



ASIA ORIENT HOLDINGS LIMITED

Stock Code: 214



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. Poon Hai
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas

Independent Non-executive

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

Audit committee

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

Remuneration committee

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

Authorised representatives

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

Company secretary

Mr. Tung Kwok Lui

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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Email aoinfo@asiastandard.com

Principal bankers

HSBC
Bank of China (Hong Kong)
Hang Seng Bank
Industrial and Commercial Bank of China (Asia)
Bank of East Asia
Chiyu Banking
Chong Hing Bank
Barclays Bank
Bank Morgan Stanley
UBS
Bank Julius Baer

Legal advisers

Stephenson Harwood
18th Floor, United Centre,
95 Queensway,
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

MUFG Fund Services (Bermuda) Limited
The Belvedere Building,
69 Pitts Bay 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

(in HK\$ million, except otherwise indicated)

| | Six months ended | | |
|--|------------------|------|--------|
| | 30th September | | |
| | 2015 | 2014 | Change |
| Consolidated profit and loss account | | | |
| Revenue | 735 | 678 | +8% |
| Operating profit | 600 | 754 | -20% |
| Profit attributable to shareholders of the Company | 237 | 390 | -39% |
| Earnings per share – basic (HK\$) | 0.29 | 0.51 | -43% |

| | 30th September 2015 | 31st March 2015 | Change |
|--|---------------------------|-----------------------|--------|
| Consolidated balance sheet | | | |
| Total assets | 29,043 | 27,805 | +4% |
| Net assets | 20,209 | 19,902 | +2% |
| Equity attributable to shareholders of the Company | 10,005 | 9,823 | +2% |
| Net debt | 6,868 | 5,311 | +29% |

Supplementary information with hotel properties in operation at valuation (note):

| | | | |
|--|--------|--------|-----|
| Revalued total assets | 32,691 | 31,605 | +3% |
| Revalued net assets | 24,429 | 24,282 | +1% |
| Equity attributable to shareholders of the Company | 11,651 | 11,532 | +1% |
| Gearing – net debt to revalued net assets | 28% | 22% | +6% |

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 in operation and excluding the corresponding deferred income tax on Hong Kong properties as Hong Kong tax jurisdiction does not include capital gain tax.

The four hotel properties in operation in Hong Kong and Canada were revalued by Vigers Appraisal & Consulting Limited and CBRE Limited respectively, independent professional valuers, on an open market value basis as at 30th September 2015 and 31st March 2015.

Management Discussion and Analysis



Queen's Gate in Shanghai

Results

The Group's revenue for the six months amounted to HK\$735 million (2014: HK\$678 million), it recorded a HK\$237 million (2014: HK\$390 million) profit attributable to shareholders. The decrease in profit is mainly due to decrease in valuation gain of the Group's investment properties as compared to interim period of last year.

The Group's property sales, development and leasing operation is carried out through Asia Standard International, its 51.2% owned listed subsidiary.

Property sales and development

Sales

The Group's 50% joint venture development in Shanghai, Queen's Gate, has launched presale of the phase I of units in July and contracted approximately RMB600 million up to the end of September 2015. The project is situated in the traditional high end and low-density residential neighborhood of Qingpu district providing over 300 villas and apartments with total construction floor area of approximately 1,080,000 sq. ft.

Construction is at the final stage and is applying for the completion certificate. Presale consent for the phase II is also being applied.

Development

In Hong Kong, the foundation of a luxurious residential joint venture redevelopment at Perkins Road is ongoing and will be finished in first quarter 2016. The redevelopment is estimated to be completed in 2017.

Our Hung Shui Kiu development is currently undergoing land exchange process. Approval for a development scheme under Town Planning Board was obtained. Similarly, another residential development next to the Lam Tei light rail station is also in the process of land exchange application with the government after obtaining town planning board approval.

During the period, we entered into a 40% joint venture residential project at Po Shan Road in mid-levels, another luxurious re-development. Demolition of the original building is completed and site investigation is underway.

Management Discussion and Analysis



Queen's Gate in Shanghai

In Beijing, land clearances and resettlement for our joint venture development in Tongzhou are currently under preparation and expected to take place in the second half of the financial year. Structural and foundation design are ongoing and construction will start once resettlement completes.

In Macau, the Group is waiting for the issuance of the master zoning plan in the Seac Pai Van district from the government. The lease of our development site in Seac Pai Van is expiring in the coming December and the Group has applied for extension. Further details are given in the Notes to the Interim Financial Information relating to "property held for development for sale".

Leasing

Rental income attributable to our 433,000 sq. ft. investment properties portfolio in Central, Wan Chai and Causeway Bay amounted to HK\$88 million (2014: HK\$72 million), an increase of 22%.

Majority of the increase is due to acquisition of an adjacent commercial building in Wanchai in October last year, and substantial renovation and improvement work is being carried out for these two structurally connected towers.

Revaluation gain (including the deficit generated from an investment property owned by an associated company) of HK\$73 million (2014: HK\$445 million) was recorded.

Hotel

The hotel and travel operation is carried out through Asia Standard Hotel, another separately listed subsidiary 70.2% owned by Asia Standard International, and 3% directly owned by the parent group.

During the period, overnight stay visitors to Hong Kong decreased 6% to approximately 13 million, compared to interim period last year. Strong Hong Kong Dollars, anti-parallel trading protest, relaxed visa policies of competing tourist destinations available to mainland travelers all contributed to the decrease.

Management Discussion and Analysis



Asia Orient Tower in Wanchai



Empire Hotel Kowloon and the adjacent new hotel development

In the face of a 2% increase in total hotel room supply compared to September 2014, revenue arising from the hotel and travel segment amounted to HK\$261 million (2014: HK\$300 million). Average room rates of the 3 Hong Kong hotels dropped by 22% while average occupancies continued to exceed 95%. As a result, contribution to segment results before depreciation was approximately HK\$85 million (2014: HK\$124 million).

Superstructure construction of the adjacent new hotel in Causeway Bay was completed during the period. Occupation permit has just been obtained and interior fittings are under progress. This will add 94 rooms upon expected opening in the first half of 2016. Superstructure work of the other new hotel in Tsimshatsui has commenced during the period, adding another 90 rooms to the portfolio upon completion in 2017.

Financial investments

At 30th September 2015, the Group's financial investment portfolio amounted to HK\$7,742 million (31st March 2015: HK\$6,659 million), of which HK\$6,865 million (31st March 2015: HK\$6,079 million) were held in the Group's two listed subsidiaries. The investment portfolio comprise 78% by listed debt securities (of which approximately 95% were issued by PRC real estate companies), and 22% by listed equity securities (of which approximately 86% were issued by large banks). They are denominated in different currencies with 76% in United States dollar, 8% in Sterling, 7% in Renminbi, 5% in Hong Kong dollar and 4% in Euro.

The increase arose from a further investment of HK\$1,054 million and a mark-to-market valuation net gain of HK\$29 million, comprising HK\$230 million gain from debt securities and HK\$201 million loss from equity securities. The debt securities of the PRC property companies have

Management Discussion and Analysis

benefitted from the monetary easing and the interest rate cut in the Mainland, while our equity securities have dropped following the general downward trend of the worldwide equity markets during the period.

Interest and dividend income for the period from these investments amounted to HK\$390 million (2014: HK\$306 million). The increase is mostly due to the larger debt securities investment portfolio.

At 30th September 2015, an approximate value of HK\$980 million (31st March 2015: HK\$1,600 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

Financial review

The financing and treasury activities of our three listed groups are independently administered. At 30th September 2015, the Group had over HK\$4 billion cash and undrawn banking facilities.

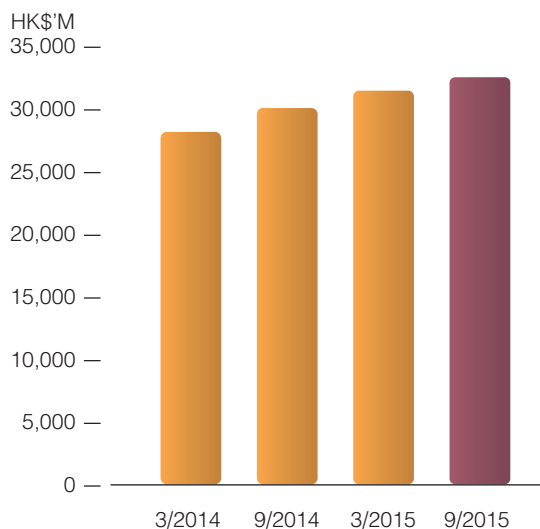
At 30th September 2015, the Group's total assets amounted to approximately HK\$29.0 billion (31st March 2015: HK\$27.8 billion). Net assets were HK\$20.2 billion (31st March 2015:

HK\$19.9 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group would be HK\$32.7 billion (31st March 2015: HK\$31.6 billion) and HK\$24.4 billion (31st March 2015: HK\$24.3 billion).

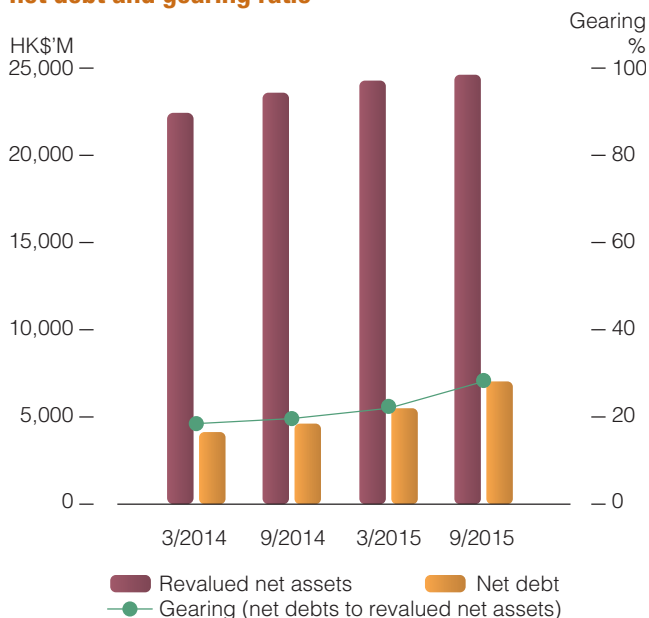
In April 2015, the Group issued HK\$250 million 5-year floating rate medium term notes out of its medium term note programme, adding to the existing RMB500 million issued in April 2013 and HK\$100 million issued in July 2014.

Net debt at 30th September 2015 was HK\$6,868 million (31st March 2015: HK\$5,311 million), of which HK\$104 million (31st March 2015: net cash of HK\$153 million) was attributable to the parent group. The increase is mainly due to investment in JV development project and further financial investments. The Group's gearing, calculated as net debt to revalued net asset, was approximately 28% (31st March 2015: 22%). 68% of the debts are secured and 85% of the debts are at floating rates. As at 30th September 2015, RMB500 million cross currency swap contracts were held to hedge the repayment of the Renminbi medium term notes. Total interest cost increased as a result of increased borrowings during the year.

Revalued total assets



Revalued net assets, net debt and gearing ratio



Management Discussion and Analysis

Currently the maturities of our debts are spreading over a long period of up to 11 years. Revolving loans account for 16% and term loans secured by financial assets repayable between one to five years account for 5%. Term loans secured by property assets account for 53% with 3% repayable within 1 year, 38% repayable between one to five years and 12% repayable after five years. The remaining 26% comprise unsecured term loans and medium term notes. As at 30th September 2015, the Group had net current assets of HK\$7.0 billion (31st March 2015: HK\$7.2 billion).

About 83% of the Group's borrowings are in Hong Kong dollar, 8% in Renminbi, 8% in United States dollar, and the remaining 1% in other currencies.

At 30th September 2015, an approximate HK\$18.0 billion (31st March 2015: HK\$17.9 billion) book value of property assets were pledged to banks as collateral for credit facilities granted to the Group. HK\$881 million guarantee (31st March 2015: HK\$617 million) was provided to financial institutions against credit facilities granted to joint ventures.

Employees and remuneration policies

At 30th September 2015, the Group employed approximately 620 (31st March 2015: 590) employees. Their remuneration packages, commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

Future prospects

Punitive stamp duty measures, lower mortgage ratio and therefore high equity entry requirement added with an imminent US interest rate hike all are hurting demand in residential segment. However, record selling price for luxury standard homes and apartments are still registered. Enbloc transactions for centrally located commercial properties are still actively pursued as record prices transacted and reported. Retail rentals are dropping due to sluggish spending by tourists.

Hotel performance is declining due to unfriendly atmosphere together with weaker currencies in other destination have lured our mainland customers away coupled with visas tightening locally while competing destination continues to relax and streamlining are inducements to a lacklustre performance in the hotel industry.

Financial performance for our investment portfolio is steady. Office rental will improve upon upgrading programme is completed in our Wanchai building.

Notwithstanding all these adverse externalities, management holds a cautious stance towards the performance of the group while counting on a more friendly attitude towards property sector in the mainland and gradual easing on its monetary policies. We also count on European and Japanese quantitative easing to counter balance a gradual but slow imminent U.S. interest rate hike.

Condensed Consolidated Profit and Loss Account – Unaudited

| | Note | For the six months ended 30th September | |
|--|------|--|------------------|
| | | 2015 HK\$'000 | 2014 HK\$'000 |
| Revenue | 5 | 735,140 | 678,514 |
| Cost of sales | | (138,593) | (138,284) |
| Gross profit | | 596,547 | 540,230 |
| Selling and administrative expenses | | (107,512) | (97,416) |
| Depreciation | | (82,394) | (84,029) |
| Net investment gain | 6 | 84,639 | 29,714 |
| Fair value gain of investment properties | | 108,905 | 365,824 |
| Operating profit | | 600,185 | 754,323 |
| Net finance costs | 8 | (116,195) | (58,108) |
| Share of profits less losses of | | | |
| Joint ventures | | (5,921) | (3,069) |
| Associated companies | | (25,352) | 87,620 |
| Profit before income tax | | 452,717 | 780,766 |
| Income tax expense | 9 | (4,297) | (15,917) |
| Profit for the period | | 448,420 | 764,849 |
| Attributable to: | | | |
| Shareholders of the Company | | 237,353 | 390,281 |
| Non-controlling interests | | 211,067 | 374,568 |
| | | 448,420 | 764,849 |
| Earnings per share (HK\$) | | | |
| Basic | 11 | 0.29 | 0.51 |
| Diluted | 11 | 0.29 | 0.49 |

Condensed Consolidated Statement of Comprehensive Income – Unaudited

| | For the six months ended 30th September | |
|--|--|----------|
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| Profit for the period | 448,420 | 764,849 |
| Other comprehensive income/(charge) | | |
| Items that have been reclassified or may be reclassified subsequently to profit or loss: | | |
| Net fair value (loss)/gain on available-for-sale investments | (25,254) | 3,913 |
| Cash flow hedges | | |
| – fair value gain/(loss) | 321 | (15,560) |
| – transfer to finance costs | 15,959 | (5,975) |
| Currency translation differences | (7,408) | (1,845) |
| Share of currency translation differences of joint ventures | (36,633) | 1,289 |
| | (53,015) | (18,178) |
| Total comprehensive income for the period | 395,405 | 746,671 |
| Attributable to: | | |
| Shareholders of the Company | 214,269 | 380,918 |
| Non-controlling interests | 181,136 | 365,753 |
| | 395,405 | 746,671 |

Condensed Consolidated Balance Sheet – Unaudited

| | | 30th September 2015 HK\$'000 | 31st March 2015 HK\$'000 |
|---|------|---------------------------------------|-----------------------------------|
| | Note | | |
| Non-current assets | | | |
| Property, plant and equipment | 12 | 7,154,460 | 7,151,653 |
| Investment properties | 13 | 7,708,667 | 7,595,663 |
| Property held for development for sale | 14 | 798,266 | 797,485 |
| Joint ventures and associated companies | | 3,349,034 | 2,897,663 |
| Available-for-sale investments | | 195,347 | 216,159 |
| Financial assets at fair value through profit or loss | 16 | 181,973 | 296,187 |
| Loan receivables | 24 | 284,062 | 2,629 |
| Deferred income tax assets | | 25,979 | 27,859 |
| | | 19,697,788 | 18,985,298 |
| Current assets | | | |
| Properties under development for sale | | 1,017,254 | 1,001,648 |
| Completed properties held for sale | | 3,816 | 3,816 |
| Hotel and restaurant inventories | | 15,294 | 1,290 |
| Trade and other receivables | 15 | 348,539 | 367,057 |
| Income tax recoverable | | 9,466 | 12,565 |
| Financial assets at fair value through profit or loss | 16 | 7,364,469 | 6,147,061 |
| Bank balances and cash | | 586,171 | 1,286,677 |
| | | 9,345,009 | 8,820,114 |
| Current liabilities | | | |
| Trade and other payables | 17 | 220,906 | 196,675 |
| Dividend payables | | 61,930 | – |
| Amount due to a joint venture | | 66,773 | 71,767 |
| Amount due to an associated company | | 224,400 | 224,400 |
| Income tax payable | | 13,218 | 17,558 |
| Borrowings | 18 | 1,764,305 | 1,099,470 |
| | | 2,351,532 | 1,609,870 |
| Net current assets | | 6,993,477 | 7,210,244 |
| Total assets less current liabilities | | 26,691,265 | 26,195,542 |

Condensed Consolidated Balance Sheet – Unaudited

| | Note | 30th September 2015 HK\$'000 | 31st March 2015 HK\$'000 |
|--|------|---------------------------------------|-----------------------------------|
| <hr/> | | | |
| Non-current liabilities | | | |
| Long term borrowings | 18 | 4,747,018 | 4,787,666 |
| Derivative financial instruments | | 39,789 | 40,110 |
| Medium term notes | 19 | 943,030 | 711,020 |
| Deferred income tax liabilities | | 751,937 | 754,736 |
| | | 6,481,774 | 6,293,532 |
| <hr/> | | | |
| Net assets | | 20,209,491 | 19,902,010 |
| <hr/> | | | |
| Equity | | | |
| Share capital | 20 | 81,139 | 81,139 |
| Reserves | 21 | 9,924,098 | 9,742,256 |
| <hr/> | | | |
| Equity attributable to shareholders of the Company | | 10,005,237 | 9,823,395 |
| Non-controlling interests | | 10,204,254 | 10,078,615 |
| | | 20,209,491 | 19,902,010 |
| <hr/> | | | |

Condensed Consolidated Statement of Cash Flows – Unaudited

| | For the six months ended 30th September | |
|--|--|-----------|
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| Cash flows from operating activities | | |
| Net cash used in operation | (532,476) | (676,105) |
| Net income tax paid | (6,457) | (5,284) |
| Net interest paid | (84,357) | (70,310) |
| Net cash used in operating activities | (623,290) | (751,699) |
| Cash flows from investing activities | | |
| Addition to investment properties | (4,100) | (285) |
| Net addition to property, plant and equipment | (84,320) | (45,460) |
| Loan to a joint venture partner | (280,000) | – |
| Increase in investments in joint ventures | (470,074) | – |
| Advances (to)/from joint ventures and associated companies | (72,627) | 192,359 |
| Dividend received from an associated company | – | 23,100 |
| Net cash (used in)/generated from investing activities | (911,121) | 169,714 |
| Cash flows from financing activities | | |
| Drawdown of long term borrowings | 315,600 | 590,288 |
| Repayment of long term borrowings | (164,289) | (162,037) |
| Net increase/(decrease) in short term borrowings | 439,069 | (173,796) |
| Net proceeds from medium term notes | 245,528 | 98,581 |
| Net cash generated from financing activities | 835,908 | 353,036 |
| Net decrease in cash and cash equivalents | (698,503) | (228,949) |
| Cash and cash equivalents at the beginning of the period | 1,244,153 | 1,462,252 |
| Changes in exchange rates | (1,287) | 368 |
| Cash and cash equivalents at the end of the period | 544,363 | 1,233,671 |
| Analysis of the balances of cash and cash equivalents | | |
| Bank balances and cash (excluding restricted bank balances) | 544,363 | 1,233,671 |

Condensed Consolidated Statement of Changes in Equity – Unaudited

| | Attributable to shareholders of the Company | | | Non- controlling interests HK\$'000 | Total HK\$'000 |
|---|--|----------------------|-------------------|--|-------------------|
| | Share capital HK\$'000 | Reserves HK\$'000 | Total HK\$'000 | | |
| At 31st March 2014 | 75,294 | 9,188,928 | 9,264,222 | 9,740,829 | 19,005,051 |
| Net fair value gain on available-for-sale investments | – | 1,640 | 1,640 | 2,273 | 3,913 |
| Cash flow hedges | | | | | |
| – fair value loss | – | (7,923) | (7,923) | (7,637) | (15,560) |
| – transfer to finance costs | – | (3,043) | (3,043) | (2,932) | (5,975) |
| Currency translation differences | – | (37) | (37) | (519) | (556) |
| Profit for the period | – | 390,281 | 390,281 | 374,568 | 764,849 |
| Total comprehensive income for the period | – | 380,918 | 380,918 | 365,753 | 746,671 |
| Conversion of convertible bonds | 4,637 | 45,380 | 50,017 | – | 50,017 |
| Share options granted by a subsidiary | – | 28 | 28 | 28 | 56 |
| Dividends paid | – | (31,972) | (31,972) | (32,748) | (64,720) |
| Total transactions with owners | 4,637 | 13,436 | 18,073 | (32,720) | (14,647) |
| At 30th September 2014 | 79,931 | 9,583,282 | 9,663,213 | 10,073,862 | 19,737,075 |
| At 31st March 2015 | 81,139 | 9,742,256 | 9,823,395 | 10,078,615 | 19,902,010 |
| Net fair value loss on available-for-sale investments | – | (9,719) | (9,719) | (15,535) | (25,254) |
| Cash flow hedges | | | | | |
| – fair value gain | – | 165 | 165 | 156 | 321 |
| – transfer to finance costs | – | 8,176 | 8,176 | 7,783 | 15,959 |
| Currency translation differences | – | (21,706) | (21,706) | (22,335) | (44,041) |
| Profit for the period | – | 237,353 | 237,353 | 211,067 | 448,420 |
| Total comprehensive income for the period | – | 214,269 | 214,269 | 181,136 | 395,405 |
| Share options granted by a subsidiary | – | 29 | 29 | 27 | 56 |
| Dividends paid | – | (32,456) | (32,456) | (55,524) | (87,980) |
| Total transactions with owners | – | (32,427) | (32,427) | (55,497) | (87,924) |
| At 30th September 2015 | 81,139 | 9,924,098 | 10,005,237 | 10,204,254 | 20,209,491 |

Notes to the Interim financial information

1 General information

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

2 Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2015 (“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 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

The accounting policies and methods of computation used in the preparation of this Interim Financial Information are consistent with those used in the annual financial statements for the year ended 31st March 2015.

There are no other amended standards or interpretations relevant to the Group for this interim period that could be expected to have a material impact on the Group.

3 Financial risk management

(i) Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. There have been no changes in the overall risk management since the year ended 31st March 2015.

The Interim 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 2015.

(ii) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

Notes to the Interim financial information

3 Financial risk management (continued)

(ii) Fair value estimation (continued)

The following table presents the Group's financial instruments that are measured at fair value.

| | Level 1 HK\$'000 | Level 2 HK\$'000 | Total HK\$'000 |
|---|---------------------|---------------------|-------------------|
| At 30th September 2015 | | | |
| Assets | | | |
| Financial assets at fair value through profit or loss | 7,537,731 | 8,711 | 7,546,442 |
| Available-for-sale investments | 168,875 | 26,472 | 195,347 |
| | 7,706,606 | 35,183 | 7,741,789 |
| Liabilities | | | |
| Derivative financial instruments – applying hedge accounting | – | 39,789 | 39,789 |
| At 31st March 2015 | | | |
| Assets | | | |
| Financial assets at fair value through profit or loss | 6,434,753 | 8,495 | 6,443,248 |
| Available-for-sale investments | 190,757 | 25,402 | 216,159 |
| | 6,625,510 | 33,897 | 6,659,407 |
| Liabilities | | | |
| Derivative financial instruments – applying hedge accounting | – | 40,110 | 40,110 |

During the six months ended 30th September 2015, there was no transfer between level 1 and level 2 fair value measurements and there was no change in valuation technique.

Notes to the Interim financial information

3 Financial risk management (continued)

(ii) Fair value estimation (continued)

- Financial instruments in level 1
The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. These instruments are included in level 1.
- Financial instruments in level 2
The fair value of financial instruments that are not traded in an active market (over-the-counter derivatives) is determined by using latest available transaction price or valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Quoted market prices or dealer quotes for similar instruments are used for long term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values.

4 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 are related to fair value of investment properties, impairment of properties held for/under development for sale, impairment of trade and other receivables, income taxes, fair value of derivative financial instruments and impairment of available-for-sale investments and revenue recognition on a gross versus net basis for travel operation.

At 30th September 2015, the Group had investment properties with fair value of HK\$7,708,667,000 (31st March 2015: HK\$7,595,663,000). The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the amount is determined within a range of reasonable fair value estimates. Information from a variety of sources are considered in making the judgement:

Notes to the Interim financial information

4 Critical accounting estimates and judgements (continued)

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

Detail of the judgement and assumptions have been disclosed in note 13.

5 Segment information

The Group is principally engaged in property management, development and investment, hotel, travel operation and securities investments. Revenue includes revenue from property management, property sales and leasing, hotel and travel operation, management services, interest income and dividend income.

Operating segments are reported in a manner consistent with the internal reporting provided to 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 property sales, property leasing, hotel and travel and financial investments. Segment assets consist primarily of property, plant and equipment, investment properties, available-for-sale investments, other non-current assets, hotel inventories, properties, trade and other receivables and financial assets at fair value through profit or loss. Segment liabilities comprise mainly borrowings.

Notes to the Interim financial information

5 Segment information (continued)

| | Property sales HK\$'000 | Property leasing HK\$'000 | Hotel and travel HK\$'000 | Financial Investments HK\$'000 | Others HK\$'000 | Total HK\$'000 |
|--|-------------------------------|---------------------------------|---------------------------------|--------------------------------------|--------------------|-------------------|
| Six months ended 30th September 2015 | | | | | | |
| Gross income | - | 70,976 | 354,103 | 1,021,428 | 13,286 | 1,459,793 |
| Segment revenue | - | 70,976 | 260,711 | 390,167 | 13,286 | 735,140 |
| Contribution to segment results | (235) | 66,115 | 84,610 | 389,630 | 7,779 | 547,899 |
| Depreciation | - | - | (78,923) | - | (3,471) | (82,394) |
| Net investment gain | - | - | - | 84,639 | - | 84,639 |
| Fair value gain of investment properties | - | 108,905 | - | - | - | 108,905 |
| Share of profits less losses of | | | | | | |
| Joint ventures | (2,766) | - | - | - | (3,155) | (5,921) |
| Associated companies | - | (25,260) | - | - | (92) | (25,352) |
| Segment results | (3,001) | 149,760 | 5,687 | 474,269 | 1,061 | 627,776 |
| Unallocated corporate expenses | | | | | | (58,864) |
| Net finance costs | | | | | | (116,195) |
| Profit before income tax | | | | | | 452,717 |
| Six months ended 30th September 2014 | | | | | | |
| Gross income | - | 58,793 | 407,500 | 646,392 | 13,528 | 1,126,213 |
| Segment revenue | - | 58,793 | 299,677 | 306,516 | 13,528 | 678,514 |
| Contribution to segment results | - | 56,579 | 124,321 | 304,995 | 9,439 | 495,334 |
| Depreciation | - | - | (80,605) | - | (3,424) | (84,029) |
| Net investment gain | - | - | - | 29,714 | - | 29,714 |
| Fair value gain of investment properties | - | 365,824 | - | - | - | 365,824 |
| Share of profits less losses of | | | | | | |
| Joint ventures | (2,500) | - | - | - | (569) | (3,069) |
| Associated companies | - | 87,688 | - | - | (68) | 87,620 |
| Segment results | (2,500) | 510,091 | 43,716 | 334,709 | 5,378 | 891,394 |
| Unallocated corporate expenses | | | | | | (52,520) |
| Net finance costs | | | | | | (58,108) |
| Profit before income tax | | | | | | 780,766 |

Notes:

- Management regards gross income of travel operation as gross sales proceeds from the sales of air-ticket, hotel reservation arrangement and incentive travel tours.
- Management regards gross income of financial investments as comprising these revenue as defined under generally accepted accounting principles together with gross consideration from disposal of financial assets at fair value through profit or loss.

Notes to the Interim financial information

5 Segment information (continued)

| | Business segments | | | | | | Total HK\$'000 |
|---|-------------------------------|---------------------------------|---------------------------------|--------------------------------------|--------------------|-------------------------|-------------------|
| | Property sales HK\$'000 | Property leasing HK\$'000 | Hotel and travel HK\$'000 | Financial investments HK\$'000 | Others HK\$'000 | Unallocated HK\$'000 | |
| At 30th September 2015 | | | | | | | |
| Assets | 3,615,562 | 9,281,842 | 7,052,982 | 7,920,791 | 576,150 | 595,470 | 29,042,797 |
| Assets include: | | | | | | | |
| Joint ventures and associated companies | 1,795,950 | 1,549,225 | - | - | 1,025 | 2,834 | 3,349,034 |
| Addition to non-current assets for the six months ended 30th September 2015* | 470,074 | 4,100 | 88,094 | - | 5,189 | - | 567,457 |
| Liabilities | | | | | | | |
| Borrowings | 1,632,311 | 983,138 | 1,659,327 | 1,135,300 | 288,000 | 813,247 | 6,511,323 |
| Other unallocated liabilities | | | | | | | 2,321,983 |
| | | | | | | | 8,833,306 |
| At 31st March 2015 | | | | | | | |
| Assets | 3,150,868 | 9,227,576 | 7,051,111 | 6,818,168 | 282,048 | 1,275,641 | 27,805,412 |
| Assets include: | | | | | | | |
| Joint ventures and associated companies | 1,297,643 | 1,574,485 | - | - | 1,025 | 24,510 | 2,897,663 |
| Addition to non-current assets for the six months ended 30th September 2014* | - | 285 | 42,949 | - | 9,829 | - | 53,063 |
| Liabilities | | | | | | | |
| Borrowings | 1,449,808 | 992,651 | 1,625,799 | 1,132,003 | - | 686,875 | 5,887,136 |
| Other unallocated liabilities | | | | | | | 2,016,266 |
| | | | | | | | 7,903,402 |

* These amounts exclude financial instruments and deferred income tax assets.

Notes to the Interim financial information

5 Segment information (continued)

| | Six months ended 30th September | |
|----------------------------|------------------------------------|-------------------|
| | 2015 | 2014 |
| | HK\$'000 | HK\$'000 |
| Revenue | | |
| Hong Kong | 310,510 | 366,008 |
| Overseas | 424,630 | 312,506 |
| | 735,140 | 678,514 |
| | | |
| | 30th | 31st |
| | September | March |
| | 2015 | 2015 |
| | HK\$'000 | HK\$'000 |
| Non-current assets* | | |
| Hong Kong | 17,501,126 | 17,086,743 |
| Overseas | 1,509,301 | 1,355,721 |
| | 19,010,427 | 18,442,464 |

* These amounts exclude financial instruments and deferred income tax assets.

Notes to the Interim financial information

6 Net investment gain

| | Six months ended 30th September | |
|--|------------------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Financial assets at fair value through profit or loss | | |
| – net unrealised gain from market price movements | 47,618 | 76,251 |
| – net unrealised exchange gain/(loss) | 6,647 | (48,097) |
| – net realised gain (note) | 30,374 | 1,560 |
| | 84,639 | 29,714 |
| Note: | | |
| Net realised gain on financial assets at fair value through profit or loss | | |
| Gross consideration | 631,262 | 339,875 |
| Cost of investments | (571,120) | (258,112) |
| Total gain | 60,142 | 81,763 |
| Less: net unrealised gain recognised in prior years | (29,768) | (80,203) |
| Net realised gain recognised in current period | 30,374 | 1,560 |

Notes to the Interim financial information

7 Income and expenses by nature

| | Six months ended 30th September | |
|--|------------------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Income | | |
| Net rental income (note (a)) | 66,115 | 56,579 |
| Interest income | | |
| – Listed investments | 361,412 | 289,587 |
| – Loan receivables | 2,728 | 1,725 |
| – Bank deposits | 1,174 | 4,772 |
| Dividend income | | |
| – Listed investments | 18,941 | 16,044 |
| Expenses | | |
| Cost of properties and goods sold | 9,160 | 10,362 |
| Employee benefit expense, including Director's emoluments (note (b)) | 101,985 | 93,512 |
| Loss on disposal of properties, plant and equipment | 8 | 8 |
| Operating lease rental expense for land and buildings | 571 | 692 |
| Notes: | | |
| (a) Net rental income | | |
| Gross rental income | | |
| Investment properties | 70,951 | 58,768 |
| Properties held for sale | 25 | 25 |
| | 70,976 | 58,793 |
| Outgoings | (4,861) | (2,214) |
| | 66,115 | 56,579 |
| (b) Employee benefit expense | | |
| Wages and salaries | 98,900 | 90,425 |
| Share option expense | 56 | 56 |
| Retirement benefit costs | 3,029 | 3,031 |
| | 101,985 | 93,512 |

Notes to the Interim financial information

8 Net finance costs

| | Six months ended 30th September | |
|---|------------------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Interest expenses | | |
| Long term bank loans | (66,824) | (57,143) |
| Short term bank loans and overdrafts | (1,569) | (518) |
| Convertible bonds | – | (2,978) |
| Medium term notes | (26,334) | (21,491) |
| Interest income from hedging derivative financial instruments | 2,694 | 2,931 |
| Interest capitalised under properties under development | 19,362 | 27,820 |
| | (72,671) | (51,379) |
| Other incidental borrowing costs | (11,742) | (9,428) |
| Net foreign exchange loss on borrowings | (15,823) | (3,758) |
| Fair value (loss)/gain on derivative financial instruments | | |
| Cash flow hedge, transfer from reserve | (15,959) | 5,975 |
| Not applying hedging accounting | – | 482 |
| | (116,195) | (58,108) |

9 Income tax expense

| | Six months ended 30th September | |
|-------------------------------|------------------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Current income tax | | |
| Hong Kong profits tax | (5,813) | (16,533) |
| Overseas profits tax | (1,227) | (1,684) |
| Over-provision in prior years | 1,825 | 816 |
| | (5,215) | (17,401) |
| Deferred income tax | 918 | 1,484 |
| | (4,297) | (15,917) |

Hong Kong profits tax is provided at the rate of 16.5% (2014: 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.

Share of income tax expenses of joint ventures and associated companies for the period of nil (2014: Nil) and HK\$2,106,000 (2014: HK\$1,588,000) are included in the profit and loss account as share of profits less losses of joint ventures and associated companies respectively.

Notes to the Interim financial information

10 Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2015 (2014: Nil).

11 Earnings per share

The calculation of basic and diluted earnings per share for the six months ended 30th September is based on the following:

| | Six months ended 30th September | |
|--|------------------------------------|------------------|
| | 2015 HK\$'000 | 2014 HK\$'000 |
| Profit attributable to shareholders of the Company | 237,353 | 390,281 |
| Effect of dilutive potential shares: | | |
| Finance costs saved on convertible bonds | – | 2,306 |
| Profit for calculation of diluted earnings per share | 237,353 | 392,587 |
| | Number of shares | |
| Weighted average number of shares for calculation of basic earnings per share | 811,389,757 | 768,809,532 |
| Effect of dilutive potential shares: | | |
| Share options of the Company assumed to be exercised | 7,637,696 | 9,556,881 |
| Convertible bonds assumed to be converted at beginning of the period | – | 30,496,770 |
| Weighted average number of shares for calculation of diluted earnings per share | 819,027,453 | 808,863,183 |

Diluted earnings per share for the six months ended 30th September 2015 and 2014 did not assume the exercise of the outstanding share options of Asia Standard International Group Limited and Asia Standard Hotel Group Limited since their exercise would have an anti-dilutive effect.

Notes to the Interim financial information

12 Property, plant and equipment

| | Freehold land of a hotel in Canada HK\$'000 | Leasehold land in Hong Kong HK\$'000 | Hotel buildings HK\$'000 | Other buildings HK\$'000 | Other equipments HK\$'000 | Total HK\$'000 |
|----------------------------------|---|--|--------------------------------|--------------------------------|---------------------------------|-------------------|
| Cost | | | | | | |
| At 31st March 2015 | 217,115 | 6,117,366 | 2,233,993 | 94,787 | 125,953 | 8,789,214 |
| Currency translation differences | (3,341) | – | (20,419) | – | (63) | (23,823) |
| Additions | – | 2,162 | 85,584 | 2,159 | 3,378 | 93,283 |
| Disposals | – | – | (1,548) | – | (7,232) | (8,780) |
| At 30th September 2015 | 213,774 | 6,119,528 | 2,297,610 | 96,946 | 122,036 | 8,849,894 |
| Accumulated depreciation | | | | | | |
| At 31st March 2015 | – | 702,447 | 884,889 | 11,172 | 39,053 | 1,637,561 |
| Currency translation differences | – | – | (15,882) | – | (34) | (15,916) |
| Charge for the period | – | 42,073 | 33,775 | 752 | 5,794 | 82,394 |
| Disposals | – | – | (1,540) | – | (7,065) | (8,605) |
| At 30th September 2015 | – | 744,520 | 901,242 | 11,924 | 37,748 | 1,695,434 |
| Net book value | | | | | | |
| At 30th September 2015 | 213,774 | 5,375,008 | 1,396,368 | 85,022 | 84,288 | 7,154,460 |
| At 31st March 2015 | 217,115 | 5,414,919 | 1,349,104 | 83,615 | 86,900 | 7,151,653 |

Supplementary information with hotel properties in operation at valuation:

According to the Group's accounting policies, the carrying amount of the four hotel properties in operation in Hong Kong and Canada were HK\$5,925,430,000 (31st March 2015: HK\$5,998,667,000).

The aggregate open market value, on a highest and best use basis, of the four hotel properties in Hong Kong and Canada based on valuations conducted by Vigers Appraisal & Consulting Limited ("Vigers") and CBRE Limited ("CBRE") respectively, independent professional valuers, amounted to HK\$9,574,056,000 (31st March 2015: HK\$9,798,616,000), is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13.

The hotel properties in operation in Hong Kong comprised 3 hotels. Vigers used the discounted cash flow ("DCF") method, which is considered the most appropriate valuation approach for assessing the market value of the properties as it would better reflect specific characteristics of the income-producing properties such as occupancies, average room rates, potential income growth and all out-goings, subject to future economic conditions in the markets. The valuation for the current period has taken into account the development potential on the unused allowable gross floor area of Empire Hotel Hong Kong. The direct comparison method was also used as a check on the valuation arrived at from the DCF method. For the hotel property in Canada, CBRE used the direct comparison method for assessing the market value of the property taking into account of its re-development potential. This approach directly uses market comparable transactions to determine the market value. Appropriate adjustments are applied to the comparable transactions to adjust for the discrepancies between the property and the comparables.

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

Notes to the Interim financial information

13 Investment properties

Investment properties were revalued by Prudential Surveyors International Limited, independent professional valuers, on an open market value basis as at 30th September 2015 and 31st March 2015. All of the fair value measurements of the Group's investment properties were categorised as level 3 of the fair value hierarchy. There were no transfers into or out of level 3 during the period.

14 Property held for development for sale

The amount represents a 100% interest, acquired by the Group in 2010, in a piece of land situated in Seac Pai Van, Coloane, Macau. The land concession was granted for a term of 25 years from 7th December 1990, for industrial use, and is renewable, under certain conditions, for further terms until 19th December 2049. In 1993, the government had determined to change the district to residential use. Since then, despite repeated request, the government has not issued the new master zoning plan of the district and so the land has not been developed. The land concession period is ending on 6th December 2015, and the Group has already submitted to the Macau government a request for renewal of the land concession.

The land is included by Macau government in a list that non-development of the land is not the responsibility of the concessionaires. However, in November 2015, it was reported in the news that the Secretary of Transports and Public Works indicated that the government will resume the undeveloped lands in Seac Pai Van upon expiry of the land concession.

The Group has been seeking legal advice and clarification from the government on the matter. Management is actively pursuing the development rights of the project and extension of the land concession. Based on the above, the Directors considered it premature to determine any impairment that may be necessary and accordingly no provision is made as at 30th September 2015.

15 Trade and other receivables

Trade and other receivables of the Group include trade receivables, loan receivables, prepayments, utility and other deposits, accrued interest receivables and accrued dividend receivables. The comparative figure also included deposit for setting up a joint venture.

Trade receivables of the Group amounted to HK\$55,195,000 (31st March 2015: HK\$53,806,000). 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 evaluation of customers are performed periodically.

An aging analysis of trade receivables net of provision for impairment is as follows:

| | 30th September 2015 HK\$'000 | 31st March 2015 HK\$'000 |
|---------------------|---------------------------------------|-----------------------------------|
| 0 day to 60 days | 50,283 | 49,353 |
| 61 days to 120 days | 1,256 | 994 |
| More than 120 days | 3,656 | 3,459 |
| | 55,195 | 53,806 |

Notes to the Interim financial information

16 Financial assets at fair value through profit or loss

| | 30th September 2015 HK\$'000 | 31st March 2015 HK\$'000 |
|--|---------------------------------------|-----------------------------------|
| Equity securities | | |
| – Listed in Europe | 647,251 | 674,748 |
| – Listed in the USA | 619,950 | 644,197 |
| – Listed in Hong Kong | 44,814 | 69,726 |
| | 1,312,015 | 1,388,671 |
| Debt securities | | |
| – Listed in Singapore | 5,018,591 | 3,686,058 |
| – Listed in Hong Kong | 742,726 | 851,307 |
| – Listed in Europe | 282,426 | 212,530 |
| | 6,043,743 | 4,749,895 |
| Unlisted fund | 8,711 | 8,495 |
| Total amount included in current assets | 7,364,469 | 6,147,061 |
| Equity securities included in non-current assets | | |
| – Listed in Hong Kong | 181,973 | 296,187 |
| | 7,546,442 | 6,443,248 |
| Financial assets at fair value through profit or loss are denominated in the following currencies: | | |
| United States dollar | 5,823,731 | 4,568,194 |
| Sterling | 647,251 | 674,748 |
| Renminbi | 566,246 | 621,862 |
| Hong Kong dollar | 226,787 | 365,914 |
| Euro | 282,427 | 212,530 |
| | 7,546,442 | 6,443,248 |

Note:

The debt securities carry fixed coupons ranging from 3% to 13.875% (31st March 2015: from 2% to 13.875%) per annum and their nominal values are equivalent to HK\$6,295,798,000 (31st March 2015: HK\$5,369,047,000).

Notes to the Interim financial information

17 Trade and other payables

Trade and other payables of the Group include trade payables, rental and management fee deposits, retentions payable of construction costs, interest payable and various accruals. Trade payables of the Group amounted to HK\$15,703,000 (31st March 2015: HK\$17,148,000).

An aging analysis of trade payables is as follows:

| | 30th September 2015 HK\$'000 | 31st March 2015 HK\$'000 |
|---------------------|---------------------------------------|-----------------------------------|
| 0 day to 60 days | 15,132 | 16,033 |
| 61 days to 120 days | 200 | 692 |
| More than 120 days | 371 | 423 |
| | 15,703 | 17,148 |

18 Borrowings

| | 30th September 2015 HK\$'000 | 31st March 2015 HK\$'000 |
|---|---------------------------------------|-----------------------------------|
| Current liabilities | | |
| Short term bank loans and overdrafts | | |
| Secured | 732,602 | 568,299 |
| Unsecured | 306,747 | – |
| | 1,039,349 | 568,299 |
| Current portion of long term bank loans | 706,019 | 506,716 |
| Portion of long term bank loans with a repayment on demand clause | 18,937 | 24,455 |
| | 1,764,305 | 1,099,470 |
| Non-current liabilities | | |
| Long term bank loans, secured | 4,747,018 | 4,787,666 |
| | 6,511,323 | 5,887,136 |

The maturity of the long term bank loans, based on the scheduled repayment dates set out in the loan agreements and ignoring the effect of any repayment on demand clause, are as follows:

| | | |
|---|------------------|------------------|
| Repayable within one year | 706,019 | 506,716 |
| Repayable between one and two years | 1,414,673 | 1,424,904 |
| Repayable between two and five years | 2,480,292 | 2,472,237 |
| Repayable after five years | 870,990 | 914,980 |
| | 5,471,974 | 5,318,837 |
| Current portion included in current liabilities | (706,019) | (506,716) |
| | 4,765,955 | 4,812,121 |

The carrying amounts of the short term and long term borrowings approximate their fair values.

Notes to the Interim financial information

19 Medium term notes

| | 30th September 2015 HK\$'000 | 31st March 2015 HK\$'000 |
|---|---------------------------------------|-----------------------------------|
| RMB500 million at coupon of 6.5% per annum due April 2018 | 608,495 | 624,454 |
| HKD100 million at coupon of 4.8% per annum due July 2019 | 100,000 | 100,000 |
| HKD250 million at coupon of 3% above HIBOR per annum due April 2020 | 250,000 | – |
| | 958,495 | 724,454 |
| Less: deferred issue expenses | (15,465) | (13,434) |
| | 943,030 | 711,020 |

The carrying amounts approximate its fair value.

20 Share capital

| | Number of shares | Amount HK\$'000 |
|--|---------------------|--------------------|
| Shares of HK\$0.1 each | | |
| Authorised: | | |
| At 31st March 2015 and 30th September 2015 | 3,000,000,000 | 300,000 |
| Issued and fully paid: | | |
| At 31st March 2015 and 30th September 2015 | 811,389,757 | 81,139 |

21 Reserves

| | Share premium HK\$'000 | Capital reserve HK\$'000 | Contributed surplus HK\$'000 | Share option reserve HK\$'000 | Hedging reserve HK\$'000 | Available- for-sale investments reserve HK\$'000 | Currency translation reserve HK\$'000 | Revenue reserve HK\$'000 | Total HK\$'000 |
|---|------------------------------|--------------------------------|------------------------------------|--|--------------------------------|--|--|--------------------------------|-------------------|
| At 31st March 2015 | 2,213,360 | 398,021 | 60,257 | 10,266 | (19,082) | (16,404) | 1,122 | 7,094,716 | 9,742,256 |
| Net fair value loss on available-for-sale investments | – | – | – | – | – | (9,719) | – | – | (9,719) |
| Cash flow hedges | | | | | | | | | |
| – fair value gain | – | – | – | – | 165 | – | – | – | 165 |
| – transfer to finance costs | – | – | – | – | 8,176 | – | – | – | 8,176 |
| Currency translation differences | – | – | – | – | – | – | (21,706) | – | (21,706) |
| Profit for the period | – | – | – | – | – | – | – | 237,353 | 237,353 |
| Share options granted by a subsidiary | – | – | – | 29 | – | – | – | – | 29 |
| 2015 final dividend | – | – | – | – | – | – | – | (32,456) | (32,456) |
| At 30th September 2015 | 2,213,360 | 398,021 | 60,257 | 10,295 | (10,741) | (26,123) | (20,584) | 7,299,613 | 9,924,098 |

Notes to the Interim financial information

22 Capital commitments

Capital commitments at the balance sheet date are as follows:

| | 30th September 2015 HK\$'000 | 31st March 2015 HK\$'000 |
|-----------------------------------|---------------------------------------|-----------------------------------|
| Contracted but not provided for | | |
| Investment properties | 29,579 | 1,697 |
| Property, plant and equipment | 206,556 | 276,327 |
| Joint ventures | 139,954 | 349,694 |
| Authorised but not contracted for | | |
| Investment properties | 101,948 | 109,614 |
| Property, plant and equipment | 112,114 | 120,227 |
| | 590,151 | 857,559 |

23 Financial guarantees

| | 30th September 2015 HK\$'000 | 31st March 2015 HK\$'000 |
|--|---------------------------------------|-----------------------------------|
| Guarantees for the banking and loan facilities of joint ventures | 881,471 | 616,956 |

24 Related party transactions

During the period, no significant transactions have been entered into except for interest income of HK\$5,835,000 (2014: HK\$5,505,000) from joint ventures.

No transactions have been entered into with the directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being key management personnel compensation) (2014: Nil).

Other Information

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

As at 30th September 2015, 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 | | | Total | Percentage of shares in issue (%) |
|----------------------|-----------------------|--------------------|-----------------|-------------|-----------------------------------|
| | Personal interest | Corporate interest | Family interest | | |
| Poon Jing | 261,967,964 | 139,036,265 | 5,092,530 | 406,096,759 | 50.05 |
| Fung Siu To, Clement | 14,783,374 | – | – | 14,783,374 | 1.82 |
| Poon Hai | 10,000,000 | – | – | 10,000,000 | 1.23 |

(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") | 1,246,979 | 651,225,593 (Notes) | 652,472,572 | 51.32 |
| | Asia Standard Hotel Group Limited ("Asia Standard Hotel") | 50,830 | 1,150,365,205 (Notes) | 1,150,416,035 | 73.25 |
| Fung Siu To, Clement | Mark Honour Limited | 9 | – | 9 | 0.01 |

Notes:

1. By virtue of Mr. Poon Jing's controlling interest in the Company, he is deemed to be interested in the shares of Asia Standard and Asia Standard Hotel held by the Company and its subsidiaries.
2. By virtue of Mr. Poon Jing's interest in the Company, he is deemed to be interested in the shares of all the Company's subsidiaries and associated corporations.

Other Information

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures (continued)

II. Long positions in underlying shares

Interests in share options

(a) The Company

| Director | Outstanding as at 1st April 2015 and 30th September 2015 |
|----------------------|--|
| 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 |

Notes:

(1) Options were granted under 2002 Share Option Scheme (as described under the heading "Share Option Schemes") 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.

(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.

(b) Associated corporations

– Asia Standard Hotel

| Director | Date of grant | Exercise price (HK\$) | Exercise period | Outstanding as at 1st April 2015 and 30th September 2015 |
|----------------------|-----------------|--------------------------|---------------------------------------|--|
| Fung Siu To, Clement | 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 |
| Lun Pui Kan | 2nd April 2007 | 1.300 | 2nd April 2007 to 1st April 2017 | 8,000,000 |
| Kwan Po Lam, Phileas | 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, cancelled or lapsed.

Other Information

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures (continued)

Save as disclosed above, as at 30th September 2015, 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 2015, 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 held | Percentage (%) |
|--|--------------------|-----------------------|----------------|
| Heston Holdings Limited ("Heston") (Note 1) | Beneficial owner | 48,284,215 | 5.95 |
| Teddington Holdings Limited ("Teddington") (Note 1) | Beneficial owner | 58,045,375 | 7.15 |
| Dalton Investments LLC ("Dalton") (Note 2) | Investment manager | 135,678,237 | 16.72 |
| Clearwater Insurance Company ("Clearwater Insurance") (Note 2) | Trustee | 48,341,035 | 5.95 |
| Daswani Rajkumar Murlidhar | Beneficial owner | 49,007,674 | 6.03 |

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 406,096,759 shares. The interest of Teddington and Heston duplicate the interest of Mr. Poon Jing disclosed under the heading "Directors' and chief executive's 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 duplicates the interest of Dalton disclosed above.

Save as disclosed above, as at 30th September 2015, 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 schemes

The Company

The share option scheme of the Company adopted by the Company on 11th November 2002 (the “2002 Share Option Scheme”) was expired on the tenth anniversary of such adoption date. Following the expiry of the 2002 Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under the 2002 Share Option Scheme and yet to be exercised shall remain valid and exercisable. As at 30th September 2015, there were 36,147,116 share options granted under the 2002 Share Option Scheme outstanding. Movements of share options granted under the 2002 Share Option Scheme during the period are as follows:

| Grantee | Outstanding as at 1st April 2015 and 30th September 2015 |
|------------------------------------|--|
| Directors (Note 1) | 8,505,204 |
| Director of a subsidiary (Note 1) | 3,469,228 |
| Employees of subsidiaries (Note 1) | 24,172,684 |
| | <hr/> |
| | 36,147,116 |

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

The Company adopted a new share option scheme on 29th August 2014 (the “2014 Share Option Scheme”). No share option has been granted under the 2014 Share Option Scheme since its adoption.

Subsidiaries

– Asia Standard

The share option scheme of Asia Standard adopted by Asia Standard on 27th August 2004 (the “2004 Asia Standard Share Option Scheme”) was expired on the tenth anniversary of such adoption date. Following the expiry of the 2004 Asia Standard Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under the 2004 Asia Standard Share Option Scheme and yet to be exercised shall remain valid and exercisable. As at 30th September 2015, there were 1,000,000 share options granted under the 2004 Asia Standard Share Option Scheme outstanding. Movements of share options granted under 2004 Asia Standard Share Option Scheme during the period are as follows:

| Grantee | Date of grant | Exercise price (HK\$) | Exercise period | Outstanding as at 1st April 2015 and 30th September 2015 |
|----------------|-----------------|--------------------------|---------------------------------------|--|
| Other employee | 13th March 2014 | 2.00 | 10th March 2017 to 12th March 2024 | 1,000,000 |

Note:

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

Asia Standard adopted a new share option scheme on 29th August 2014 (the “2014 Asia Standard Share Option Scheme”). No share option has been granted under the 2014 Asia Standard Share Option Scheme since its adoption.

Other Information

Share option schemes (continued)

Subsidiaries (continued)

– Asia Standard Hotel

The share option scheme of Asia Standard Hotel was adopted by Asia Standard Hotel on 28th August 2006. As at 30th September 2015, there were 78,999,999 share options outstanding. Movements of the share options of Asia Standard Hotel during the period are as follows:

| Grantee | Date of grant | Exercise price (HK\$) | Exercise period | Outstanding as at 1st April 2015 and 30th September 2015 |
|--------------------------|-----------------|--------------------------|---------------------------------------|--|
| Directors | 29th March 2007 | 1.296 | 29th March 2007 to 28th March 2017 | 8,000,000 |
| | 2nd April 2007 | 1.300 | 2nd April 2007 to 1st April 2017 | 24,000,000 |
| Director of a subsidiary | 2nd April 2007 | 1.300 | 2nd April 2007 to 1st April 2017 | 8,000,000 |
| Employees | 29th March 2007 | 1.296 | 29th March 2007 to 28th March 2017 | 8,000,000 |
| | 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, cancelled or lapsed.

Interim dividend

The Board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30th September 2015 (2014: Nil).

Purchase, sale or redemption of listed securities

During the period, the Company had not redeemed any of its shares. Neither the Company nor any of its subsidiaries 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 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 2015.

Other Information

Corporate governance code

During the period, the Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules, except the following deviations:

1. Code Provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. All Independent Non-executive Directors of the Company are not appointed for specific terms, but subject to retirement by rotations and re-elections at the annual general meeting of the Company in accordance with the Bye-Laws of the Company; and
2. Code Provision A.5.1 of the CG Code provides that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. The Company does not have a nomination committee. The Board as a whole is responsible for assessing the independence of Independent Non-executive Directors, reviewing the structure, diversity, size and composition of the Board, the appointment of new Directors and the nomination of Directors for re-election by shareholders at the general meeting of the Company. Under the Bye-Laws of the Company, the Board may from time to time and at any time appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office until the next following annual general meeting of the Company and shall then eligible for re-election at the meeting.

Audit committee

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th September 2015.

On behalf of the Board
Asia Orient Holdings Limited
Fung Siu To, Clement
Chairman

Hong Kong, 30th November 2015

