



ASIA STANDARD INTERNATIONAL GROUP LIMITED

Stock Code: 129



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. Koon Bok Ming, Alan
Mr. Leung Wai Keung
Mr. Wong Chi Keung

AUDIT COMMITTEE

Mr. Koon Bok Ming, Alan (*Chairman*)
Mr. Leung Wai Keung
Mr. Wong Chi Keung

REMUNERATION COMMITTEE

Mr. Wong Chi Keung (*Chairman*)
Mr. Fung Siu To, Clement
Mr. Koon Bok Ming, Alan
Mr. Leung Wai Keung

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

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PRINCIPAL BANKERS

HSBC
Bank of China (Hong Kong)
Hang Seng Bank
Industrial and Commercial Bank of China (Asia)
The Bank of East Asia
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 HM 11, 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		Change
	30th September		
	2013	2012	
(in HK\$ million, except otherwise indicated)			
Consolidated profit and loss account			
Revenue	776	567	+37%
Operating profit	1,083	738	+47%
Profit attributable to shareholders of the Company	972	789	+23%
Earnings per share (HK\$)			
Basic and diluted	0.79	0.64	+23%

	30th	31st	Change
	September	March	
	2013	2013	
Consolidated balance sheet			
Total assets	19,548	17,172	+14%
Net assets	14,522	13,489	+8%
Equity attributable to shareholders of the Company	13,615	12,649	+8%
Net debt	3,686	2,968	+24%

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

Revalued total assets	26,151	23,500	+11%
Revalued net assets	21,101	19,792	+7%
Equity attributable to shareholders of the Company	18,225	17,065	+7%
Equity attributable to shareholders of the Company per share (HK\$)	14.52	13.80	+5%
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 tax on Hong Kong properties as Hong Kong tax jurisdiction does not include capital gain tax.

The four 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



Development at Perkins Road, Jardine's Lookout



Asia Standard Tower, Central

RESULTS

The Group recorded revenue of HK\$776 million (2012: HK\$567 million) for the first half of the financial year with profit attributable to shareholders of the Company at HK\$972 million (2012: HK\$789 million), an increase of 37% and 23% respectively.

PROPERTIES SALES, DEVELOPMENT AND LEASING

SALES

Sales of the inventory retail podium of Canaryside for HK\$160 million was recognised during the period and the project is completely sold out.

In last financial year, all the inventory residential units of our 50% owned joint venture development, The Westminster Terrace, were fully sold. In interim period last year, this project generated HK\$159 million sales and a pre-tax profit of HK\$63 million.

DEVELOPMENT

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 approval. This is 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. This 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.

MANAGEMENT DISCUSSION AND ANALYSIS



Low density residential development at Qingpu, Shanghai

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

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. The development is exclusively located, with about a dozen international schools in its surroundings, being minutes away from the Hongqiao transportation hub and about thirty 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 currently 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 Government.

MANAGEMENT DISCUSSION AND ANALYSIS

LEASING

Attributable rental income from the Group's 353,000 sq. ft. retail/commercial buildings leasing portfolio in Central, Wan Chai and Causeway Bay amount to HK\$65 million (2012: HK\$55 million), increased by 18%. Substantial rent increase was recorded by retail shops at Asia Standard Tower in Central, effective in the second half of the previous financial year. We will continue to optimize our properties' tenant mix and maximize rental income for the group.

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

HOTEL

Revenue arising from the hotel and travel segment amount to HK\$379 million (2012: HK\$360 million). 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, and demolition work of the existing building 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.

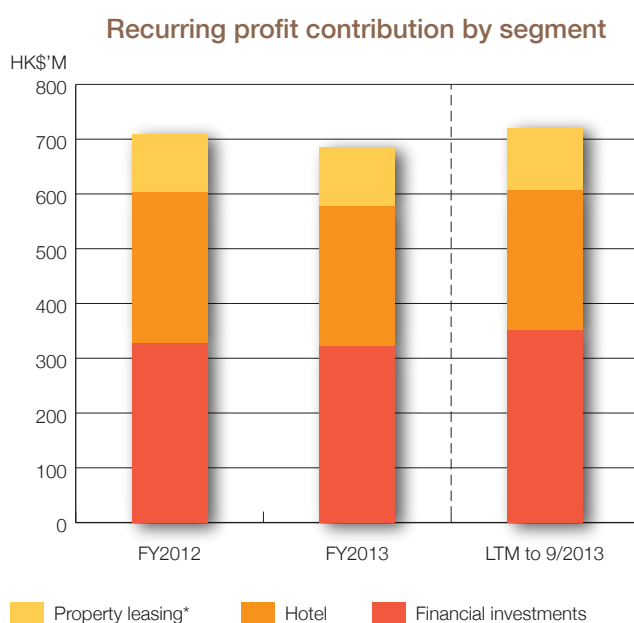
FINANCIAL INVESTMENTS

At 30th September 2013, the Group held financial investments of approximately HK\$5,379 million (31st March 2013: HK\$4,184 million), with HK\$1,684 million (31st March 2013: HK\$1,413 million) held by the listed hotel subsidiary group. The increase was arisen from a mark to market valuation gain of HK\$619 million and a further investment of HK\$576 million.

Interest and dividend income for the period from these investments amounted to HK\$175 million (2012: HK\$149 million). During the period, the Group recorded a net investment gain of HK\$611 million (2012: HK\$161 million) mostly due to the mark to market valuation at period end.

These financial investments comprise 61% by debt securities and 39% by equity securities. They are denominated in different currencies with 54% in United States dollar, 21% in Sterling, 14% in Hong Kong dollar, 5% in Euro and 6% in RMB.

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.



* includes share of net rental income from an associated company

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

At 30th September 2013, the Group's total assets were approximately HK\$19.6 billion, compared to HK\$17.2 billion at end of last financial year. Net assets were HK\$14.5 billion (31st March 2013: HK\$13.5 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group would be HK\$26.2 billion and HK\$21.1 billion respectively, an increase of 11% and 7% compared to HK\$23.5 billion and HK\$19.8 billion at the end of last financial year.

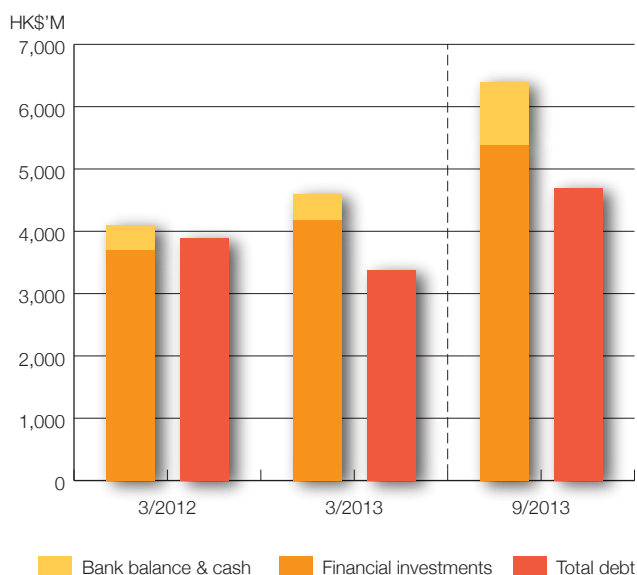
In January 2013, the Group diversified its funding source by establishing a US\$1 billion medium term notes programme. In April 2013, the Group issued RMB500 million medium term notes out of this programme to various individual/institutional investors and financial institutions. The notes carry interest at 6.5% p.a. which, after hedging, give an effective interest rate of approximately 5.5% p.a. for a period of 5 years.

Net debt were HK\$3.7 billion (31st March 2013: HK\$3.0 billion), including HK\$1.6 billion (31st March 2013: HK\$1.6 billion) which belonged to the separately listed hotel subsidiary group. Net debt to revalued net asset value was approximately 17% (31st March 2013: 15%). All the debts (except the medium term note) are at floating rates and secured. As at 30th September 2013, HK\$50 million interest rate swap contract and RMB500 million cross currency interest rate swap contracts were held to hedge our borrowings. Total interest cost increased as a result of the issuance of medium term notes and increased borrowings during the period.

Subsequent to the period end, the Group 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.

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 72% with 10% repayable within 1 year, 40% repayable between one to five years and 22% repayable after five years. The remaining 13% are medium term notes repayable in 5 years. As at 30th September 2013, the Group had current assets of HK\$7.6 billion (31st March 2013: HK\$5.9 billion).

Ample liquidity & cash reserves



MANAGEMENT DISCUSSION AND ANALYSIS

About 71% of the Group's borrowings are in Hong Kong dollar, 14% in Renminbi, 13% in US dollars, and the remaining 2% in other currencies.

As at 30th September 2013, property assets with an aggregated net book value of HK\$11,573 million (31st March 2013: HK\$10,902 million) were pledged to secure banking facilities of the Group. HK\$357 million guarantees were provided to financial institutions against credit facilities granted to jointly controlled entities (31st March 2013: HK\$339 million).



EMPLOYEES AND REMUNERATION POLICIES

As at 30th September 2013, the Group employed about 470 (31st March 2013: 468) employees. The remuneration packages including basic salary, annual bonus, share options, retirement and other benefits are commensurate with their job nature and level of experience.

FUTURE PROSPECTS

The Hong Kong property market continues to benefit from the ongoing unprecedented liquidity and very low long term interest rates by central banks around the world. During the last financial year, various tightening measures were instituted by local authority to counteract the rising demand both in the residential segment and in the commercial segment, which aimed to prevent formation and outburst of property bubble and to bring long term stability in the property market. The effect is seen in the decreased secondary market transaction volume.

At the same time, the PRC property market continues to grow strongly as illustrated by the tremendous sales turnover announced by numerous mainland developers, coupled with increase in selling price during the period. With the incorporation of urbanization scheme in the twelfth five-year plan, we remain confident on the Mainland economy and long term positive demand of the property market in the PRC.

With the continual influx of business and leisure travelers, particularly from Mainland, we are optimistic on the performance of our hotel operations and are expanding our hotel business in proven locations.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**To the Board of Directors of
Asia Standard International Group 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 Standard International Group 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 cash flows and the condensed consolidated statement of changes in equity 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	Six months ended 30th September	
		2013 HK\$'000	2012 HK\$'000
Revenue	4	775,858	567,160
Cost of sales		(265,649)	(181,488)
Gross profit		510,209	385,672
Selling and administrative expenses		(92,462)	(95,393)
Depreciation		(43,016)	(42,508)
Net investment gain	5	611,176	161,066
Fair value gain of investment properties		97,190	328,718
Operating profit		1,083,097	737,555
Net finance costs	7	(38,874)	(23,264)
Share of profits less losses of			
Jointly controlled entities		(1,722)	24,691
Associated companies		35,880	109,077
Profit before income tax		1,078,381	848,059
Income tax expense	8	(35,816)	(16,509)
Profit for the period		1,042,565	831,550
Attributable to:			
Shareholders of the Company		971,791	789,456
Non-controlling interests		70,774	42,094
		1,042,565	831,550
Earnings per share (HK\$)			
Basic and diluted	10	0.79	0.64

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

	Six months ended 30th September	
	2013	2012
	HK\$'000	HK\$'000
Profit for the period	1,042,565	831,550
Other comprehensive income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value gain on available-for-sale investments	8,246	12,021
Impairment of available-for-sale investments charged to profit and loss account	–	395
Release of reserve upon disposal of available-for-sale investments	–	(622)
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	1,050,695	846,464
Attributable to:		
Shareholders of the Company	978,757	799,657
Non-controlling interests	71,938	46,807
	1,050,695	846,464

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

		30th September 2013 HK\$'000	31st March 2013 HK\$'000
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Non-current assets			
Property, plant and equipment	11	3,107,211	3,049,588
Investment properties	12	5,450,032	5,418,841
Jointly controlled entities		1,059,971	1,027,476
Associated companies		1,535,251	1,499,356
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		2,884	805
		11,936,822	11,241,246
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Current assets			
Properties under development for sale		1,712,173	1,166,672
Completed properties held for sale		3,617	55,515
Hotel and restaurant inventories		1,673	2,218
Mortgage loans receivable		530	672
Trade and other receivables	13	276,250	353,434
Income tax recoverable		513	815
Financial assets at fair value through profit or loss	14	4,607,190	3,942,393
Bank balances and cash		1,009,536	409,426
		7,611,482	5,931,145
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Current liabilities			
Trade and other payables	15	142,748	130,020
Amount due to jointly controlled entities		51,816	69,686
Derivative financial instruments		1,408	2,289
Borrowings	16	768,384	479,102
Income tax payable		61,720	27,214
		1,026,076	708,311
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Net current assets		6,585,406	5,222,834
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Total assets less current liabilities		18,522,228	16,464,080
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CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

	Note	30th September 2013 HK\$'000	31st March 2013 HK\$'000
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Non-current liabilities			
Long term borrowings	16	3,311,203	2,898,786
Medium term notes	17	616,018	–
Deferred income tax liabilities		72,734	75,995
		3,999,955	2,974,781
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Net assets		14,522,273	13,489,299
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Equity			
Share capital	18	12,548	12,369
Reserves	19	13,602,430	12,636,934
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Equity attributable to shareholders of the Company		13,614,978	12,649,303
Non-controlling interests		907,295	839,996
		14,522,273	13,489,299
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED

	Six months ended 30th September	
	2013 HK\$'000	2012 HK\$'000
Net cash generated before working capital changes	409,593	282,580
Change in working capital	(1,028,733)	(255,563)
Net cash (used in)/generated from operating activities	(619,140)	27,017
Net cash used in investing activities	(84,899)	(47,029)
Net cash generated from/(used in) financing activities	1,303,369	(61,048)
Net increase/(decrease) in cash and cash equivalents	599,330	(81,060)
Cash and cash equivalents at the beginning of the period	400,477	389,433
Changes in exchange rates	775	917
Cash and cash equivalents at the end of the period	1,000,582	309,290
Analysis of the balances of cash and cash equivalents		
Bank balances and cash (excluding restricted bank balances)	1,000,582	309,290

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	12,302	10,121,020	10,133,322	704,723	10,838,045
Net fair value gain on available-for-sale investments	–	8,369	8,369	3,652	12,021
Impairment of available-for-sale investments charged to profit and loss account	–	277	277	118	395
Release of reserve upon disposal of available-for-sale investments	–	(622)	(622)	–	(622)
Currency translation differences	–	2,177	2,177	943	3,120
Profit for the period	–	789,456	789,456	42,094	831,550
Total comprehensive income for the period	–	799,657	799,657	46,807	846,464
2012 final dividend	–	(9,841)	(9,841)	–	(9,841)
At 30th September 2012	12,302	10,910,836	10,923,138	751,530	11,674,668
At 31st March 2013	12,369	12,636,934	12,649,303	839,996	13,489,299
Net fair value gain on available-for-sale investments	–	6,325	6,325	1,921	8,246
Cash flow hedges					
– fair value gains	–	6,557	6,557	–	6,557
– transfer to finance costs	–	(4,471)	(4,471)	–	(4,471)
Currency translation differences	–	(1,445)	(1,445)	(757)	(2,202)
Profit for the period	–	971,791	971,791	70,774	1,042,565
Total comprehensive income for the period	–	978,757	978,757	71,938	1,050,695
2013 final dividend	179	(13,261)	(13,082)	(4,639)	(17,721)
At 30th September 2013	12,548	13,602,430	13,614,978	907,295	14,522,273

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	5,121,391	8,184	5,129,575
Available-for-sale investments	230,340	19,295	249,635
Derivative financial instruments	–	6,557	6,557
	5,359,915	25,852	5,385,767
Liabilities			
Derivative financial instruments	–	1,408	1,408

At 31st March 2013

Assets			
Financial assets at fair value through profit or loss	3,942,393	–	3,942,393
Available-for-sale investments	223,923	17,467	241,390
	4,166,316	17,467	4,183,783
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 include those 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 listed on The Stock Exchange of Hong Kong Limited. The address of its principal office is 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

The Group is principally engaged in property development and investment, hotel, travel operation and securities investments. Revenue includes revenue from 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. 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	294,337	8,458	894,712
Segment revenue	160,000	52,962	378,955	175,483	8,458	775,858
Contribution to segment results	107,230	48,066	128,453	175,200	(1,663)	457,286
Depreciation	-	-	(41,080)	-	(1,936)	(43,016)
Net investment gain	-	-	-	611,176	-	611,176
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	106,053	181,136	87,373	786,376	(4,144)	1,156,794
Unallocated corporate expenses						(39,539)
Net finance cost						(38,874)
Profit before income tax						1,078,381
Six months ended 30th September 2012						
Turnover	683	42,135	360,458	890,022	15,051	1,308,349
Segment revenue	683	42,135	360,458	148,833	15,051	567,160
Contribution to segment results	77	39,221	134,346	148,833	6,982	329,459
Depreciation	-	-	(40,515)	-	(1,993)	(42,508)
Net investment gain	-	-	-	161,066	-	161,066
Fair value gain of investment properties	-	328,718	-	-	-	328,718
Share of profits less losses of						
Jointly controlled entities	24,691	-	-	-	-	24,691
Associated companies	-	109,077	-	-	-	109,077
Segment results	24,768	477,016	93,831	309,899	4,989	910,503
Unallocated corporate expenses						(39,180)
Net finance cost						(23,264)
Profit before income tax						848,059

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
As at 30th September 2013						
Segment assets	2,849,906	6,904,752	3,155,776	5,507,410	259,894	18,677,738
Other unallocated assets						870,566
						19,548,304
Segment assets include:						
Jointly controlled entities and associated companies	1,133,763	1,431,074	-	-	30,385	2,595,222
Addition to non-current assets for the six months ended 30th September 2013*						
	7,456	287	36,652	-	25,772	70,167
Segment liabilities						
Borrowings	1,352,820	469,401	1,517,413	739,953	-	4,079,587
Other unallocated liabilities						946,444
						5,026,031
As at 31st March 2013						
Segment assets	2,431,386	6,835,321	3,161,726	4,305,832	172,099	16,906,364
Other unallocated assets						266,027
						17,172,391
Segment assets include:						
Jointly controlled entities and associated companies	1,130,713	1,395,193	-	-	926	2,526,832
Addition to non-current assets for the six months ended 30th September 2012*						
	97,845	763	200,852	-	3,795	303,255
Segment liabilities						
Borrowings	1,115,500	474,932	1,474,202	313,254	-	3,377,888
Other unallocated liabilities						305,204
						3,683,092

* 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	2012
	HK\$'000	HK\$'000
Revenue		
Hong Kong	568,282	372,179
Overseas	207,576	194,981
	775,858	567,160
	30th	31st
	September	March
	2013	2013
	HK\$'000	HK\$'000
Non-current assets*		
Hong Kong	10,108,210	9,936,789
Overseas	1,044,255	1,058,472
	11,152,465	10,995,261

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

NOTES TO THE INTERIM FINANCIAL INFORMATION

5 NET INVESTMENT GAIN

	Six months ended	
	30th September	
	2013	2012
	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss		
– net unrealised gain from market price movements	539,400	132,945
– net unrealised exchange gain/(loss)	71,277	(1,888)
– net realised gain (note)	499	28,102
Available-for-sale investments		
– net realised gain	–	2,302
– impairment	–	(395)
	611,176	161,066
Note:		
Net realised gain on financial assets at fair value through profit or loss		
Gross consideration	118,854	741,189
Cost of investments	(100,194)	(615,965)
Total gain	18,660	125,224
Less: net unrealised gain recognised in prior years	(18,161)	(97,122)
Net realised gain recognised in current period	499	28,102

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	165,694	138,009
– Unlisted investments	4	209
– Jointly controlled entities	–	2,260
– Other receivables	1,759	1,936
– Bank deposits	2,735	453
Dividend income		
– Listed investments	9,704	10,161
Expenses		
Cost of properties and goods sold	161,970	99,403
Employee benefit expense, including Directors' emoluments (note (b))	81,343	81,716
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	78,408	79,018
Retirement benefits costs	2,935	2,698
	81,343	81,716

NOTES TO THE INTERIM FINANCIAL INFORMATION

7 NET FINANCE COSTS

	Six months ended 30th September	
	2013 HK\$'000	2012 HK\$'000
Interest expense		
Long term bank loans	(38,238)	(24,609)
Short term bank loans and overdrafts	(2,128)	(8,245)
Medium term notes	(18,699)	–
Derivative financial instruments	2,872	–
Interest capitalised under properties under development	18,335	8,074
	(37,858)	(24,780)
Other incidental borrowing costs	(4,951)	(3,304)
Net foreign exchange (loss)/gain on borrowings	(1,416)	3,048
Fair value gain on derivative financial instruments		
– cash flow hedge, transfer from reserve (note 19)	4,471	–
– not applying hedge accounting	880	1,772
	(38,874)	(23,264)

8 INCOME TAX EXPENSE

	Six months ended 30th September	
	2013 HK\$'000	2012 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	5,340	3,724
	(35,816)	(16,509)

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 rate 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\$5,225,000) 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 earnings per share is based on profit attributable to shareholders of the Company of HK\$971,791,000 (2012: 789,456,000) and divided by the weighted average number of 1,236,852,853 (2012: 1,230,142,122) shares in issue during the period.

For the six months ended 30th September 2013 and 2012, the Company's and its listed subsidiary's outstanding share options did not have a dilution effect on the earnings per share, so the basic and diluted earnings per share were equal.

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	77,997	2,559,509	1,533,376	54,530	50,403	4,275,815
Currency translation difference	(1,051)	–	(6,365)	–	216	(7,200)
Additions	–	25,370	11,281	435	1,764	38,850
Transfer from investment properties	–	59,461	–	6,825	–	66,286
Disposals	–	–	(429)	–	(19,908)	(20,337)
At 30th September 2013	76,946	2,644,340	1,537,863	61,790	32,475	4,353,414
Accumulated depreciation						
At 31st March 2013	–	411,674	763,626	7,962	42,965	1,226,227
Currency translation difference	–	–	(4,359)	–	137	(4,222)
Charge for the period	–	13,296	27,701	436	1,583	43,016
Disposals	–	–	(177)	–	(18,641)	(18,818)
At 30th September 2013	–	424,970	786,791	8,398	26,044	1,246,203
Net book value						
At 30th September 2013	76,946	2,219,370	751,072	53,392	6,431	3,107,211
At 31st March 2013	77,997	2,147,835	769,750	46,568	7,438	3,049,588

NOTES TO THE INTERIM FINANCIAL INFORMATION

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Note:

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\$2,335,875,000 (31st March 2013: HK\$2,375,180,000).

Their aggregate open market value based on valuation conducted by Vigers Appraisal & Consulting Limited and Grant Thornton Management Consultants respectively, 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.

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 dividend receivables.

Trade receivables of the Group amounted to HK\$62,299,000 (31st March 2013: HK\$83,142,000). The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically.

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	60,736	81,500
61 days to 120 days	1,563	1,642
	62,299	83,142

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	678,669	476,575
– Listed in the USA	607,558	553,712
– Listed in Hong Kong	14,850	345,883
	1,301,077	1,376,170
Debt securities		
– Listed in Singapore	1,348,351	1,114,978
– Listed in Europe	1,043,110	949,504
– Listed in Hong Kong	906,468	501,741
	3,297,929	2,566,223
Unlisted fund	8,184	–
Total amount included in current assets	4,607,190	3,942,393
Equity securities included in non-current assets		
– Listed in Hong Kong	522,385	–
	5,129,575	3,942,393
Financial assets at fair value through profit or loss are denominated in the following currencies:		
US dollar	2,901,414	2,329,565
Sterling	1,135,739	929,697
Hong Kong dollar	537,235	345,883
Euro	264,084	185,931
Renminbi	291,103	151,317
	5,129,575	3,942,393

Note:

The debt securities carry fixed coupon 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\$3,284,394,000 (31st March 2013: HK\$2,778,964,000).

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 amounted to HK\$19,454,000 (31st March 2013: HK\$23,330,000).

Aging analysis of trade payables at the balance sheet date is as follows:

	30th September 2013 HK\$'000	31st March 2013 HK\$'000
0 day to 60 days	18,509	23,077
61 days to 120 days	602	119
More than 120 days	343	134
	19,454	23,330

16 BORROWINGS

	30th September 2013 HK\$'000	31st March 2013 HK\$'000
Current liabilities		
Short term bank loans		
Secured	242,358	213,253
Unsecured	10,000	–
	252,358	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
	768,384	479,102
Non-current liabilities		
Long term bank loans, secured	3,311,203	2,898,786
	4,079,587	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 follow:

Repayable within one year	469,412	213,040
Repayable between one and two years	535,552	476,500
Repayable between two and five years	1,802,403	1,093,641
Repayable after five years	1,019,862	1,381,454
	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, the Company issued Renminbi 500 million notes at coupon of 6.5% per annum for a period of 5 years under a medium term note programme established in January 2013. Cross currency interest rate swap contracts were entered into simultaneously to hedge the principal and interest repayments 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

Shares of HK\$0.01 each	Number of shares	Amount HK\$'000
Authorised:		
At 31st March 2013 and 30th September 2013	400,000,000,000	4,000,000
Issued and fully paid:		
At 31st March 2013	1,236,852,853	12,369
Scrip dividend	17,968,672	179
At 30th September 2013	1,254,821,525	12,548

Note:

In September 2013, 17,968,672 new shares were allotted and issued at HK\$1.75 per share in lieu of final dividend for the year ended 31st March 2013.

19 RESERVES

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share option Reserve HK\$'000	Available- for-sale- investments reserve HK\$'000	Contributed Surplus HK\$'000	Hedging reserve HK\$'000	Exchange reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2013	2,036,315	44,190	16,638	68,075	2,782,836	-	73,800	7,615,080	12,636,934
Net fair value gain on available-for-sale investments	-	-	-	6,325	-	-	-	-	6,325
Cash flow hedges:									
- fair value gains	-	-	-	-	-	6,557	-	-	6,557
- transfer to finance costs (note 7)	-	-	-	-	-	(4,471)	-	-	(4,471)
Currency translation differences	-	-	-	-	-	-	(1,445)	-	(1,445)
Profit for the period	-	-	-	-	-	-	-	971,791	971,791
2013 final dividend	31,266	-	-	-	-	-	-	(44,527)	(13,261)
At 30th September 2013	2,067,581	44,190	16,638	74,400	2,782,836	2,086	72,355	8,542,344	13,602,430

NOTES TO THE INTERIM FINANCIAL INFORMATION

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 of subsidiaries		
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 into 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 into 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	Total	
Poon Jing	1,223,452	638,938,336	640,161,788	51.01

Note:

By virtue of his controlling interest (48.37%) in Asia Orient Holdings Limited ("Asia Orient"), Mr. Poon Jing is deemed to be interested in the shares of the Company held by Asia Orient as disclosed under the heading "Substantial shareholders and other persons' interests and short positions in shares and underlying shares" below.

(b) Associated corporations

Director	Associated Corporation	Number of shares held				Percentage of shares in issue (%)
		Personal interest	Family interest	Corporate interest	Total	
Poon Jing	Asia Orient	210,122,160	4,995,066	136,375,288 (Notes)	351,492,514	48.37
	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	Asia Orient	14,500,440	–	–	14,500,440	1.99
	Mark Honour Limited	9	–	–	9	0.01

OTHER INFORMATION

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

(I) LONG POSITIONS IN SHARES (CONTINUED)

(b) Associated corporations (continued)

Notes:

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

(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	2,062,176
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, lapsed or cancelled.

(b) Associated corporation – Asia Orient

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	1.4315	29th March 2007 to 28th March 2017	2,126,301
Lim Yin Cheng	29th March 2007	1.4315	29th March 2007 to 28th March 2017	2,126,301
Lun Pui Kan	29th March 2007	1.4315	29th March 2007 to 28th March 2017	2,126,301
Kwan Po Lam, Phileas	29th March 2007	1.4315	29th March 2007 to 28th March 2017	2,126,301

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.

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)

(c) Associated corporation – 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.

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.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (CONTINUED)

LONG POSITIONS IN SHARES OF THE COMPANY

Shareholders	Capacity	Number of shares held	Total	Percentage (%)
Asia Orient (Note 1)	Beneficial owner	48,330,513		
	Interests in controlled corporation	590,607,823	638,938,336	50.91
Asia Orient Holdings (BVI) Limited ("Asia Orient BVI") (Note 1)	Interests in controlled corporation	590,607,823	590,607,823	47.06
Asia Orient Company Limited ("AOCL") (Note 2)	Beneficial owner	284,494,988		
	Interests in controlled corporation	2,298,640	286,793,628	22.85
Kingfisher Inc. and Lipton Investment Limited ("Kingfisher and Lipton") (Note 2)	Interests in controlled corporation	265,814,424	265,814,424	21.18
Dalton Investment LLC	Investment manager	123,625,640	123,625,640	9.85

Notes:

1. Asia Orient BVI is a wholly-owned subsidiary of Asia Orient. Accordingly, Asia Orient is deemed to have interest and duplicate the interest in the same 590,607,823 per above shares held by Asia Orient BVI.
2. AOCL, companies controlled by AOCL, Kingfisher and Lipton are wholly-owned subsidiaries of Asia Orient BVI. Asia Orient BVI is deemed to be interested in and duplicate the interest held by AOCL, Kingfisher and Lipton.

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.

SHARE OPTION SCHEMES

THE COMPANY

The share option scheme of the Company was adopted by the Company on 27th August 2004. As at 30th September 2013, there were 11,341,965 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	8,764,248
Other employees	2,577,717
	11,341,965

OTHER INFORMATION

SHARE OPTION SCHEMES (CONTINUED)

THE COMPANY (CONTINUED)

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.

SUBSIDIARY – 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
Director	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
Director of a 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, lapsed or cancelled.

OTHER INFORMATION

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.

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 deviations:-

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 at any time, and from time to 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 retire at the next annual general meeting but shall then be eligible for re-election at the meeting.

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

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 Standard International Group Limited

Fung Siu To, Clement

Chairman

Hong Kong, 26th November 2013

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