



ASIA STANDARD HOTEL GROUP LIMITED

Stock Code: 292



INTERIM REPORT
2013

CORPORATE INFORMATION

DIRECTORS

EXECUTIVE

Mr. Poon Jing (*Chairman*)
Dr. Lim Yin Cheng
(*Deputy Chairman and Chief Executive*)
Mr. Poon Hai
Mr. Fung Siu To, Clement
Mr. Woo Wei Chun, Joseph

INDEPENDENT NON-EXECUTIVE

Mr. Ip Chi Wai
Mr. Leung Wai Keung
Mr. Hung Yat Ming

AUDIT COMMITTEE

Mr. Hung Yat Ming (*Chairman*)
Mr. Leung Wai Keung
Mr. Ip Chi Wai

REMUNERATION COMMITTEE

Mr. Hung Yat Ming (*Chairman*)
Mr. Ip Chi Wai
Dr. Lim Yin Cheng

AUTHORISED REPRESENTATIVES

Dr. Lim Yin Cheng
Mr. Lee Tai Hay, Dominic

COMPANY SECRETARY

Mr. Lee Tai Hay, Dominic

REGISTERED OFFICE

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

PRINCIPAL OFFICE IN HONG KONG

30th Floor, Asia Orient Tower, Town Place,
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Hong Kong

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PRINCIPAL BANKERS

Bank of China (Hong Kong)
HSBC
Industrial and Commercial Bank of China (Asia)
Industrial and Commercial Bank of China (Canada)
DBS Bank (Hong Kong)
Wing Hang Bank
Chong Hing Bank
Hang Seng 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		
	30th September		
	2013	2012	Change
(in HK\$ million, except otherwise indicated)			
Consolidated profit and loss account			
Revenue	439	420	+5%
Contribution from hotel operation	125	133	-6%
Net investment gain	138	29	+376%
Depreciation	(42)	(41)	+2%
Net finance costs	(8)	(9)	-11%
Profit for the period attributable to shareholders	236	141	+67%
Earnings per share (HK cents)			
Basic and diluted	15.3	9.1	+68%

	30th		Change
	September	31st	
	2013	March	2013
Consolidated balance sheet			
Total assets	4,959	4,718	+5%
Net assets	3,121	2,896	+8%
Net debt	1,562	1,551	+1%

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

Revalued total assets	11,515	10,998	+5%
Revalued net assets	9,653	9,152	+5%
Revalued net assets per share (HK\$)	6.23	5.90	+6%
Gearing – net debt to revalued net assets	16%	17%	-1%

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

The 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



Empire Hotel Causeway Bay

RESULTS

For the six months period ended 30th September 2013, the Group's revenue and profit attributable to shareholders were HK\$439 million and HK\$236 million, respectively, the former had a 5% increase and the latter a 67% increase over the same period of last year. The increase in profit was mainly attributable to a significant improvement in unrealised gain on investments in financial assets as compared to the same period of last year.

BUSINESS REVIEW

Visitors' arrivals to Hong Kong between April and September 2013 soared by 18% year-on-year to reach 27 million, and growth has come from short-haul market. China continues to be the most important inbound source market for Hong Kong tourism with cumulative arrivals surged by 27% to exceed 20.6 million during the period under review.

All of our Empire Hotels in Hong Kong have been operating at satisfactory occupancy, although average room rate trailed behind the same period last year by about 4% due to increase in room supply.

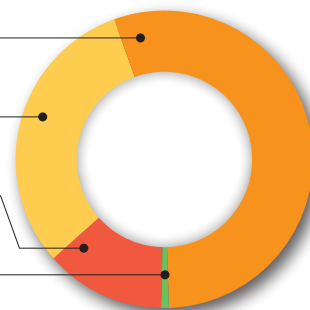
Segment revenue

Hotel operation HK\$242M 55%

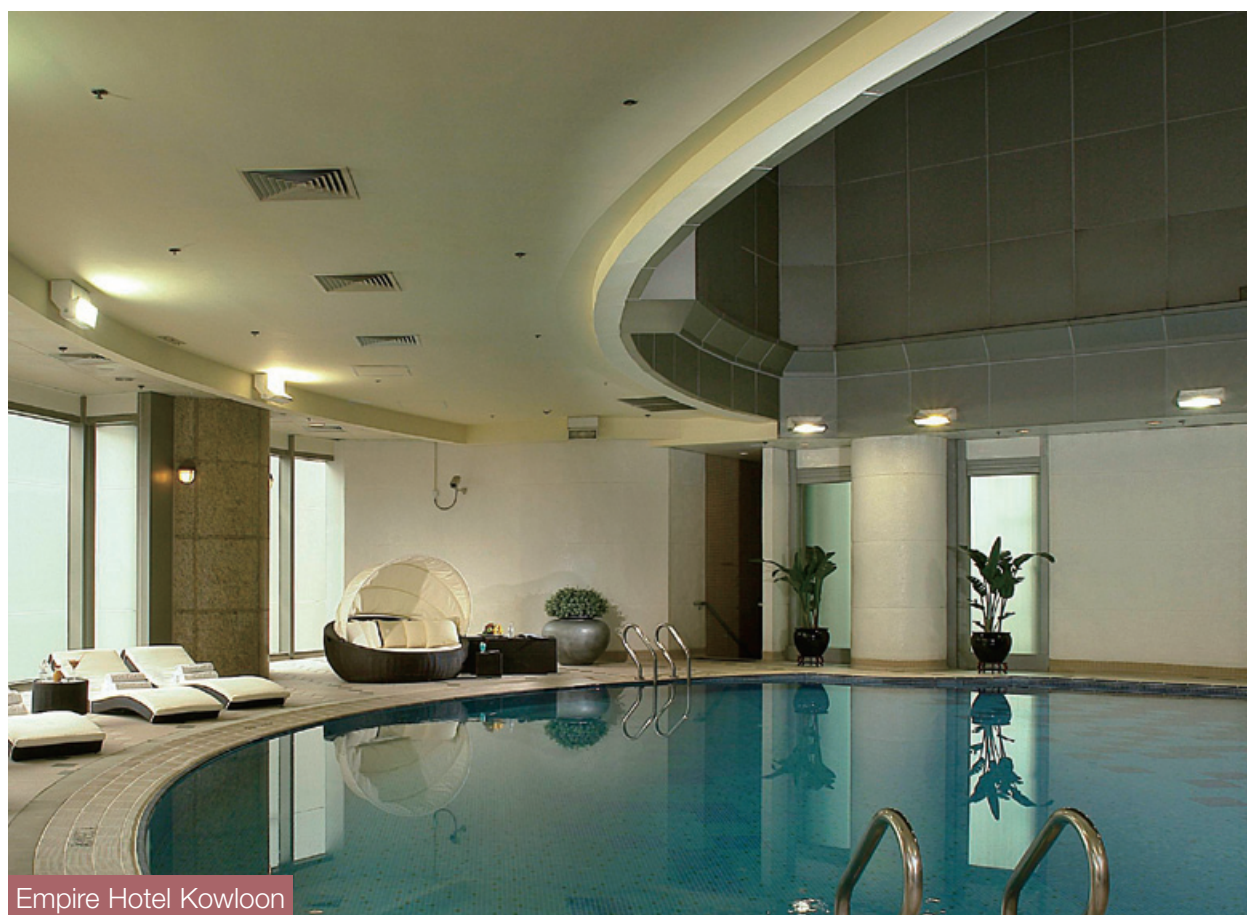
Travel operation HK\$137M 31%

Financial investments HK\$56M 13%

Others HK\$4M 1%



MANAGEMENT DISCUSSION AND ANALYSIS



Empire Hotel Kowloon

EMPIRE HOTEL HONG KONG

Empire Hong Kong achieved an occupancy rate of 95%, and total revenue amounted to HK\$76 million.

EMPIRE HOTEL KOWLOON

Empire Kowloon achieved an occupancy rate of 96%, and total revenue amounted to HK\$67 million.

EMPIRE HOTEL CAUSEWAY BAY

Empire Causeway Bay achieved an occupancy rate of 94%, and total revenue amounted to HK\$46 million.

EMPIRE LANDMARK HOTEL VANCOUVER

Empire Landmark's average room rate increased by 7% in Canadian dollar while its average occupancy rate decreased by 4% to 66%. Total revenue amounted to HK\$53 million.

Occupancy rates of our Empire hotels in Hong Kong

Empire Hotels	1H2010	1H2011	1H2012	1H2013
Hong Kong	90%	91%	97%	95%
Kowloon	91%	91%	96%	96%
Causeway Bay	88%	88%	95%	94%

MANAGEMENT DISCUSSION AND ANALYSIS



HOTEL DEVELOPMENT PROJECTS

The demolition work at the property site in Causeway Bay was completed in August 2013, and the foundation work shall commence immediately upon approval from the Buildings Department.

The demolition work at the Tsim Sha Tsui site is scheduled to complete by end of November 2013.

The two property sites are located adjacent to the Group's two existing hotels in Hong Kong. Their re-development progress are on schedule. With a total gross floor area of approximate 65,000 sq. ft. or 184 hotel guest rooms upon completion in 2016/2017, they will provide greater operational synergies to the Group and stand to benefit from their central locations in the city.

2015

Development pipeline

2016



8A & 8B Wing Hing Street, Causeway Bay

(GFA : 31,000 sq. ft.)
(No. of Rooms : 94)

2017



10-12 Kimberley Street, Tsim Sha Tsui

(GFA : 34,000 sq. ft.)
(No. of Rooms : 90)

2018

TRAVEL AND OTHERS

Revenue for the travel amounted to HK\$137 million.

The catering operations reported under other operating segments have ceased as tenancies run out on the premises together with the termination of the franchise agreement.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL INVESTMENTS

As at 30th September 2013, the Group's financial investment portfolio amounted to HK\$1,684 million (31st March 2013: HK\$1,413 million). The investment portfolio consisted of listed equity (43%) and debt (57%) securities. They were denominated in Hong Kong dollars (14%), United States dollars (56%), Sterling (18%), Euro (6%) and Renminbi (6%). During the six month ended 30th September 2013, the Group recorded a net investment gain of HK\$138 million (2012: HK\$29 million). A total of HK\$56 million (2012: HK\$52 million) in interest and dividend income were generated from the investment portfolio.

As at 30th September 2013, approximately HK\$200 million (31st March 2013: HK\$60 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

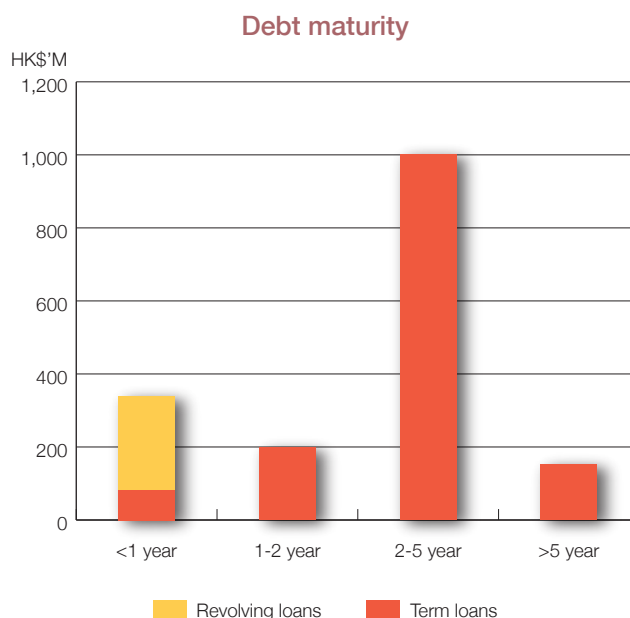
FINANCIAL REVIEW

The Group's total assets amounted to HK\$4,959 million (31st March 2013: HK\$4,718 million). Based on independent valuation, the total revalued amount of our four hotel properties in operation as at 30th September 2013 was HK\$8,939 million, increased by 3% when compared with that as at 31st March 2013. The revalued total assets of the Group with hotel properties in operation at market value would be HK\$11,515 million (31st March 2013: HK\$10,998 million).

The shareholders' funds amounted to HK\$3,121 million (31st March 2013: HK\$2,896 million), of which the increase was mainly due to profit for the period. Taking into account the market value of the hotel properties in operation, the revalued net asset value of the Group would be HK\$9,653 million (31st March 2013: HK\$9,152 million).

The consolidated net debt was HK\$1,562 million (31st March 2013: HK\$1,551 million). 85% of the gross bank borrowings or HK\$1,433 million was denominated in Hong Kong dollars, and the remaining 15% or to the equivalent of HK\$262 million were in foreign currencies incurred in operations and investment in financial assets overseas.

The maturity of our debts spread over a long period of up to 6 years. 5% of total borrowings were from revolving credit facilities secured by hotel properties. 9% of total borrowings were in the form of revolving credit facilities through the pledge of financial assets investment. Term loans secured by hotel properties account for 86% with 6% repayable within 1 year, 71% repayable between one to five years and 9% repayable after five years. At 30th September 2013, the Group had current assets of HK\$1,714 million (31st March 2013: HK\$1,470 million).



MANAGEMENT DISCUSSION AND ANALYSIS

The Group's gearing ratio, expressed as a percentage of net debt over the revalued net asset value, decreased to 16% (31st March 2013: 17%).

The aggregate net book value of hotel properties pledged as collateral for banking facilities of the Group as at 30th September 2013 amounted to HK\$2,936 million (31st March 2013: HK\$2,944 million).

HUMAN RESOURCES

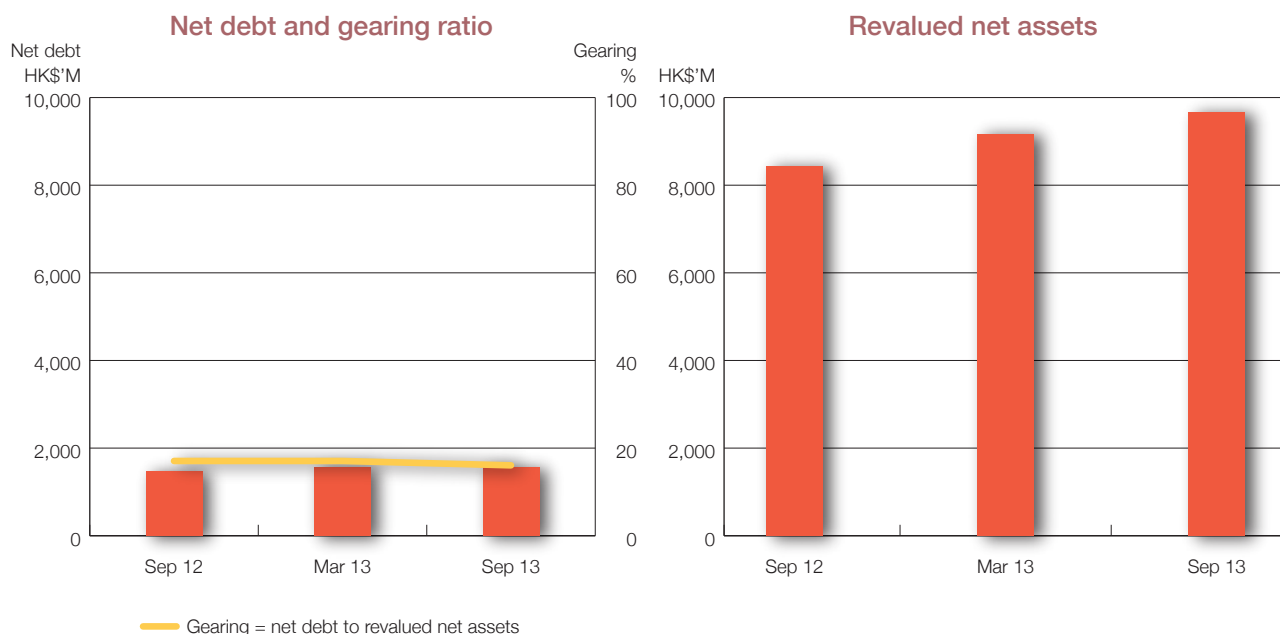
As at 30th September 2013, the total number of employees of the Company and its subsidiaries was 418 (31st March 2013: 419). In addition to salary payment, the Group provides other benefits including insurance, share options, medical scheme and retirement plans and others to its employees.

FUTURE PROSPECTS

In our view, Mainland China and the short-haul markets continue to be the growth engine of our hotel business. Our Empire Hotels, with city central locations and constantly improved product offerings, will continue to capture the growing spending from the vibrant tourism inflows.

In the longer term, leveraging our healthy financial position and solid hotel business in Hong Kong, we will continue to plan and exercise asset enhancement initiatives to bring long term growth in hotel room numbers and revenue to the Group.

While investment sentiments remain volatile around the globe, we continue to adopt a cautious approach towards our investment portfolio.



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**To the Board of Directors of
Asia Standard Hotel 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 Hotel 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-months period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26th November 2013

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT – UNAUDITED

	Note	Six months ended 30th September	
		2013 HK\$'000	2012 HK\$'000
Revenue	4	438,703	420,299
Cost of sales		(207,527)	(177,873)
Gross profit		231,176	242,426
Selling and administrative expenses		(67,484)	(67,166)
Depreciation		(41,787)	(41,222)
Net investment gain	5	137,955	28,814
Operating profit		259,860	162,852
Net finance costs	7	(8,385)	(9,329)
Profit before income tax		251,475	153,523
Income tax expense	8	(15,015)	(12,877)
Profit for the period attributable to shareholders		236,460	140,646
Earnings per share (HK cents)			
Basic and diluted	10	15.3	9.1

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

	Six months ended	
	30th September	
	2013	2012
	HK\$'000	HK\$'000
Profit for the period	236,460	140,646
Other comprehensive income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Impairment of available-for-sale investments charged to profit and loss account	-	395
Net fair value gain on available-for-sale investments	6,417	12,199
Currency translation differences	(2,530)	3,151
	3,887	15,745
Total comprehensive income for the period attributable to shareholders	240,347	156,391

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

	Note	30th September 2013 HK\$'000	31st March 2013 HK\$'000
Non-current assets			
Property, plant and equipment	11	3,014,345	3,023,706
Available-for-sale investments		230,340	223,923
		3,244,685	3,247,629
Current assets			
Inventories		1,673	2,218
Trade and other receivables	12	125,124	141,883
Income tax recoverable		464	636
Financial assets at fair value through profit or loss	13	1,453,364	1,189,406
Bank balances and cash		133,413	136,071
		1,714,038	1,470,214
Current liabilities			
Trade and other payables	14	64,173	63,981
Derivative financial instruments		–	338
Borrowings	15	380,095	332,826
Income tax payable		32,613	24,573
		476,881	421,718
Net current assets		1,237,157	1,048,496
Total assets less current liabilities		4,481,842	4,296,125
Non-current liabilities			
Long term borrowings	15	1,315,052	1,354,629
Deferred income tax liabilities		46,074	45,629
		1,361,126	1,400,258
Net assets		3,120,716	2,895,867
Equity			
Share capital	16	30,997	30,997
Reserves	17	3,089,719	2,864,870
		3,120,716	2,895,867

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – UNAUDITED

	Six months ended	
	30th September	
	2013	2012
	HK\$'000	HK\$'000
Net cash generated before working capital changes	162,971	173,829
Changes in working capital	(129,719)	15,562
Net cash generated from operating activities	33,252	189,391
Net cash used in investing activities	(30,637)	(201,683)
Net cash used in financing activities	(5,810)	(2,254)
Net decrease in cash and cash equivalents	(3,195)	(14,546)
Cash and cash equivalents at the beginning of the period	136,071	133,710
Changes in exchange rates	537	941
Cash and cash equivalents at the end of the period	133,413	120,105
Analysis of balances of cash and cash equivalents		
Bank balances and cash	133,413	120,105

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – UNAUDITED

	Share capital HK\$'000	Other reserves HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2012	30,997	2,408,164	195	2,439,356
Net fair value gain on available-for-sale investments	–	12,199	–	12,199
Impairment of available-for-sale investments charged to profit and loss account	–	395	–	395
Currency translation differences	–	3,151	–	3,151
Profit for the period	–	–	140,646	140,646
Total comprehensive income for the period	–	15,745	140,646	156,391
At 30th September 2012	30,997	2,423,909	140,841	2,595,747
At 31st March 2013	30,997	2,440,898	423,972	2,895,867
Net fair value gain on available-for-sale investments	–	6,417	–	6,417
Currency translation differences	–	(2,530)	–	(2,530)
Profit for the period	–	–	236,460	236,460
Total comprehensive income for the period	–	3,887	236,460	240,347
2013 final dividend	–	–	(15,498)	(15,498)
Total transactions with owners	–	–	(15,498)	(15,498)
At 30th September 2013	30,997	2,444,785	644,934	3,120,716

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 adoption of new standards, which are relevant to the Group's operation and are applicable to the Group's accounting period beginning on 1st April 2013.

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 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	1,453,364	–	1,453,364
Available-for-sale investments	230,340	–	230,340
	1,683,704	–	1,683,704
At 31st March 2013			
Assets			
Financial assets at fair value through profit or loss	1,189,406	–	1,189,406
Available-for-sale investments	223,923	–	223,923
	1,413,329	–	1,413,329
Liabilities			
Derivative financial instruments	–	338	338

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.

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.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are related to impairment of trade and other receivables, income taxes and impairment of available-for-sale investments.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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 registered office is 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

(A) TURNOVER

The Group is principally engaged in hotel, travel operations and securities investments.

Revenue includes revenue from hotel, travel operations and 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.

Revenue is after elimination of inter-segment revenue. The amount eliminated for Hotel operation is HK\$4,644,000 (2012: HK\$2,435,000) and Travel operation is HK\$258,000 (2012: HK\$193,000).

	Six months ended 30th September	
	2013 HK\$'000	2012 HK\$'000
Turnover		
Revenue		
Hotel operation	242,094	245,607
– Room rentals	204,075	205,348
– Food and beverages	28,335	29,860
– Ancillary services	2,249	2,784
– Space rental	7,435	7,615
Travel operation	136,862	114,851
Financial investments	56,238	51,812
Other operations	3,509	8,029
	438,703	420,299
Gross consideration from disposal of financial assets at fair value through profit or loss	33,359	193,338
	472,062	613,637

(B) SEGMENT INFORMATION

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 three main operating segments, comprising hotel operation, travel operation and financial investments.

Hotel operation	–	hotel operation in Hong Kong and Canada
Travel operation	–	selling of travel related packages and products and provision of travel services
Financial investments	–	investments in financial instruments

NOTES TO THE INTERIM FINANCIAL INFORMATION

4 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(B) SEGMENT INFORMATION (CONTINUED)

Segment assets consist primarily of property, plant and equipment, inventories, trade and other receivables, available-for-sale investments and financial assets at fair value through profit or loss. Segment liabilities comprise mainly borrowings.

	Hotel operation HK\$'000	Travel operation HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended 30th September 2013					
Turnover	242,094	136,862	89,597	3,509	472,062
Segment revenue	242,094	136,862	56,238	3,509	438,703
Contribution to segment results	125,070	(277)	56,440	(6,691)	174,542
Depreciation	(41,573)	(152)	–	(62)	(41,787)
Net investment gain	–	–	137,955	–	137,955
Segment results	83,497	(429)	194,395	(6,753)	270,710
Unallocated corporate expenses					(10,850)
Operating profit					259,860
Net finance costs					(8,385)
Profit before income tax					251,475
Income tax expense					(15,015)
Profit for the period attributable to shareholders					236,460
Six months ended 30th September 2012					
Turnover	245,607	114,851	245,150	8,029	613,637
Segment revenue	245,607	114,851	51,812	8,029	420,299
Contribution to segment results	132,631	(153)	51,726	(40)	184,164
Depreciation	(41,070)	(85)	–	(67)	(41,222)
Net investment gain	–	–	28,814	–	28,814
Segment results	91,561	(238)	80,540	(107)	171,756
Unallocated corporate expenses					(8,904)
Operating profit					162,852
Net finance costs					(9,329)
Profit before income tax					153,523
Income tax expense					(12,877)
Profit for the period attributable to shareholders					140,646

NOTES TO THE INTERIM FINANCIAL INFORMATION

4 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(B) SEGMENT INFORMATION (CONTINUED)

	Hotel operation HK\$'000	Travel operation HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
At 30th September 2013					
Segment assets	3,046,379	21,538	1,720,465	36,464	4,824,846
Other unallocated assets					133,877
					4,958,723
Segment liabilities					
Borrowings	1,442,788	-	252,359	-	1,695,147
Other unallocated liabilities					142,860
					1,838,007
Additions to non-current assets*					
for the six months ended					
30th September 2013	36,651	319	-	6	36,976
At 31st March 2013					
Segment assets	3,057,469	18,387	1,471,212	34,068	4,581,136
Other unallocated assets					136,707
					4,717,843
Segment liabilities					
Borrowings	1,474,202	-	213,253	-	1,687,455
Other unallocated liabilities					134,521
					1,821,976
Additions to non-current assets*					
for the six months ended					
30th September 2012	200,852	800	-	35	201,687

* These amounts exclude financial instruments.

NOTES TO THE INTERIM FINANCIAL INFORMATION

4 TURNOVER AND SEGMENT INFORMATION (CONTINUED)

(B) SEGMENT INFORMATION (CONTINUED)

	Six months ended 30th September	
	2013 HK\$'000	2012 HK\$'000
Revenue		
Hong Kong	345,701	319,705
Overseas	93,002	100,594
	438,703	420,299
	30th September 2013 HK\$'000	31st March 2013 HK\$'000
Non-current assets*		
Hong Kong	2,801,947	2,798,834
Overseas	212,398	224,872
	3,014,345	3,023,706

* These amounts exclude financial instruments.

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	116,340	30,530
– net unrealised exchange gain/(loss)	20,788	(3,913)
– net realised gain (note)	827	2,592
Available-for-sale investments		
– impairment	–	(395)
	137,955	28,814
Note:		
Net realised gain on financial assets at fair value through profit or loss		
Gross consideration	33,359	193,338
Cost of investments	(29,212)	(145,532)
Total gain	4,147	47,806
Less: net unrealised gain recognised in prior years	(3,320)	(45,214)
Net realised gain recognised in current period	827	2,592

NOTES TO THE INTERIM FINANCIAL INFORMATION

6 INCOME AND EXPENSES BY NATURE

	Six months ended 30th September	
	2013 HK\$'000	2012 HK\$'000
Income		
Operating lease rental income for hotel buildings	7,435	7,615
Interest income		
– Listed investments	51,309	45,375
– Loan receivables	877	923
– Bank deposits	362	199
Dividend income		
– Listed investments	4,929	6,226
Expenses		
Cost of goods sold	110,072	98,797
Employee benefit expense, including Directors' emoluments (note)	62,682	62,911
Operating lease rental expense for land and buildings	4,281	3,756
Note:		
Employee benefit expense		
Wages and salaries	60,278	60,664
Retirement benefits costs	2,404	2,247
	62,682	62,911

NOTES TO THE INTERIM FINANCIAL INFORMATION

7 NET FINANCE COSTS

	Six months ended 30th September	
	2013	2012
	HK\$'000	HK\$'000
Interest expenses		
Long term bank loans	(14,770)	(8,916)
Short term bank loans and overdrafts	(1,322)	(4,031)
Interest capitalised to hotel properties under development	6,111	–
	(9,981)	(12,947)
Other incidental borrowing costs	(1,204)	(1,584)
Net foreign exchange gain on borrowings	2,462	3,579
Fair value gain on interest rate swaps	338	1,623
	(8,385)	(9,329)

8 INCOME TAX EXPENSE

	Six months ended 30th September	
	2013	2012
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	(14,011)	(17,685)
Overseas profits tax	(571)	–
Over provision in prior years	12	–
	(14,570)	(17,685)
Deferred income tax	(445)	4,808
	(15,015)	(12,877)

Hong Kong profits tax is provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the period. Income tax on overseas profits has been calculated on the estimated assessable profit for the period at the tax rates prevailing in the countries in which the Group operates.

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 the profit for the period attributable to shareholders of HK\$236,460,000 (2012: HK\$140,646,000) and divided by the weighted average number of 1,549,842,336 (2012: 1,549,842,336) shares in issue during the period.

For the six months ended 30th September 2013 and 2012, the Company'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

	Land and buildings HK\$'000	Plant and equipment HK\$'000	Total HK\$'000
Cost			
At 31st March 2013	3,736,445	468,404	4,204,849
Currency translation differences	(6,066)	(1,209)	(7,275)
Additions	31,782	5,194	36,976
Disposals	(173)	(20,164)	(20,337)
At 30th September 2013	3,761,988	452,225	4,214,213
Accumulated depreciation			
At 31st March 2013	811,696	369,447	1,181,143
Currency translation differences	(3,175)	(1,069)	(4,244)
Charge for the period	28,885	12,902	41,787
Disposals	(13)	(18,805)	(18,818)
At 30th September 2013	837,393	362,475	1,199,868
Net book value			
At 30th September 2013	2,924,595	89,750	3,014,345
At 31st March 2013	2,924,749	98,957	3,023,706

Notes:

- (a) At 30th September 2013, the carrying amount HK\$2,935,839,000 (31st March 2013: HK\$2,944,068,000) of hotel properties were pledged to banks to secure bank borrowings of HK\$1,534,413,000 (31st March 2013: HK\$1,643,205,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION

11 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) 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\$2,382,043,000 (31st March 2013: HK\$2,422,056,000).

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 TRADE AND OTHER RECEIVABLES

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

Trade receivables of the Group amounted to HK\$43,033,000 (31st March 2013: HK\$65,090,000). 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 – 60 days	41,488	63,637
61 – 120 days	1,545	1,453
	43,033	65,090

NOTES TO THE INTERIM FINANCIAL INFORMATION

13 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30th September 2013 HK\$'000	31st March 2013 HK\$'000
Equity securities		
– Listed in Europe	272,424	202,388
– Listed in USA	225,804	206,178
	498,228	408,566
Debt securities		
– Listed in Singapore	553,510	473,446
– Listed in Hong Kong	262,185	177,309
– Listed in Europe	139,441	130,085
	955,136	780,840
	1,453,364	1,189,406

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

United States dollar	947,494	764,424
Sterling	306,930	258,630
Renminbi	94,005	92,510
Euro	104,935	73,842
	1,453,364	1,189,406

Note:

The debt securities carry fixed coupon ranging from 2% to 13.875% (31st March 2013: 2% to 13.875%) per annum based on nominal values which are equivalent to HK\$1,077,400,000 (31st March 2013: HK\$929,018,000).

NOTES TO THE INTERIM FINANCIAL INFORMATION

14 TRADE AND OTHER PAYABLES

Trade and other payables of the Group include trade payables and deposits, rental and management fee deposits, retentions payable of construction costs and various accruals.

Trade payables of the Group amounted to HK\$19,448,000 (31st March 2013: HK\$23,312,000).

Aging analysis of trade payables is as follows:

	30th September 2013 HK\$'000	31st March 2013 HK\$'000
0 – 60 days	18,504	23,059
61 – 120 days	602	119
More than 120 days	342	134
	19,448	23,312

15 BORROWINGS

	30th September 2013 HK\$'000	31st March 2013 HK\$'000
Current liabilities		
Short term bank loans		
Secured	242,359	213,253
Unsecured	10,000	–
	252,359	213,253
Current portion of long term bank loans	81,122	66,764
Portion of long term bank loans with a repayment on demand clause	46,614	52,809
	380,095	332,826
Non-current liabilities		
Long term bank loans, secured	1,315,052	1,354,629
	1,695,147	1,687,455

NOTES TO THE INTERIM FINANCIAL INFORMATION

15 BORROWINGS (CONTINUED)

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

	30th September 2013 HK\$'000	31st March 2013 HK\$'000
Repayable within one year	81,122	66,764
Repayable between one and two years	197,240	196,844
Repayable between two and five years	1,004,564	713,141
Repayable after five years	159,862	497,453
	1,442,788	1,474,202
Current portion included in current liabilities	(81,122)	(66,764)
	1,361,666	1,407,438

16 SHARE CAPITAL

Shares of HK\$0.02 each	Number of shares	Amount HK\$'000
Authorised:		
At 31st March 2013 and 30th September 2013	35,000,000,000	700,000
Issued and fully paid:		
At 31st March 2013 and 30th September 2013	1,549,842,336	30,997

NOTES TO THE INTERIM FINANCIAL INFORMATION

17 RESERVES

	Share premium HK\$'000	Contributed surplus HK\$'000	Available- for-sale investments reserve HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2013	1,112,713	1,134,752	101,001	67,152	25,280	423,972	2,864,870
Net fair value gain on available-for-sale investments	-	-	6,417	-	-	-	6,417
Currency translation differences	-	-	-	(2,530)	-	-	(2,530)
Profit for the period	-	-	-	-	-	236,460	236,460
2013 final dividend	-	-	-	-	-	(15,498)	(15,498)
At 30th September 2013	1,112,713	1,134,752	107,418	64,622	25,280	644,934	3,089,719

18 CAPITAL COMMITMENTS

Capital commitments at the balance sheet date are as follows:

	30th September 2013 HK\$'000	31st March 2013 HK\$'000
Property, plant and equipment		
Contracted but not provided for	17,892	14,283
Authorised but not contracted for	360,976	389,016
	378,868	403,299

19 FINANCIAL GUARANTEES

At 30th September 2013 and 31st March 2013, the Group had no financial guarantee and significant contingent liabilities.

NOTES TO THE INTERIM FINANCIAL INFORMATION

20 RELATED PARTY TRANSACTIONS

During the period, the following transactions were carried out with related parties:

	Six months ended 30th September	
	2013 HK\$'000	2012 HK\$'000
Income		
Hotel and travel service	460	354
Expenses		
Operating lease rental and management services	1,915	1,352
Project management service	2,040	1,740

No transactions have been entered with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel compensation) (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	50,050	1,132,669,492	1,132,719,542	73.08

Note:

By virtue of Mr. Poon Jing's interest in the Company through Asia Orient Holdings Limited ("Asia Orient") and its subsidiaries as disclosed under the heading "Substantial shareholders and other persons' interests and short positions in shares and underlying shares" below, Mr. Poon is deemed to be interested in the shares of all of the Company's subsidiaries.

(b) Associated corporations

Director	Associated corporation	Number of shares held			Total	Percentage of shares in issue (%)
		Personal interest	Family interest	Corporate interest		
Poon Jing	Asia Orient (Note 1)	210,122,160	4,995,066	136,375,288	351,492,514	48.37
	Asia Standard International Group Limited ("ASI") (Note 2)	1,223,452	–	638,938,336	640,161,788	51.01
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 Mr. Poon Jing's controlling interest (48.37%) in Asia Orient, he is deemed to be interested in the shares of the Company held by Asia Orient.
2. By virtue of Mr. Poon Jing's controlling interest in Asia Orient, he is deemed to be interested in the shares of ASI held by subsidiaries of Asia Orient.

(II) LONG POSITIONS IN UNDERLYING SHARES

Interests in share options

(a) The Company

As at 30th September 2013, details of the share options granted to the Directors under the share option scheme of the Company adopted on 28th August 2006 ("Share Option Scheme") are as follows:

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
Woo Wei Chun, Joseph	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.

OTHER INFORMATION

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

(II) LONG POSITIONS IN UNDERLYING SHARES (CONTINUED)

Interests in share options (continued)

(b) Associated corporation – Asia Orient

Director	Outstanding as at 1st April 2013 and 30th September 2013
Lim Yin Cheng	2,126,301
Fung Siu To, Clement	2,126,301
Woo Wei Chun, Joseph	3,469,228

Notes:

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

(c) Associated corporation – ASI

Director	Outstanding as at 1st April 2013 and 30th September 2013
Poon Jing	515,544
Lim Yin Cheng	2,062,176
Fung Siu To, Clement	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 an exercise price of HK\$3.15 (as adjusted) per share.
- (2) During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

Save as disclosed above, as at 30th September 2013, none of the Directors or Chief Executive (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

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

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30th September 2013, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and the Chief Executive.

LONG POSITIONS IN SHARES OF THE COMPANY

Shareholder	Number of shares held	Percentage (%)
Asia Standard Development (Holdings) Limited ("ASDHL")	367,962,684	23.74
Asia Standard International Limited ("ASIL")	716,979,512	46.26
ASI (Note 1)	1,085,950,639	70.06
Asia Orient Holdings (BVI) Limited (Note 2)	1,132,669,492	73.08
Asia Orient (Note 3)	1,132,669,492	73.08
Lo Yuk Sui ("Mr. Lo") (Note 4)	108,658,340	7.01
Secure Way Technology Limited ("Secure Way") (Note 4)	108,658,340	7.01
Century City International Holdings Limited ("CCIHL") (Note 4)	108,658,340	7.01
Paliburg Holdings Limited ("PHL") (Note 4)	108,658,340	7.01
Regal Hotels International Holdings Limited ("RHIHL") (Note 4)	108,658,340	7.01
Tenshine Limited ("Tenshine") (Note 4)	102,670,000	6.62

Notes:

1. ASDHL and ASIL are the wholly owned subsidiaries of ASI. ASI is deemed to be interested in and duplicate the interest held by ASDHL and ASIL.
2. Asia Orient Holdings (BVI) Limited and its subsidiaries together hold more than one-half of the issued shares of ASI and is deemed to be interested in and duplicate the interest held by ASI.
3. Asia Orient Holdings (BVI) Limited is a wholly owned subsidiary of Asia Orient. Asia Orient is deemed to be interested in and duplicate the interest held by Asia Orient Holdings (BVI) Limited and its subsidiaries.

OTHER INFORMATION

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

LONG POSITIONS IN SHARES OF THE COMPANY (CONTINUED)

4. Base on the Disclosure of Interests Forms filed with the Company, Tenshine holds the 102,670,000 shares as beneficial owner. RHIHL is deemed to be interested in an aggregate of 108,658,340 shares, which comprise 102,670,000 shares held by Tenshine and 5,988,340 shares held by its indirect wholly-owned subsidiary. PHL is deemed to be interested in the 108,658,340 shares held by RHIHL as PHL indirectly controls 51.28% of the voting power at the general meetings of RHIHL. CCIHL is deemed to be interested in the 108,658,340 shares held by PHL as CCIHL indirectly controls 62.17% of the voting power at the general meeting of PHL. Secure Way is also deemed to be interested in the same 108,658,340 shares held by CCIHL as Secure Way indirectly controls 50.75% of the voting power at the general meetings of CCIHL. Mr. Lo is also deemed to be interested in the same 108,658,340 shares held by Secure Way as Secure Way is 100% controlled by Mr. Lo.

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 SCHEME

Pursuant to the Share Option Scheme, the Board of Directors of the Company may grant share options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to the Company, its subsidiary or any invested entity, their discretionary trust or the companies owned by them. There are no changes in any terms of the Share Option Scheme during the six months ended 30th September 2013. The detailed terms of the Share Option Scheme were disclosed in the 2013 annual report.

The following table discloses details of the Company's share options granted under the Share Option Scheme held by employees (including Directors):

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2013 and 30th September 2013
Directors	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	16,000,000
Directors of holding companies	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	16,000,000
Employees of holding companies	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	23,000,000
Employee of a subsidiary	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
Employee of subsidiaries	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	7,999,999
				78,999,999

Note:

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

OTHER INFORMATION

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 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.

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.

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 from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall retire at the next annual general meeting but shall then be eligible for re-election at the meeting.

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 Hotel Group Limited

Poon, Jing

Chairman

Hong Kong, 26th November 2013

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