



**ASIA ORIENT HOLDINGS LIMITED**

Stock Code: 214

**Interim Report 2009**



# 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. Lun Pui Kan  
Mr. Kwan Po Lam, Phileas

### Non-executive

Mr. Chan Sze Hung

### Independent non-executive

Mr. Cheung Kwok Wah  
Mr. Wong Chi Keung  
Mr. Hung Yat Ming

## Audit committee

Mr. Hung Yat Ming (*Chairman*)  
Mr. Cheung Kwok Wah  
Mr. Wong Chi Keung

## Remuneration committee

Mr. Fung Siu To, Clement (*Chairman*)  
Mr. Wong Chi Keung  
Mr. Hung Yat Ming

## Authorised representatives

Mr. Fung Siu To, Clement  
Mr. Lun Pui Kan

## Company secretary

Ms. Man Sau Ying

## 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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Website <http://www.asiaorient.com.hk>

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## Principal bankers

Bank of China (Hong Kong) Limited  
Bank of Communications Co., Ltd.  
Chiyu Banking Corporation Limited  
Chong Hing Bank Limited  
Hang Seng Bank Limited  
The Hongkong and Shanghai Banking Corporation Limited

## Legal advisers

Stephenson Harwood & Lo  
35th Floor, Bank of China Tower,  
1 Garden Road, Central,  
Hong Kong

Appleby  
8th Floor, Bank of America Tower,  
12 Harcourt Road, Central,  
Hong Kong

## Auditor

PricewaterhouseCoopers  
Certified Public Accountants  
22nd Floor, Prince's Building,  
Central, Hong Kong

## Share registrar in Bermuda

Butterfield Fulcrum Group (Bermuda) Limited  
Rosebank Centre,  
11 Bermudiana Road,  
Pembroke HM08,  
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		Change
	2009	2008	
(In HK\$ million, except otherwise indicated)			
<b>Consolidated profit and loss account</b>			
Turnover	<b>378</b>	8	+46 times
Net investment gain/(loss)	<b>256</b>	(11)	N/A
Share of profits of associated companies	<b>515</b>	45	+10 times
Profit attributable to shareholders of the Company	<b>1,009</b>	40	+24 times
Earnings per share – basic (HK cent)	<b>153.3</b>	6.4	+23 times
	<b>30th September 2009</b>	31st March 2009	Change
<b>Consolidated balance sheet</b>			
Total assets	<b>3,664</b>	2,478	+48%
Net assets	<b>3,495</b>	2,344	+49%
Net assets per share (HK\$)	<b>5.0</b>	3.6	+39%
Net debt	<b>109</b>	69	+58%
Gearing (net debt to equity)	<b>3.1%</b>	2.9%	+0.2%

# Management Discussion and Analysis



The Westminster Terrace



Jadewater

## RESULTS

The Group's profit attributable to shareholders amounted to HK\$1,009 million, compared to HK\$40 million during the same period last year.

Both the Group and its associated company Asia Standard International Group Limited ("Asia Standard") benefited from the fair value gain from their investment portfolios. During the period, the Group increased its shareholding in Asia Standard by 3.8%, recognising a gain of HK\$228 million.

## ASIA STANDARD

The 49.2% owned Asia Standard reported a profit attributable to shareholders of HK\$1,115 million (2008: HK\$100 million) at a revenue of HK\$892 million (2008: HK\$461 million). The Group's share of profit from this associated company amounted to HK\$506 million (2008: HK\$45 million).

### Property sales and leasing, financial investments

Property sales amounted to HK\$533 million compared to HK\$82 million during the same period last year. Development profit was HK\$183 million compared to HK\$32 million during the last corresponding period. Jadewater, our residential development at Aberdeen, is the main contributor for this segment.

The Westminster Terrace, our joint venture residential development with Grosvenor at Castle Peak Road, was completed during this period. Sales for this 200,000 sq. ft. development commenced after the interim period, and will likely contribute to Asia Standard's result in the second half of the financial year.

Asia Standard has approximately 670,000 sq. ft. gross floor area of properties under development in Hong Kong. It also participated in a 2 million sq. ft. gross floor area joint venture waterfront residential/commercial development project in Beijing, which is currently under planning application.

Rental income attributable to its investment properties portfolio decreased slightly by 5%, to HK\$42 million from last corresponding period's HK\$44 million.

# Management Discussion and Analysis

Empire Hotel Hong Kong



Empire Hotel Causeway Bay



Asia Standard's financial investment portfolio recorded a net unrealised fair value gain of HK\$837 million (2008: HK\$97 million loss) and a net realised gain of HK\$140 million (2008: HK\$1 million) in the reported period.

## Hotel

The hotel group reported a HK\$313 million (2008: HK\$1.5 million) profit for this period. The profit increment is mostly attributed to fair value gain on unrealised financial assets.

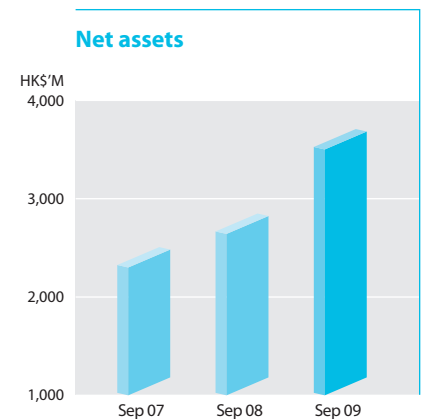
The new hotel in Causeway Bay commenced operation during the period, adding 280 rooms to our portfolio. The Empire Kowloon Hotel added 28 new rooms and began operation in February 2009. Brand new conference facilities were added to Empire Hong Kong Hotel operation to complement its repositioning in the market.

The Empire Landmark Hotel is planned to undergo an extensive renovation programme in the coming two years to further improve its competitiveness.

Asia Standard holds 67.7% stake in its hotel subsidiary.

## FINANCIAL REVIEW

At 30th September 2009, the Group's net asset value increased to HK\$3.5 billion (31st March 2009: HK\$2.3 billion). During the period, HK\$51 million equity was raised upon the conversion of warrants. Net borrowing at period end was HK\$109 million while last year end was HK\$69 million. Gearing was 3% at both dates.





# Management Discussion and Analysis

At 30th September 2009, the Group had financial investments in listed equity and debt securities amounting to HK\$463 million (31st March 2009: HK\$210 million). A net unrealised fair value gain of HK\$137 million (2008: HK\$28 million loss) and a net realised gain of HK\$116 million (2008: Nil) were recognised in the profit and loss account. The investments generated dividend and interest income of HK\$21 million during the period (2008: HK\$2 million).

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 2009, the Group employed 181 full time employees with most of them working for building management and related services. Their remuneration packages, commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

## **FUTURE PROSPECTS**

Aggressive monetary easing policies adopted by Central Banks worldwide succeeded in preventing the financial meltdown to slide into a deeper turmoil. Strong demand for properties sales locally and in the mainland market shows the benefit of these policies along with substantial rebound in the equities market worldwide. Management is alert to the slow recovery of the economy worldwide and remains cautious about future endeavour.

# Report on Review of Interim Financial Information

**To the board of directors of  
Asia Orient Holdings Limited**

*(incorporated in Bermuda with limited liability)*

## Introduction

We have reviewed the interim financial information set out on pages 6 to 24, which comprises the condensed consolidated balance sheet of Asia Orient Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30th September 2009 and the related condensed consolidated profit and loss account, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement 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 Main Board of 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, 8th December 2009

## Condensed Consolidated Profit and Loss Account – Unaudited

	Note	Six months ended 30th September	
		2009 HK\$'000	2008 HK\$'000
Turnover	4	<b>377,777</b>	8,278
Revenue	4	<b>27,069</b>	8,278
Cost of sales	5	<b>(3,639)</b>	(4,318)
Gross profit		<b>23,430</b>	3,960
Net investment gain/(loss)	6	<b>256,028</b>	(10,672)
Administrative expenses	5	<b>(5,204)</b>	(9,892)
Other income and charges	7	<b>(5,757)</b>	(8,706)
Operating profit/(loss)		<b>268,497</b>	(25,310)
Finance costs	8	<b>(3,666)</b>	(881)
Share of profits of			
Jointly controlled entities		<b>1,039</b>	–
Associated companies		<b>514,969</b>	44,921
Negative goodwill arising from acquisition of additional interest in associated companies		<b>228,146</b>	21,155
Profit before income tax		<b>1,008,985</b>	39,885
Income tax expense	9	<b>(21)</b>	–
Profit for the period attributable to shareholders of the Company		<b>1,008,964</b>	39,885
Dividend	10	<b>10,513</b>	–
Earnings per share (HK cent)			
Basic	11	<b>153.3</b>	6.4
Diluted	11	<b>139.6</b>	6.4



## Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Six months ended 30th September	
	2009 HK\$'000	2008 HK\$'000
Profit for the period	<b>1,008,964</b>	39,885
Other comprehensive income		
Fair value gain/(loss) on available-for-sale investments		
– Company and subsidiaries	<b>28,046</b>	(2,766)
– Associated companies	<b>54,169</b>	(9,186)
Currency translation differences	<b>9,097</b>	(1,973)
	<b>91,312</b>	(13,925)
Total comprehensive income for the period	<b>1,100,276</b>	25,960

## Condensed Consolidated Balance Sheet – Unaudited

	<i>Note</i>	<b>30th September 2009 HK\$'000</b>	31st March 2009 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	12	<b>209</b>	423
Jointly controlled entities		–	7,272
Associated companies		<b>3,106,000</b>	2,216,517
Available-for-sale investments		<b>53,385</b>	17,658
Deferred income tax assets		<b>215</b>	236
		<b>3,159,809</b>	2,242,106
<b>Current assets</b>			
Trade and other receivables	13	<b>52,733</b>	7,210
Financial assets at fair value through profit or loss		<b>409,086</b>	185,596
Derivative financial instruments		<b>36</b>	2,563
Warrant assets	14	<b>910</b>	4,439
Bank balances and cash		<b>41,914</b>	36,579
		<b>504,679</b>	236,387
<b>Current liabilities</b>			
Trade and other payables	15	<b>18,564</b>	19,367
Amounts due to associated companies		<b>141</b>	390
Amounts due to minority shareholders		–	8,311
Short-term loans and overdrafts – secured	16	<b>69,557</b>	29,039
Convertible bonds	17	<b>81,031</b>	–
		<b>169,293</b>	57,107
<b>Net current assets</b>		<b>335,386</b>	179,280
<b>Total assets less current liabilities</b>		<b>3,495,195</b>	2,421,386
<b>Non-current liabilities</b>			
Convertible bonds	17	–	77,265
<b>Net assets</b>		<b>3,495,195</b>	2,344,121
<b>Equity</b>			
Share capital	18	<b>70,084</b>	65,148
Reserves	19	<b>3,425,111</b>	2,278,973
		<b>3,495,195</b>	2,344,121

## Condensed Consolidated Cash Flow Statement – Unaudited

	Six months ended 30th September	
	2009 HK\$'000	2008 HK\$'000
Net cash generated from/(used in)		
Operating activities	<b>3,136</b>	(5,672)
Investing activities	<b>(88,209)</b>	(87,260)
Financing activities	<b>91,317</b>	94,462
Net increase in cash and cash equivalents	<b>6,244</b>	1,530
Cash and cash equivalents at the beginning of period	<b>22,182</b>	93,756
Cash and cash equivalents at the end of period	<b>28,426</b>	95,286
Analysis of the balances of cash and cash equivalents		
Bank balances and cash (excluding restricted bank balance)	<b>28,426</b>	95,286

## Condensed Consolidated Statement of Changes in Equity – Unaudited

	HK\$'000
At 31st March 2008	2,590,738
Profit for the period	39,885
Fair value loss on available-for-sale investments	
Company and subsidiaries	(2,766)
Associated companies	(9,186)
Currency translation differences	(1,973)
Total comprehensive income for the period	25,960
Grant of share options	1,260
Conversion of warrants	16,462
	17,722
At 30th September 2008	2,634,420
At 31st March 2009	<b>2,344,121</b>
Profit for the period	<b>1,008,964</b>
Fair value gain on available-for-sale investments	
Company and subsidiaries	<b>28,046</b>
Associated companies	<b>54,169</b>
Currency translation differences	<b>9,097</b>
Total comprehensive income for the period	<b>1,100,276</b>
Conversion of warrants	<b>50,798</b>
At 30th September 2009	<b>3,495,195</b>

# Notes to the Interim financial information

## 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 2009.

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 2009.

The following new and revised standards and amendments to existing standards (“new HKFRS”) are relevant to the Group’s operations and are mandatory for accounting periods beginning on or after 1st January 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 40 (Amendment)	Investment Property
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments

Except for certain changes in presentation and disclosures as described below, the adoption of the above new HKFRS 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.

- HKAS 1 (Revised), “Presentation of Financial Statements”. The Group has elected to present two statements: a profit and loss account and a statement of comprehensive income. The interim financial information has been prepared under the revised disclosure requirements.
- HKFRS 8, “Operating Segments”. HKFRS 8 replaces HKAS 14, “Segment reporting”. It requires a “management approach” under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in certain changes in the presentation and disclosure information of the reportable segments.

The HKICPA has issued certain new and revised standards, interpretations and amendments to existing standards that are not yet effective for the year ending 31st March 2010. The Group has not early adopted these above standards, interpretations and amendments. The Group has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether they will have substantial change to the Group’s accounting policies and presentation of the financial statements.

# Notes to the Interim financial information

## 2 Financial risk management

The activities of the Group, its jointly controlled entities and its associated companies expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

## 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, its jointly controlled entities and its associated companies make 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 investment properties, impairment of available-for-sale investments and trade and other receivables, income taxes and fair values of warrant assets and derivative financial instruments.

## 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, Tower Place, 33 Lockhart Road, Wanchai, Hong Kong.

The Group, its jointly controlled entities and its associated companies are principally engaged in property management, development and investment, hotel, catering services and travel agency, and investments. Turnover comprises revenue from property management, dividend and interest income, together with gross proceeds from disposal of financial assets at fair value through profit or loss and derivative financial instruments. Revenue include revenue from property management, dividend and interest income.

### Business segments

The Group, its jointly controlled entities and associated companies are organised into four main business segments, comprising property sales, property leasing and management, hotel and travel, and investments. There is no other significant identifiable separate business segment. Segment revenue from external customers is after elimination of inter-segment revenues. In accordance with the Group's internal financial reporting and operating activities, the primary reporting is by business segments and the secondary reporting is by geographical segments. Additional segment information of associated companies was set out in supplementary notes.

Net gain/(loss) on financial assets, dividend and interest from financial assets are included in segment results.



## Notes to the Interim financial information

**4 Turnover and segment information** (continued)

## Business segments (continued)

	Property management HK\$'000	Investments HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended 30th September 2009				
Turnover	<b>5,461</b>	<b>372,316</b>	–	<b>377,777</b>
Segment revenue	<b>5,461</b>	<b>21,608</b>	–	<b>27,069</b>
Contribution to segment results	<b>1,822</b>	<b>277,636</b>	–	<b>279,458</b>
Other income and charges	–	–	<b>(5,757)</b>	<b>(5,757)</b>
Segment results	<b>1,822</b>	<b>277,636</b>	<b>(5,757)</b>	<b>273,701</b>
Unallocated corporate expenses				<b>(5,204)</b>
Operating profit				<b>268,497</b>
Finance costs				<b>(3,666)</b>
Share of profits of				
Jointly controlled entities	–	–	<b>1,039</b>	<b>1,039</b>
Associated companies (note (i))				<b>514,969</b>
Negative goodwill arising from acquisition of additional interest in associated companies				<b>228,146</b>
Profit before income tax				<b>1,008,985</b>
Income tax expense				<b>(21)</b>
Profit for the period				<b>1,008,964</b>
Six months ended 30th September 2008				
Turnover	5,750	2,008	520	8,278
Segment revenue	5,750	2,008	520	8,278
Contribution to segment results	1,432	(8,664)	520	(6,712)
Other income and charges	–	–	(8,706)	(8,706)
Segment results	1,432	(8,664)	(8,186)	(15,418)
Unallocated corporate expenses				(9,892)
Operating loss				(25,310)
Finance costs				(881)
Share of profits of associated companies (note (i))				44,921
Negative goodwill arising from acquisition of additional interest in associated companies				21,155
Profit for the period				39,885

## Notes to the Interim financial information

**4 Turnover and segment information** (continued)

## Business segments (continued)

Note (i): Share of profits of associated companies

	Six months ended 30th September	
	2009 HK\$'000	2008 HK\$'000
Property sales	<b>81,094</b>	12,994
Property leasing	<b>42,754</b>	43,337
Hotel and travel	<b>(429)</b>	16,980
Investments	<b>430,650</b>	(33,524)
Others	<b>3,198</b>	25,410
Finance costs	<b>(11,081)</b>	(6,334)
Unallocated corporate expenses	<b>(12,451)</b>	(11,062)
Income tax expense	<b>(18,766)</b>	(2,880)
	<b>514,969</b>	44,921

	Property management HK\$'000	Investments HK\$'000	Others HK\$'000	Total HK\$'000
At 30th September 2009				
Segment assets	<b>13,752</b>	<b>515,007</b>	<b>106</b>	<b>528,865</b>
Associated companies (note (ii))				<b>3,106,000</b>
Bank balances and cash, unrestricted				<b>28,426</b>
Warrant assets				<b>910</b>
Other receivables				<b>287</b>
				<b>3,664,488</b>
Segment liabilities	<b>17,232</b>	<b>69,557</b>	<b>-</b>	<b>86,789</b>
Convertible bonds				<b>81,031</b>
Other payables and accruals				<b>1,473</b>
				<b>169,293</b>
Additions to non-current assets	<b>27</b>	<b>-</b>	<b>-</b>	<b>27</b>

## Notes to the Interim financial information

**4 Turnover and segment information** (continued)

## Business segments (continued)

	Property management HK\$'000	Investments HK\$'000	Others HK\$'000	Total HK\$'000
At 31st March 2009				
Segment assets	14,750	212,640	315	227,705
Jointly controlled entities	–	–	7,272	7,272
Associated companies (note (ii))				2,216,517
Bank balances and cash, unrestricted				22,182
Warrant assets				4,439
Other receivables				378
				2,478,493
Segment liabilities	17,659	29,039	8,311	55,009
Convertible bonds				77,265
Other payables and accruals				2,098
				134,372
Additions to non-current assets for the six months ended 30th September 2008	26	–	–	26

Note (ii): Share of segment assets less liabilities of associated companies

	<b>30th September 2009 HK\$'000</b>	31st March 2009 HK\$'000
Property sales	<b>760,524</b>	672,841
Property leasing	<b>949,741</b>	847,673
Hotel and travel	<b>633,493</b>	615,849
Investments	<b>1,271,541</b>	438,887
Others	<b>(353,167)</b>	(200,730)
Other unallocated liabilities	<b>(156,132)</b>	(158,003)
	<b>3,106,000</b>	2,216,517

## Notes to the Interim financial information

**4 Turnover and segment information** (continued)

## Geographical segments

The Group's business activities in various geographical areas are as follows:

- Hong Kong – all the Group's business segments  
 Europe – securities investments

	Turnover HK'000	Segment revenue HK'000	Operating profit/(loss) HK'000	Total assets HK'000
	<b>Six months ended 30th September 2009</b>			<b>At 30th September 2009</b>
Hong Kong	<b>52,888</b>	<b>7,127</b>	<b>1,951</b>	<b>3,257,292</b>
Europe	<b>324,889</b>	<b>19,942</b>	<b>266,546</b>	<b>407,196</b>
	<b>377,777</b>	<b>27,069</b>	<b>268,497</b>	<b>3,664,488</b>
	Six months ended 30th September 2008			At 31st March 2009
Hong Kong	8,278	8,278	(25,310)	2,322,996
Europe	–	–	–	155,497
	8,278	8,278	(25,310)	2,478,493

## Notes to the Interim financial information

## 5 Income and expenses by nature

	Six months ended 30th September	
	2009 HK\$'000	2008 HK\$'000
<b>Income</b>		
Bank interest income	–	520
Interest income from listed investments	<b>5,906</b>	–
Dividend income from listed investments	<b>15,212</b>	2,008
<b>Expenses</b>		
Depreciation	<b>241</b>	401
Employee benefit expense, including Director's emoluments (note)	<b>6,210</b>	8,491
<b>Note: Employee benefit expense</b>		
Wages and salaries	<b>6,082</b>	7,083
Share option expense	–	1,260
Retirement benefits costs	<b>128</b>	148
	<b>6,210</b>	8,491

## 6 Net investment gain/(loss)

	Six months ended 30th September	
	2009 HK\$'000	2008 HK\$'000
Realised gain on		
– financial assets at fair value through profit or loss	<b>119,158</b>	–
– derivative financial instruments	<b>367</b>	–
Net unrealised gain/(loss) on		
– financial assets at fair value through profit or loss	<b>136,503</b>	(5,220)
– equity linked notes	–	(5,452)
	<b>256,028</b>	(10,672)

## Notes to the Interim financial information

**7 Other income and charges**

	Six months ended 30th September	
	2009 HK\$'000	2008 HK\$'000
Realised loss on warrant assets (note 14)	<b>(3,813)</b>	–
Unrealised gain/(loss) on		
– warrant assets (note 14)	<b>284</b>	(17,260)
– warrant liabilities	–	7,341
– convertible bonds (note 17)	<b>(2,407)</b>	1,295
Net exchange gains	<b>179</b>	318
Provision for advances to a jointly controlled entity	–	(400)
	<b>(5,757)</b>	(8,706)

**8 Finance costs**

	Six months ended 30th September	
	2009 HK\$'000	2008 HK\$'000
Interest expenses and finance charges on		
– convertible bonds	<b>2,946</b>	704
– short term bank loans and overdrafts	<b>720</b>	177
	<b>3,666</b>	881



# Notes to the Interim financial information

## 9 Income tax expense

	Six months ended 30th September	
	2009	2008
	HK\$'000	HK\$'000
Deferred income tax	(21)	–

No provision for Hong Kong profits tax has been made as the Group had sufficient tax losses brought forward to set off against the estimated assessable profits for the current period. In 2008, no provision for Hong Kong profits tax was made as the Group had no assessable profits for the period.

Share of income tax of associated companies for the six months ended 30th September 2009 of HK\$18,766,000 (2008: HK\$2,880,000) is included in the profit and loss account as share of profits of associated companies. There is no share of income tax of jointly controlled entities for the period (2008: Nil).

## 10 Dividend

	Six months ended 30th September	
	2009	2008
	HK\$'000	HK\$'000
Interim dividend of HK1.5 cent per share in scrip (2008: Nil)	10,513	–

At a meeting held on 8th December 2009, the Board of Directors recommended to pay an interim dividend of HK1.5 cent per share in scrip (2008: Nil). The interim dividend is not reflected in the interim financial information, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2010.

The amount of HK\$10,512,663 is based on 700,844,226 issued shares as at 8th December 2009.

## Notes to the Interim financial information

### 11 Earnings per share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$1,008,964,000 (2008: HK\$39,885,000) and on the weighted average number of 658,128,632 (2008: 625,740,613) shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30th September 2009 was based on HK\$1,010,064,000 equalling to profit attributable to shareholders of the Company of HK\$1,008,964,000 with a decrease in share of profit of associated companies of HK\$62,000 and finance cost saved by HK\$1,162,000 assuming the outstanding warrants of Asia Standard Hotel Group Limited ("AS Hotel") and the Company's convertible bonds had been converted respectively, and divided by the weighted average number of 723,366,127 shares equalling to the weighted average number of 658,128,632 shares in issue during the period with an increase of 65,237,495 potential shares deemed to be in issue assuming the Company's convertible bonds had been converted. The outstanding share options of the Company, Asia Standard International Group Limited ("Asia Standard") and AS Hotel did not have a dilutive effect on the earnings per share.

The basic and diluted earnings per share were the same for the six months ended 30th September 2008 as the Company's outstanding convertible bonds, share options and warrants and the outstanding share options and warrants of Asia Standard and AS Hotel did not have a dilutive effect on the earnings per share.

### 12 Property, plant and equipment

	Other equipment HK\$'000
<b>Cost</b>	
At 31st March 2009	5,092
Additions	27
<b>At 30th September 2009</b>	<b>5,119</b>
<b>Accumulated depreciation</b>	
At 31st March 2009	4,669
Charge for the period	241
<b>At 30th September 2009</b>	<b>4,910</b>
<b>Net book value</b>	
<b>At 30th September 2009</b>	<b>209</b>
At 31st March 2009	423

## Notes to the Interim financial information

### 13 Trade and other receivables

Trade and other receivables of the Group include dividend receivables, interest receivables and utility and other deposits. Trade receivables of the Group amounted to HK\$45,512,000 (31st March 2009: HK\$333,000). Credit terms are generally not extended to customers.

Aging analysis of trade receivables is as follows:

	<b>30th September 2009 HK\$'000</b>	31st March 2009 HK\$'000
0 day to 60 days	<b>45,512</b>	333

### 14 Warrant assets

During the period, all outstanding bonus warrants granted from Asia Standard, a listed associated company, in prior year were converted to its equity shares at the conversion price of HK\$0.085.

Following the reset arrangement on 6th March 2009 and capital reorganisation on 9th September 2009, the exercise price of the warrants from AS Hotel, another listed associated company was adjusted to HK\$0.29 per share.

Movement of the warrants during the period is as follows:

	HK\$'000
At 31st March 2009	4,439
Conversion of warrants (note 7)	(3,813)
Fair value gain credited to profit and loss account (note 7)	284
<b>At 30th September 2009</b>	<b>910</b>

## 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 and various accruals. Trade payables of the Group amounted to HK\$3,562,000 (31st March 2009: HK\$3,051,000).

Aging analysis of trade payables is as follows:

	<b>30th September 2009 HK\$'000</b>	31st March 2009 HK\$'000
0 day to 60 days	<b>3,336</b>	2,977
61 days to 120 days	<b>47</b>	21
More than 120 days	<b>179</b>	53
	<b>3,562</b>	3,051

### 16 Short-term loans and overdrafts – secured

Short-term loans are repayable within one year. The carrying amount of the short-term loans approximates their fair values.

The short-term loans are secured by certain shares of a listed associated company and certain financial assets at fair value through profit or loss held by the Group.

### 17 Convertible bonds

On 18th August 2008, the Company issued convertible bonds with principal amount of HK\$80 million which bears interest at 4% per annum payable semi-annually in arrears. The bondholder has the option to convert the bonds into fully paid shares at HK\$1.3 per share at any time within two years from the date of issue. Apart from the adjustments upon occurrence of the usual adjustment events, the subscription price is subject to the reset adjustment on the date falling on the first anniversary of the date of issue of the bonds.

The Company and its subsidiaries may purchase or early redeem the bonds at a redemption price equal to 100% of the principal amount together with accrued interest at any time on or before 18th July 2010. Subsequent to the period end, the bonds were fully redeemed.

## Notes to the Interim financial information

**17 Convertible bonds** (continued)

The convertible bonds were recognised as follows:

	Liability component HK\$'000	Derivative component HK\$'000	Total HK\$'000
At 31st March 2009	76,188	1,077	77,265
Finance costs	1,359	–	1,359
Fair value loss charged to profit and loss account (note 7)	–	2,407	2,407
<b>At 30th September 2009</b>	<b>77,547</b>	<b>3,484</b>	<b>81,031</b>

**18 Share capital**

	Number of shares	Amount HK\$'000
<b>Shares of HK\$ 0.1 each</b>		
Authorised		
At 31st March 2009 and 30th September 2009	3,000,000,000	300,000
Issued and fully paid		
At 31st March 2009	651,477,243	65,148
Conversion of warrants (note)	49,366,983	4,936
<b>At 30th September 2009</b>	<b>700,844,226</b>	<b>70,084</b>

Note:

During the period, the Company allotted and issued 49,366,983 new shares for a gross consideration of HK\$50,798,000 upon conversion of warrants at the conversion price of HK\$1.029 per share.

## Notes to the Interim financial information

## 19 Reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Available- for-sale investment reserve HK\$'000	Share option reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2009	2,036,526	398,021	60,257	(5,317)	18,910	(229,424)	2,278,973
Profit for the period	–	–	–	–	–	1,008,964	1,008,964
Fair value gain on investments							
– Company and subsidiaries	–	–	–	28,046	–	–	28,046
– Associated companies	–	–	–	54,169	–	–	54,169
Currency translation differences	–	–	–	–	–	9,097	9,097
Conversion of warrants (note 18)	45,862	–	–	–	–	–	45,862
<b>At 30th September 2009</b>	<b>2,082,388</b>	<b>398,021</b>	<b>60,257</b>	<b>76,898</b>	<b>18,910</b>	<b>788,637</b>	<b>3,425,111</b>

## 20 Capital commitments

The Group did not have any capital commitments which were contracted but not provided for, nor authorised but not contracted for at 30th September 2009 and 31st March 2009.

## 21 Contingent liabilities

The Group did not have any material contingent liabilities at 30th September 2009 and 31st March 2009.

## 22 Comparative figures

Certain comparative figures have been reclassified to conform with the current period's presentation.



## Other Information

**Directors' and chief executive's interests and short positions in shares, underlying shares and debentures**

As at 30th September 2009, 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 Hong Kong 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	Family interest	Total	
Poon Jing	163,336,459	131,065,031	4,815,226	299,216,716	42.69
Fung Siu To, Clement	13,713,998	–	–	13,713,998	1.96

**(b) Associated corporations**

Director	Associated corporation	Number of shares held			Percentage of shares in issue (%)
		Personal interest	Corporate interest	Total	
Poon Jing	Asia Standard International Group Limited ("Asia Standard")	1,160,813	613,365,030 (note 1)	614,525,843	49.14
Poon Jing	Asia Standard Hotel Group Limited ("AS Hotel")	40,844	923,591,414 (note 1)	923,632,258	70.62
Fung Siu To, Clement	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 Company, Mr. Poon Jing is deemed to be interested in the shares of Asia Standard and AS Hotel held by the Company and its subsidiaries.
2. By virtue of his interest in the Company, Mr. Poon Jing is deemed to be interested in the shares of all the Company's subsidiaries and associated corporations.

#### (II) Long positions in underlying shares

##### Interests in share options

##### (a) The Company

Director	Outstanding as at 1st April 2009 and 30th September 2009
Fung Siu To, Clement	2,126,301
Lim Yin Cheng	2,126,301
Lun Pui Kan	2,126,301
Kwan Po Lam, Phileas	2,126,301

Note:

Options were granted on 29th March 2007 and exercisable during the period from 29th March 2007 to 28th March 2017 at exercise price of HK\$1.4315 (as adjusted) per share. 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 corporations*

– Asia Standard

Director	Outstanding as at 1st April 2009	Adjustment (note 1)	Outstanding as at 30th September 2009
Fung Siu To, Clement	20,621,761	(18,559,585)	2,062,176
Lim Yin Cheng	20,621,761	(18,559,585)	2,062,176
Poon Jing	5,155,440	(4,639,896)	515,544
Lun Pui Kan	20,621,761	(18,559,585)	2,062,176
Kwan Po Lam, Phileas	20,621,761	(18,559,585)	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\$0.315 (as adjusted) per share. Subsequent to the consolidation of every ten shares of HK\$0.01 each into one consolidated share of HK\$0.10 each on 9th September 2009, the exercise price of the share option was adjusted from HK\$0.315 per share to HK\$3.15 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.

## 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 corporations (continued)

– AS Hotel

Director	Date of grant	Exercise price (HK\$) (note 1)	Exercise period	Outstanding as at 1st April 2009	Adjustment  (note 1)	Outstanding as at 30th September 2009
Fung Siu To, Clement	29th March 2007	1.296	29th March 2007 to 28th March 2017	80,000,000	(72,000,000)	8,000,000
Lim Yin Cheng	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	80,000,000	(72,000,000)	8,000,000
Lun Pui Kan	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	80,000,000	(72,000,000)	8,000,000
Kwan Po Lam, Phileas	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	80,000,000	(72,000,000)	8,000,000

Notes:

(1) Subsequent to the consolidation of every ten shares of HK\$0.02 each into one consolidated share of HK\$0.20 each on 9th September 2009 (the "ASH Share Consolidation"), the exercise price of share options granted to Mr. Fung Siu To, Clement was adjusted from HK\$0.1296 per share to HK\$1.296 per share whereas to each of Messrs. Lim Yin Cheng, Lun Pui Kan and Kwan Po Lam, Phileas was adjusted from HK\$0.13 per share to HK\$1.30 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.

## 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 warrants*

(a) *Associated corporation*

Director	Associated corporation	Number of warrants held		
		Personal interest	Corporate interest	Total
Poon Jing	AS Hotel	7,668	174,221,187	174,228,855

Note:

The warrants are exercisable during the period from 7th September 2007 to 6th September 2010 at an initial subscription price of HK\$0.146 per share. Following the fourth reset adjustment on 7th September 2009 and the ASH Share Consolidation, the subscription price of the warrants was adjusted from HK\$0.029 per share to HK\$0.29 per share.

Save as disclosed above, as at 30th September 2009, 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 2009, 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.

### Long positions in shares and underlying shares of the Company

Shareholder	Capacity	Number of shares and underlying shares held			Percentage (%)
		Number of shares held	Number of underlying shares held	Total	
Heston Holdings Limited ("Heston") (note 1)	Beneficial owner	45,547,357	–	45,547,357	6.50
Teddington Holdings Limited ("Teddington") (note 1)	Beneficial owner	54,673,790	–	54,673,790	7.80
Dalton Investments LLC ("Dalton") (note 2)	Investment manager	101,964,673	–	101,964,673	14.55
Clearwater Insurance Company ("Clearwater Insurance") (note 2)	Trustee	48,341,035	–	48,341,035	6.90
Daswani Rajkumar Murlidhar	Beneficial owner	40,400,045	–	40,400,045	5.76
Capital Estate Limited ("Capital Estate") (note 3)	Interests in controlled corporation	12,225,103	38,221,810	50,446,913	7.20

Notes:

1. Mr. Poon Jing, his family interest and the companies wholly owned by him namely Teddington, Heston and Full Speed Investments Limited together hold 299,216,716 shares. The interest of Teddington and Heston duplicate the interest of Mr. Poon Jing disclosed under the heading "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures".
2. Dalton is the investment manager for Clearwater Insurance. The interest of Clearwater Insurance in the shares duplicate the interest of Dalton disclosed above.
3. The interests of Capital Estate in the Company are held through its wholly-owned subsidiary Top Mount Limited. As such, Capital Estate is deemed to be interested in the shares and underlying shares held by Top Mount Limited.

Save as disclosed above, as at 30th September 2009, 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.

## Other Information

### Share option scheme

#### The Company

The share option scheme of the Company was adopted by the Company on 11th November 2002. As at 30th September 2009, there were 41,927,116 share options outstanding. Movements of the share options of the Company during the period are as follows:

Grantee	Outstanding as at 1st April 2009 and 30th September 2009
Directors (note 1)	8,505,204
Director of associated corporations (note 1)	3,469,228
Employees of associated corporations (note 1)	24,172,684
Employee of an associated corporation (note 2)	5,780,000
	41,927,116

Notes:

1. These share 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. These share options were granted on 15th August 2008 and exercisable during the period from 15th August 2008 to 14th August 2018 at an exercise price of HK\$1.07 per share.
3. During the period, no option was granted, exercised, cancelled or lapsed.

### Interim dividend

The Board of Directors recommends an interim dividend for the six months ended 30th September 2009 of HK1.5 cent per share in scrip (2008: Nil) to shareholders whose names appear on the Company's Register of Members on 15th January 2010 (the "Record Date") (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to the Stock Exchange granting listing of and permission to deal in the new shares to be allotted thereunder, and is expected to be paid on or around 29th January 2010. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company in the Stock Exchange for the three trading days prior to and including the Record Date.

### Closure of register of members

The Register of Members will be closed from Wednesday, 13th January 2010 to Friday, 15th January 2010, 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 overleaf or separately must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 12th January 2010.

## Other Information

### 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 securities transactions by directors

The Company has adopted the Model Code as set out in Appendix 10 of 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 2009.

### Code on corporate governance practices

During the period, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except for the deviation from code provision A.4.1 which states that non-executive directors should be appointed for a specific term, subject to re-election. All non-executive director and 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.

### Audit committee

The Audit Committee members are Mr. Hung Yat Ming, Mr. Cheung Kwok Wah 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 interim report of the Group for the six months ended 30th September 2009 has been reviewed by the Audit Committee.

On behalf of the Board

**Fung Siu To, Clement**

*Chairman*

Hong Kong, 8th December 2009





**ASIA ORIENT HOLDINGS LIMITED**

Stock Code: 214