



ASIA ORIENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code 214)

ANNOUNCEMENT OF INTERIM RESULTS SIX MONTHS ENDED 30TH SEPTEMBER 2008

FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	Six months ended 30th September		Change
	2008	2007	
Consolidated profit and loss account			
Turnover	9	16	-44%
Share of profits of associated companies	45	70	-36%
Profit attributable to shareholders of the Company	40	73	-45%
Earnings per share - basic (HK cents)	6.4	14.6	-56%
	30th September 2008	31st March 2008	
Consolidated balance sheet			
Total assets	2,753	2,644	4%
Net assets	2,634	2,591	2%
Net assets per share (HK\$)	4.11	4.16	-1%
Bank balances and cash	123	124	-1%
Gearing (net debt to equity)	Nil	Nil	

The Directors of Asia Orient Holdings Limited (the “Company”) announce that the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30th September 2008 together with the comparative figures for the six months ended 30th September 2007 were as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

For the six months ended 30th September

	<i>Note</i>	2008 HK\$'000	2007 HK\$'000
Turnover	2	<u><u>8,596</u></u>	<u><u>15,961</u></u>
Revenue	2	8,596	12,599
Cost of sales		<u><u>(4,318)</u></u>	<u><u>(5,256)</u></u>
Gross profit		4,278	7,343
Administrative expenses	3	(9,892)	(7,029)
Other income and charges	4	<u><u>1,459</u></u>	<u><u>3,112</u></u>
Operating (loss)/profit		(4,155)	3,426
Finance costs		(881)	(194)
Share of profits of associated companies		<u><u>44,921</u></u>	<u><u>69,955</u></u>
Profit before income tax		39,885	73,187
Income tax expense	5	<u><u>-</u></u>	<u><u>(57)</u></u>
Profit for the period attributable to shareholders of the Company		<u><u>39,885</u></u>	<u><u>73,130</u></u>
Dividend	6	<u><u>-</u></u>	<u><u>12,463</u></u>
Earnings per share (HK cents)			
Basic	7	<u><u>6.4</u></u>	<u><u>14.6</u></u>
Diluted	7	<u><u>6.4</u></u>	<u><u>14.3</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET - UNAUDITED

	<i>Note</i>	30th September 2008 HK\$'000	31st March 2008 HK\$'000
Non-current assets			
Property, plant and equipment		797	1,172
Jointly controlled entities		7,272	7,272
Associated companies		2,450,890	2,400,136
Available-for-sale investments		87,209	88,760
Deferred income tax assets		<u>3,371</u>	<u>3,047</u>
		<u>2,549,539</u>	<u>2,500,387</u>
Current assets			
Trade and other receivables	8	1,348	2,771
Financial assets at fair value through profit or loss		1,916	7,136
Warrant assets		4,635	10,163
Equity linked notes		72,096	-
Bank balances and cash		<u>123,212</u>	<u>123,999</u>
		<u>203,207</u>	<u>144,069</u>
Current liabilities			
Trade and other payables	9	32,783	35,633
Warrant liabilities		-	7,341
Amounts due to associated companies		208	1,925
Amounts due to minority shareholders		<u>8,311</u>	<u>8,311</u>
		<u>41,302</u>	<u>53,210</u>
Net current assets		<u>161,905</u>	<u>90,859</u>
Total assets less current liabilities		<u>2,711,444</u>	<u>2,591,246</u>
Non-current liabilities			
Convertible bonds		74,858	-
Derivative financial instruments		2,166	-
Deferred income tax liabilities		<u>-</u>	<u>508</u>
		<u>77,024</u>	<u>508</u>
Net assets		<u>2,634,420</u>	<u>2,590,738</u>
Equity			
Share capital		64,035	62,332
Reserves		<u>2,570,385</u>	<u>2,528,406</u>
		<u>2,634,420</u>	<u>2,590,738</u>

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 2008.

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 2008.

The following new interpretations have been published which are relevant to the Group’s operations and are mandatory for the Group’s accounting periods beginning on or after 1st April 2008 as follows:

HK (IFRIC) – Int 12	Service Concession Arrangements
HK (IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Group has assessed the impact of the adoption of these interpretations and considered that there was no significant impact on the Group’s results and no substantial changes to the Group’s accounting policies.

Certain new standards, amendments and interpretations have been issued but not effective for the Group’s financial year beginning 1st April 2008 and have not been early adopted.

2 Turnover and segment information

Turnover comprises revenue from property management, dividend and interest income, together with gross proceeds from securities investment. Revenue includes revenue from property management, dividend and interest income, and net realised gains/(losses) on sale of financial assets at fair value through profit or loss.

An analysis of turnover, revenue and results of the Group by business segments and geographical segments is set out below:

Business segments

	Property management HK\$'000	Investment HK\$'000	Other operations HK\$'000	Group HK\$'000
Six months ended 30th September 2008				
Turnover	<u>5,750</u>	<u>2,008</u>	<u>838</u>	<u>8,596</u>
Segment revenue	<u>5,750</u>	<u>2,008</u>	<u>838</u>	<u>8,596</u>
Contribution to segment results	1,432	2,008	838	4,278
Other income and charges	-	(7,177)	8,636	1,459
Unallocated corporate expenses				<u>(9,892)</u>
Operating loss				(4,155)
Finance costs				(881)
Share of results of associated companies (note (i))				<u>44,921</u>
Profit before income tax				39,885
Income tax expense				<u>-</u>
Profit for the period				<u>39,885</u>
Six months ended 30th September 2007				
Turnover	<u>7,182</u>	<u>4,413</u>	<u>4,366</u>	<u>15,961</u>
Segment revenue	<u>7,182</u>	<u>1,051</u>	<u>4,366</u>	<u>12,599</u>
Contribution to segment results	1,926	1,051	4,366	7,343
Other income and charges	-	2,614	498	3,112
Unallocated corporate expenses				<u>(7,029)</u>
Operating profit				3,426
Finance costs				(194)
Share of results of associated companies (note (i))				<u>69,955</u>
Profit before income tax				73,187
Income tax expense				<u>(57)</u>
Profit for the period				<u>73,130</u>

2 Turnover and segment information (Continued)

Note (i): Share of results of associated companies

	Six months ended 30th September	
	2008	2007
	HK\$'000	HK\$'000
Property sales	12,994	21,349
Property leasing	43,337	53,385
Hotel and travel	16,023	4,246
Investment	(28,503)	9,177
Other operations	19,903	14,237
Finance costs	(5,358)	(12,157)
Unallocated corporate expenses	(10,629)	(8,677)
Income tax expense	(2,846)	(11,605)
	<u>44,921</u>	<u>69,955</u>

Geographical segments

For the six months ended 30th September 2008 and 2007, the activities of the Group are mainly based in Hong Kong. The Group incurred its capital expenditure, derived most of its revenue and operating profit from Hong Kong. Over 90% of its total assets are located in Hong Kong.

3 Administrative expenses

	Six months ended 30th September	
	2008	2007
	HK\$'000	HK\$'000
Included in administrative expenses:		
Depreciation	<u>401</u>	<u>393</u>

4 Other income and charges

	Six months ended 30th September	
	2008	2007
	HK\$'000	HK\$'000
Net unrealised losses on financial assets at fair value through profit or loss	(5,220)	(110)
Unrealised gains on derivative financial instruments	1,295	374
Unrealised losses on equity linked notes	(5,452)	-
Net fair value (losses)/gains on warrant assets	(17,260)	3,805
Fair value gains on warrant liabilities	7,341	498
Net gains/(losses) on acquisition/dilution of interest in listed associated companies	21,155	(655)
Provision for advances to a jointly controlled entity	<u>(400)</u>	<u>(800)</u>
	<u>1,459</u>	<u>3,112</u>

5 Income tax expense

	Six months ended 30th September	
	2008	2007
	HK\$'000	HK\$'000
Current income tax	<u>-</u>	<u>57</u>

In 2008, the Hong Kong government enacted a change in profits tax rate from 17.5% to 16.5% for the fiscal year of 2008/2009.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits for the current period. In prior period, Hong Kong profits tax was provided at the rate of 17.5% on the estimated assessable profit for the period.

Share of income tax of associated companies for the six months ended 30th September 2008 of HK\$2,846,000 (2007: HK\$11,605,000) is included in the profit and loss account as share of profits of associated companies. There is no income tax for jointly controlled entities for the period (2007: Nil).

6 Dividend

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2008 (2007: HK2 cents per share).

7 Earnings per share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$39,885,000 (2007: HK\$73,130,000) and on the weighted average number of 625,740,613 (2007: 502,314,630) shares in issue during the period.

The basic and diluted earnings per share are 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 International Group Limited ("Asia Standard") and Asia Standard Hotel Group Limited ("AS Hotel") did not have a dilutive effect on the earnings per share.

The calculation of diluted earnings per share for the six months ended 30th September 2007 was based on HK\$72,452,000 equalling to profit attributable to shareholders of the Company of HK\$73,130,000 with a decrease in share of profit after tax of HK\$678,000 from Asia Standard arising from conversion of the convertible notes of Asia Standard, and divided by the weighted average number of 508,424,318 shares equalling to the weighted average number of 502,314,630 shares in issue during the period with an increase of 6,056,022 potential shares and 53,666 potential shares deemed to be in issue assuming the Company's share options and warrants had been converted. The outstanding share options and warrants of Asia Standard and AS Hotel did not have a dilutive effect on the earnings per share.

8 Trade and other receivables

Trade and other receivables of the Group include trade receivables, utility and other deposits, interest and other receivables. Trade receivables of the Group amounted to HK\$44,000 (31st March 2008: HK\$227,000). 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. The carrying values of trade receivables at the balance sheet date are due on presentation of invoices.

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

	30th September 2008 HK\$'000	31st March 2008 HK\$'000
0 day to 60 days	<u><u>44</u></u>	<u><u>227</u></u>

9 Trade and other payables

Trade and other payables of the Group include trade payables, rental and management fee deposits, interest and other payables and various accruals. Trade payables of the Group amounted to HK\$3,357,000 (31st March 2008: HK\$3,170,000).

Aging analysis of trade payables is as follows:

	30th September 2008 HK\$'000	31st March 2008 HK\$'000
0 day to 60 days	2,907	2,984
61 days to 120 days	86	75
More than 120 days	<u>364</u>	<u>111</u>
	<u><u>3,357</u></u>	<u><u>3,170</u></u>

10 Comparative figures

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

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

Profit attributable to shareholders for the period amounted to HK\$40 million compared to HK\$73 million of last interim period, mainly due to lesser profit contribution from Asia Standard International Group Limited (“Asia Standard”), its major associated company.

ASIA STANDARD

The 45% owned Asia Standard achieved HK\$100 million (2007: HK\$160 million) profit attributable to shareholders for the period at a revenue of HK\$462 million (2007: HK\$653 million).

Property sales and leasing

Property sales turnover amounted to HK\$82 million compared to HK\$285 million of last interim period. Development profit was HK\$32 million compared to HK\$60 million last period. Jadewater, the newly completed residential development at Aberdeen, was launched in the latter half of the interim period and started to contribute profit upon continuous recognition throughout the year.

Construction of the joint venture residential development at Castle Peak Road are progressing and application of presale consent for the 200,000 sq. ft. development is under progress.

Overall, Asia Standard has approximately 0.8 million sq. ft. attributable gross floor area of properties under development in Hong Kong. Its 2 million sq. ft. gross floor area waterfront residential/commercial development project in Beijing is under planning application phase.

Attributable rental income from its investment portfolio increased by 19%, a result of increased unit rent upon tenancy renewal.

Hotel

The hotel group reported a profit of HK\$2 million for the period. Although it achieved similar revenue and operating profit level with last interim period, its result was diluted by the fair value loss it sustained from financial assets investment.

Asia Standard holds 67.7% stake in its hotel subsidiary.

FINANCIAL REVIEW

At 30th September 2008 and 31st March 2008, the Group's net asset value stood at HK\$2.6 billion. The Group had bank balances of HK\$123 million at 30th September 2008 (31st March 2008: HK\$124 million) with no bank borrowings (31st March 2008: Nil). During the period, the Group issued a HK\$80 million convertible bonds maturing August 2010 with a 4% coupon.

At 30th September 2008, the Group had investment in Hong Kong listed securities amounting to HK\$89 million, a HK\$5 million loss was recognised in the profit and loss account for these listed securities investment while another HK\$3 million decrease in value was charged to reserve.

During the period, the Group recorded a HK\$21 million gain resulting from increase in shareholdings in Asia Standard.

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 2008, the Group employed 190 full time employees with most of them working for building management and related logistics services. Their remuneration packages, which commensurate with job nature and experience level, include basic salary, annual bonus, share options, retirement and other benefits.

FUTURE OUTLOOK

We are in the midst of unprecedented slowdown in worldwide economies caused by a series of financial melt downs.

However, management is confident that the Group will be able to tread the rough current ahead.

INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2008 (2007: HK2 cents per share).

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 its own Code of Conduct for Securities Transactions by Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The Company has also made specific enquiry to the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its Code of Conduct for Securities Transactions by Directors.

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 stated 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, Ken and Mr. Wong Chi Keung. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

The unaudited interim financial report of the Group for the six months ended 30th September 2008 has been reviewed by the Audit Committee.

By Order of the Board
Fung Siu To, Clement
Chairman

Hong Kong, 11th December 2008

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