$(0.00)
		$0.51	$2.24

The notes on pages 6 to 13 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 9.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 September 2011 – unaudited

	Six months ended 30 September	
	2011	*2010*
		(restated)
	$'000	$'000
Profit for the period	**183,227**	805,341
Other comprehensive income for the period (after tax and reclassification adjustments):		
Surplus on revaluation of other properties	**–**	16,884
Exchange differences on translation of financial statements of overseas subsidiaries	**(57)**	16,845
	(57)	33,729
Total comprehensive income for the period	**183,170**	839,070

The notes on pages 6 to 13 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET
at 30 September 2011 – unaudited

	Note	***At 30 September 2011*** **$'000**	**$'000**	*At 31 March 2011* $'000	$'000
Non-current assets					
Fixed assets	11				
– Investment properties			**9,913,190**		9,859,010
– Other properties, plant and equipment			**99,145**		102,006
			10,012,335		9,961,016
Current assets					
Accounts receivable, deposits and prepayments	12	**51,448**		56,032	
Current tax recoverable		**210**		209	
Pledged bank deposits		**196,262**		502,768	
Cash and cash equivalents	13	**352,303**		892,024	
		600,223		1,451,033	
Current liabilities					
Bank loan – secured		**–**		200,000	
Other payables and accruals	14	**126,099**		145,225	
Deposits received		**130,430**		129,899	
Provision for long service payments		**1,840**		1,370	
Obligations under finance leases		**41**		41	
Current tax payable		**29,615**		–	
Dividends payable	9(b)	**162,000**		–	
		450,025		476,535	
Net current assets			**150,198**		974,498
Total assets less current liabilities			**10,162,533**		10,935,514
Non-current liabilities					
Bank loan – secured		**200,000**		1,000,000	
Government lease premiums payable		**2,240**		2,240	
Obligations under finance leases		**100**		120	
Deferred tax liabilities		**6,140**		271	
			208,480		1,002,631
NET ASSETS			**9,954,053**		9,932,883
CAPITAL AND RESERVES					
Share capital			**360,000**		360,000
Reserves			**9,594,053**		9,572,883
TOTAL EQUITY			**9,954,053**		9,932,883

The notes on pages 6 to 13 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2011 – unaudited

		Attributable to equity shareholders of the Company					
	Note	***Share capital***	***Revaluation reserve*** (note)	***Exchange reserve***	***Capital reserve***	***Retained earnings***	***Total equity***
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 April 2010		360,000	1,761,266	9,878	141,760	6,398,196	8,671,100
Changes in equity for the six months ended 30 September 2010:							
Profit for the period (restated)		–	–	–	–	805,341	805,341
Other comprehensive income (restated)		–	16,884	8,417	8,428	–	33,729
Total comprehensive income for the period (restated)		–	16,884	8,417	8,428	805,341	839,070
Restated balance at 30 September 2010 and 1 October 2010		360,000	1,778,150	18,295	150,188	7,203,537	9,510,170
Changes in equity for the six months ended 31 March 2011:							
Profit for the period		–	–	–	–	417,102	417,102
Other comprehensive income		–	–	2,228	3,383	–	5,611
Total comprehensive income for the period		–	–	2,228	3,383	417,102	422,713
Balance at 31 March 2011 and 1 April 2011		**360,000**	**1,778,150**	**20,523**	**153,571**	**7,620,639**	**9,932,883**
Changes in equity for the six months ended 30 September 2011:							
Profit for the period		**–**	**–**	**–**	**–**	**183,227**	**183,227**
Other comprehensive income		**–**	**–**	**7,365**	**(7,422)**	**–**	**(57)**
Total comprehensive income for the period		**–**	**–**	**7,365**	**(7,422)**	**183,227**	**183,170**
Dividends approved in respect of the previous financial year	9(b)	**–**	**–**	**–**	**–**	**(162,000)**	**(162,000)**
		–	**–**	**7,365**	**(7,422)**	**21,227**	**21,170**
Balance at 30 September 2011		**360,000**	**1,778,150**	**27,888**	**146,149**	**7,641,866**	**9,954,053**

Note: The revaluation reserve represents hotel properties revaluation surpluses recognised in prior years and other properties revaluation surplus recognised in last period. The hotel has been redeveloped into iSQUARE.

The notes on pages 6 to 13 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the six months ended 30 September 2011 – unaudited

	Six months ended 30 September	
	2011	*2010*
	$'000	$'000
Cash generated from operations	**173,064**	149,071
Tax paid	**(1)**	(3)
Net cash generated from operating activities	**173,063**	149,068
Net cash generated from/(used in) investing activities	**290,706**	(220,149)
Net cash (used in)/generated from financing activities	**(1,002,425)**	65,240
Net decrease in cash and cash equivalents	**(538,656)**	(5,841)
Cash and cash equivalents at 1 April	**892,024**	405,212
Effect of foreign exchange rates changes	**(1,065)**	395
Cash and cash equivalents at 30 September	**352,303**	399,766
Represented by:		
Continuing operation	**352,303**	397,600
Discontinued operation	**–**	2,166
	352,303	399,766

The notes on pages 6 to 13 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issue on 29 November 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the financial statements for the year ended 31 March 2011, except for the accounting policy changes that are expected to be reflected in the financial statements for the year ending 31 March 2012. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial statements for the year ended 31 March 2011. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG 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 HKICPA. KPMG's independent review report to the Board of Directors is included on page 22.

The financial information relating to the financial year ended 31 March 2011 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 March 2011 are available from the Company's registered office. The auditor has expressed an unqualified opinion on those financial statements in their report dated 28 June 2011.

2 Changes in accounting policies

(a) Changes in accounting policies as a result of the developments in HKFRSs

The HKICPA has issued certain revised HKFRSs, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

– HKAS 24 (Revised), *Related party disclosures*

– Improvements to HKFRSs (2010)

The above developments related primarily to clarification of certain disclosure requirements applicable to the Group's financial statements. These developments have had no material impact on the contents of this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period except as explained in note (b) below.

(b) Early adoption of the amendments to HKAS 12, *Income taxes*

During the year ended 31 March 2011, the Group early adopted the amendments to HKAS 12, *Income taxes*, in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40, *Investment property*, and non-depreciable assets measured using the revaluation model in HKAS 16, *Property, plant and equipment*. The amendments are effective for annual periods beginning on or after 1 January 2012, but as permitted by the amendments, the Group decided to adopt the amendments early.

As a result of this change in policy, the Group now measures any deferred tax liability in respect of its investment properties with reference to the tax liability that would arise if the properties were disposed of at their carrying amounts at the balance sheet date, unless the property is depreciable and is held within the business model whose objective is to consume substantially all of the economic benefits embodied in the property over time rather than through sale. 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.

The Group's revaluation reserve includes hotel properties revaluation surpluses recognised in prior years. The hotel was previously measured using the revaluation model in HKAS 16 and has been redeveloped into iSQUARE. The amendments to HKAS 12 require that deferred tax arising from a non-depreciable asset measured using the revaluation model in HKAS 16 shall reflect the tax consequences of recovering the carrying amount of the underlying asset through sale.

This change in policy has been applied retrospectively and has resulted in a reduction in the amount of deferred tax provided on valuation gains. The effects in respect of the six months ended 30 September 2010 are shown as follows:

	As previously reported	*Effect of adoption of amendments to HKAS 12*	*As restated*
	$'000	$'000	$'000
Income tax	(98,387)	108,884	10,497
Profit for the period attributable to equity shareholders of the Company	696,457	108,884	805,341
Earnings per share – basic and diluted	$1.93	$0.31	$2.24

3 Turnover

The principal activity of the Group is property investment after the Group's golf and recreational club operation has been classified as discontinued operation as set out in note 5.

The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Six months ended 30 September	
	2011	*2010*
	$'000	$'000
Continuing operation		
Gross rentals from investment properties	**221,991**	181,649
Discontinued operation		
Revenue from golf and recreational club operation	**–**	8,531

4 Segment reporting

The Group manages its businesses by segments which are organised by business lines and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments, namely "Property leasing" and "Golf and recreational club operation". The golf and recreational club operation has been classified as discontinued operation and the related information has been set out in note 5. The information regarding continuing operation as presented in the consolidated income statement represents the information of the other reportable segment, property leasing.

Geographical information presents similar information as the Group's revenue and results of property leasing were derived from Hong Kong, while the Group's revenue and results of the golf and recreational club operation were primarily derived from Malaysia. Therefore, no separate geographical information is presented.

5 Discontinued operation

On 2 March 2011, the Group completed the disposal of properties located in Malaysia mainly comprising the golf course land, the golf resort which is situated on the golf course land, the condominium land and the bungalow land, and the Group's golf and recreational club operation ceased thereafter.

(a) The results of the discontinued operation for the current and prior periods are as follows:

		Golf and recreational club operation	
		Six months ended 30 September	
	Note	***2011***	*2010*
		$'000	$'000
Turnover	3	–	8,531
Cost of services/sales		–	(5,748)
Gross profit		–	2,783
Other revenue		–	1,188
Other net income		–	2
Selling expenses		–	(320)
Administrative expenses		–	(4,037)
Loss before taxation		–	(384)
Income tax	8	–	(1)
Loss for the period		–	(385)

(b) The cash flows of the discontinued operation for the current and prior periods are as follows:

	Golf and recreational club operation	
	Six months ended 30 September	
	2011	*2010*
	$'000	$'000
Net cash used in operating activities	–	(643)
Net cash generated from investing activities	–	180
Net cash flows	–	(463)

6 Other revenue and net (loss)/income

	Six months ended 30 September	
	2011	*2010*
	$'000	$'000
Other revenue		
Interest income	**1,337**	1,284
Management fee received from holding company	**600**	600
Others	**93**	158
	2,030	2,042
Other net (loss)/income		
Net foreign exchange (losses)/gains	**(897)**	1,908
Net gain on disposal of fixed assets	**–**	6
	(897)	1,914

7 Profit before taxation

Profit before taxation is arrived at after charging the amounts as set out below. The disclosures presented in this note include those amounts charged in respect of the discontinued operation.

		Six months ended 30 September	
		2011	*2010*
		$'000	$'000
(a)	**Finance costs**		
	Interest on government lease premiums payable	**26**	27
	Interest on bank loan	**1,169**	4,391
	Other borrowing costs	**37**	32
		1,232	4,450
(b)	**Other item**		
	Depreciation	**3,379**	3,259

8 Income tax

	Six months ended 30 September	
	2011	*2010*
		(restated)
	$'000	$'000
Current tax		
– Hong Kong profits tax	**29,615**	–
– Overseas tax	**–**	1
	29,615	1
Deferred tax		
– Origination and reversal of temporary differences	**5,869**	(10,497)
	35,484	(10,496)
Attributable to:		
Continuing operation	**35,484**	(10,497)
Discontinued operation (note 5(a))	**–**	1
	35,484	(10,496)

The provision for Hong Kong profits tax is calculated at 16.5% (2010: 16.5%) of the estimated assessable profits for the six months ended 30 September 2011. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

9 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the interim period

	Six months ended 30 September	
	2011	*2010*
	$'000	$'000
Interim dividend declared and paid after the interim period of $0.28 per share (2010: Nil)	**100,800**	–

The interim dividend has not been recognised as a liability at the balance sheet date.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period

	Six months ended 30 September	
	2011	*2010*
	$'000	$'000
Final dividend in respect of the previous financial year, approved during the following interim period, of $0.45 per share (year ended 31 March 2010: Nil)	**162,000**	–

10 Earnings per share – basic and diluted

The calculation of basic earnings per share is based on the consolidated profit attributable to equity shareholders of the Company of $183,227,000 (2010 (restated): $805,341,000) represented by the profit from continuing operation of $183,227,000 (2010 (restated): $805,726,000) and the loss from discontinued operation of Nil (2010: $385,000), and 360,000,000 (2010: 360,000,000) ordinary shares in issue during the period. There were no potential dilutive ordinary shares in existence during the six months ended 30 September 2011 and 2010.

11 Fixed assets

(a) During the period, additions in the investment properties amounted to $8,053,000 (six months ended 30 September 2010: $3,972,000).

(b) The investment properties in Hong Kong were revalued at 30 September 2011 by Vigers Appraisal & Consulting Limited, an independent firm of professional valuers who have among their staff Fellows of The Hong Kong Institute of Surveyors with recent experience in the location and category of properties being valued, on a market value basis in their existing states by reference to comparable market transactions and where appropriate on the basis of capitalisation of the net rental income allowing for reversionary income potential. As a result of the update, valuation gains of $46,127,000 (2010: $659,901,000) on investment properties have been recognised in the consolidated income statement.

(c) Fixed assets of the Company with carrying value of $9,886,000,000 as at 30 September 2011 (31 March 2011: $9,845,000,000) were pledged to secure banking facilities of up to $1,200,000,000 granted to the Company. The outstanding bank loan was $200,000,000 as at 30 September 2011 (31 March 2011: $1,200,000,000).

12 Accounts receivable, deposits and prepayments

The ageing analysis of accounts receivable (net of allowance for bad and doubtful debts) which was included in accounts receivable, deposits and prepayments as of the balance sheet date is as follows:

	At 30 September 2011 **$'000**	*At 31 March 2011* $'000
Current	**40,295**	44,272
Less than 1 month past due	**1,301**	1,366
1 to 3 months past due	**295**	666
More than 3 months but less than 12 months past due	**33**	557
More than 12 months past due	**4**	1
Amounts past due	**1,633**	2,590
Total accounts receivable, net of allowance for bad and doubtful debts	**41,928**	46,862
Deposits and prepayments	**9,520**	9,170
	51,448	56,032

Debts are generally due on the 1st day of each month and 10 to 14 days are allowed for settlement or else interest will be charged. Legal action will be taken against past due debtors whenever the situation is appropriate.

13 Cash and cash equivalents

	At 30 September 2011 $'000	*At 31 March 2011* $'000
Deposits with banks	**332,292**	859,694
Cash at bank and in hand	**20,011**	32,330
	352,303	892,024

14 Other payables and accruals

	At 30 September 2011 $'000	*At 31 March 2011* $'000
Accruals and retention monies payable for redevelopment work	**77,077**	87,101
Other payables and accruals	**49,022**	58,124
	126,099	145,225

All of the other payables and accruals are expected to be settled within one year.

15 Capital commitments outstanding at the balance sheet date not provided for in the interim financial report

	At 30 September 2011 $'000	*At 31 March 2011* $'000
Contracted for	**6,174**	6,398

16 Comparative figures

As a result of the adoption of the amendments to HKAS 12, *Income taxes*, in respect of the Group's financial statements for the year ended 31 March 2011, certain comparative figures have been adjusted to conform with the current period's presentation. Further details of this change in accounting policy are disclosed in note 2(b).

INTERIM DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has resolved that an interim dividend of $0.28 per share (2010: Nil) will be paid on Monday, 9 January 2012 to shareholders whose names appear on the register of members of the Company on Wednesday, 21 December 2011. The register of members of the Company will be closed for the purpose of determining entitlement to the said interim dividend from Thursday, 15 December 2011 to Wednesday, 21 December 2011, both days inclusive, during which period no transfer of shares will be registered. All transfers accompanied by the relevant share certificates must be lodged with the Company's share registrars, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 pm on Wednesday, 14 December 2011.

BUSINESS REVIEW

- The Group achieved a profit from operations before valuation changes in investment properties (under Continuing operation) of $173.8 million for the half year ended 30 September 2011, representing an increase of approximately 24.4% compared with the corresponding period of last year. The increase was mainly due to increase of rental income from iSQUARE compared to the corresponding period of last year.

- Valuation gains on investment properties for the half year ended 30 September 2011 amounted to $46.1 million, representing a decrease of approximately $613.8 million compared with the corresponding period of last year. The valuation gains will only affect the accounting profit or loss but not the cash flow of the Group.

- With the inclusion of the discontinued operation (see note 5 to the interim financial report), the Group recorded a profit attributable to equity shareholders of approximately $183.2 million, compared with a profit attributable to equity shareholders of approximately $805.3 million for the corresponding period of last year.

- iSQUARE is a commercial complex housing a number of retail, entertainment, food and beverage establishments. Rental income from iSQUARE amounted to approximately $220.7 million for the half year ended 30 September 2011, representing an increase of approximately 21.6% compared with the corresponding period of last year. The occupancy rate at 30 September 2011 was approximately 93% compared with approximately 81% at 30 September 2010.

BUSINESS REVIEW (Continued)

- The total equity for the Group at 30 September 2011 was $9,954.1 million, compared with $9,932.9 million at 31 March 2011.

- During the period under review, the Company repaid $1,000 million being substantial part repayment of the bank loan granted by the facility agreement entered on 20 October 2006. The facilities have, subject to certain conditions, been extended for two additional years. At 30 September 2011, the outstanding bank loan was $200 million and the Group's gearing ratio was 2.0% (calculated as total bank loan over total equity).

- At 30 September 2011, the total number of employees of the Group, excluding the staff employed by DTZ Debenham Tie Leung Property Management Limited for general building and property management of iSQUARE, was 38 (30 September 2010: 122) and the related costs incurred during the period were approximately $9.4 million (30 September 2010: $12.1 million).

- Save as disclosed in this report, there has been no further material change to the information contained in the Company's annual report for the year ended 31 March 2011 which necessitates additional disclosure to that made herein.

OUTLOOK

In view of the uncertain economic environment, management continues closely to monitor the market situation to evaluate its impact on the leasing market. The Group will adopt appropriate leasing strategies to enhance the leasing performance of iSQUARE. Barring unforeseen circumstances, the Directors believe that iSQUARE will continue to evolve into a leading consumer destination in the area and expect rental income to continue to increase.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2011, the directors and chief executives of the Company and their associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules")) had the following interests in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

(a) The Company

	Number of ordinary shares of $1 each				
Name	*Personal interests*	*Family interests*	*Corporate interests*	*Total beneficial interests*	*% of total issued shares*
Cheong Hooi Hong	2,073,992	–	–	2,073,992	0.58%
Cheong Kheng Lim	24,555,715	1,034,000	–	25,589,715	7.11%
Cheong Keng Hooi	11,759,839	275,280	–	12,035,119	3.34%
Cheong Sim Lam	1,807,155	24,000	–	1,831,155	0.51%
Cheong Chong Ling	1,588,000	–	–	1,588,000	0.44%
Sin Cho Chiu, Charles	242,000	–	120,000 (Note)	362,000	0.10%

Note: The corporate interests of 120,000 shares represent 120,000 ordinary shares held by Chason Limited where Mr Sin Cho Chiu, Charles is taken to be interested in such shares under the SFO.

(b) Austin Hills Country Resort Bhd.

	Number of ordinary shares of MYR1 each				
Name	*Personal interests*	*Family interests*	*Corporate interests*	*Total beneficial interests*	*% of total issued shares*
Cheong Hooi Hong	1	–	–	1	0.00001%
Cheong Sim Lam	–	3	–	3	0.00003%

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(c) Tian Teck Land Limited

	Number of shares of $0.25 each				
Name	***Personal interests***	***Family interests***	***Corporate interests***	***Total beneficial interests***	***% of total issued shares***
Cheong Hooi Hong	4,625,792	–	–	4,625,792	0.97%
Cheong Kheng Lim	46,023,872	115,292	–	46,139,164	9.72%
Cheong Keng Hooi	26,862,036	1,002,384	–	27,864,420	5.87%
Cheong Sim Lam	1,099,504	–	–	1,099,504	0.23%
Cheong Chong Ling	412,000	–	–	412,000	0.09%
Sin Cho Chiu, Charles	2,000	–	115,200 (Note)	117,200	0.02%

Note: The corporate interests of 115,200 shares represent 115,200 shares held by Chason Limited where Mr Sin Cho Chiu, Charles is taken to be interested in such shares under the SFO.

(d) Tian Teck Investment Holding Co., Limited

	Number of ordinary shares of $1 each				
Name	***Personal interests***	***Family interests***	***Corporate interests***	***Total beneficial interests***	***% of total issued shares***
Cheong Hooi Hong	25	–	–	25	25%
Cheong Kheng Lim	25	–	–	25	25%
Cheong Keng Hooi	25	–	–	25	25%
Cheong Sim Lam	25	–	–	25	25%

(e) Yik Fok Investment Holding Company, Limited

	Number of ordinary shares of $1 each				
Name	***Personal interests***	***Family interests***	***Corporate interests***	***Total beneficial interests***	***% of total issued shares***
Cheong Hooi Hong	10	–	–	10	0.00005%
Cheong Kheng Lim	10	–	–	10	0.00005%
Cheong Keng Hooi	10	–	–	10	0.00005%
Cheong Sim Lam	10	–	–	10	0.00005%

Save as disclosed above, as at 30 September 2011, none of the directors and chief executives of the Company or their associates (as defined in the Listing Rules) had interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2011, other than the interests of the directors and chief executives of the Company as disclosed above, the Company has been notified of the following interests in the shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

	Number of ordinary shares of $1 each	***Percentage of total issued shares***
Tian Teck Investment Holding Co., Limited	180,030,681 (Note 1)	50.01%
Tian Teck Land Limited	180,030,681 (Note 1)	50.01%
Cheong Kheng Lim	25,589,715 (Note 2)	7.11%
Lim Yoke Soon	25,589,715 (Note 2)	7.11%

Notes:

(1) The register of interests and short positions in shares kept under section 336 of the SFO indicates that the interest disclosed by Tian Teck Investment Holding Co., Limited is the same as the 180,030,681 shares disclosed by Tian Teck Land Limited.

(2) The interest disclosed by Mr Cheong Kheng Lim is the same as the 25,589,715 shares disclosed by Ms Lim Yoke Soon. Out of the 25,589,715 shares, 24,555,715 shares were held by Mr Cheong Kheng Lim, and 1,034,000 shares were held by his spouse, Ms Lim Yoke Soon.

Save as disclosed above, as at 30 September 2011, no other interests or short positions in the shares and underlying shares of the Company required to be recorded in the register kept by the Company under section 336 of the SFO have been notified to the Company.

PURCHASE, SALE OR REDEMPTION BY THE COMPANY AND ITS SUBSIDIARIES OF ITS LISTED SECURITIES

There were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries during the period.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 20 October 2006, the Company, as borrower, entered into a facility agreement with a bank (the "Facility Agreement") with covenants relating to specific performance of its controlling shareholders.

The Facility Agreement comprises a 5-year term loan facility of up to $1 billion and a 5-year revolving credit facility of up to $200 million. The facilities have, subject to certain conditions, been extended for two additional years.

Pursuant to the Facility Agreement, it would be an event of default if Mr Cheong Hooi Hong, Mr Cheong Kheng Lim, Mr Cheong Keng Hooi and Mr Cheong Sim Lam, collectively being the controlling shareholders of the Company and its listed parent company, Tian Teck Land Limited, cease to beneficially own, directly or indirectly, at least 25% of the issued share capital of the Company in accordance with the terms of the Facility Agreement.

Upon the occurrence of such an event of default, the lending bank may, among other things, demand immediate repayment of all of the outstanding loans made to the Company under the Facility Agreement together with accrued interest. As at 30 September 2011, the aggregate level of the facilities that may be affected by such default was $200 million.

The Company will make continuing disclosure pursuant to Rule 13.21 of the Listing Rules in subsequent interim and annual reports for so long as the circumstances giving rise to the relevant obligation continue to exist.

Save as disclosed above, the Company does not have other disclosure obligations under Rule 13.21 of the Listing Rules.

DISCLOSURE PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

(a) The dollar amount of director's emoluments of Mr Cheong Hooi Hong for the six months ended 30 September 2011 has decreased by $24,000 to $784,000 when compared to that for the six months ended 30 September 2010, due to allowances for expenses actually incurred by him. The policy regarding such expenses has not changed.

(b) The dollar amount of director's emoluments of Mr Cheong Kheng Lim for the six months ended 30 September 2011 has increased by $9,000 to $1,464,000 when compared to that for the six months ended 30 September 2010. The amount of the director's emoluments which is covered by his service contract with the Company as chief operation officer has decreased by $7,000 to $1,186,000 when compared to that for the corresponding period of last year. The variance is due to allowances for expenses actually incurred by him. The policy regarding such expenses has not changed.

(c) The dollar amount of director's emoluments of Mr Cheong Keng Hooi for the six months ended 30 September 2011 has decreased by $124,000 to $757,000 when compared to that for the six months ended 30 September 2010. The amount of the director's emoluments which is covered by his service contract with the Company as chief project officer has decreased by $22,000 to $721,000 when compared to that for the corresponding period of last year. The decrease is due to allowances for expenses actually incurred by him. The policy regarding such expenses has not changed.

(d) The dollar amount of director's emoluments of Miss Cheong Chong Ling for the six months ended 30 September 2011 has increased by $7,000 to $446,000 when compared to that for the six months ended 30 September 2010. The amount of the director's emoluments which is covered by her service contract with the Company as chief administration officer has decreased by less than $100 to $209,000 when compared to that for the corresponding period of last year. The variance is due to allowances for expenses actually incurred by her. The policy regarding such expenses has not changed.

(e) Mr Lau Wah Sum has resigned as the non-executive director of the Company with effect from 1 January 2012. Accordingly, he will also cease to be the member of both the audit committee and remuneration committee of the Company and an alternate to Miss Cheong Chong Ling in acting as the authorised representative of the Company on the same day. Mr Lau has been appointed as a consultant to the Company with effect from 1 January 2012.

Subsequent to the said changes, Mr Lau will cease to receive any payment for the positions he held with the Company before 1 January 2012. Instead, he will be paid $380,000 per annum being the consultancy fees of the Company.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied throughout the period with all the code provisions set out in the Code on Corporate Governance Practices ("CG Code") in Appendix 14 of the Listing Rules except that the roles of chairman and chief executive officer were not separated and performed by two individuals, which was inconsistent with code provision A.2.1 of the CG Code.

In respect of the deviation from code provision A.2.1 of the CG Code, Mr Cheong Hooi Hong is both the Chairman and chief executive officer of the Company. The Board of Directors considers that the current structure does not have any adverse effect on the Company and believes that this structure enables the Group to make and implement decisions promptly and efficiently.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 of the Listing Rules as its code for dealing in securities in the Company by its directors. Specific enquiry has been made with all directors of the Company of any non-compliance with the Model Code, and all directors have confirmed compliance with the required standard set out in the Model Code during the period ended 30 September 2011.

By Order of the Board
Associated International Hotels Limited
Ng Sau Fong
Company Secretary

Hong Kong, 29 November 2011

As at the date of this report, Mr Cheong Hooi Hong, Mr Cheong Kheng Lim, Mr Cheong Keng Hooi, Mr Cheong Sim Lam and Miss Cheong Chong Ling are executive directors, Mr Sin Cho Chiu, Charles and Mr Lau Wah Sum are non-executive directors, and Mr Chow Wan Hoi, Paul, Mr Yau Allen Lee-nam and Mr Lee Chung are independent non-executive directors.

INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF ASSOCIATED INTERNATIONAL HOTELS LIMITED
(Incorporated in Hong Kong with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 1 to 13 which comprises the consolidated balance sheet of Associated International Hotels Limited as of 30 September 2011 and the related consolidated income statement, statement of comprehensive income, statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report 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 are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report 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 the interim financial report consists of making enquiries, 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 report as at 30 September 2011 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 November 2011