



**ASIA STANDARD INTERNATIONAL GROUP LIMITED**

Stock Code: 129

Interim Report 2014



# 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. Koon Bok Ming, Alan  
Mr. Leung Wai Keung  
Mr. Wong Chi Keung

## Audit committee

Mr. Koon Bok Ming, Alan (*Chairman*)  
Mr. Leung Wai Keung  
Mr. Wong Chi Keung

## Remuneration committee

Mr. Wong Chi Keung (*Chairman*)  
Mr. Fung Siu To, Clement  
Mr. Poon Hai  
Mr. Koon Bok Ming, Alan  
Mr. Leung Wai Keung

## 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

Telephone 2866 3336  
Facsimile 2866 3772  
Website <http://www.asiastandard.com>  
E-mail [asinfo@asiastandard.com](mailto:asinfo@asiastandard.com)

## Principal bankers

HSBC  
Hang Seng Bank  
Industrial and Commercial Bank of China (Asia)  
Bank of China (Hong Kong)  
Bank of East Asia  
Shanghai Commercial Bank  
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

	Six months ended 30th September		
	2014	2013	Change

(in HK\$ million, except otherwise indicated)

## Consolidated profit and loss account

Revenue	629	661	-5%
Operating profit	753	1,083	-30%
Profit attributable to shareholders of the Company	709	972	-27%
Earnings per share – basic (HK\$)	0.57	0.79	-28%

	30th September 2014	31st March 2014	Change
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## Consolidated balance sheet

Total assets	21,980	20,651	+6%
Net assets	15,667	14,983	+5%
Equity attributable to shareholders of the Company	14,691	14,051	+5%
Net debt	4,455	3,918	+14%

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

Revalued total assets	29,160	27,359	+7%
Revalued net assets	22,811	21,652	+5%
Equity attributable to shareholders of the Company	19,697	18,724	+5%
Equity attributable to shareholders of the Company per share (HK\$)	15.70	14.92	+5%
Gearing – net debt to revalued net assets	20%	18%	+2%

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 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 2014 and 31st March 2014.

## Management Discussion and Analysis



"Queen's Gate" in Shanghai

### Results

The Group recorded revenue of HK\$629 million (2013: HK\$661 million, adjusted for certain accounting changes) for the first half of financial year with profit attributable to shareholders of the Company at HK\$709 million (2013: HK\$972 million). The decrease in profit is mainly due to the decrease in mark-to-market valuation gain of the Group's financial investment as compared to the same period last year.

### Properties sales, development and leasing

#### Sales

The Group is actively progressing along its development pipeline during the period, with the current schedule that its 50% joint venture luxurious residential development in Shanghai will be put on market for sale in the near term. The Group did not contract any sale nor launch any new development during the interim period, while a HK\$160 million sale of the inventory retail podium of Canaryside in Yau Tong was recognised in the same period last year.

### Development

At Perkins Road in Hong Kong, the joint venture project will be redeveloped into an ultra-luxurious high rise residential building and is currently under foundation construction. Another detached residential development in the same proximity at Henderson Road is also at foundation construction stage.

The commercial and residential development at Hung Shui Kiu, Yuen Long is currently undergoing land exchange process. Approval for a development scheme under Town Planning Board was obtained. The 112,000 sq. ft. site will provide approximately 900 residential units and retail shops with an approximate total GFA of 519,000 sq. ft., which are conveniently located adjacent to a light rail station linked to the West Rail network. Another residential development at the Lam Tei station nearby is in the process of planning application with the government.

## Management Discussion and Analysis



“Queen’s Gate” in Shanghai

We are progressing well with the superstructure construction in the traditional high end and low-density residential neighborhood in the Qingpu district, Puxi in Shanghai. This 1.5 million sq. ft. site will be developed into over 300 villas and apartments with total construction floor area of 1,080,000 sq. ft. This 50% joint venture development is scheduled to be completed towards end 2015 and pre-sale will commence in the near term, barring unforeseen circumstances.

During the period, we focused and have obtained all the building planning permits for the 2,360,000 sq. ft. floor area waterfront residential/commercial development in Beijing. Land clearances and resettlement for this 50% joint venture development in Tongzhou are currently under preparation. Structural and foundation design has commenced and demolition will start once resettlement completes.

With urban planning legislation became effective in March this year in Macau, our formal application for the development of the 190,000 sq. ft. site in Seac Pac Van zoning outline was submitted. The application is now under process and evaluation by the relevant authorities.

### Leasing

Attributable rental income from the Group’s 353,000 sq. ft. retail/commercial buildings leasing portfolio in Central, Wan Chai and Causeway Bay amount to HK\$72 million (2013: HK\$65 million), increased by 11%.

Investment properties revaluation gain (including that generated from a building owned by an associated company) of HK\$445 million (2013: HK\$124 million) was recorded.

## Management Discussion and Analysis



Asia Orient Tower (including the newly acquired adjoining Fook Lee Commercial Centre)

During the period, the Group succeeded in the acquisition of the commercial building adjacent to our building in Wanchai, which adds approximately 80,000 sq. ft. to the leasing portfolio. The buildings are structurally connected to each other, resulting in a much larger floor plate accommodation.

### Hotel

During the six months period, overnight stay visitors to Hong Kong increased 7% to approximately 14 million. Growth has come from short haul markets where mainland China continues to be the most important inbound source. In the same period, hotel rooms supply increase 5% to approximate 72,000 rooms.

Revenue arising from the hotel and travel segment for the period amount to HK\$300 million (2013: HK\$264 million, adjusted for accounting changes on certain travel business). Average occupancies for the 3 Hong Kong hotels exceeded 95% for

both interim periods while average room rate slightly dropped. Contribution to segment results before depreciation was approximately HK\$124 million (2013: HK\$128 million).

Foundation work of the adjacent new hotel in Causeway Bay was completed during the period and superstructure works have commenced. This will add 94 rooms upon completion in 2016. At the same time, foundation work of the other new hotel in Tsimshatsui is in progress and scheduled to complete by early 2015, adding another 90 rooms to the portfolio upon full completion in 2017.

### Financial investments

For the period under review, the Group's financial investments continue to benefit from the low interest rate and ample liquidity environment.

At 30th September 2014, the Group held financial investments of approximately HK\$6,409 million (31st March 2014: HK\$5,714 million), with HK\$1,994 million (31st March 2014: HK\$1,810 million) held by the listed hotel subsidiary group. The increase arose from a mark to market valuation gain of HK\$32 million and a further investment of HK\$663 million.

Interest and dividend income for the year from these investments amounted to HK\$263 million (2013: HK\$175 million). The increase is mostly due to the increase in portfolio size of our debt securities investment.

These financial investments comprise 67% by listed debt securities (of which approximately 92% were issued by PRC real estate companies), and 32% by listed equity securities (of which approximately 74% were issued by large banks). They are denominated in different currencies with 61% in United States dollar, 12% in Hong Kong dollar, 11% in Sterling, 11% in Renminbi and 5% in Euro.

## Management Discussion and Analysis

At 30th September 2014, an approximate value of HK\$890 million (31st March 2014: HK\$1,140 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

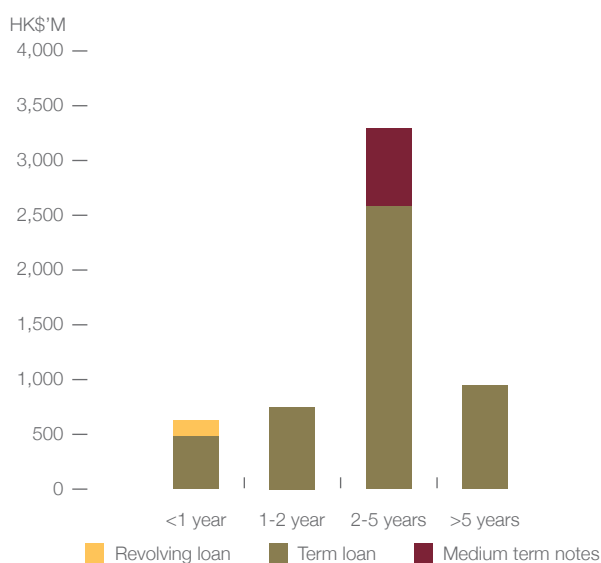
### Financial review

Save for that of the listed hotel subsidiary group which is independently administered, the Group's financing and treasury activities are centrally managed and controlled at the corporate level. At 30th September 2014, it had approximately HK\$6.0 billion cash and undrawn banking facilities which provide the Group with strong financing flexibility to capture any project development opportunities as they arise.

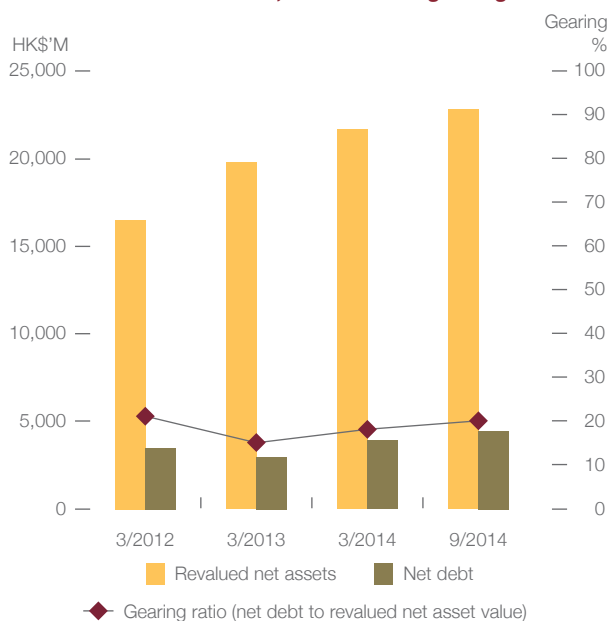
At 30th September 2014, the Group's total assets were approximately HK\$22.0 billion, compared to HK\$20.7 billion at end of last financial year. The net assets were HK\$15.7 billion (31st March 2014: HK\$15.0 billion). Adopting market value of hotel properties, the revalued total assets and revalued net assets of the Group would be HK\$29.2 billion and HK\$22.8 billion, an increase of 7% and 5% compared to HK\$27.4 billion and HK\$21.7 billion respectively at the end of last financial year.

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

### Debt maturity



### Revalued net assets, net debt and gearing ratio





# Management Discussion and Analysis

Net debt were HK\$4.5 billion (31st March 2014: HK\$3.9 billion), including HK\$1.7 billion (31st March 2014: HK\$1.7 billion) which belonged to the separately listed hotel subsidiary group. Gearing (net debt to revalued net asset value) is approximately 20% (31st March 2014: 18%). 75% of the debts are secured and 79% of the debts are at floating rates. As at 30th September 2014, HK\$50 million interest rate swap contract and RMB500 million cross currency swap contracts were held to hedge our borrowings. Total interest cost increased as a result of increased borrowings during the year.

Currently the maturities of our debts are well spread over a long period of up to 12 years. Revolving loans account for 3% and term loans secured by financial assets repayable between one to five years account for 8%. Term loans secured by property assets account for 64% with 8% repayable within 1 year, 39% repayable between one to five years and 17% repayable after five years. The remaining 25% comprise unsecured club loan and medium term notes. As at 30th September 2014, the Group had net current assets of HK\$8.1 billion (31st March 2014: HK\$7.3 billion).

About 79% of the Group's borrowings are in Hong Kong dollar, 11% in Renminbi, 9% in US dollars, and the remaining 1% in other currencies.

As at 30th September 2014, property assets with an aggregated net book value of HK\$12,193 million (31st March 2014: HK\$11,733 million) were pledged to secure banking facilities of the Group. HK\$402 million (31st March 2014: HK\$380 million) guarantee was provided to financial institution against credit facilities granted to joint ventures.

## Employees and remuneration policies

As at 30th September 2014, the Group employed approximately 450 (31st March 2014: 440) employees. The remuneration packages including basic salary, annual bonus, share options, retirement and other benefits are commensurate with their job nature and level of experience.

## Future prospect

With the slow recovery of US economy, the US Federal Reserve has ended its asset purchase programme. Despite that, relatively loose monetary conditions are widely expected in major developed economies to be maintained for extended time, with Japan and Europe being the new-comers. The continual expectation of delay in interest rate increase continues to support the local property market.

Management is indeed concerns about the disappointment in hotel operation result during the period and the impact of the local political turmoil to the result of the second half of the financial year.

Financial investment continues to be a steady performer.

Overall, management holds a cautious stance and is affirmative with the Group's performance.

# Report on Review of Interim Financial Information

To the Board of Directors of  
**Asia Standard International Group Limited**  
*(incorporated in Bermuda with limited liability)*

## Introduction

We have reviewed the interim financial information set out on pages 9 to 30, which comprises the condensed consolidated balance sheet of Asia Standard International Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th September 2014 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-month 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, 25th November 2014

## Condensed Consolidated Profit and Loss Account – Unaudited

	Note	Six months ended 30th September	
		2014 HK\$'000	2013 HK\$'000 (Restated)
Revenue	5	<b>629,404</b>	661,058
Cost of sales		<b>(133,960)</b>	(150,849)
Gross profit		<b>495,444</b>	510,209
Selling and administrative expenses		<b>(92,772)</b>	(92,462)
Depreciation		<b>(44,645)</b>	(43,016)
Net investment gain	6	<b>29,526</b>	611,176
Fair value gain of investment properties		<b>365,474</b>	97,190
Operating profit		<b>753,027</b>	1,083,097
Net finance costs	8	<b>(54,697)</b>	(38,874)
Share of profits less losses of			
Joint ventures		<b>(3,069)</b>	(1,722)
Associated companies		<b>87,620</b>	35,880
Profit before income tax		<b>782,881</b>	1,078,381
Income tax expense	9	<b>(22,124)</b>	(35,816)
Profit for the period		<b>760,757</b>	1,042,565
Attributable to:			
Shareholders of the Company		<b>709,136</b>	971,791
Non-controlling interests		<b>51,621</b>	70,774
		<b>760,757</b>	1,042,565
Earnings per share (HK\$)			
Basic and diluted	11	<b>0.57</b>	0.79

## Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Six months ended	
	30th September	
	2014	2013
	HK\$'000	HK\$'000
Profit for the period	760,757	1,042,565
Other comprehensive income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value gain on available-for-sale investments	3,913	8,246
Cash flow hedges		
– fair value (loss)/gains	(15,560)	6,557
– transfer to finance costs	(5,975)	(4,471)
Currency translation differences	(1,845)	(2,202)
Share of currency translation differences of joint ventures	1,289	–
	(18,178)	8,130
Total comprehensive income for the period	742,579	1,050,695
Attributable to:		
Shareholders of the Company	690,696	978,757
Non-controlling interests	51,883	71,938
	742,579	1,050,695

## Condensed Consolidated Balance Sheet – Unaudited

	Note	30th September 2014 HK\$'000	31st March 2014 HK\$'000
<b>Non-current assets</b>			
Investment properties	12	5,932,890	5,567,131
Property, plant and equipment	13	3,175,857	3,170,244
Joint ventures		1,174,304	1,104,112
Associated companies		1,641,820	1,577,266
Available-for-sale investments		251,291	241,078
Financial assets at fair value through profit or loss	15	453,410	554,844
Derivative financial instruments		–	10,427
Mortgage loans receivable		2,724	2,797
Deferred income tax assets		4,800	3,400
		<b>12,637,096</b>	<b>12,231,299</b>
<b>Current assets</b>			
Properties under development for sale		1,760,434	1,737,935
Completed properties held for sale		3,617	3,617
Hotel and restaurant inventories		1,516	1,569
Trade and other receivables	14	639,700	291,972
Income tax recoverable		5,624	5,589
Financial assets at fair value through profit or loss	15	5,703,961	4,917,765
Bank balances and cash		1,227,580	1,461,233
		<b>9,342,432</b>	<b>8,419,680</b>
<b>Current liabilities</b>			
Trade and other payables	16	137,475	141,936
Dividend payable		58,311	–
Amount due to a joint venture		77,023	37,058
Amount due to an associated company		224,400	–
Derivative financial instruments		499	982
Borrowings	17	665,925	919,483
Income tax payable		49,291	37,139
		<b>1,212,924</b>	<b>1,136,598</b>
<b>Net current assets</b>		<b>8,129,508</b>	<b>7,283,082</b>
<b>Total assets less current liabilities</b>		<b>20,766,604</b>	<b>19,514,381</b>

## Condensed Consolidated Balance Sheet – Unaudited

	Note	30th September 2014 HK\$'000	31st March 2014 HK\$'000
<hr/>			
Non-current liabilities			
Long term borrowings	17	4,301,865	3,849,758
Medium term notes	18	714,430	609,894
Derivative financial instruments		5,133	–
Deferred income tax liabilities		77,883	71,760
		<b>5,099,311</b>	4,531,412
<hr/>			
Net assets		<b>15,667,293</b>	14,982,969
<hr/>			
Equity			
Share capital	19	12,548	12,548
Reserves	20	14,678,820	14,038,261
Equity attributable to shareholders of the Company		<b>14,691,368</b>	14,050,809
Non-controlling interests		975,925	932,160
		<b>15,667,293</b>	14,982,969
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## Condensed Consolidated Statement of Cash Flows – Unaudited

	Six months ended 30th September	
	2014	2013
	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>		
Net cash used in operation	(625,354)	(559,794)
Net income tax paid	(5,284)	(6,348)
Interest paid	(72,004)	(57,492)
Interest received from bank deposit and other receivables	6,497	4,494
Net cash used in operating activities	(696,145)	(619,140)
<b>Cash flows from investing activities</b>		
Addition to investment properties	(285)	(287)
Addition to property, plant and equipment	(45,184)	(32,739)
Proceeds from disposal of property, plant and equipment	–	229
Increase in investment in a joint venture	–	(23,574)
Repayment by/(advances to) associated companies and joint ventures	192,359	(28,528)
Dividend received from an associated company	23,100	–
Net cash generated from/(used in) investing activities	169,990	(84,899)
<b>Cash flows from financing activities</b>		
Drawdown of long term borrowings	590,288	725,228
Repayment of long term borrowings	(162,037)	(57,845)
Net (decrease)/increase in short term borrowings	(229,349)	42,161
Net proceeds from medium term notes	96,678	611,546
Dividends paid	–	(13,082)
Dividends paid to non-controlling interests	–	(4,639)
Net cash generated from financing activities	295,580	1,303,369
Net (decrease)/increase in cash and cash equivalents	(230,575)	599,330
Cash and cash equivalents at the beginning of the period	1,452,275	400,477
Changes in exchange rates	368	775
Cash and cash equivalents at the end of the period	1,222,068	1,000,582
Analysis of the balances of cash and cash equivalents		
Bank balances and cash (excluding restricted bank balances)	1,222,068	1,000,582

## Condensed Consolidated Statement of Changes in Equity – Unaudited

	Equity 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 2013	12,369	12,636,934	12,649,303	839,996	13,489,299
Net fair value gain on available-for-sale investments	–	6,325	6,325	1,921	8,246
Cash flow hedges					
– fair value gains	–	6,557	6,557	–	6,557
– transfer to finance costs	–	(4,471)	(4,471)	–	(4,471)
Currency translation differences	–	(1,445)	(1,445)	(757)	(2,202)
Profit for the period	–	971,791	971,791	70,774	1,042,565
Total comprehensive income for the period	–	978,757	978,757	71,938	1,050,695
2013 final dividend	179	(13,261)	(13,082)	(4,639)	(17,721)
At 30th September 2013	12,548	13,602,430	13,614,978	907,295	14,522,273
At 31st March 2014	12,548	14,038,261	14,050,809	932,160	14,982,969
Net fair value gain on available-for-sale investments	–	3,049	3,049	864	3,913
Cash flow hedges					
– fair value loss	–	(15,560)	(15,560)	–	(15,560)
– transfer to finance costs	–	(5,975)	(5,975)	–	(5,975)
Currency translation differences	–	46	46	(602)	(556)
Profit for the period	–	709,136	709,136	51,621	760,757
Total comprehensive income for the period	–	690,696	690,696	51,883	742,579
2014 final dividend	–	(50,193)	(50,193)	(8,118)	(58,311)
Share option expense	–	56	56	–	56
Total transaction with owners	–	(50,137)	(50,137)	(8,118)	(58,255)
At 30th September 2014	12,548	14,678,820	14,691,368	975,925	15,667,293



# 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 2014 (“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 2014, 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 2014. As described in the annual financial statements for the year ended 31st March 2014, the Group has changed its policy regarding the recognition of revenue for travel operation on net basis for the commission earned as an agent, and on a gross basis for custom-made incentive tours. The comparatives have been restated by decreasing revenue and corresponding cost of sales of HK\$114,800,000 with no impact to gross profit.

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 2014.

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 2014.

### (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
<b>At 30th September 2014</b>			
<b>Assets</b>			
Financial assets at fair value through profit or loss	6,148,498	8,873	6,157,371
Available-for-sale investments	227,678	23,613	251,291
	<b>6,376,176</b>	<b>32,486</b>	<b>6,408,662</b>
<b>Liabilities</b>			
Derivative financial instruments			
– applying hedge accounting	–	5,133	5,133
– not applying hedge accounting	–	499	499
	–	<b>5,632</b>	<b>5,632</b>
<b>At 31st March 2014</b>			
<b>Assets</b>			
Financial assets at fair value through profit or loss	5,463,745	8,864	5,472,609
Available-for-sale investments	218,492	22,586	241,078
Derivative financial instruments			
– applying hedge accounting	–	10,427	10,427
	<b>5,682,237</b>	<b>41,877</b>	<b>5,724,114</b>
<b>Liabilities</b>			
Derivative financial instruments			
– not applying hedge accounting	–	982	982

# Notes to the Interim Financial Information

## 3 Financial risk management (continued)

### (ii) Fair value estimation (continued)

During the six months ended 30th September 2014, there was no transfer between level 1 and level 2 fair value measurements and there was no change in valuation technique.

- 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 value.

# Notes to the Interim Financial Information

## 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 include those related to fair value of investment properties, impairment of trade and other receivables, income taxes, fair value of derivative financial instruments, impairment of available-for-sale investments and revenue recognition on a gross versus net basis for travel operation.

At 30th September 2014, the Group had investment properties with fair value of HK\$5,932,890,000 (31st March 2014: HK\$5,567,131,000). 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:

- (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.

## 5 Segment information

The Group is principally engaged in property development and investment, hotel, travel operation and securities investments. Revenue includes revenue from 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 2014						
Gross income	-	58,793	407,500	603,583	7,227	1,077,103
Segment revenue	-	58,793	299,677	263,707	7,227	629,404
Contribution to segment results	-	56,579	124,321	262,186	7,462	450,548
Depreciation	-	-	(42,400)	-	(2,245)	(44,645)
Net investment gain	-	-	-	29,526	-	29,526
Fair value gain of investment properties	-	365,474	-	-	-	365,474
Share of profits less losses of						
Joint ventures	(2,500)	-	-	-	(569)	(3,069)
Associated companies	-	87,688	-	-	(68)	87,620
Segment results	(2,500)	509,741	81,921	291,712	4,580	885,454
Unallocated corporate expenses						(47,876)
Net finance costs						(54,697)
Profit before income tax						782,881
Six months ended 30th September 2013						
Gross income	160,000	52,962	378,955	294,337	8,458	894,712
Segment revenue (restated)	160,000	52,962	264,155	175,483	8,458	661,058
Contribution to segment results	107,230	48,066	128,453	175,200	(1,663)	457,286
Depreciation	-	-	(41,080)	-	(1,936)	(43,016)
Net investment gain	-	-	-	611,176	-	611,176
Fair value gain of investment properties	-	97,190	-	-	-	97,190
Share of profits less losses of						
Joint ventures	(1,177)	-	-	-	(545)	(1,722)
Associated companies	-	35,880	-	-	-	35,880
Segment results	106,053	181,136	87,373	786,376	(4,144)	1,156,794
Unallocated corporate expenses						(39,539)
Net finance costs						(38,874)
Profit before income tax						1,078,381

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	
As at 30th September 2014							
Assets	3,218,144	7,495,052	3,192,786	6,689,104	87,193	1,297,249	21,979,528
Assets include:							
Joint ventures and associated companies	1,249,382	1,534,716	–	–	936	31,090	2,816,124
Addition to non-current assets for the six months ended 30th September 2014*	–	285	42,949	–	9,530	–	52,764
Liabilities							
Borrowings	1,436,656	453,266	1,678,727	714,891	–	684,250	4,967,790
Other unallocated liabilities							1,344,445
							6,312,235
As at 31st March 2014							
Assets	2,920,420	7,061,230	3,204,383	5,852,531	91,943	1,520,472	20,650,979
Assets include:							
Joint ventures and associated companies	1,178,592	1,470,128	–	–	931	31,727	2,681,378
Addition to non-current assets for the six months ended 30th September 2013*	7,456	287	36,652	–	25,772	–	70,167
Liabilities							
Borrowings	1,968,371	444,776	1,410,553	945,541	–	–	4,769,241
Other unallocated liabilities							898,769
							5,668,010

\* 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	
	2014	2013
	HK\$'000	HK\$'000 (Restated)
<b>Revenue</b>		
Hong Kong	343,953	453,482
Overseas	285,451	207,576
	<b>629,404</b>	<b>661,058</b>
<b>Non-current assets*</b>		
Hong Kong	10,804,334	10,353,648
Overseas	1,120,537	1,065,105
	<b>11,924,871</b>	<b>11,418,753</b>

\* 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	
	2014 HK\$'000	2013 HK\$'000
Financial assets at fair value through profit or loss		
– net unrealised gain from market price movements	67,886	539,400
– net unrealised exchange (loss)/gain	(39,920)	71,277
– net realised gain (note)	1,560	499
	<b>29,526</b>	<b>611,176</b>
Note:		
Net realised gain on financial assets at fair value through profit or loss		
Gross consideration	339,875	118,854
Cost of investments	(258,112)	(100,194)
Total gain	81,763	18,660
Less: net unrealised gain recognised in prior years	(80,203)	(18,161)
Net realised gain recognised in current period	<b>1,560</b>	<b>499</b>



# Notes to the Interim Financial Information

## 7 Income and expenses by nature

	Six months ended 30th September	
	2014 HK\$'000	2013 HK\$'000
<b>Income</b>		
Net rental income (note (a))	56,579	48,066
Interest income		
– Listed investments	246,778	165,694
– Unlisted investments	–	4
– Other receivables	1,728	1,759
– Bank deposits	4,769	2,735
Dividend income		
– Listed investments	16,044	9,704
<b>Expenses</b>		
Cost of properties and goods sold (restated)	10,362	60,612
Employee benefit expense, including Directors' emoluments (note (b))	86,742	81,343
Loss on disposal of property, plant and equipment	8	1,290
Operating lease rental expense for land and buildings	692	4,853
Notes:		
<b>(a) Net rental income</b>		
Gross rental income		
– Investment properties	58,768	52,938
– Properties held for sale	25	23
	58,793	52,961
Outgoings	(2,214)	(4,895)
	56,579	48,066
<b>(b) Employee benefit expense</b>		
Wages and salaries	83,800	78,408
Share option expense	56	–
Retirement benefits costs	2,886	2,935
	86,742	81,343

# Notes to the Interim Financial Information

## 8 Net finance costs

	Six months ended 30th September	
	2014 HK\$'000	2013 HK\$'000
Interest expense		
Long term bank loans	(57,143)	(38,238)
Short term bank loans and overdrafts	(337)	(2,128)
Medium term notes	(21,491)	(18,699)
Interest income from hedging derivative financial instruments	2,931	2,872
Interest capitalised	27,820	18,335
	(48,220)	(37,858)
Other incidental borrowing costs	(9,257)	(4,951)
Net foreign exchange loss on borrowings	(3,677)	(1,416)
Fair value gain on derivative financial instruments		
– cash flow hedge, transfer from reserve (note 20)	5,975	4,471
– not applying hedge accounting	482	880
	(54,697)	(38,874)

## 9 Income tax expense

	Six months ended 30th September	
	2014 HK\$'000	2013 HK\$'000
Current income tax		
Hong Kong profits tax	(16,533)	(40,697)
Overseas profits tax	(1,684)	(571)
Over provision in prior years	816	112
	(17,401)	(41,156)
Deferred income tax	(4,723)	5,340
	(22,124)	(35,816)

Hong Kong profits tax is provided at the rate of 16.5% (2013: 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 rate 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 (2013: HK\$54,000) and HK\$1,588,000 (2013: HK\$1,817,000) 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 of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2014 (2013: Nil).

## 11 Earnings per share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$709,136,000 (2013: 971,791,000) and divided by the weighted average number of 1,254,821,525 (2013: 1,236,852,853) shares in issue during the period.

For the six months ended 30th September 2014 and 2013, the Company's and its listed subsidiary's outstanding share options did not have a dilution effect on the earnings per share, so the basic and diluted earnings per share were equal.

## 12 Investment properties

Investment properties were revalued by Prudential Surveyors International Limited, independent professional valuers, on an open market value basis as at 30th September 2014 and 31st March 2014. 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.

## 13 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
<b>Cost</b>						
At 31st March 2014	71,613	2,652,887	1,528,583	60,345	116,500	4,429,928
Currency translation differences	(916)	–	(5,576)	–	24	(6,468)
Additions	–	3,094	37,738	9,094	2,553	52,479
Disposals	–	–	(189)	–	–	(189)
<b>At 30th September 2014</b>	<b>70,697</b>	<b>2,655,981</b>	<b>1,560,556</b>	<b>69,439</b>	<b>119,077</b>	<b>4,475,750</b>
<b>Accumulated depreciation</b>						
At 31st March 2014	–	438,568	790,793	8,590	21,733	1,259,684
Currency translation differences	–	–	(4,264)	–	9	(4,255)
Charge for the period	–	13,555	25,469	523	5,098	44,645
Disposals	–	–	(181)	–	–	(181)
<b>At 30th September 2014</b>	<b>–</b>	<b>452,123</b>	<b>811,817</b>	<b>9,113</b>	<b>26,840</b>	<b>1,299,893</b>
<b>Net book value</b>						
<b>At 30th September 2014</b>	<b>70,697</b>	<b>2,203,858</b>	<b>748,739</b>	<b>60,326</b>	<b>92,237</b>	<b>3,175,857</b>
At 31st March 2014	71,613	2,214,319	737,790	51,755	94,767	3,170,244

# Notes to the Interim Financial Information

## 13 Property, plant and equipment (continued)

Note:

Supplementary information with hotel properties in operation at valuation:

According to the Group's accounting policies, the carrying amount of hotel properties in Hong Kong and Canada were HK\$2,934,944,000 (31st March 2014: HK\$2,934,982,000).

The aggregate open market value, on a highest and best use basis, of the four hotel properties in operation 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\$9,437,443,000 (31st March 2014: HK\$9,000,577,000), is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13.

The hotel properties portfolio 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 direct comparison method was also used as a check on the valuation arrived at from the DCF method. For the hotel property in operation 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 at valuation is for readers' information only. It does not constitute a disclosure requirement under HKASs 16 and 17.

## 14 Trade and other receivables

Trade and other receivables of the Group include trade receivables, loans receivable, utility and other deposits, accrued interest, dividend receivable and the purchase deposit and related stamp duty in respect of a property acquisition (note 24).

Trade receivables of the Group amounted to HK\$191,106,000 (31st March 2014: HK\$58,016,000). 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 2014 HK\$'000	31st March 2014 HK\$'000
0 day to 60 days	186,434	52,978
61 days to 120 days	1,013	1,083
121 days to 180 days	392	3,955
Over 180 days	3,267	–
	<b>191,106</b>	<b>58,016</b>

# Notes to the Interim Financial Information

## 15 Financial assets at fair value through profit or loss

	30th September 2014 HK\$'000	31st March 2014 HK\$'000
Equity securities		
– Listed in Europe	678,357	637,302
– Listed in the USA	649,506	595,964
– Listed in Hong Kong	89,017	48,854
	<b>1,416,880</b>	1,282,120
Debt securities		
– Listed in Singapore	2,987,389	2,166,448
– Listed in Hong Kong	959,553	890,325
– Listed in Europe	331,266	570,008
	<b>4,278,208</b>	3,626,781
Unlisted fund	8,873	8,864
Total amount included in current assets	<b>5,703,961</b>	4,917,765
Equity securities included in non-current assets		
– Listed in Hong Kong	453,410	554,844
	<b>6,157,371</b>	5,472,609
Financial assets at fair value through profit or loss are denominated in the following currencies:		
United States dollar	3,897,264	3,345,475
Sterling	678,356	637,302
Hong Kong dollar	542,427	603,698
Renminbi	708,058	520,226
Euro	331,266	365,908
	<b>6,157,371</b>	5,472,609

Note:

The debt securities carry fixed coupon ranging from 2% to 13.875% (31st March 2014: from 2% to 13.875%) per annum and their nominal values are equivalent to HK\$4,271,487,000 (31st March 2014: HK\$3,695,248,000).

# Notes to the Interim Financial Information

## 16 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 amounted to HK\$16,917,000 (31st March 2014: HK\$15,821,000).

Aging analysis of trade payables at the balance sheet date is as follows:

	30th September 2014 HK\$'000	31st March 2014 HK\$'000
0 day to 60 days	16,210	15,196
61 days to 120 days	369	243
121 days to 180 days	291	226
Over 180 days	47	156
	<b>16,917</b>	<b>15,821</b>

## 17 Borrowings

	30th September 2014 HK\$'000	31st March 2014 HK\$'000
<b>Current liabilities</b>		
Short term bank loans and overdrafts		
Secured	151,397	363,045
Unsecured	–	20,000
	<b>151,397</b>	<b>383,045</b>
Current portion of long term bank loans	481,777	498,159
Portion of long term bank loans with a repayment on demand clause	32,751	38,279
	<b>665,925</b>	<b>919,483</b>
<b>Non-current liabilities</b>		
Long term bank loans, secured	4,301,865	3,849,758
	<b>4,967,790</b>	<b>4,769,241</b>

The maturities 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 follow:

Repayable within one year	481,777	498,159
Repayable between one and two years	757,259	447,870
Repayable between two and five years	2,618,388	2,604,167
Repayable after five years	958,969	836,000
	<b>4,816,393</b>	<b>4,386,196</b>
Current portion included in current liabilities	<b>(481,777)</b>	<b>(498,159)</b>
	<b>4,334,616</b>	<b>3,888,037</b>

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

# Notes to the Interim Financial Information

## 18 Medium term notes

In April 2013, the Company issued Renminbi 500 million notes at coupon of 6.5% per annum for a period of 5 years under a medium term note programme. Cross currency swap contracts into United States dollar and Hong Kong dollar were entered into simultaneously to hedge the principal repayment and interest payments. The notes are listed on The Stock Exchange of Hong Kong Limited.

In July 2014, the Company issued additional HK\$100 million notes at coupon of 4.8% per annum for a period of 5 years under the medium term note programme. The notes are listed on The Stock Exchange of Hong Kong Limited.

The carrying amounts approximate their fair value.

## 19 Share capital

Shares of HK\$0.01 each	Number of shares	Amount HK\$'000
Authorised:		
At 31st March 2014 and 30th September 2014	400,000,000,000	4,000,000
Issued and fully paid:		
At 31st March 2014 and 30th September 2014	1,254,821,525	12,548

## 20 Reserves

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Available-for-sale investments reserve HK\$'000	Contributed surplus HK\$'000	Hedging reserve HK\$'000	Currency translation reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2014	2,067,581	44,190	16,644	66,407	2,782,836	13,841	75,824	8,970,938	14,038,261
Net fair value gain on available-for-sale investments	-	-	-	3,049	-	-	-	-	3,049
Cash flow hedges:									
- fair value loss	-	-	-	-	-	(15,560)	-	-	(15,560)
- transfer to finance costs (note 8)	-	-	-	-	-	(5,975)	-	-	(5,975)
Currency translation differences	-	-	-	-	-	-	46	-	46
Profit for the period	-	-	-	-	-	-	-	709,136	709,136
2014 final dividend	-	-	-	-	-	-	-	(50,193)	(50,193)
Share option expense	-	-	56	-	-	-	-	-	56
At 30th September 2014	2,067,581	44,190	16,700	69,456	2,782,836	(7,694)	75,870	9,629,881	14,678,820

# Notes to the Interim Financial Information

## 21 Capital commitments

Capital commitments at the balance sheet date are as follows:

	30th September 2014 HK\$'000	31st March 2014 HK\$'000
Investment properties		
Contracted but not provided for (note 24)	994,500	–
Property, plant and equipment		
Contracted but not provided for	160,331	53,025
Authorised but not contracted for	185,275	306,448
Joint ventures		
Contracted but not provided for	352,778	349,432
Authorised but not contracted for	97,029	57,650
	<b>1,789,913</b>	<b>766,555</b>

## 22 Financial guarantees

	30th September 2014 HK\$'000	31st March 2014 HK\$'000
Guarantees for the banking and loan facilities of joint ventures	402,085	380,075

## 23 Related party transactions

During the period, no significant transactions have been entered into except for income from joint ventures comprising management fee, project management fee, agency fee and interest income of HK\$5,505,000 (2013: HK\$1,630,000).

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) (2013: Nil).

## 24 Event after the reporting period

The Group has during the period entered into a transaction to acquire a commercial building with a consideration of HK\$1,105 million, as disclosed in the announcement of 23rd July 2014. As at 30th September 2014, a 10% deposit and related stamp duty totaling HK\$204.4 million had been paid (included under trade and other receivables in the balance sheet) and the remaining unpaid consideration was shown as capital commitment (note 21).

In October 2014, the transaction was completed and the acquired building will be classified under investment properties in the Group's annual financial statements for the year ending 31st March 2015.



## Other Information

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

As at 30th September 2014, 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	1,223,452	638,938,336	640,161,788	51.01

Note:

By virtue of Mr. Poon Jing's controlling interest (50.01%) in Asia Orient Holdings Limited ("Asia Orient"), he is deemed to be interested in the shares of the Company held by Asia Orient as disclosed under the heading "Substantial shareholders and other persons' interests and short positions in shares and underlying shares" below.

##### (b) Associated corporations

Director	Associated Corporation	Number of shares held			Total	Percentage of shares in issue (%)
		Personal interest	Family interest	Corporate interest		
Poon Jing	Asia Orient	258,345,614	4,995,066	136,375,288 (Notes)	399,715,968	50.01
	Asia Standard Hotel Group Limited ("Asia Standard Hotel")	50,050	–	1,132,669,492 (Notes)	1,132,719,542	73.08
Poon Hai	Asia Orient	8,800,000	–	–	8,800,000	1.10
Fung Siu To, Clement	Asia Orient	14,500,440	–	–	14,500,440	1.81
	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 in Asia Orient, he is deemed to be interested in the shares of Asia Standard Hotel held by Asia Orient and the Company.
2. By virtue of Mr. Poon Jing's interest in the Company through Asia Orient, he is deemed to be interested in the shares of all the Company's subsidiaries and associated corporations.

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

##### Interests in share options

###### (a) The Company

Director	Outstanding as at 1st April 2014 and 30th September 2014
Fung Siu To, Clement	2,062,176
Lim Yin Cheng	2,062,176
Poon Jing	515,544
Lun Pui Kan	2,062,176
Kwan Po Lam, Phileas	2,062,176

Notes:

1. Options were granted on 30th March 2005 and exercisable during the period from 30th March 2005 to 29th March 2015 at exercise price of HK\$3.15 (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 Orient

Director	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2014 and 30th September 2014
Fung Siu To, Clement	29th March 2007	1.4315	29th March 2007 to 28th March 2017	2,126,301
Lim Yin Cheng	29th March 2007	1.4315	29th March 2007 to 28th March 2017	2,126,301
Lun Pui Kan	29th March 2007	1.4315	29th March 2007 to 28th March 2017	2,126,301
Kwan Po Lam, Phileas	29th March 2007	1.4315	29th March 2007 to 28th March 2017	2,126,301

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)

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

##### *Interests in share options (continued)*

##### *(c) Associated corporations*

Asia Standard Hotel

Director	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2014 and 30th September 2014
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.

Save as disclosed above, as at 30th September 2014, 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 2014, 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 and underlying shares of the Company

Shareholders	Capacity	Number of shares held	Total	Percentage (%)
Asia Orient (Note 1)	Beneficial owner	48,330,513		
	Interests in controlled corporation	590,607,823	638,938,336	50.91
Asia Orient Holdings (BVI) Limited ("Asia Orient BVI") (Note 1)	Interests in controlled corporation	590,607,823	590,607,823	47.06
Asia Orient Company Limited ("AOCL") (Note 2)	Beneficial owner	284,494,988		
	Interests in controlled corporation	2,298,640	286,793,628	22.85
Kingfisher Inc. and Lipton Investment Limited ("Kingfisher and Lipton") (Note 2)	Interests in controlled corporation	265,814,424	265,814,424	21.18
Dalton Investment LLC	Investment manager	150,691,503	150,691,503	12.01

#### Notes:

1. Asia Orient BVI is a wholly-owned subsidiary of Asia Orient. Accordingly, Asia Orient is deemed to have interest and duplicate the interest in the same 590,607,823 shares held by Asia Orient BVI.
2. AOCL, companies controlled by AOCL, Kingfisher and Lipton are wholly-owned subsidiaries of Asia Orient BVI. Asia Orient BVI is deemed to be interested in and duplicate the interest held by AOCL, Kingfisher and Lipton.

Save as disclosed above, as at 30th September 2014, 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.

### Share option schemes

#### The Company

The share option scheme of the Company adopted by the Company on 27 August 2004 (the "2004 Share Option Scheme") was expired on the tenth anniversary of such adoption date. Following the expiry of the 2004 Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under the 2004 Share Option Scheme and yet to be exercised shall remain valid and exercisable. As at 30th September 2014, there were 12,341,965 share options granted under the 2004 Share Option Scheme outstanding. Movements of share options granted under the 2004 Share Option Scheme during the period are as follows:

## Other Information

### Share option schemes (continued)

The Company (continued)

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2014 and 30th September 2014
Directors	30th March 2005	3.15	30th March 2005 to 29th March 2015	8,764,248
Other employees	30th March 2005	3.15	30th March 2005 to 29th March 2015	2,577,717
	13th March 2014	2.00	10th March 2017 to 12th March 2024	1,000,000
				12,341,965

Note:

During the period, no option was granted, 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 Hotel**

The share option scheme of Asia Standard Hotel was adopted by Asia Standard Hotel on 28th August 2006. As at 30th September 2014, 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 2014 and 30th September 2014
Director	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.

## Other Information

### Interim dividend

The Board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30th September 2014 (2013: 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 2014.

### Change in directors’ information

Change in the information of the Directors of the Company, since the disclosure made in 2014 annual report of the Company, that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

- Mr. Wong Chi Keung, an Independent Non-executive Director of the Company, retired as an independent non-executive director of PacMOS Technologies Holdings Limited, a company listed on the Stock Exchange, at the annual general meeting of such company held on 30th June 2014.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### 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 at any time, and from time to time, to appoint any person as a Director, either to fill a casual vacancy, or as an addition to the Board. Any Director so appointed shall retire at the next annual general meeting but shall then be 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 2014.

On behalf of the Board

**Asia Standard International Group Limited**

**Fung Siu To, Clement**

*Chairman*

Hong Kong, 25th November 2014



