



ASIA ORIENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 214)

ANNOUNCEMENT OF RESULTS FOR THE SIX MONTHS ENDED 30th September 2006

The Directors of Asia Orient Holdings Limited (the “Company”) announce that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2006 together with the comparative figures for the six months ended 30th September 2005 were as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT – UNAUDITED

		Six months ended 30th September	
	Note	2006 HK\$'000	2005 HK\$'000
Turnover	2	40,802	10,867
Cost of sales		(47,684)	(5,390)
Gross (loss)/profit		(6,882)	5,477
Administrative expenses		(4,817)	(8,739)
Other income and charges	3	18,121	(22,003)
Operating profit/(loss)	4	6,422	(25,265)
Finance costs	5	(169)	(675)
Share of profits less losses of			
Jointly controlled entities		–	8,126
Associated companies		22,576	19,120
Profit before income tax		28,829	1,306
Income tax credit	6	–	753
Profit for the period attributable to shareholders of the Company		28,829	2,059
Dividend	7	12,219	–
Earnings per share			
Basic	8	7.68 cents	0.78 cent
Diluted	8	7.58 cents	0.76 cent

CONSOLIDATED BALANCE SHEET – UNAUDITED

		30th September 2006	31st March 2006
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		2,265	2,646
Jointly controlled entities		7,272	11,694
Associated companies		1,599,593	1,453,079
Deferred tax assets		3,902	3,902
		<u>1,613,032</u>	<u>1,471,321</u>
Current assets			
Trade and other receivables	9	756	102,977
Financial assets at fair value through profit or loss		30,901	45,943
Bank balances and cash		271,861	105,505
		<u>303,518</u>	<u>254,425</u>
Current liabilities			
Trade and other payables	10	39,496	40,659
Amounts due to jointly controlled entities		–	4,422
Amounts due to associated companies		2,916	18
Amounts due to minority shareholders		8,311	8,311
		<u>50,723</u>	<u>53,410</u>
Net current assets		<u>252,795</u>	<u>201,015</u>
Total assets less current liabilities		1,865,827	1,672,336
Non-current liabilities			
Deferred tax liabilities		135	135
Net assets		<u>1,865,692</u>	<u>1,672,201</u>
Equity			
Share capital		38,184	25,456
Reserves		1,827,508	1,646,745
		<u>1,865,692</u>	<u>1,672,201</u>

NOTES TO THE INTERIM CONSOLIDATED ACCOUNTS

1 BASIS OF PREPARATION

The unaudited condensed consolidated 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 (the “HKICPA”), and should be read in conjunction with the annual financial statements for the year ended 31st March 2006.

The accounting policies and methods of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31st March 2006.

For the six months ended 30th September 2006, the Group has also applied the new standards, amendments and interpretations issued by the HKICPA that are effective for the accounting periods beginning on or after 1st January 2006. However, the adoption of these new standards, amendments and interpretations does not have significant effect on the accounting policies or results and financial position of the Group.

2 TURNOVER AND SEGMENT INFORMATION

An analysis of turnover and contribution to the Group's results by business segments and geographical segments is set out below:

	Property management <i>HK\$'000</i>	Investment <i>HK\$'000</i>	Other operations <i>HK\$'000</i>	Group <i>HK\$'000</i>
Six months ended 30th September 2006				
Segment revenue	<u>5,464</u>	<u>29,640</u>	<u>5,698</u>	<u>40,802</u>
Contribution to segment results	1,154	(13,734)	5,698	(6,882)
Other income/(charges)	(21)	18,513	(371)	18,121
Unallocated corporate expenses				<u>(4,817)</u>
Operating profit				6,422
Finance costs				(169)
Share of results of associated companies (<i>note (i)</i>)				<u>22,576</u>
Profit for the period				<u>28,829</u>
Six months ended 30th September 2005				
Segment revenue	<u>5,620</u>	<u>1,604</u>	<u>3,643</u>	<u>10,867</u>
Contribution to segment results	1,709	125	3,643	5,477
Other charges	(24)	(21,818)	(161)	(22,003)
Unallocated corporate expenses				<u>(8,739)</u>
Operating loss				(25,265)
Finance costs				(675)
Share of results of Jointly controlled entities (<i>note (i)</i>)				8,126
Associated companies (<i>note (i)</i>)				<u>19,120</u>
Profit before income tax				1,306
Income tax credit				<u>753</u>
Profit for the period				<u>2,059</u>

Note (i) Share of results of jointly controlled entities and associated companies

	Six months ended 30th September			
	2006		2005	
	Jointly controlled entities <i>HK\$'000</i>	Associated companies <i>HK\$'000</i>	Jointly controlled entities <i>HK\$'000</i>	Associated companies <i>HK\$'000</i>
Property sales	–	(663)	–	(3,755)
Property leasing	–	50,115	–	60,014
Hotel and travel	–	25,834	–	13,152
Investment	–	–	8,126	(1,114)
Other operations	–	(7,777)	–	(9,531)
Finance costs	–	(27,680)	–	(23,609)
Unallocated corporate expenses	–	(9,000)	–	(7,808)
Income tax expenses	–	(8,253)	–	(8,229)
	<u>–</u>	<u>22,576</u>	<u>8,126</u>	<u>19,120</u>

Secondary reporting format – geographical segments

For the six months ended 30th September 2006 and 2005, the Group derived all of its revenue and operating profit from Hong Kong.

3 OTHER INCOME AND CHARGES

	Six months ended 30th September	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Unrealised losses on financial assets at fair value through profit or loss	(633)	(21,818)
Negative goodwill recognised on acquisition of additional interest in listed associated companies	9,630	–
Gain on disposal of an associated company	9,516	–
Depreciation	(392)	(185)
	<u>18,121</u>	<u>(22,003)</u>

4 INCOME AND EXPENSES BY NATURE

	Six months ended 30th September	
	2006 <i>HK\$'000</i>	2005 <i>HK\$'000</i>
Income		
Interest income	5,350	3,382
Net realised gains on financial assets at fair value through profit or loss	–	125
Expenses		
Employee benefit expense, including Directors' emoluments (<i>note (a)</i>)	5,930	10,527
Net realised losses on financial assets at fair value through profit or loss	13,734	–

(a) *Employee benefit expense*

Wages and salaries	5,776	7,075
Retirement benefits costs	154	104
Employee share option benefits	–	3,348
	<u>5,930</u>	<u>10,527</u>

5 **FINANCE COSTS**

	Six months ended 30th September	
	2006	2005
	HK\$'000	HK\$'000
Interest expense		
Long term bank loans	–	404
Short term bank loans and overdrafts	169	271
	<u>169</u>	<u>675</u>

6 **INCOME TAX CREDIT**

	Six months ended 30th September	
	2006	2005
	HK\$'000	HK\$'000
Deferred income tax	–	753

No provision for Hong Kong profits tax and overseas income tax has been made as the Group has no estimated assessable profit for the period (2005: nil).

Share of income tax of jointly controlled entities and associated companies for the six months ended 30th September 2006 of nil (2005: nil) and HK\$8,253,000 (2005: HK\$8,229,000) are included in the profit and loss account as share of profits less losses of jointly controlled entities and associated companies respectively.

7 **DIVIDEND**

The Directors recommended an interim dividend of HK3.2 cents (2005: nil) per share.

8 **EARNINGS PER SHARE**

The calculation of earnings per share is based on profit attributable to shareholders of the Company of HK\$28,829,000 (2005: HK\$2,059,000) and on the weighted average number of 375,553,167 (2005: 263,491,186, adjusted for the effects of rights issue of current period) shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30th September 2006 is based on HK\$28,455,000 equaling to the profit attributable to shareholders of HK\$28,829,000 with a decrease in share of profit after tax of HK\$374,000 from Asia Standard arising from conversion of the convertible notes of Asia Standard, and the weighted average number of 375,553,167 shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30th September 2005 is based on HK\$2,009,000 equivalent to profit attributable to shareholders of HK\$2,059,000 with a decrease in share of profit after tax of HK\$50,000 from Asia Standard arising from exercise of its share options, and the weighted average number of 263,491,186 shares, adjusted for the effects of rights issue of current period, in issue during the period.

9 TRADE AND OTHER RECEIVABLES

Trade and other receivables of the Group include trade receivables, utility and other deposits, interest and other receivables.

Trade receivables amounted to HK\$235,000 (31st March 2006: HK\$159,000). 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 debtors, credit evaluations of customers are performed periodically.

Aging analysis of trade receivables net of provision for impairment of doubtful debts is as follows:

	30th September 2006 HK\$'000	31st March 2006 HK\$'000
0 day to 60 days	231	98
61 days to 120 days	4	11
More than 120 days	–	50
	<u>235</u>	<u>159</u>

10 TRADE AND OTHER PAYABLES

Trade and other payables of the Group include trade payables, rental and management fee deposits, interest and other payables and various accruals. Trade payables of the Group amounted to HK\$3,824,000 (31st March 2006: HK\$2,173,000).

Aging analysis of trade payables is as follows:

	30th September 2006 HK\$'000	31st March 2006 HK\$'000
0 day to 60 days	3,301	1,807
61 days to 120 days	42	12
More than 120 days	481	354
	<u>3,824</u>	<u>2,173</u>

11 SUBSEQUENT EVENTS

In November 2006, Asia Standard International Group Limited, a listed associated company of the Group has issued 1,710.5 million shares at HK\$0.175 each, amounting to HK\$299.3 million pursuant to a rights issue of 1 rights share for every 3 existing shares held. The Group subscribed for its entitlement of HK\$126.8 million fully.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The Group reports a turnover for the six months of HK\$41 million, whilst it was HK\$11 million for last corresponding period. Profit attributable to shareholders is HK\$29 million as compared to HK\$2 million in last period.

Higher turnover was due to sales of securities investment, while the surge in profit was mainly from the sale of investment in an associated company, Q9 Technology Limited, and the gain arising from the acquisition of additional interest in Asia Standard International Group Limited (“Asia Standard”) and Asia Standard Hotel Group Limited.

The Directors recommend the payment of an interim dividend of HK3.2 cents (2005: nil) per share.

Property sales and leasing

Asia Standard remains the Group’s core investment with shareholdings increased from 40.98% to 41.32% during the period. It achieved a HK\$55 million profit attributable to shareholders during the period at a turnover of HK\$433 million.

Asia Standard has presold more than HK\$460 million of its residential units and carpark at Canaryside, a residential development project at Lei Yue Mun. Income and profit will be recognized in the second half of the financial year. The remaining 40% residential units and all the retail spaces at Canaryside, together with another new residential development at Ping Shan, Yuen Long will be launched soon. Combined revenue of about HK\$650 million to Asia Standard is expected upon full sales.

During the period, Asia Standard has also paid land premium for two other residential development projects at Aberdeen and Castle Peak Road. They are now at construction of superstructure and foundation stages respectively. Presale consent is being applied for the Aberdeen project, which has a GFA of 150,000 sq.ft. Overall, Asia Standard has over 1 million sq.ft gross floor area of properties under development.

Average occupancy of its investment properties stood at 91%, approximately the same for current and last interim period.

Hotel

The two Hong Kong based Empire hotels achieved a combined revenue increment of 20% against that of last corresponding period, attributable mainly to increased room rates and occupancies. Empire Landmark in Canada also experienced a 30% revenue increase, including exchange rate effect.

Hotel group’s gross operating profit increased by HK\$25 million (40%) to HK\$87 million. It reported a HK\$17 million profit for the period compared to a loss of HK\$25 million of last period.

Hotel group’s net borrowings were down by HK\$335 million, a 40% decrease to HK\$502 million.

Financial review

The Group was at net cash position at both 30th September 2006 and 31st March 2006.

The Group supported and subscribed a capital rights issue by Asia Standard to the amount of HK\$127 million.

At 30th September 2006, the Group’s net asset value rose to HK\$1.86 billion, an increase of HK\$190 million (11%) from HK\$1.67 billion of 31st March 2006.

Certain listed securities were pledged to secure general banking facilities of the Group. The Group did not provide any guarantees to banks and financial institutions on credit facilities to jointly controlled entities, associated companies and third parties.

Employees and remuneration policies

At 30th September 2006, the Group employed 199 full time employees with most of them working for building management and related logistics services. Their remuneration packages, which commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

Future Prospects

Hotel performance is very encouraging resulting from the continuing favourable effect of economic expansion, Disney Theme Park, conferences and exhibitions hosted by Hong Kong, and the increasing importance of China in the world trade platform. Visitors' arrivals to Hong Kong for the first nine months of 2006 reached 19 million, 9.5% higher than last corresponding period. We believe there will be growing attractions in Hong Kong with its privileged position as a door to the mainland.

Property market continues to advance with low mortgage rates, rising personal income and increasing affordabilities. Management is confident that its investments in Asia Standard would bring favourable returns as and when its results reflect the expanding economy of Hong Kong.

Management continues to investigate investment possibilities in Mainland.

Interim dividend

The Board of Directors has declared to pay to shareholders whose names appear on the Register of Members of the Company on 16th January 2007 ("Record Date") interim dividend of HK3.2 cents (2005: nil) per share.

The Board of Directors has also resolved that shareholders will be given an option to elect to receive shares of the Company credited as fully paid in lieu of cash in respect of part or all of such dividend ("Scrip Dividend Scheme"). The market value of the new shares to be issued under the Scrip Dividend Scheme will be fixed by reference to the average of the closing prices of the Company's shares on The Stock Exchange of Hong Kong Limited for the five consecutive trading days up to and including the Record Date. Full details of the Scrip Dividend Scheme will be set out in a circular to the shareholders. New share certificates will be posted on or about 14th February 2007.

Closure of register of members

The Register of Members will be closed from 12th January 2007 to 16th January 2007, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all share certificates with completed transfer forms either overleap or separately must be lodged with the Company's Hong Kong Branch Registrar, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 11th January 2007.

Purchase, sale or redemption of listed securities

During the period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Code on corporate governance practices

During the period, the Company has complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

Code of conduct regarding securities transactions by directors

The Company has adopted its own Code for Securities Transactions by Directors on terms no less exacting than the required standard of dealings as set out in the Model Code (Appendix 10) of the Listing Rules. The Company has also made specific enquiry of the Directors and was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

Audit committee

The Audit Committee members are Mr. Hung Yat Ming, Mr. Cheung Kwok Wah, Ken and Mr. Wong Chi Keung. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

The unaudited accounts of the Group for the six months ended 30th September 2006 have been reviewed by the Audit Committee.

Disclosure of information on the Stock Exchange's website

An interim results of the Group for the six months ended 30th September 2006 containing all the information required by paragraph 46 of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

By Order of the Board
Fung Siu To, Clement
Chairman

Hong Kong, 15th December 2006

As at the date of this announcement, the Executive Directors are Mr. Fung Siu To Clement, Dr. Lim Yin Cheng, Mr. Poon Jing, Mr. Lun Pui Kan and Mr. Kwan Po Lam Phileas; the Non-executive Director is Mr. Chan Sze Hung; and the Independent non-executive Directors are Mr. Cheung Kwok Wah Ken, Mr. Hung Yat Ming and Mr. Wong Chi Keung.