

The Directors of Asia Standard Hotel Group Limited (the “Company”) announce that the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the six months ended 30th September 2012 together with the comparative figures for the six months ended 30th September 2011 were as follows :

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

For the six months ended 30th September

	<i>Note</i>	2012 HK\$'000	2011 HK\$'000
Revenue	2	420,299	400,700
Cost of sales		(177,873)	(160,183)
Gross profit		242,426	240,517
Selling and administrative expenses		(67,166)	(58,163)
Depreciation		(41,222)	(45,036)
Net investment gain/(loss)	3	28,814	(624,088)
Operating profit/(loss)		162,852	(486,770)
Net finance (costs)/income		(9,329)	6,916
Profit/(loss) before income tax		153,523	(479,854)
Income tax expense	5	(12,877)	(7,392)
Profit/(loss) for the period attributable to shareholders		140,646	(487,246)
Earnings/(loss) per share (HK cents)			
Basic and diluted	7	9.1	(31.7)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

For the six months ended 30th September

	2012 HK\$'000	2011 HK\$'000
Profit/(loss) for the period	140,646	(487,246)
Other comprehensive income/(charge)		
Net fair value gain/(loss) on available-for-sale investments	12,199	(58,049)
Impairment of available-for-sale investments charged to profit and loss account	395	1,517
Currency translation differences	3,151	(14,148)
	15,745	(70,680)
Total comprehensive income/(charge) for the period attributable to shareholders	156,391	(557,926)

CONDENSED CONSOLIDATED BALANCE SHEET - UNAUDITED

	<i>Note</i>	30th September 2012 HK\$'000	31st March 2012 HK\$'000
Non-current assets			
Property, plant and equipment		2,660,218	2,496,669
Available-for-sale investments		200,382	186,331
		2,860,600	2,683,000
Current assets			
Inventories		2,249	2,342
Trade and other receivables	8	122,512	106,426
Financial assets at fair value through profit or loss		1,219,366	1,234,554
Bank balances and cash		120,105	133,710
		1,464,232	1,477,032
Current liabilities			
Trade and other payables	9	64,739	63,905
Derivative financial instruments		1,779	3,402
Borrowings		600,912	668,071
Income tax payable		38,407	20,722
		705,837	756,100
Net current assets		758,395	720,932
Total assets less current liabilities		3,618,995	3,403,932
Non-current liabilities			
Long term borrowings		981,319	917,839
Deferred income tax liabilities		41,929	46,737
		1,023,248	964,576
Net assets		2,595,747	2,439,356
Equity			
Share capital		30,997	30,997
Reserves		2,564,750	2,408,359
		2,595,747	2,439,356

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 2012.

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 2012. There are no new or revised standards or interpretations that are effective for the first time for this interim period which are relevant to the Group’s operation have a material impact on the Group’s Interim Financial Information.

2. Turnover and segment information

Revenue includes revenue from hotel, catering services, travel agency operations and interest income and dividend income. Turnover is revenue as defined under generally accepted accounting principles and gross consideration from disposal of financial assets at fair value through profit or loss.

	Six months ended 30th September	
	2012 HK\$’000	2011 HK\$’000
Turnover		
Revenue		
Hotel operating income	245,607	237,964
- Room rentals	205,348	194,625
- Food and beverages	29,860	33,896
- Ancillary services	2,784	3,880
- Rental income	7,615	5,563
Catering income	7,106	5,952
Travel agency income	114,851	96,859
Investments	51,812	58,609
Other operations	923	1,316
	420,299	400,700
Gross consideration from disposal of financial assets at fair value through profit or loss	193,338	442,853
	613,637	843,553

2. Turnover and segment information (continued)

	Hotel operation HK\$'000	Catering services HK\$'000	Travel agency HK\$'000	Investments HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended 30th September 2012						
Turnover	245,607	7,106	114,851	245,150	923	613,637
Segment revenue	<u>245,607</u>	<u>7,106</u>	<u>114,851</u>	<u>51,812</u>	<u>923</u>	<u>420,299</u>
Contribution to segment results	132,631	(963)	(153)	51,726	923	184,164
Depreciation	(41,070)	(24)	(85)	-	(43)	(41,222)
Net investment gain	-	-	-	28,814	-	28,814
Segment results	<u>91,561</u>	<u>(987)</u>	<u>(238)</u>	<u>80,540</u>	<u>880</u>	<u>171,756</u>
Unallocated corporate expenses						<u>(8,904)</u>
Operating profit						162,852
Net finance cost						<u>(9,329)</u>
Profit before income tax						153,523
Income tax expense						<u>(12,877)</u>
Profit for the period attributable to shareholders						<u>140,646</u>
Six months ended 30th September 2011						
Turnover	237,964	5,952	96,859	501,462	1,316	843,553
Segment revenue	<u>237,964</u>	<u>5,952</u>	<u>96,859</u>	<u>58,609</u>	<u>1,316</u>	<u>400,700</u>
Contribution to segment results	133,393	(1,161)	(874)	57,752	1,316	190,426
Depreciation	(44,923)	(77)	(9)	-	(27)	(45,036)
Net investment loss	-	-	-	(624,088)	-	(624,088)
Segment results	<u>88,470</u>	<u>(1,238)</u>	<u>(883)</u>	<u>(566,336)</u>	<u>1,289</u>	<u>(478,698)</u>
Unallocated corporate expenses						<u>(8,072)</u>
Operating loss						(486,770)
Net finance income						6,916
Loss before income tax						(479,854)
Income tax expense						<u>(7,392)</u>
Loss for the period attributable to shareholders						<u>(487,246)</u>

2. Turnover and segment information (continued)

	Hotel operation HK\$'000	Catering services HK\$'000	Travel agency HK\$'000	Investments HK\$'000	Others HK\$'000	Total HK\$'000
At 30th September 2012						
Segment assets	2,696,052	3,937	14,918	1,459,999	29,821	4,204,727
Other unallocated assets						<u>120,105</u>
						<u>4,324,832</u>
Segment liabilities						
Borrowings	1,103,873	-	-	478,358	-	1,582,231
Other unallocated liabilities						<u>146,854</u>
						<u>1,729,085</u>
Additions to non-current assets for the six months ended 30th September 2012*						
	<u>200,852</u>	<u>35</u>	<u>800</u>	<u>-</u>	<u>-</u>	<u>201,687</u>
At 31st March 2012						
Segment assets	2,532,113	3,689	15,283	1,445,847	29,390	4,026,322
Other unallocated assets						<u>133,710</u>
						<u>4,160,032</u>
Segment liabilities						
Borrowings	1,044,007	-	-	541,903	-	1,585,910
Other unallocated liabilities						<u>134,766</u>
						<u>1,720,676</u>
Additions to non-current assets for the six months ended 30th September 2011*						
	<u>4,951</u>	<u>8</u>	<u>6</u>	<u>-</u>	<u>100</u>	<u>5,065</u>

* These amounts exclude financial instruments.

2. Turnover and segment information (continued)

	Six months ended 30th September	
	2012 HK\$'000	2011 HK\$'000
Revenue		
Hong Kong	319,705	286,010
Overseas	100,594	114,690
	<u>420,299</u>	<u>400,700</u>
	30th September 2012 HK\$'000	31st March 2012 HK\$'000
Non-current assets*		
Hong Kong	2,419,331	2,250,371
Overseas	240,887	246,298
	<u>2,660,218</u>	<u>2,496,669</u>

* These amounts exclude financial instruments.

3. Net investment gain/(loss)

	Six months ended 30th September	
	2012 HK\$'000	2011 HK\$'000
Financial assets at fair value through profit or loss		
- net unrealised gain/(loss) from market price movements	30,530	(576,706)
- net unrealised exchange loss	(3,913)	(48,144)
- net realised gain (<i>note</i>)	2,592	10,078
Impairment of available-for-sale investments	(395)	(1,517)
Derivative financial instruments - net unrealised loss	-	(7,799)
	<u>28,814</u>	<u>(624,088)</u>

Note:

Net realised gain on financial assets at fair value through profit or loss		
Gross consideration	193,338	442,853
Cost of investments	(145,532)	(262,590)
Total gain	<u>47,806</u>	<u>180,263</u>
Less: net unrealised gain recognised in prior years	(45,214)	(170,185)
Net realised gain recognised in current period	<u>2,592</u>	<u>10,078</u>

4. Income and expenses by nature

	Six months ended 30th September	
	2012 HK\$'000	2011 HK\$'000
Income		
Interest income		
- Listed investments	45,375	50,581
- Loan receivables	923	1,316
- Bank deposits	199	242
Dividend income		
- Listed investments	6,226	7,554
Expenses		
Operating lease rental expense for land and buildings	3,756	3,620
Cost of goods sold	98,797	87,148

5. Income tax expense

	Six months ended 30th September	
	2012 HK\$'000	2011 HK\$'000
Current income tax		
Hong Kong profits tax	(17,685)	(1,867)
Over provision in prior years	-	5,315
	(17,685)	3,448
Deferred income tax	4,808	(10,840)
	(12,877)	(7,392)

Hong Kong profits tax is provided at the rate of 16.5% (2011: 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.

6. Dividend

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2012 (2011: Nil).

7. Earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit for the period attributable to shareholders of HK\$140,646,000 (2011: loss of HK\$487,246,000) and divided by the weighted average number of 1,549,842,336 (2011: 1,537,832,379) shares in issue during the period.

For the six months ended 30th September 2012 and 2011, the Company's outstanding share options did not have a diluted effect on the earnings/(loss) per share, the basic and diluted earnings/(loss) per share were equal.

8. Trade and other receivables

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

Trade receivables of the Group amounted to HK\$37,901,000 (31st March 2012: HK\$32,289,000). 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 2012 HK\$'000	31st March 2012 HK\$'000
0 - 60 days	37,643	31,328
61 - 120 days	185	901
More than 120 days	73	60
	<u>37,901</u>	<u>32,289</u>

9. 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\$20,908,000 (31st March 2012: HK\$19,145,000).

Aging analysis of trade payables is as follows:

	30th September 2012 HK\$'000	31st March 2012 HK\$'000
0 - 60 days	20,342	19,098
61 - 120 days	326	36
More than 120 days	240	11
	<u>20,908</u>	<u>19,145</u>

10. Subsequent event

Subsequent to the balance sheet date, the Group has acquired some property units in Hong Kong at an aggregate consideration of approximately HK\$286 million from a fellow subsidiary of the Company. This is part of a hotel development project undertaken by the Group to increase its hotel capacity. The acquisition constitutes a major and non-exempt connected transaction for the Group and, subject to the approval by the Company's independent shareholders, is expected to be completed by December 2012.

Management Discussion and Analysis

Interim Results

For the six months period ended 30th September 2012, the Group recorded a profit attributable to shareholders of HK\$141 million as compared to a loss of HK\$487 million for the same period of last year. The turnaround was mainly attributable to a net investment gain of HK\$29 million in financial assets as opposed to a net investment loss of HK\$624 million last year. Basic profit per share during the period was HK9.1 cents as compared with the basic loss per share of HK31.7 cents in 2011.

Business Review

Visitors' arrivals to Hong Kong between April and September 2012 soared by 11% year-on-year to reach 23 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 17% to exceed 16.2 million during the period under review.

Empire Hotel Hong Kong

Empire Hong Kong's average room rate increased by 8% and average occupancy rate increased by 6% to 97%. Total revenue amounted to HK\$78 million.

Empire Hotel Kowloon

Empire Kowloon's average room rate remained the same as last year but average occupancy rate increased by 5% to 96%. Total revenue amounted to HK\$66 million.

Empire Hotel Causeway Bay

Empire Causeway Bay's average room rate increased by 3% and average occupancy rate increased by 7% to 95%. Total revenue amounted to HK\$47 million.

Empire Landmark Hotel Vancouver

Empire Landmark's average room rate remained the same as last year and the average occupancy rate decreased by 6% to 70%. Total revenue amounted to HK\$55 million.

Hotel Development Projects

Further to the acquisition of a property in Causeway Bay in September 2012, the Group is in the process of acquiring property interests in Tsimshatsui. With these acquisitions and upon completion of redevelopments into hotels by 2016, the approximately 200 added rooms or 20% increase from the existing room portfolio in Hong Kong will give the Group greater operational synergies and further business opportunities.

Travel and Catering

Revenues for the travel and catering amounted to HK\$115 million and HK\$7 million, respectively.

Investments

As at 30th September 2012, the Group's financial investment portfolio of HK\$1,420 million were denominated in Hong Kong dollars (14%), United States dollars (35%), Sterling (31%), Euro (14%) and Renminbi (6%) (31st March 2012: HK\$1,421 million). This segment of business generated through profit and loss account a total income of HK\$52 million (2011: HK\$58 million) and recorded a net investment gain of HK\$29 million. For the same period in 2011, a loss of HK\$624 million was incurred.

As at 30th September 2012, an approximate value of HK\$255 million (31st March 2012: HK\$250 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

Financial Review

Total assets amounted to HK\$4,325 million (31st March 2012: HK\$4,160 million). Based on independent valuation, the total revalued amount of the four hotel properties as at 30th September 2012 was HK\$8,305 million, increased by 2% when compared with that as at 31st March 2012.

The shareholders' funds amounted to HK\$2,596 million (31st March 2012: HK\$2,439 million). The increase was mainly due to profit for the period. Taking into account the market value of the hotel properties, the revalued net asset value of the Group would be HK\$8,416 million.

The consolidated net debt was HK\$1,462 million (31st March 2012: HK\$1,452 million). 80% of the gross bank borrowings or HK\$1,262 million was denominated in Hong Kong dollars, and the remaining 20% or to the equivalent of HK\$320 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 7 years. 23% of total borrowings which was secured by hotel properties were to be repayable within one year. 11% of total borrowings were in the form of revolving credit facilities through the pledge of financial assets investment. The remaining was secured by hotel properties with 27% repayable between two to five years and 34% repayable after five years. At 30th September 2012, the Group had current assets of HK\$1,464 million (31st March 2012: HK\$1,477 million).

The Group's gearing ratio, expressed as a percentage of net debt over the net asset value, decreased to 56% (31st March 2012: 60%), and after taking into account the fair value of hotel properties at the balance sheet date, the gearing was at a level of 17% (31st March 2012: 18%).

The aggregate net book value of hotel properties pledged as collateral for banking facilities of the Group as at 30th September 2012 amounted to HK\$2,654 million (31st March 2012: HK\$2,492 million).

Human Resources

As at 30th September 2012, the total number of employees of the Company and its subsidiaries was 466. 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

Mainland China and the short-haul markets will continue to be the growth engine of our demand. We very much remain optimistic on the longer-term prospects, capitalising on location conveniences, high standards of hospitality services of our hotels and the rising household income of mainland customers. The announced objective to double the per capita income between year 2010-2020 by the State is a further endorsement of our prospects.

Interim Dividend

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2012 (2011: 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 has purchased or sold any of the Company's listed securities during the period.

Code of Conduct Regarding the Securities Transactions by Directors

The Company has adopted 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 of Hong Kong Limited (the "Listing Rules"). The Company 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 set out in the Model Code throughout the period ended 30th September 2012.

Corporate Governance Code

During the period, the Company has complied with both the code provisions of the Code on Corporate Governance Practices (effective until 31st March 2012) ("CG Practices") and the Corporate Governance Code (effective from 1st April 2012) ("CG Code") as set out in Appendix 14 of the Listing Rules, except the following derivations :-

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

Audit Committee

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th September 2012.

By Order of the Board
Asia Standard Hotel Group Limited
POON, JING
Chairman

Hong Kong, 20th November 2012

As at the date of this announcement, the Executive Directors of the Company are Mr. Poon Jing, Dr. Lim Yin Cheng, Mr. Poon Hai, Mr. Fung Siu To, Clement and Mr. Woo Wei Chun, Joseph; and the Independent Non-executive Directors are Mr. Ip Chi Wai, Mr. Leung Wai Keung and Mr. Hung Yat Ming.