



ASIA STANDARD HOTEL GROUP LIMITED

Stock Code: 292

Interim Report **2011**



Corporate Information

Directors

Executive

Mr. Poon Jing (*Chairman*)
 Dr. Lim Yin Cheng
 (*Deputy Chairman and Chief Executive*)
 Mr. Fung Siu To, Clement
 Mr. Poon Tin Sau, Robert
 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

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

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,
 33 Lockhart Road, Wanchai,
 Hong Kong

Telephone 2866 3336
 Facsimile 2866 3772
 Website www.asiastandardhotelgroup.com
 E-mail info@asia-standard.com.hk

Principal bankers

Industrial and Commercial Bank of
 China (Asia) Limited
 Bank of China (Hong Kong) Limited
 The Hongkong and Shanghai Banking
 Corporation Limited
 Industrial and Commercial Bank of
 China (Canada)
 DBS Bank (Hong Kong) Limited
 Wing Hang Bank Limited
 Chong Hing Bank Limited
 Hang Seng Bank Limited

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

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		Change
	30th September		
	2011	2010	
(in HK\$ million, except otherwise indicated)			
Consolidated profit and loss account			
Revenue	401	346	+16%
Contribution from hotel operation	133	98	+36%
Net investment (loss)/gain	(624)	103	N/A
Depreciation	(45)	(44)	+2%
Net finance income/(costs)	7	(32)	N/A
(Loss)/profit for the period attributable to shareholders	(487)	151	N/A
(Loss)/earnings per share (HK cents)			
Basic	(31.7)	11.2	N/A
Diluted	(31.7)	10.5	N/A

	30th	31st	Change
	September	March	
	2011	2011	
Consolidated balance sheet			
Total assets	4,347	4,723	-8%
Net assets	2,238	2,796	-20%
Net debt	1,862	1,699	+10%

Supplementary information with hotel properties at valuation (note):

		(Restated)	
Revalued total assets	9,502	8,932	+6%
Revalued net assets	7,365	6,976	+6%
Revalued net assets per share (HK\$)	4.79	4.54	+6%
Gearing – net debt to revalued net assets	25%	24%	+1%

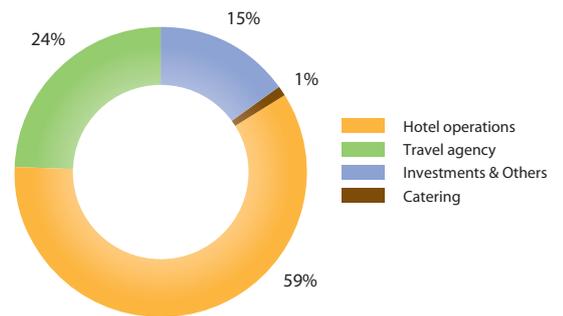
Note: According to the Group's accounting policies, hotel properties were carried at cost less accumulated depreciation. To give further information on the economic substance of its hotel properties investments, the Group hereby presents supplementary unaudited financial information taking into account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

The 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 2011.

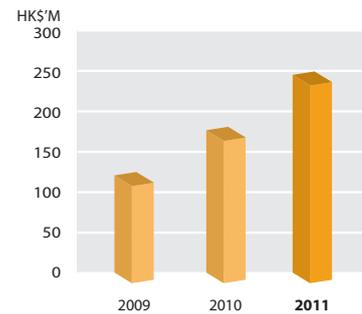
Management Discussion and Analysis



Segment Revenue



Gross Profit



Interim Results

For the six months period ended 30th September 2011, the Group's revenue and contributions from hotel operation were HK\$238 million and HK\$133 million, respectively, the former had an 25% increase and the latter an 36% increase over the same period of last year. The Group, however, recorded a loss attributable to shareholders of HK\$487 million as compared to a profit of HK\$151 million for the same period of last year. The loss was mainly due to unrealised losses of HK\$626 million arising from drop in fair value of the Group's securities investments as a result of the recent downturn in the global financial markets. For the same period in 2010 the Group recorded unrealised

gains arising from increase in fair value of its investments. These unrealised fair value losses or gains have no effect on the cash flow of the Group in their respective reporting periods. Basic loss per share during the period was HK31.7 cents as compared with the basic earnings per share of HK11.2 cents in 2010.

Business Review

Visitors' arrivals to Hong Kong reached 21 million in the period under review, 18% higher when compared to the same period last year. Mainland China was the growth engine driven by strong travel and consumption sentiments among the Chinese consumers. Cumulative arrivals from the market surged by 27% to exceed 13.8 million between April and September 2011.

Management Discussion and Analysis

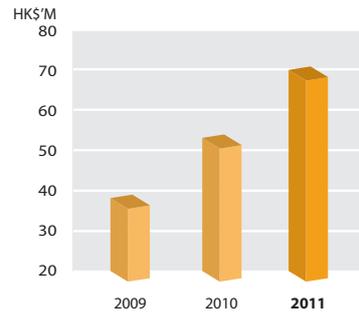


Empire Hotel Hong Kong

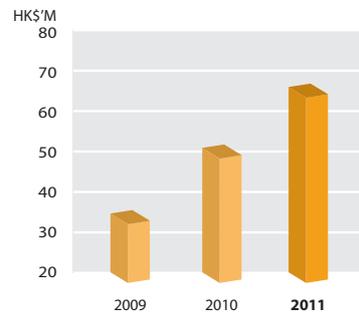


Empire Hotel Kowloon

Empire Hotel Hong Kong - Revenue



Empire Hotel Kowloon - Revenue



Empire Hotel Hong Kong

Empire Hong Kong’s average room rate increased by 36% and average occupancy rate increased by 1% to 91%. Total revenue amounted to HK\$69 million, and its gross operating profit amounted to HK\$42 million. We will further step up our promotion on MICE for high yield business travellers by capitalising on our new lobby, meeting facilities and location conveniences.

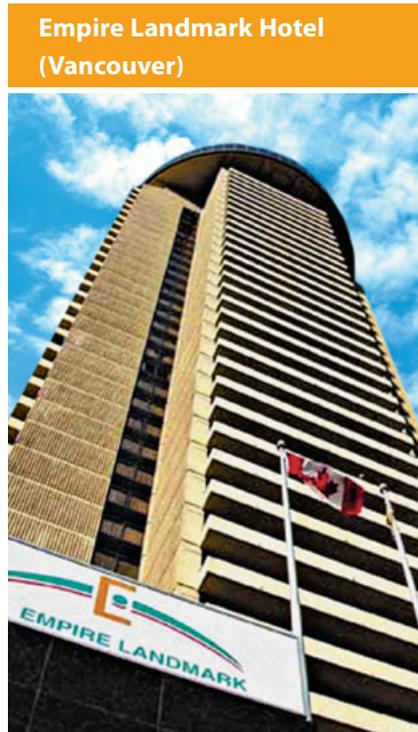
Empire Hotel Kowloon

Empire Kowloon’s average room rate increased by 36% and average occupancy rate stayed at 91%. Total revenue amounted to HK\$65 million, and its gross operating profit amounted to HK\$42 million.

Management Discussion and Analysis

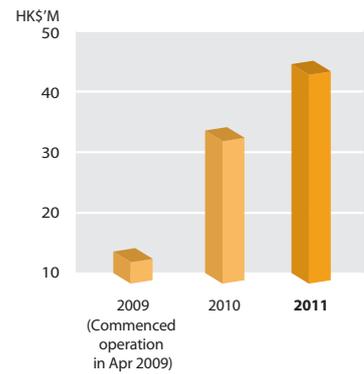


Empire Hotel Causeway Bay

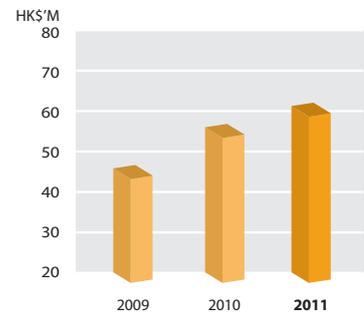


Empire Landmark Hotel (Vancouver)

Empire Hotel Causeway Bay - Revenue



Empire Landmark Hotel (Vancouver) - Revenue



Empire Hotel Causeway Bay

Empire Causeway Bay's average room rate increased by 38% and average occupancy rate stayed at 88%. Total revenue amounted to HK\$44 million, and its gross operating profit amounted to HK\$26 million.

Empire Landmark Hotel (Vancouver)

Empire Landmark's average room rate increased by 4% and average occupancy rate increased by 2% to 76%. Total revenue amounted to HK\$60 million, and its gross operating profit amounted to HK\$24 million.

Travel and Catering

Revenues for the travel and catering amounted to HK\$97 million and HK\$6 million, respectively.

Management Discussion and Analysis

Investments

The Group's financial investment portfolio of HK\$1,565 million were denominated in Hong Kong dollars (21%), United States dollars (26%), Sterling (26%) and Euro (27%) (31st March 2011: HK\$1,919 million). This segment of business generated through profit and loss account a total income of HK\$58 million (2010: HK\$31 million) but incurred a net investment loss of HK\$624 million, which comprised mainly of unrealised losses of HK\$626 million arising from drop in fair value of its investment. On the contrary, the Group, recorded a net investment gain that comprised mainly of unrealised gains of HK\$102 million for the same period in 2010.

As at 30th September 2011, an approximate value of HK\$710 million (31st March 2011: HK\$492 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

Financial Review

Total assets amounted to HK\$4,347 million (31st March 2011: HK\$4,723 million). Based on independent valuation, the total revalued amount of the four hotel properties as at 30th September 2011 was HK\$7,681 million, increased by 13% when compared with that as at 31st March 2011.

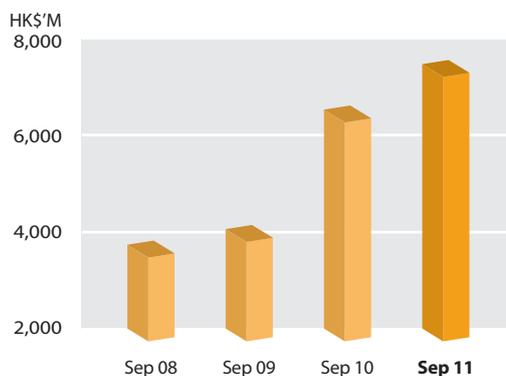
The shareholders' funds amounted to HK\$2,238 million (31st March 2011: HK\$2,796 million). The decrease was mainly due to loss for the period. Taking into account the market value of the hotel properties, the revalued net asset value of the Group would be HK\$7,365 million.

The consolidated net bank borrowings was HK\$1,862 million (31st March 2011: HK\$1,699 million). 68% of the gross bank borrowings or HK\$1,345 million was denominated in Hong Kong dollars, and the remaining 32% or to the equivalent of HK\$629 million were in foreign currencies incurred in operations and investment in financial assets overseas.

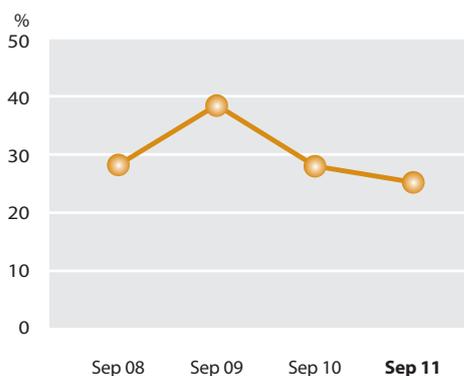
The maturity of our debts spread over a long period of up to 8 years. 21% of total borrowings were from revolving credit facilities secured by hotel properties. 25% of total borrowings were in the form of revolving credit facilities through the pledge of financial assets investment. The remaining was secured by hotel properties with 13% repayable between one to five years and 38% repayable after five years. At 30th September 2011, the Group had current assets of HK\$1,652 million (31st March 2011: HK\$1,916 million).

The Group's gearing ratio, expressed as a percentage of net debt over the net asset value, increased to 83% (31st March 2011: 61%), and after taking into account the fair value of hotel properties at the balance sheet date, the gearing was at a level of 25% (31st March 2011: 24%).

Revalued net assets



Gearing ratio (net debt to revalued net assets)



Management Discussion and Analysis

The aggregate net book value of hotel properties pledged as collateral for banking facilities of the Group as at 30th September 2011 amounted to HK\$2,525 million (31st March 2011: HK\$2,582 million).

The aggregate carrying amount of financial assets pledged to banks as collateral for credit facilities of the Group amounted to HK\$710 million (31st March 2011: HK\$492 million).

Human Resources

As at 30th September 2011, the total number of employees of the Company and its subsidiaries was 471. 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 tourism. We very much remain optimistic on the longer-term prospects, capitalising on location conveniences of our hotels and the continuous robust growth of the mainland economies.

While investment sentiments around the globe remain volatile, we are taking a cautious approach to 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 8 to 27 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 2011 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, 28th November 2011

Condensed Consolidated Profit and Loss Account – Unaudited

	Note	Six months ended 30th September	
		2011 HK\$'000	2010 HK\$'000
Revenue	4	400,700	345,902
Cost of sales		(160,183)	(173,749)
Gross profit		240,517	172,153
Selling and administrative expenses		(58,163)	(51,316)
Depreciation		(45,036)	(43,654)
Net investment (loss)/gain	5	(624,088)	102,789
Other gain		-	12,664
Operating (loss)/profit		(486,770)	192,636
Net finance income/(costs)	7	6,916	(32,492)
(Loss)/profit before income tax		(479,854)	160,144
Income tax expense	8	(7,392)	(8,962)
(Loss)/profit for the period attributable to shareholders		(487,246)	151,182
Dividend	9	-	3,833
(Loss)/earnings per share (HK cents)			
Basic	10	(31.7)	11.2
Diluted	10	(31.7)	10.5

Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Six months ended	
	30th September	
	2011	2010
	HK\$'000	HK\$'000
(Loss)/profit for the period	(487,246)	151,182
Other comprehensive (charge)/income		
Net fair value loss on available-for-sale investments	(58,049)	(3,386)
Impairment of available-for-sale investments charged to profit and loss account	1,517	112
Currency translation differences	(14,148)	(2,480)
	(70,680)	(5,754)
Total comprehensive (charge)/income for the period attributable to shareholders	(557,926)	145,428

Condensed Consolidated Balance Sheet – Unaudited

	<i>Note</i>	30th September 2011 HK\$'000	31st March 2011 HK\$'000
Non-current assets			
Property, plant and equipment	11	2,530,282	2,586,848
Available-for-sale investments		164,467	220,100
		2,694,749	2,806,948
Current assets			
Inventories		2,159	2,341
Trade and other receivables	12	137,314	102,826
Financial assets at fair value through profit or loss	13	1,400,265	1,699,188
Bank balances and cash		112,396	111,705
		1,652,134	1,916,060
Current liabilities			
Trade and other payables	14	50,800	47,112
Derivative financial instruments		30,819	23,767
Borrowings	15	1,030,877	842,295
Income tax payable		15,892	19,340
		1,128,388	932,514
Net current assets		523,746	983,546
Total assets less current liabilities		3,218,495	3,790,494
Non-current liabilities			
Long term borrowings	15	943,252	968,165
Deferred income tax liabilities		37,459	26,619
		980,711	994,784
Net assets		2,237,784	2,795,710
Equity			
Share capital	16	30,757	30,757
Reserves	17	2,207,027	2,764,953
		2,237,784	2,795,710

Condensed Consolidated Statement of Cash Flows – Unaudited

	Six months ended	
	30th September	
	2011	2010
	HK\$'000	HK\$'000
Net cash generated before working capital changes	121,467	87,871
Changes in working capital	(304,409)	(127,578)
Net cash used in operating activities	(182,942)	(39,707)
Net cash used in investing activities	(5,065)	(14,098)
Net cash generated from financing activities	193,177	87,509
Net increase in cash and cash equivalents	5,170	33,704
Cash and cash equivalents at the beginning of the period	111,705	76,452
Changes in exchange rates	(4,479)	104
Cash and cash equivalents at the end of the period	112,396	110,260
Analysis of balances of cash and cash equivalents		
Bank balances and cash	112,396	110,260

Condensed Consolidated Statement of Changes in Equity – Unaudited

	Share capital	Other reserves	Revenue reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31st March 2010	26,246	2,250,579	87,145	2,363,970
Net fair value loss on available-for-sale investments	–	(3,386)	–	(3,386)
Impairment of available-for-sale investments charged to profit and loss account	–	112	–	112
Currency translation differences	–	(2,480)	–	(2,480)
Profit for the period	–	–	151,182	151,182
Total comprehensive (charge)/income for the period	–	(5,754)	151,182	145,428
Issue of shares upon conversion of warrants	4,027	148,407	(52,799)	99,635
Expiry of warrants	–	20,345	(20,345)	–
Scrip dividend	393	9,335	–	9,728
Final dividend	–	–	(13,187)	(13,187)
Total transactions with owners	4,420	178,087	(86,331)	96,176
At 30th September 2010	30,666	2,422,912	151,996	2,605,574
At 31st March 2011	30,757	2,441,770	323,183	2,795,710
Net fair value loss on available-for-sale investments	–	(58,049)	–	(58,049)
Impairment of available-for-sale investments charged to profit and loss account	–	1,517	–	1,517
Currency translation differences	–	(14,148)	–	(14,148)
Loss for the period	–	–	(487,246)	(487,246)
Total comprehensive charge for the period	–	(70,680)	(487,246)	(557,926)
At 30th September 2011	30,757	2,371,090	(164,063)	2,237,784

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, and should be read in conjunction with the annual financial statements for the year ended 31st March 2011.

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 2011, except for the adoption of new or revised standards and amendments to existing standards ("new HKFRSs"), which are relevant to the Group's operations and are applicable to the Group's accounting periods beginning on 1st April 2011.

The following new HKFRSs are relevant to the Group's operations and are mandatory for accounting periods beginning on or after 1st January 2011:

HKAS 24 (Revised)	Related Party Disclosures
Amendment to HKAS 34	Interim Financial Reporting

The adoption of new HKFRSs 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.

Certain new and revised standards have been issued but not yet effective for the year ending 31st March 2012 and have not been early adopted by the Group. 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 changes to the Group's accounting policies and presentation of the condensed consolidated interim financial information.

2 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk and interest rate risk. There have been no changes in the risk management since the year ended 31st March 2011.

The interim condensed consolidated 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 2011.

Notes to the Interim Financial Information

3 Critical accounting estimates and judgements

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

4 Turnover and segment information

The Company is a limited liability company incorporated in Bermuda and listed on The Stock Exchange of Hong Kong Limited. The address of its principal office is 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

(a) Turnover

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

Turnover comprises revenue from hotel, catering services, travel agency operations, dividend and interest income, together with gross proceeds from disposal of financial assets at fair value through profit or loss.

Revenue includes revenue from hotel, catering services, travel agency operations and dividend and interest income.

	Six months ended	
	30th September	
	2011	2010
	HK\$'000	HK\$'000
Turnover		
Revenue		
Hotel operating income	237,964	189,607
– Room rentals	194,625	147,754
– Food and beverages	33,896	30,547
– Ancillary services	3,880	4,514
– Rental income	5,563	6,792
Catering income	5,952	6,253
Travel agency income	96,859	117,901
Investments	58,609	31,264
Other operations	1,316	877
	400,700	345,902
Gross proceeds from disposal of financial assets at fair value through profit or loss	442,853	230,977
	843,553	576,879

Notes to the Interim Financial Information

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

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors (the “chief operating decision-maker”). The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by the chief operating decision-maker. The Group is organised into four main operating segments, comprising hotel operation, catering services, travel agency and investments.

Hotel operation	–	hotel operation in Hong Kong and Canada
Catering services	–	restaurant operation in Hong Kong and Mainland China
Travel agency	–	sale of air tickets and hotel reservation service in Hong Kong
Investments	–	investment in financial instruments

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

	Hotel operation	Catering services	Travel agency	Investments	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30th September 2011						
Turnover	237,964	5,952	96,859	501,462	1,316	843,553
Segment revenue	237,964	5,952	96,859	58,609	1,316	400,700
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	88,470	(1,238)	(883)	(566,336)	1,289	(478,698)
Unallocated corporate expenses						(8,072)
Operating loss						(486,770)
Net finance income						6,916
Loss before income tax						(479,854)
Income tax expense						(7,392)
Loss for the period attributable to shareholders						(487,246)

Notes to the Interim Financial Information

4 Turnover and segment information (continued)

(b) 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 2010						
Turnover	189,607	6,253	117,901	262,241	877	576,879
Segment revenue	189,607	6,253	117,901	31,264	877	345,902
Contribution to segment results	97,564	(388)	(268)	32,097	877	129,882
Depreciation	(43,507)	(82)	(20)	–	(45)	(43,654)
Net investment gain	–	–	–	102,789	–	102,789
Other gain	–	–	–	–	12,664	12,664
Segment results	54,057	(470)	(288)	134,886	13,496	201,681
Unallocated corporate expenses						(9,045)
Operating profit						192,636
Finance costs						(32,492)
Profit before income tax						160,144
Income tax expense						(8,962)
Profit for the period attributable to shareholders						151,182

Notes to the Interim Financial Information

4 Turnover and segment information (continued)

(b) Segment information (continued)

	Hotel operation	Catering services	Travel agency	Investments	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30th September 2011						
Segment assets	2,569,542	3,708	10,144	1,621,346	29,747	4,234,487
Other unallocated assets						112,396
						4,346,883
Segment liabilities						
Borrowings	1,069,868	–	–	904,261	–	1,974,129
Other unallocated liabilities						134,970
						2,109,099
Additions to non-current assets for the six months ended 30th September 2011*						
	4,951	8	6	–	100	5,065
At 31st March 2011						
Segment assets	2,619,332	3,670	10,629	1,947,701	29,971	4,611,303
Other unallocated assets						111,705
						4,723,008
Segment liabilities						
Borrowings	1,097,683	–	–	712,777	–	1,810,460
Other unallocated liabilities						116,838
						1,927,298
Additions to non-current assets for the six months ended 30th September 2010*						
	13,865	190	45	–	–	14,100

* The 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	
	2011 HK\$'000	2010 HK\$'000
Revenue		
Hong Kong	286,010	262,016
Overseas	114,690	83,886
	400,700	345,902
	30th September 2011 HK\$'000	31st March 2011 HK\$'000
Non-current assets*		
Hong Kong	2,283,706	2,315,045
Overseas	246,576	271,803
	2,530,282	2,586,848

* The amounts exclude financial instruments.

5 Net investment (loss)/gain

	Six months ended 30th September	
	2011 HK\$'000	2010 HK\$'000
Financial assets at fair value through profit or loss		
– net unrealised (loss)/gain from market price movements	(576,706)	75,455
– net unrealised exchange (loss)/gain	(48,144)	26,836
– net realised gain (note)	10,078	10,908
Impairment of available-for-sale investments	(1,517)	(112)
Net unrealised loss on derivative financial instruments	(7,799)	(10,298)
	(624,088)	102,789
Note:		
Net realised gain on financial assets at fair value through profit or loss		
Gross proceeds	442,853	230,977
Cost of purchase	(262,590)	(107,912)
Total gain	180,263	123,065
Net unrealised gain recognised in prior years	(170,185)	(112,157)
	10,078	10,908

Notes to the Interim Financial Information

6 Income and expenses by nature

	Six months ended 30th September	
	2011 HK\$'000	2010 HK\$'000
Income		
Operating lease rental income for hotel buildings	5,563	6,792
Interest income		
– Listed investments	50,581	17,400
– Unlisted investments	–	16
– Other receivables	1,316	877
– Bank deposits	242	148
Dividend income		
– Listed investments	7,554	13,700
Expenses		
Operating lease rental expense for land and buildings	3,620	3,001
Employee benefit expense, including Directors' emoluments (note)	58,818	55,472
Cost of goods sold	87,148	99,246

Note:

Employee benefit expense		
Wages and salaries	56,726	53,511
Retirement benefits costs	2,092	1,961
	58,818	55,472

7 Net finance income/(costs)

	Six months ended 30th September	
	2011 HK\$'000	2010 HK\$'000
Interest expenses on bank loans and overdrafts	(15,220)	(12,903)
Other incidental borrowing costs	(1,109)	(1,071)
Net foreign exchange gain/(loss) on bank borrowings	22,498	(17,808)
Fair value gain/(loss) on interest rate swaps	747	(710)
	6,916	(32,492)

Notes to the Interim Financial Information

8 Income tax expense

	Six months ended 30th September	
	2011	2010
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	1,867	373
Over provision in prior years	(5,315)	–
	(3,448)	373
Deferred income tax	10,840	8,589
	7,392	8,962

Hong Kong profits tax is provided at the rate of 16.5% (2010: 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.

9 Dividend

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2011 (2010: HK0.25 cent per share, with a scrip option).

10 (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss for the period attributable to shareholders of HK\$487,246,000 (2010: profit of HK\$151,182,000) and divided by the weighted average number of 1,537,832,379 (2010: 1,346,257,141) shares in issue during the period.

For the six months ended 30th September 2011, the outstanding share options did not have a diluted effect on the loss per share, the basic and diluted loss per share were equal.

The calculation of diluted earnings per share for the six months ended 30th September 2010 was based on the profit for the period attributable to shareholders of HK\$151,182,000 and 1,446,734,132 shares equaling to the weighted average number of 1,346,257,141 shares in issue during the period plus 100,476,991 potential shares deemed to be in issue assuming the outstanding warrants had been exercised. The outstanding share options did not have a diluted effect on the earnings per share.

Notes to the Interim Financial Information

11 Property, plant and equipment

	Land and buildings	Plant and equipment	Total
	HK\$'000	HK\$'000	HK\$'000
Cost			
At 31st March 2011	3,161,520	446,295	3,607,815
Currency translation differences	(29,948)	(6,287)	(36,235)
Additions	–	5,065	5,065
Disposals	–	(201)	(201)
At 30th September 2011	3,131,572	444,872	3,576,444
Accumulated depreciation			
At 31st March 2011	705,366	315,601	1,020,967
Currency translation differences	(14,346)	(5,346)	(19,692)
Charge for the period	29,300	15,736	45,036
Disposals	–	(149)	(149)
At 30th September 2011	720,320	325,842	1,046,162
Net book value			
At 30th September 2011	2,411,252	119,030	2,530,282
At 31st March 2011	2,456,154	130,694	2,586,848

Notes:

(a) At 30th September 2011, the carrying amount HK\$2,525,062,000 (31st March 2011: HK\$2,581,658,000) of hotel properties were pledged to banks to secure bank borrowings of HK\$1,482,513,000 (31st March 2011: HK\$1,462,501,000).

(b) Supplementary information with hotel properties at valuation:

The aggregate valuation of hotel properties in Hong Kong and Canada were revalued by Vigers Appraisal & Consulting Limited and Grant Thornton Management Consultants respectively, independent professional valuers, amounted to HK\$7,680,584,000 (31st March 2011: HK\$6,791,059,000).

The supplementary information with hotel properties at valuation is for readers' information only. It does not constitute a disclosure requirement under HKASs 16 and 17.

Notes to the Interim Financial Information

12 Trade and other receivables

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

Trade receivables of the Group amounted to HK\$37,048,000 (31st March 2011: HK\$30,348,000). 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 2011 HK\$'000	31st March 2011 HK\$'000
0 – 60 days	36,371	29,825
61 – 120 days	677	500
More than 120 days	–	23
	37,048	30,348

13 Financial assets at fair value through profit or loss

	30th September 2011 HK\$'000	31st March 2011 HK\$'000
Equity securities		
– Listed in Hong Kong	168,553	182,235
– Listed in Europe	159,027	356,446
– Listed in USA	119,736	285,270
– Unlisted	–	1,829
	447,316	825,780
Debt securities		
– Listed in Europe	659,525	674,670
– Listed in Singapore	257,282	96,928
– Listed in USA	36,142	101,810
	952,949	873,408
	1,400,265	1,699,188

Notes to the Interim Financial Information

13 Financial assets at fair value through profit or loss (continued)

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

	30th September	31st March
	2011	2011
	HK\$'000	HK\$'000
Euro	418,124	303,441
United States dollar	413,160	485,836
Sterling	400,428	727,675
Hong Kong dollar	168,553	182,236
	1,400,265	1,699,188

Note:

The debt securities carry fixed coupon ranging from 4.1% to 13.5% (31st March 2011: 5.905% to 13.5%) per annum based on nominal values which are equivalent to HK\$1,900,062,000 (31st March 2011: HK\$1,058,007,000).

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\$13,977,000 (31st March 2011: HK\$15,137,000).

Aging analysis of trade payables is as follows:

	30th September	31st March
	2011	2011
	HK\$'000	HK\$'000
0 – 60 days	13,920	15,073
61 – 120 days	38	47
More than 120 days	19	17
	13,977	15,137

Notes to the Interim Financial Information

15 Borrowings

	30th September 2011 HK\$'000	31st March 2011 HK\$'000
Current liabilities		
Short term bank loans		
Secured	894,261	693,777
Unsecured	10,000	19,000
	904,261	712,777
Current portion of long term bank loans	58,500	50,963
Portion of long term bank loans contain a repayment on demand clause	68,116	78,555
	1,030,877	842,295
Non-current liabilities		
Long term bank loans, secured	943,252	968,165
	1,974,129	1,810,460

The maturity of the long term bank loans is as follows (note):

	30th September 2011 HK\$'000	31st March 2011 HK\$'000
Repayable within one year	58,500	50,963
Repayable between one and two years	61,724	61,963
Repayable between two and five years	200,172	195,890
Repayable after five years	749,472	788,867
	1,069,868	1,097,683
Current portion included in current liabilities	(58,500)	(50,963)
	1,011,368	1,046,720

Note:

The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

16 Share capital

Shares of HK\$0.02 each	Number of shares	Amount HK\$'000
Authorised:		
At 31st March 2011 and 30th September 2011	35,000,000,000	700,000
Issued and fully paid:		
At 31st March 2011 and 30th September 2011	1,537,832,379	30,757

Notes to the Interim Financial Information

17 Reserves

	Share premium	Contributed surplus	Available- for-sale investment reserve	Exchange reserve	Share option reserve	Revenue reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31st March 2011	1,104,426	1,134,752	100,499	76,813	25,280	323,183	2,764,953
Net fair value loss on available-for-sale investments	-	-	(58,049)	-	-	-	(58,049)
Impairment of available-for-sale investments charged to profit and loss account	-	-	1,517	-	-	-	1,517
Currency translation differences	-	-	-	(14,148)	-	-	(14,148)
Loss for the period	-	-	-	-	-	(487,246)	(487,246)
At 30th September 2011	1,104,426	1,134,752	43,967	62,665	25,280	(164,063)	2,207,027

18 Capital commitments

Capital commitments at the balance sheet date are as follows:

	30th September 2011 HK\$'000	31st March 2011 HK\$'000
Property, plant and equipment		
Contracted but not provided for	759	1,054
Authorised but not contracted for	5,106	4,277
	5,865	5,331

19 Financial guarantee

At 30th September 2011 and 31st March 2011, the Group had no financial guarantee and significant contingent liabilities.

20 Related party transactions

During the period, no significant transactions have been entered except for income from the holding companies of the Group comprising hotel and travel service of HK\$661,000 (2010: HK\$853,000), and the expense of operating lease rental and management service charges of HK\$1,364,000 (2010: HK\$1,194,000) to the fellow subsidiaries.

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) (2010: Nil).

Other Information

Directors' and Chief Executive's interests and short positions in shares, underlying shares and debentures

As at 30th September 2011, 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	49,528	1,120,832,195	1,120,881,723	72.88

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

Directors	Associated corporations	Number of shares held			Percentage of shares in issue (%)	
		Personal interest	Family interest	Corporate interest		
Poon Jing	Asia Orient (Note 1)	193,842,510	4,873,940	132,997,302	331,713,752	46.56
	Asia Standard International Group Limited ("ASI") (Note 2)	1,176,670	–	614,962,312	616,138,982	50.40
Fung Siu To, Clement	Asia Orient	14,042,433	–	–	14,042,433	1.97
	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 (46.56%) in Asia Orient, he is deemed to be interested in the shares of the Company held by Asia Orient.
2. By virtue of his 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 2011, details of the share options granted to Directors under the share option scheme of the Company adopted on 28th August 2006 ("Share Option Scheme") are as follows:

Directors	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2011 and 30th September 2011
Fung Siu To, Clement	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
Poon Tin Sau, Robert	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, lapsed or cancelled.

(b) Associated corporation – Asia Orient

Directors	Outstanding as at 1st April 2011 and 30th September 2011
Lim Yin Cheng	2,126,301
Fung Siu To, Clement	2,126,301
Woo Wei Chun, Joseph	3,469,228

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 (continued)

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, lapsed or cancelled.

(c) Associated corporation – ASI

Directors	Outstanding as at 1st April 2011 and 30th September 2011
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 options granted to the Directors have not been exercised, lapsed or cancelled.

Save as disclosed above, as at 30th September 2011, none of the Directors or Chief Executive (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial shareholders and other persons' interests and short positions in shares and underlying shares

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30th September 2011, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executive.

Other Information

Substantial shareholders and other persons' interests and short positions in shares and underlying shares (continued)

Long positions in shares of the Company

Shareholders	Number of shares held	Percentage (%)
Asia Standard Development (Holdings) Limited ("ASDHL")	364,116,385	23.67
Asia Standard International Limited ("ASIL")	709,487,392	46.13
ASI (Note 1)	1,074,601,679	69.87
Asia Orient Holdings (BVI) Limited (Note 2)	1,120,832,195	72.88
Asia Orient (Note 3)	1,120,832,195	72.88
Lo Yuk Sui ("Mr. Lo") (Note 4)	92,328,340	6.00
Secure Way Technology Limited ("Secure Way") (Note 4)	92,328,340	6.00
Century City International Holdings Limited ("CCIHL") (Note 4)	92,328,340	6.00
Paliburg Holdings Limited ("PHL") (Note 4)	92,328,340	6.00
Regal Hotels International Holdings Limited ("RHIHL") (Note 4)	92,328,340	6.00
Tenshine Limited ("Tenshine") (Note 4)	86,340,000	5.61

Notes:

- 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.
- Asia Orient Holdings (BVI) Limited and its subsidiaries together hold more than one-third of the issued shares of ASI and is deemed to be interested in and duplicate the interest held by ASI.
- 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.
- Based on the Disclosure of Interests Forms filed with the Company, Tenshine holds the 86,340,000 shares as beneficial owner. RHIHL is deemed to be interested in an aggregate of 92,328,340 shares, which comprise 86,340,000 shares held by Tenshine and 5,988,340 shares held by its indirect wholly-owned subsidiary. PHL is deemed to be interested in the 92,328,340 shares held by RHIHL as PHL indirectly controls 49.37% of the voting power at the general meetings of RHIHL. CCIHL is deemed to be interested in the 92,328,340 shares held by PHL as CCIHL indirectly controls 59.84% of the voting power at the general meetings of PHL. Secure Way is also deemed to be interested in the same 92,328,340 shares held by CCIHL as Secure Way indirectly controls 50.2% of the voting power at the general meetings of CCIHL. Mr. Lo is also deemed to be interested in the same 92,328,340 shares held by Secure Way as Secure Way is 100% controlled by Mr. Lo.

Save as disclosed above, as at 30th September 2011, 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

Pursuant to the share option scheme of the Company adopted on 28th August 2006 ("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 2011. The detailed terms of the Share Option Scheme were disclosed in the 2011 annual report.

The following table discloses details of the Company's 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 2011 and 30th September 2011
Directors	29th March 2007	1.296	29th March 2007 to 28th March 2017	16,000,000
	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	30,999,999
				78,999,999

Note:

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

Other Information

Interim Dividend

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2011 (2010: HK0.25 cent per share, with a scrip option).

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.

Code of Conduct Regarding the 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 2011.

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 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 has reviewed the unaudited interim results of the Group for the six months ended 30th September 2011.

On behalf of the Board
Asia Standard Hotel Group Limited
Poon Jing
Chairman

Hong Kong, 28th November 2011

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