



Asia Standard International
Group Limited



Interim Report 2016

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Corporate Information

DIRECTORS

Executive

Mr. Fung Siu To, Clement (*Chairman*)

Mr. Poon Jing (*Managing Director and Chief Executive*)

Mr. Poon Hai

Mr. Poon Yeung, Roderick

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

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PRINCIPAL BANKERS

HSBC

Hang Seng Bank

Industrial and Commercial Bank of
China (Asia)

Bank of China (Hong Kong)

Chong Hing Bank

The Bank of East Asia

United Overseas Bank

Barclays Bank

Bank Morgan Stanley

UBS

Bank Julius Baer

Credit Suisse AG

LEGAL ADVISERS

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18th Floor, United Centre,
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Hong Kong

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1 Connaught Place, Central,
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
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Central, Hong Kong

SHARE REGISTRAR IN BERMUDA

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Limited
The Belvedere Building,
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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		
	2016	2015	Change
Consolidated profit and loss account			
Revenue	940	675	+39%
Operating profit	1,309	590	+122%
Profit attributable to shareholders of the Company	1,145	392	+192%
Earnings per share - basic (HK\$)	0.88	0.31	+184%

	30th September 2016	31st March 2016	Change
Consolidated balance sheet			
Total assets	26,442	24,609	+7%
Net assets	17,317	16,566	+5%
Equity attributable to shareholders of the Company	16,690	15,564	+7%
Net debt	7,854	6,676	+18%

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

Revalued total assets	34,421	32,126	+7%
Revalued net assets	25,216	24,028	+5%
Equity attributable to shareholders of the Company	23,223	20,805	+12%
Gearing - net debt to revalued net assets	31%	28%	+3%

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 five (31st March 2016: four) hotel properties in operation in Hong Kong and Canada were revalued by Vigers Appraisal & Consulting Limited and Burgess Cawley Sullivan & Associates Limited respectively, independent professional valuers, on an open market value basis as at 30th September 2016 and 31st March 2016.

Management Discussion and Analysis



Queen's Gate in Shanghai

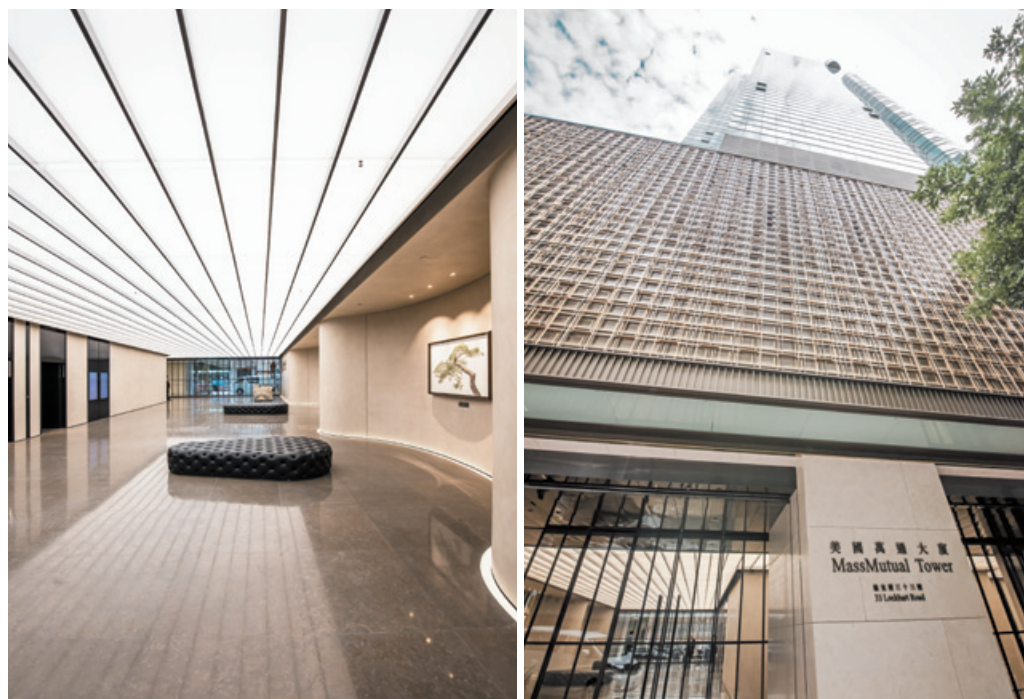
RESULTS

The Group recorded revenue of HK\$940 million (2015: HK\$675 million) for the first half of the financial year with profit attributable to shareholders of the Company at HK\$1,145 million (2015: HK\$392 million). The increase in profit is mainly due to increase in income from and mark-to-market valuation gain of its financial investment, together with increase in net fair value surplus from revaluation of investment properties.

PROPERTIES SALES, DEVELOPMENT AND LEASING

SALES

The Group's 50% joint venture development in Shanghai commenced presale in July 2015 and contracted about RMB2.4 billion up to this interim period, for about two-third of the saleable area. The Group will recognise the associated profit in the second half of the financial year.



The newly renovated Asia Orient Tower (recently renamed as **MassMutual Tower**)

DEVELOPMENT

Superstructure construction is in progress for the residential joint venture re-development at Perkins Road, Jardine's Lookout in Hong Kong.

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. Another residential development at the Lam Tei station nearby is in the process of land exchange application with the government. These two projects will provide approximately 590,000 sq. ft. of developable GFA.

During the period, foundation construction just commenced for a luxurious residential development at Po Shan Road, mid-level. We own 40% of this development.

Resettlement of the residents and site clearance for the 50% joint venture project at Tongzhou in Beijing is currently in progress. Structural and foundation design are ongoing and construction will start once the site clearance completes.

We are pending response from Macau government regarding the development status of the Group's site in

Seac Pai Van, Macau. Further details are given in the Notes to the Interim Financial Information relating to "Properties held for development for sale".

The hotel subsidiary group's acquisition of the land and buildings located in the West End area of downtown Vancouver as mentioned in last annual report was completed during this interim period. This is a joint venture redevelopment project of a high-end residential complex for sale, currently application for re-zoning of the land is in process.

LEASING

The Group continued the renovation and upgrade programme of the Asia Orient Towers in Wanchai during the period. Larger floor plate have been planned in our tenant mix.

Increased rental income is recorded from Asia Standard Tower in Central while that generated from Goldmark in Causeway Bay maintain at a similar level compared to the previous period. Overall attributable rental income for the two periods is similar at approximately HK\$88 million.

Investment properties net revaluation surplus (taking into account the building owned by an associated company) of HK\$305 million (2015: HK\$75 million) was recorded.

Management Discussion and Analysis



The newly opened **Empire Prestige** and the adjacent **Empire Hotel Causeway Bay**



Empire Prestige - lobby

HOTEL

During the period, the Group acquired additional shares in the separately listed hotel subsidiary company and currently holds 82.7% interests in that subsidiary group.

During the interim period, overnight stay visitors to Hong Kong decreased 1% to approximately 11 million. Strong Hong Kong Dollars, hostile and unfriendly treatment of mainland tourists and further relaxed visa policies of other tourists destinations all contributed to the decrease. Hotel rooms supply is approximately 74,000 rooms, similar to that at end March 2016.

Revenue arising from the hotel and travel segment for the six months amounted to HK\$262 million (2015: HK\$261 million). Average occupancies for the 3 Hong Kong hotels were approximately 96% for both periods while average room rates dropped by 2%. As a result, contribution to segment results before depreciation decreased from HK\$85 million to HK\$80 million.

Our adjacent new hotel in Causeway Bay, the Empire Prestige, was opened by end September 2016, adding 94 rooms to the operating fleet. Superstructure work of the other new hotel in Tsimshatsui is in progress, adding another 90 rooms to the portfolio upon completion in 2017.

FINANCIAL INVESTMENTS

At 30th September 2016, the Group held financial investments of approximately HK\$8,550 million (31st March 2016: HK\$7,085 million), with HK\$2,115 million (31st March 2016: HK\$1,962 million) held by the listed hotel subsidiary group. The investment portfolio comprise 82% by listed debt securities (mostly were issued by PRC-based real estate companies), 17% by listed equity securities (of which approximately 75% were issued by major banks) and 1% unlisted funds and securities. They are denominated in different currencies with 84% in United States dollar, 7% in Hong Kong dollar, 5% in Renminbi, 3% in Sterling and 1% in Euro.

The portfolio increase largely arose from a further investment of HK\$1,149 million and a mark-to-market valuation net gain of HK\$316 million, comprising HK\$313 million gain from debt securities and HK\$3 million gain from equity securities. The debt securities of the PRC-based real estate companies continue to benefit from monetary easing and the booming property market in the Mainland during the period, while the gain and loss on equity securities in the US/HK and British markets offset each other.

Interest and dividend income from these investments amounted to HK\$592 million (2015: HK\$338 million). The increase is mostly due to a special one-time coupon income of certain debt securities from a PRC-based real estate issuer.

At 30th September 2016, an approximate value of HK\$960 million (31st March 2016: HK\$1,310 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

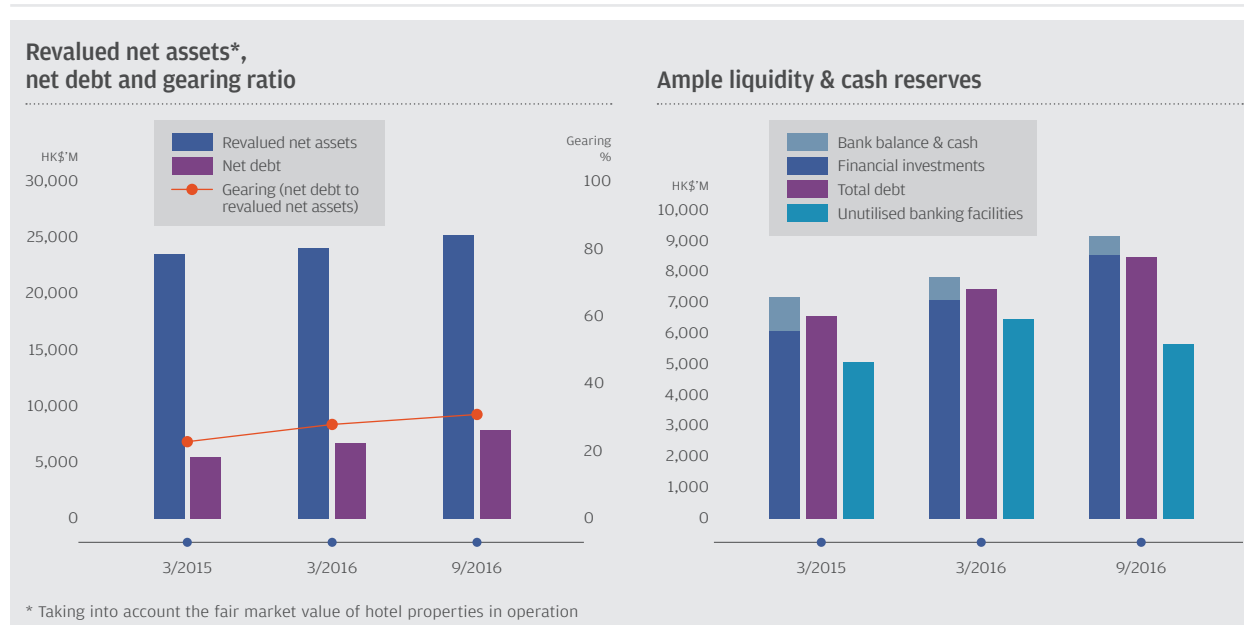
FINANCIAL REVIEW

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 2016, it had over HK\$5.6 billion cash and undrawn banking facilities.

At 30th September 2016, the Group's total assets were approximately HK\$26.4 billion, compared to HK\$24.6 billion at end of last financial year. The net assets

were HK\$17.3 billion (31st March 2016: HK\$16.6 billion). Adopting market value of hotel properties, the revalued total assets and revalued net assets of the Group would be HK\$34.4 billion and HK\$25.2 billion, an increase of 7% and 5% compared to HK\$32.1 billion and HK\$24.0 billion respectively at the end of last financial year.

Net debt were HK\$7.9 billion (31st March 2016: HK\$6.7 billion), including HK\$1.9 billion (31st March 2016: HK\$1.9 billion) which belonged to the separately listed hotel subsidiary group. The increase is mainly from drawdown of a 5-years unsecured bank loan for working capital purpose. Currently, the Group's gearing (net debt to revalued net asset value) is approximately 31% (31st March 2016: 28%). 60% of the debts are secured and 87% of the debts are at floating rates. As at 30th September 2016, 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 but net finance cost similar to comparative period due to a larger net exchange loss on foreign currency borrowings in last year.



Management Discussion and Analysis

Currently the maturities of our debts are well spread over a long period of up to 10 years. Revolving loans account for 6% and term loans secured by financial assets repayable between one to five years account for 5%. Term loans secured by property assets account for 51% with 10% repayable within 1 year, 33% repayable between one to five years and 8% repayable after five years. The remaining 38% comprise unsecured term loans and medium term notes. As at 30th September 2016, the Group had net current assets of HK\$8.2 billion (31st March 2016: HK\$7.2 billion).

About 86% of the Group's borrowings are in Hong Kong dollar, 7% in Renminbi, 6% in United States dollar and the remaining 1% in other currencies.

As at 30th September 2016, property assets with an aggregate net book value of HK\$13,600 million (31st March 2016: HK\$14,000 million) were pledged to secure banking facilities of the Group. HK\$1,118 million (31st March 2016: HK\$881 million) guarantee was provided to financial institution against outstanding bank loan of joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

At 30th September 2016, the Group employed approximately 470 (31st March 2016: 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

The tightened mortgage ratios, interest rates hikes expectation and the further strengthened punitive tax measures to suppress the properties demand, impact the local properties market and expect to reduce the transaction volume, particularly the secondary mass residential sector, and to a shorter term suppress or reduce the asset price. Luxury segment is likely to be less affected. Demand for commercial properties are still actively pursued. Retail rentals are however dropping.

The monetary easing and more favoured mortgage policy caused property prices in major first tier cities like Shanghai and Beijing to rise considerably over the interim period. Mainland government has recently imposed more stringent measures to prevent the property market from being overheated, avoiding assets bubble formation and aiming a healthy sustainable growth.

Hotel performance is continually under pressure as still adversely affected by the reduced mainland tourist traffic, weaker currencies and relaxed visas policies from our competing destinations.

Equity securities market continue to be volatile, affected by locality specific events.

Improving rental performance is evidenced with a new tenant mix upon upgrading renovation works in part of our Wanchai office building. Further improvement is expecting when the entire upgrade is completed in the coming year.

The changing administration in US are bringing forth changing policies affecting both financial and monetary landscape, possibly resulting in a more volatile interest rate environment. Management remain cautious in the rapidly changing environment and is affirmative with the Group's performance.

Condensed Consolidated Profit and Loss Account – Unaudited

	<i>Note</i>	Six months ended 30th September	
		2016 HK\$'000	2015 HK\$'000
Revenue	5	940,076	674,763
Cost of sales		(155,691)	(133,753)
Gross profit		784,385	541,010
Selling and administrative expenses		(124,296)	(102,672)
Depreciation		(43,971)	(42,885)
Net investment gain	6	362,797	83,463
Fair value gain of investment properties		330,216	111,107
Operating profit		1,309,131	590,023
Net finance costs	8	(111,496)	(111,069)
Share of profits less losses of			
Joint ventures		(749)	(5,921)
Associated companies		(13,699)	(25,352)
Profit before income tax		1,183,187	447,681
Income tax expense	9	(310)	(10,179)
Profit for the period		1,182,877	437,502
Attributable to:			
Shareholders of the Company		1,144,608	391,827
Non-controlling interests		38,269	45,675
		1,182,877	437,502
Earnings per share (HK\$)			
Basic	11	0.88	0.31
Diluted	11	0.88	0.31

Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Six months ended 30th September	
	2016 HK\$'000	2015 HK\$'000
Profit for the period	1,182,877	437,502
Other comprehensive income/(charge)		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value gain/(loss) on available-for-sale investments	26,900	(25,254)
Cash flow hedges		
- fair value (loss)/gain	(11,516)	321
- transfer to finance costs	19,290	15,959
Currency translation differences	(2,204)	(7,408)
Share of currency translation differences of joint ventures	(42,904)	(36,633)
	(10,434)	(53,015)
Total comprehensive income for the period	1,172,443	384,487
Attributable to:		
Shareholders of the Company	1,130,432	348,731
Non-controlling interests	42,011	35,756
	1,172,443	384,487

Condensed Consolidated Balance Sheet – Unaudited

		30th September 2016 HK\$'000	31st March 2016 HK\$'000
	<i>Note</i>		
Non-current assets			
Investment properties	12	7,878,757	7,531,794
Property, plant and equipment	13	3,431,029	3,381,582
Property held for development for sale	14	798,743	798,743
Joint ventures and associated companies		3,352,777	3,377,687
Loan receivables		305,745	294,704
Available-for-sale investments		200,097	170,896
Financial assets at fair value through profit or loss	16	273,060	240,601
Deferred income tax assets		42,970	33,554
		16,283,178	15,829,561
Current assets			
Properties under development for sale		1,051,448	1,026,348
Completed properties held for sale		3,511	3,511
Hotel and restaurant inventories		15,390	15,342
Trade and other receivables	15	396,997	311,956
Income tax recoverable		13,926	11,550
Financial assets at fair value through profit or loss	16	8,076,691	6,673,070
Bank balances and cash		600,747	737,211
		10,158,710	8,778,988
Current liabilities			
Trade and other payables	17	150,109	171,676
Dividend payable		48,866	-
Amount due to a joint venture		58,070	62,403
Amount due to an associated company		224,400	224,400
Income tax payable		14,825	14,632
Borrowings	18	1,460,543	1,104,751
		1,956,813	1,577,862
Net current assets		8,201,897	7,201,126

Condensed Consolidated Balance Sheet - Unaudited

		30th September 2016 HK\$'000	31st March 2016 HK\$'000
	<i>Note</i>		
Non-current liabilities			
Long term borrowings	<i>18</i>	6,073,834	5,371,214
Medium term notes	<i>19</i>	920,155	936,894
Derivative financial instruments		59,630	48,115
Deferred income tax liabilities		114,699	108,961
		7,168,318	6,465,184
<hr style="border-top: 1px dashed black;"/>			
Net assets		17,316,757	16,565,503
Equity			
Share capital	<i>20</i>	12,991	12,991
Reserves	<i>21</i>	16,677,028	15,551,005
Equity attributable to shareholders of the Company		16,690,019	15,563,996
Non-controlling interests		626,738	1,001,507
		17,316,757	16,565,503

Condensed Consolidated Statement of Cash Flows – Unaudited

	Six months ended 30th September	
	2016 HK\$'000	2015 HK\$'000
Cash flows from operating activities		
Net cash used in operation	(590,480)	(280,610)
Net income tax paid	(6,171)	(6,457)
Interest paid	(95,621)	(86,039)
Interest received from bank deposit and other receivables	2,844	2,925
Net cash used in operating activities	(689,428)	(370,181)
Cash flows from investing activities		
Addition to investment properties	(22,182)	(4,100)
Addition to property, plant and equipment	(81,783)	(86,561)
Proceeds from disposal of property, plant and equipment	-	2,100
Acquisition of interest in a subsidiary	(372,378)	-
Increase in investment in a joint venture	(1,775)	(470,074)
Loan to a joint venture partner	-	(280,000)
Advance to associated companies and joint ventures	(44,900)	(72,627)
Dividend received from an associated company	9,900	-
Net cash used in investing activities	(513,118)	(911,262)
Cash flows from financing activities		
Drawdown of long term borrowings	1,550,000	215,600
Repayment of long term borrowings	(530,301)	(164,289)
Net increase in short term borrowings	27,921	450,891
Net proceeds from medium term notes	-	245,528
Net cash generated from financing activities	1,047,620	747,730
Net decrease in cash and cash equivalents	(154,926)	(533,713)
Cash and cash equivalents at the beginning of the period	734,689	1,066,022
Changes in exchange rates	(927)	(1,287)
Cash and cash equivalents at the end of the period	578,836	531,022
Analysis of the balances of cash and cash equivalents		
Bank balances and cash (excluding restricted bank balances)	578,836	531,022

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 2015	12,712	14,905,359	14,918,071	945,011	15,863,082
Net fair value loss on available-for-sale investments	-	(17,418)	(17,418)	(7,836)	(25,254)
Cash flow hedges					
- fair value gain	-	321	321	-	321
- transfer to finance costs	-	15,959	15,959	-	15,959
Currency translation differences	-	(41,958)	(41,958)	(2,083)	(44,041)
Profit for the period	-	391,827	391,827	45,675	437,502
Total comprehensive income for the period	-	348,731	348,731	35,756	384,487
2015 final dividend	-	(50,849)	(50,849)	(4,675)	(55,524)
Share option expense	-	56	56	-	56
Total transaction with owners	-	(50,793)	(50,793)	(4,675)	(55,468)
At 30th September 2015	12,712	15,203,297	15,216,009	976,092	16,192,101
At 31st March 2016	12,991	15,551,005	15,563,996	1,001,507	16,565,503
Net fair value gain on available-for-sale investments	-	22,394	22,394	4,506	26,900
Cash flow hedges					
- fair value loss	-	(11,516)	(11,516)	-	(11,516)
- transfer to finance costs	-	19,290	19,290	-	19,290
Currency translation differences	-	(44,344)	(44,344)	(764)	(45,108)
Profit for the period	-	1,144,608	1,144,608	38,269	1,182,877
Total comprehensive income for the period	-	1,130,432	1,130,432	42,011	1,172,443
2016 final dividend	-	(45,470)	(45,470)	(3,396)	(48,866)
Share option expense	-	56	56	-	56
Increase in shareholding in a subsidiary	-	41,005	41,005	(413,384)	(372,379)
Total transaction with owners	-	(4,409)	(4,409)	(416,780)	(421,189)
At 30th September 2016	12,991	16,677,028	16,690,019	626,738	17,316,757

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 was 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, which was renamed as 30th Floor, MassMutual Tower, 33 Lockhart Road, Wanchai, Hong Kong on 1st November 2016.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2016 (“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 2016, 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 2016.

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 2016.

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 2016.

Notes to the Interim Financial Information

3 FINANCIAL RISK MANAGEMENT (Continued)

(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).

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 2016			
Assets			
Financial assets at fair value through profit or loss	1,240,523	7,109,228	8,349,751
Available-for-sale investments	171,933	28,164	200,097
	1,412,456	7,137,392	8,549,848
Liabilities			
Derivative financial instruments	-	59,630	59,630
At 31st March 2016			
Assets			
Financial assets at fair value through profit or loss	1,183,373	5,730,298	6,913,671
Available-for-sale investments	143,587	27,309	170,896
	1,326,960	5,757,607	7,084,567
Liabilities			
Derivative financial instruments	-	48,115	48,115

3 FINANCIAL RISK MANAGEMENT (Continued)

(II) FAIR VALUE ESTIMATION (Continued)

During the six months ended 30th September 2016, 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 investments and derivatives) is determined by using latest available transaction price or valuation techniques. Judgements as to whether there is an active market may include, but not restricted to, consideration of factors such as the magnitude and frequency of trading activities, the availability of prices and the size of bid/offer spreads. 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.

Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

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 are set out below.

(A) ESTIMATE OF FAIR VALUE OF INVESTMENT PROPERTIES

At 30th September 2016, the Group had investment properties with fair value of HK\$7,878,757,000 (31st March 2016: HK\$7,531,794,000). 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.

Detail of the judgement and assumptions have been disclosed in note 12.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(B) IMPAIRMENT OF PROPERTY HELD FOR DEVELOPMENT FOR SALE

The Group's property held for development for sale is stated at lower of cost and net realisable value. The amount represents a 100% interest in a piece of land ("Property") situated in Seac Pai Van, Coloane, Macau. As at 30th September 2016, the carrying amount of the Property amounts to HK\$799 million (31st March 2016: HK\$799 million) and is included under non-current assets (note 14). 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. The land concession period ended on 7th December 2015, and the Group has applied for extension of the concession but there is no reply from the Macau government. Up to date, there is no declaration of the lease expiry in the Official Gazette of Macau or written notice to the concessionaire. As at 30th September 2016, the concessionaire continues to be the registered owner of the land.

The land is included by Macau government in a published list in which non-development of those land is not attributable to the concessionaires. After taking into consideration the legal advice from external lawyers, as detailed in note 14, the Directors are of the opinion that no provision for the Property is necessary as at 30th September 2016.

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 2016						
Gross income	-	71,155	337,336	1,748,254	14,756	2,171,501
Segment revenue	-	71,155	261,897	592,268	14,756	940,076
Contribution to segment results	(919)	52,459	79,734	591,774	13,995	737,043
Depreciation	-	-	(41,367)	-	(2,604)	(43,971)
Net investment gain	-	-	-	362,797	-	362,797
Fair value gain of investment properties	-	330,216	-	-	-	330,216
Share of profits less losses of						
Joint ventures	(2,974)	-	-	-	2,225	(749)
Associated companies	-	(13,670)	-	-	(29)	(13,699)
Segment results	(3,893)	369,005	38,367	954,571	13,587	1,371,637
Unallocated corporate expenses						(76,954)
Net finance costs						(111,496)
Profit before income tax						1,183,187
Six months ended 30th September 2015						
Gross income	-	71,513	354,103	924,324	4,308	1,354,248
Segment revenue	-	71,513	260,711	338,231	4,308	674,763
Contribution to segment results	(235)	66,652	84,610	337,702	3,641	492,370
Depreciation	-	-	(40,718)	-	(2,167)	(42,885)
Net investment gain	-	-	-	83,463	-	83,463
Fair value gain of investment properties	-	111,107	-	-	-	111,107
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)	152,499	43,892	421,165	(1,773)	612,782
Unallocated corporate expenses						(54,032)
Net finance costs						(111,069)
Profit before income tax						447,681

Notes:

- (a) Management regards gross income of travel operation as gross sales proceeds from the sales of air-ticket, hotel reservation arrangement and incentive travel tours.
- (b) 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 2016							
Assets	3,760,740	9,348,642	3,638,057	8,737,905	410,347	546,197	26,441,888
Assets include:							
Joint ventures and associated companies	1,906,772	1,439,027	-	-	3,333	3,645	3,352,777
Addition to non-current assets for the six months ended 30th September 2016*	-	22,182	77,442	-	12,107	-	111,731
Liabilities							
Borrowings	1,653,687	963,806	1,802,535	1,395,859	280,000	1,438,490	7,534,377
Other unallocated liabilities							1,590,754
							9,125,131
As at 31st March 2016							
Assets	3,739,241	9,024,473	3,482,824	7,224,066	382,173	755,772	24,608,549
Assets include:							
Joint ventures and associated companies	1,910,373	1,462,596	-	-	1,043	3,675	3,377,687
Addition to non-current assets for the six months ended 30th September 2015*	470,074	4,100	88,094	-	6,163	-	568,431
Liabilities							
Borrowings	1,650,996	973,499	1,694,789	1,178,739	280,000	697,942	6,475,965
Other unallocated liabilities							1,567,081
							8,043,046

* 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	
	2016	2015
	HK\$'000	HK\$'000
Revenue		
Hong Kong	297,926	289,402
Overseas	642,150	385,361
	940,076	674,763
	30th September	31st March
	2016	2016
	HK\$'000	HK\$'000
Non-current assets*		
Hong Kong	14,038,342	13,645,742
Overseas	1,422,964	1,444,064
	15,461,306	15,089,806

* 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	
	2016 HK\$'000	2015 HK\$'000
Financial assets at fair value through profit or loss		
- net unrealised gain from market price movements	340,816	49,719
- net unrealised exchange (loss)/gain	(51,860)	5,633
- net realised gain (note)	73,841	28,111
	362,797	83,463
Note:		
Net realised gain on financial assets at fair value through profit or loss		
Gross consideration	1,155,986	586,093
Cost of investments	(1,016,356)	(530,465)
Total gain	139,630	55,628
Less: net unrealised gain recognised in prior years	(65,789)	(27,517)
Net realised gain recognised in current period	73,841	28,111

Notes to the Interim Financial Information

6 NET INVESTMENT GAIN (Continued)

Supplementary information of net investment gain on financial assets at fair value through profit or loss:

During the period, the Group derecognised/disposed of 6 debt securities and 6 equity securities. Listed below were the securities that contributed to the majority of realised gain:

	Category	Coupon rate	Principal amount	Realised gain HK\$'000	% to realised gain
Kaisa Group Holdings Ltd ("Kaisa")	Debt	6.875%	RMB48,000,000	(500)	-1%
Kaisa	Debt	8.875%	US\$69,220,000	32,389	44%
Kaisa	Debt	9%	US\$34,500,000	18,233	25%
Kaisa	Debt	10.25%	US\$15,675,000	8,629	12%
Kaisa	Debt	12.875%	US\$40,500,000	15,039	20%
Others (note (a))				51	-
				73,841	100%

Kaisa is principally engaged in the property development, property investment, property management and hotel and catering operations in the PRC. Its shares are listed on the Stock Exchange of Hong Kong Limited ("HKEX") (stock code: 1638). The notes derecognised were rated "NR" by Moody's Investors Service ("Moody's") and Standard & Poor's Financial Services ("S&P") and were listed on the Singapore Stock Exchange ("SGX-ST"). The above Kaisa notes plus accrued interest were derecognised at its fair value of HK\$1,097,084,000 and exchanged into to new high yield notes upon the completion of the debt restructuring scheme undertaken by Kaisa in July 2016.

Others (note (a)) - It comprised 1 listed debt security and 6 equity securities, and the realised gain/loss contributed from each of them was less than HK\$2 million.

The unrealised gain/(loss) for the period was generated from the fair value changes of the financial assets at fair value through profit or loss that comprised 60 securities as at 30th September 2016. Please refer to note 16 for the details.

Summary of unrealised gain/(loss) for the six months ended 30th September:

	2016 HK\$'000	2015 HK\$'000
Equity securities	(24,670)	(173,258)
Debt securities	312,436	228,394
Unlisted fund	1,190	216
	288,956	55,352

Notes to the Interim Financial Information

7 INCOME AND EXPENSES BY NATURE

	Six months ended 30th September	
	2016 HK\$'000	2015 HK\$'000
Income		
Interest income		
- Listed investments	557,099	312,070
- Unlisted investment	1,200	-
- Loan receivables	13,213	2,728
- Bank deposits	826	1,171
Dividend income		
- Listed investments	18,379	17,300
Expenses		
Cost of properties and goods sold	10,783	9,160
Employee benefit expense, including Directors' emoluments (note (a))	105,785	94,394
Loss on disposal of property, plant and equipment	64	8
Operating lease rental expense for land and buildings	451	571
Note:		
(a) Employee benefit expense		
Wages and salaries	102,775	91,494
Share option expense	56	56
Retirement benefits costs	2,954	2,844
	105,785	94,394

Notes to the Interim Financial Information

8 NET FINANCE COSTS

	Six months ended 30th September	
	2016 HK\$'000	2015 HK\$'000
Interest expense		
Long term bank loans	(80,330)	(65,817)
Short term bank loans and overdrafts	(1,199)	(1,333)
Medium term notes	(25,966)	(26,334)
Interest income from hedging derivative financial instruments	1,642	2,694
Interest capitalised	20,095	19,362
	(85,758)	(71,428)
Other incidental borrowing costs	(20,551)	(11,492)
Net foreign exchange gain/(loss) on borrowings	14,103	(12,190)
Fair value loss on derivative financial instruments		
- cash flow hedge, transfer from reserve (note 21)	(19,290)	(15,959)
	(111,496)	(111,069)

9 INCOME TAX EXPENSE

	Six months ended 30th September	
	2016 HK\$'000	2015 HK\$'000
Current income tax		
Hong Kong profits tax	(4,141)	(5,813)
Overseas profits tax	(1,198)	(1,227)
Over provision in prior years	1,351	1,825
	(3,988)	(5,215)
Deferred income tax credit/(charge)	3,678	(4,964)
	(310)	(10,179)

Hong Kong profits tax is provided at the rate of 16.5% (2015: 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.

10 DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2016 (2015: Nil).

11 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$1,144,608,000 (2015: HK\$391,827,000) and divided by the weighted average number of 1,299,150,233 (2015: 1,271,235,217) shares in issue during the period.

The calculation of diluted earnings per share for the six months ended 30th September 2016 was based on HK\$1,144,091,000 equalling to the profit attributable to shareholders of the Company of HK\$1,144,608,000 less HK\$517,000 assuming the Company's listed subsidiary's share options had been converted at the beginning of the period and divided by 1,299,486,693 shares, equalling to the weighted average number of 1,299,150,233 shares in issued during the period with an increase of 336,460 potential shares deemed to be issue assuming the Company's share options had been exercised at the beginning of the period.

For the six months ended 30th September 2015, 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 2016 and 31st March 2016. 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.

Notes to the Interim Financial Information

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
Cost						
At 31st March 2016	61,023	2,771,085	1,705,200	103,836	118,097	4,759,241
Currency translation differences	(688)	-	(4,221)	-	(76)	(4,985)
Additions	-	28,618	48,596	8,948	3,386	89,548
Net transferred from/(to) investment properties	-	3,299	-	(167)	-	3,132
Disposals	-	-	(108)	-	(171)	(279)
At 30th September 2016	60,335	2,803,002	1,749,467	112,617	121,236	4,846,657
Accumulated depreciation						
At 31st March 2016	-	493,114	836,785	10,855	36,905	1,377,659
Currency translation differences	-	-	(3,433)	-	(51)	(3,484)
Charge for the period	-	13,999	23,218	762	5,992	43,971
Transferred to investment properties	-	(1,558)	-	(745)	-	(2,303)
Disposals	-	-	(107)	-	(108)	(215)
At 30th September 2016	-	505,555	856,463	10,872	42,738	1,415,628
Net book value						
At 30th September 2016	60,335	2,297,447	893,004	101,745	78,498	3,431,029
At 31st March 2016	61,023	2,277,971	868,415	92,981	81,192	3,381,582

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 operation in Hong Kong and Canada were HK\$2,491,712,000 (31st March 2016: HK\$2,140,999,000).

The aggregate open market value, on a highest and best use basis, of the five (31st March 2016: four) hotel properties in operation in Hong Kong and Canada based on valuations conducted by Vigers Appraisal & Consulting Limited ("Vigers") and Burgess Cawley Sullivan & Associates Limited ("BCS") respectively, independent professional valuers, amounted to HK\$10,470,685,000 (31st March 2016: HK\$9,658,292,000), is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13.

The hotel properties portfolio in Hong Kong comprised 4 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 year 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, BCS used the direct comparison method for assessing the market value of the property taking into account of its redevelopment 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 PROPERTY HELD FOR DEVELOPMENT FOR SALE

The amount represents a 100% interest, acquired by the Group in 2010, in a piece of land (the "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. It is renewable, under certain conditions including the completion of development before the concession expiry date, for further term until 19th December 2049. In 1993, the Macau government notified the concessionaire their decision and the concessionaire has accepted to change the district to residential use. Since then, despite repeated request, the Macau government has not issued the new master zoning plan of the district and so the Land has not been developed. During the period, the Group has engaged professional architects and liaised with the Land, Public Works and Transport Bureau of the Macau government in various occasions to prepare the development plans. The Land is included by Macau government in a published list in which non-development of those land is not attributable to the concessionaires.

Notes to the Interim Financial Information

14 PROPERTY HELD FOR DEVELOPMENT FOR SALE (Continued)

In October 2015, the Group submitted to the Macau government a request for extension or renewal of the land concession, no reply was received from the Macau government. The land concession period ended on 7th December 2015. Up to date, no declaration of the lease expiry has been published in the Official Gazette of Macau or notified to the registered owner, a wholly owned subsidiary of the Group. As such, the subsidiary remains the registered owner of the Land as at 30th September 2016.

The Group has sought advice from legal experts. They considered that the Group has strong grounds to challenge the legitimacy if Macau government reclaims the land without compensation. They also advise that the Group would have a reasonable likelihood of success in recovering damages and loss of profits should that arises.

Considering the above, the Directors are of the opinion that no provision is required for this property as at 30th September 2016.

15 TRADE AND OTHER RECEIVABLES

Trade and other receivables of the Group include trade receivables, loan receivables, prepayment, utility and other deposits, accrued interest receivable and accrued dividend receivable.

Trade receivables of the Group amounted to HK\$53,241,000 (31st March 2016: HK\$48,287,000). 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 2016 HK\$'000	31st March 2016 HK\$'000
0 month to 6 months	49,555	45,047
7 months to 12 months	472	-
More than 12 months	3,214	3,240
	53,241	48,287

Notes to the Interim Financial Information

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30th September 2016 HK\$'000	31st March 2016 HK\$'000
Equity securities		
- Listed in Europe	299,603	415,032
- Listed in the USA	588,445	521,265
- Listed in Hong Kong	79,415	6,475
	967,463	942,772
Debt securities		
- Listed in Singapore	6,566,298	5,268,157
- Listed in Hong Kong	398,923	374,160
- Listed in Europe	81,293	79,560
- Unlisted	53,103	-
	7,099,617	5,721,877
Unlisted fund	9,611	8,421
Total amount included in current assets	8,076,691	6,673,070
Equity securities included in non-current assets		
- Listed in Hong Kong	273,060	240,601
	8,349,751	6,913,671

Notes to the Interim Financial Information

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

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

	30th September 2016 HK\$'000	31st March 2016 HK\$'000
United States dollar	7,169,543	5,691,106
Hong Kong dollar	405,578	247,076
Renminbi	393,734	480,897
Sterling	299,603	415,032
Euro	81,293	79,560
	8,349,751	6,913,671

Supplementary information of financial assets at fair value through profit or loss:

EQUITY SECURITIES

As at 30th September 2016, the Group held 14 (31st March 2016: 7) listed equity securities. The summary of equity securities portfolio of financial assets at fair value through profit or loss as at 30th September 2016 and 31st March 2016 and their corresponding unrealised gain/(loss) and dividend income for the six months ended 30th September 2016 and 2015 are as follows:

	Market value				Unrealised gain/(loss) for the six months ended 30th September		Dividend income for the six months ended 30th September	
	30th September 2016 HK\$'000	% of the portfolio	31st March 2016 HK\$'000	% of the portfolio	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Citigroup Inc. ("Citigroup")	586,187	7%	518,173	7%	68,014	(23,979)	1,825	868
Royal Bank of Scotland ("RBS")	184,761	2%	255,834	4%	(71,073)	(22,266)	-	-
Lloyds Banking Group ("Lloyds")	114,841	1%	159,197	2%	(44,356)	(3,824)	6,516	3,746
MGM China ("MGM")	273,060	3%	240,601	3%	32,459	(114,215)	4,301	8,135
Others	81,674	1%	9,568	-	(9,714)	(8,974)		
	1,240,523	14%	1,183,373	16%	(24,670)	(173,258)		

Notes to the Interim Financial Information

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

EQUITY SECURITIES (Continued)

Citigroup is a global bank that provides financial services, and its shares are listed on the New York Stock Exchange (stock code: C) with a “BBB+” rated by S&P. As at 30th September 2016, a total of 1,600,325 shares representing 0.06% shareholding of Citigroup was held by the Group.

RBS is a global bank that provides financial services, and its shares are listed on the London Stock Exchange (stock code: RBS) with a “BBB-” rated by S&P. As at 30th September 2016, a total of 10,307,629 shares representing 0.09% shareholding of RBS was held by the Group.

Lloyds is a global bank that provides financial services, and its shares are listed on the London Stock Exchange (stock code: LN) with a “BBB+” rated by S&P. As at 30th September 2016, a total of 21,000,000 shares representing 0.03% shareholding of RBS was held by the Group.

MGM is a company principally engaged in development and operation of casino game and related hotel and resort facilities in Macau, and its shares are listed on the HKEx (stock code: 2282). As at 30th September 2016, a total of 20,286,800 shares representing 0.5% shareholding of MGM was held by the Group.

DEBT SECURITIES

As at 30th September 2016, the Group held 45 (31st March 2016: 45) debt securities, 19 of them are listed in Singapore, 3 in Hong Kong, 22 in Europe and 1 is unlisted. Approximately 98% (31st March 2016: 98%) of the mark to market valuation comprising 22 (31st March 2016: 23) debt securities were issued by PRC-based real estate companies, the shares of which are all listed in Hong Kong with the exception of 1 that is listed in the United States.

The summary of debt securities of financial assets at fair value through profit or loss as at 30th September 2016 and 31st March 2016 and their corresponding unrealised gain and interest income for the six months ended 30th September 2016 and 2015 are as follows:

	As at 30th September 2016			As at 31st March 2016		
	Issued by PRC-based real estate companies HK\$'000	Others HK\$'000	Total HK\$'000	Issued by PRC-based real estate companies HK\$'000	Others HK\$'000	Total HK\$'000
Principal amount of notes	6,801,025	189,922	6,990,947	5,806,963	141,181	5,948,144
Investment cost	6,467,156	94,133	6,561,289	5,386,622	43,877	5,430,499
Market value	6,965,221	134,396	7,099,617	5,642,317	79,560	5,721,877
Coupon	5.61% to 13.875%	3% to 6%	3% to 13.875%	6.875% to 13.875%	3% to 6%	3% to 13.875%
Maturity	Jan 2017 - Dec 2021	Dec 2017 - Feb 2042 & 1 perpetual	Jan 2017 - Feb 2042 & 1 perpetual	Apr 2016 - Feb 2020	Feb 2023 - Feb 2042 & 1 perpetual	Apr 2016 - Feb 2042 & 1 perpetual
Rating	NR to B+	NR to B-	NR to B+	NR to B+	NR to B-	NR to B+

Notes to the Interim Financial Information

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

DEBT SECURITIES (Continued)

	For the six months ended 30th September					
	2016			2015		
	Issued by PRC-based real estate companies HK\$'000	Others HK\$'000	Total HK\$'000	Issued by PRC-based real estate companies HK\$'000	Others HK\$'000	Total HK\$'000
Interest income	555,206	3,093	558,299	305,608	6,462	312,070
Unrealised gain	307,857	4,579	312,436	161,418	66,976	228,394

As at 30th September 2016, the 45 debt securities (31st March 2016: 45) of financial assets at fair value through profit or loss gave rise to a net unrealised fair value gain of HK\$312.4 million for the six month period ended 30th September 2016 (2015: HK\$228.4 million). A total of 41 (2015: 37) debt securities have recorded unrealised fair value gain, with the remaining 4 (2015: 8) debt securities that recorded unrealised fair value losses.

As at 30th September 2016, the mark to market valuation of the largest single debt security within the Group's financial assets at fair value through profit or loss represents approximately 2.1% (31st March 2016: 2.1%) of the Group's revalued total assets, and the mark to market valuation of the five largest debt securities held represents approximately 9.0% (31st March 2016: 8.8%). The remaining 40 debt securities represent 11.6% of the Group's revalued total assets, which each of them less than 1.5%.

The five largest debt securities held at 30th September 2016 are as follows:

	Market value				Unrealised gain/(loss) for the six months ended 30th September		Interest income for the six months ended 30th September	
	30th September 2016 HK\$'000	% of the portfolio	31st March 2016 HK\$'000	% of the portfolio	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
	Wuzhou 13.75% notes	722,634	9%	660,338	10%	62,296	(8,701)	50,965
Xinyuan 13.25% notes	649,247	8%	630,915	9%	18,332	24,915	40,498	39,311
Xinyuan 13% notes	602,058	7%	564,774	8%	37,283	27,162	35,954	34,059
Hydoo 13.75% notes	567,315	7%	152,396	2%	8,264	-	11,166	-
Evergrande 12% notes	561,126	7%	545,495	8%	15,631	3,350	30,020	19,034

"Wuzhou 13.75% notes", issued by Wuzhou International Holdings Limited ("Wuzhou") and carries fixed coupon rate of 13.75% per annum. It is denominated in United States dollar ("US\$") and matures on 26th September 2018. The notes are rated "Caa2" by Moody's and listed on the SGX-ST. Wuzhou is principally involved in property development, property investment and the provision of property management services in the PRC. Its shares are listed on the HKEX (stock code: 1369).

Notes to the Interim Financial Information

16 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

DEBT SECURITIES (Continued)

“Xinyuan 13.25% notes”, issued by Xinyuan Real Estate Company Limited (“Xinyuan”) and carries fixed coupon rate of 13.25% per annum. It is denominated in US\$ and matures on 3rd May 2018. The notes are rated “B-” by S&P and listed on the SGX-ST. Xinyuan is principally involved in property development, property investment and the provision of property management services in the PRC and recently active in property development in the New York. Its shares are listed on the New York Stock Exchange (stock code: XIN).

“Xinyuan 13% notes”, issued by Xinyuan and carries fixed coupon rate of 13% per annum. It is denominated in US\$ and matures on 6th June 2019. The notes are rated “B-” by S&P and listed on the SGX-ST.

“Hydoo 13.75% notes”, issued by Hydoo International Holdings Limited (“Hydoo”) and carries fixed coupon rate of 13.75% per annum. It is denominated in US\$ and matures on 15th December 2018. The notes are rated “B-” by S&P and listed on the SGX-ST. Hydoo is principally engaged in development, sale and operation of commercial trade and logistic centers and residential properties in the PRC. Its shares are listed on the HKEX (stock code: 1396).

“Evergrande 12% notes”, issued by China Evergrande Group (“Evergrande”) and carries fixed rate of 12% per annum. It is denominated in US\$ and matures on 17th February 2020. The notes are rated “CCC+” by S&P and listed on the SGX-ST. Evergrande, previously known as Evergrande Real Estate Group Limited is principally engaged in property development, property investment, property management, property construction, hotel operations, finance business, internet business, health industry business and fast consuming product business in the PRC. Its shares are listed on the HKEX (stock code: 3333).

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 amounted to HK\$14,633,000 (31st March 2016: HK\$19,275,000).

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

	30th September 2016 HK\$'000	31st March 2016 HK\$'000
0 day to 60 days	13,810	18,725
61 days to 120 days	353	141
More than 120 days	470	409
	14,633	19,275

Notes to the Interim Financial Information

18 BORROWINGS

	30th September 2016 HK\$'000	31st March 2016 HK\$'000
Current liabilities		
Short term bank loans and overdrafts		
Secured	292,067	438,958
Unsecured	180,000	-
	472,067	438,958
Current portion of long term bank loans	977,726	650,571
Portion of long term bank loans with a repayment on demand clause	10,750	15,222
	1,460,543	1,104,751
Non-current liabilities		
Long term bank loans		
Secured	4,269,909	4,338,341
Unsecured	1,803,925	1,032,873
	6,073,834	5,371,214
	7,534,377	6,475,965

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	977,726	650,571
Repayable between one and two years	1,012,577	1,411,466
Repayable between two and five years	4,362,007	3,147,972
Repayable after five years	710,000	826,998
	7,062,310	6,037,007
Current portion included in current liabilities	(977,726)	(650,571)
	6,084,584	5,386,436

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 2016 HK\$'000	31st March 2016 HK\$'000
RMB500 million at coupon of 6.5% per annum due April 2018	580,518	599,808
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	250,000
	930,518	949,808
Less: deferred issue expenses	(10,363)	(12,914)
	920,155	936,894

The carrying amounts of these notes approximate their fair values.

20 SHARE CAPITAL

Shares of HK\$0.01 each	Number of shares	Amount HK\$'000
Authorised:		
At 31st March 2016 and 30th September 2016	400,000,000,000	4,000,000
Issued and fully paid:		
At 31st March 2016 and 30th September 2016	1,299,150,233	12,991

Notes to the Interim Financial Information

21 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 2016	2,141,196	44,190	21,893	9,440	2,782,836	(20,523)	11,131	10,560,842	15,551,005
Fair value gain on available-for-sale investments	-	-	-	22,394	-	-	-	-	22,394
Cash flow hedges:									
- fair value loss	-	-	-	-	-	(11,516)	-	-	(11,516)
- transfer to finance costs (note 8)	-	-	-	-	-	19,290	-	-	19,290
Currency translation differences	-	-	-	-	-	-	(44,344)	-	(44,344)
Profit for the period	-	-	-	-	-	-	-	1,144,608	1,144,608
2016 final dividend	-	-	-	-	-	-	-	(45,470)	(45,470)
Share option expense	-	-	56	-	-	-	-	-	56
Increase in shareholding in a subsidiary	-	-	-	-	-	-	-	41,005	41,005
At 30th September 2016	2,141,196	44,190	21,949	31,834	2,782,836	(12,749)	(33,213)	11,700,985	16,677,028

22 CAPITAL COMMITMENTS

Capital commitments at the balance sheet date are as follows:

	30th September 2016 HK\$'000	31st March 2016 HK\$'000
Contracted but not provided for		
Investment properties	18,697	39,244
Property, plant and equipment	161,547	399,681
Joint ventures	133,519	137,956
	313,763	576,881

23 FINANCIAL GUARANTEES

	30th September 2016 HK\$'000	31st March 2016 HK\$'000
Guarantees for the bank loans of joint ventures	1,117,956	881,036

Notes to the Interim Financial Information

24 RELATED PARTY TRANSACTIONS

During the period, the following transactions were carried out with related parties:

	Six months ended	
	30th September	
	2016	2015
	HK\$'000	HK\$'000
Income from/(expense to) subsidiaries of Asia Orient Holdings Ltd		
Rental income	537	537
Building management fee expense	(1,106)	(1,031)
Cleaning expense	(2,197)	(2,315)
Interest income from joint ventures	21,729	5,835
Dividend income from an associated company	9,900	-

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) (2015: Nil).

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September 2016, 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	1,281,858	669,441,675	670,723,533	51.62

Note:

By virtue of Mr. Poon Jing's controlling interest (50.34%) 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.

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

Director	Associated Corporation	Number of shares held			Total	Percentage of shares in issue (%)
		Personal interest	Family interest	Corporate interest		
Poon Jing	Asia Orient	269,194,664	5,233,013	142,871,744 (Notes)	417,299,421	50.34
	Asia Standard Hotel Group Limited ("Asia Standard Hotel")	50,830	-	1,346,158,049 (Notes)	1,346,208,879	85.72
Poon Hai	Asia Orient	10,275,862	-	-	10,275,862	1.23
Fung Siu To, Clement	Asia Orient	15,191,190	-	-	15,191,190	1.83
	Mark Honour Limited	9	-	-	9	0.01

Notes:

- 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.
- 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

Interest in share options

(a) The Company

Director	Outstanding as at 1st April 2016 and 30th September 2016
Poon Hai (Note 1)	3,500,000
Poon Yeung, Roderick (Note 1)	3,500,000

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)

Interest in share options (Continued)

(a) The Company (Continued)

Notes:

- Options were granted under 2014 Share Option Scheme (as described under the heading "Share option schemes") on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.38 per share.
- During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

(b) Associated corporation - Asia Orient

Director	Outstanding as at 1st April 2016 and 30th September 2016
Fung Siu To, Clement (Note 1)	2,126,301
Lun Pui Kan (Note 1)	2,126,301
Kwan Po Lam, Phileas (Note 1)	2,126,301
Poon Hai (Note 2)	3,500,000
Poon Yeung, Roderick (Note 2)	3,500,000

Notes:

- Options were granted on 29th March 2007 under a share option scheme adopted by Asia Orient on 11th November 2002 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.
- Options were granted on 11th December 2015 under a share option scheme adopted by Asia Orient on 29th August 2014 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.42 per share.
- During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(II) LONG POSITIONS IN UNDERLYING SHARES (Continued)

Interest in share options (Continued)

(c) Associated corporation - Asia Standard Hotel

Director	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2016 and 30th September 2016
Fung Siu To, Clement	29th March 2007	1.296	29th March 2007 to 28th March 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
Poon Hai	11th December 2015	1.030	11th December 2015 to 10th December 2025	4,800,000
Poon Yeung, Roderick	11th December 2015	1.030	11th December 2015 to 10th December 2025	4,800,000

Notes:

- Options were granted under 2006 Asia Standard Hotel Share Option Scheme (as described under the heading "Share option schemes").
- 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 2016, none of the Directors or Chief Executive (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30th September 2016, 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	Total	Percentage (%)
Asia Orient (Note 1)	Beneficial owner Interests in controlled corporation	50,637,845 618,803,830	669,441,675	51.52
Asia Orient Holdings (BVI) Limited ("Asia Orient BVI") (Note 1)	Interests in controlled corporation	618,803,830	618,803,830	47.63
Asia Orient Company Limited ("AOCL") (Note 2)	Beneficial owner Interests in controlled corporation	298,076,977 2,408,376	300,485,353	23.12
Kingfisher Inc. and Lipton Investment Limited ("Kingfisher and Lipton") (Note 2)	Interests in controlled corporation	278,504,575	278,504,575	21.43

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 618,803,830 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 2016, 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 27th August 2004 (the “2004 Share Option Scheme”) was expired on the tenth anniversary of such adoption date. Following the expiry of 2004 Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2004 Share Option Scheme and yet to be exercised shall remain valid and exercisable. As at 30th September 2016, there were 1,000,000 share options granted under 2004 Share Option Scheme outstanding. Movements of share options granted under 2004 Share Option Scheme during the period are as follows:

Grantee	Outstanding as at 1st April 2016 and 30th September 2016
Other employee (Note 1)	1,000,000

Notes:

- Options were granted on 13th March 2014 and exercisable during the period from 10th March 2017 to 12th March 2024 at an exercise price of HK\$2.00 per share.
- During the period, no option was exercised, cancelled or lapsed.

The Company adopted a share option scheme on 29th August 2014 (the “2014 Share Option Scheme”). As at 30th September 2016, there were 7,000,000 share options granted under 2014 Share Option Scheme outstanding. Movements of share options granted under 2014 Share Option Scheme during the period are as follows:

Grantee	Outstanding as at 1st April 2016 and 30th September 2016
Directors (Note 1)	7,000,000

Notes:

- Options were granted on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.38 per share.
- During the period, no option was granted, exercised, cancelled or lapsed.

Other Information

SHARE OPTION SCHEMES (Continued)

SUBSIDIARY – ASIA STANDARD HOTEL

The share option scheme of Asia Standard Hotel adopted by Asia Standard Hotel on 28th August 2006 (the “2006 Asia Standard Hotel Share Option Scheme”) was expired on the tenth anniversary of such adoption date. Following the expiry of 2006 Asia Standard Hotel Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2006 Asia Standard Hotel Share Option Scheme and yet to be exercised shall remain valid and exercisable. As at 30th September 2016, there were 88,599,999 share options granted under 2006 Asia Standard Hotel Share Option Scheme outstanding. Movements of the share options granted under 2006 Asia Standard Hotel Share Option Scheme during the period are as follows:

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2016 and 30th September 2016
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	16,000,000
	11th December 2015	1.030	11th December 2015 to 10th December 2025	9,600,000
Directors of a subsidiary	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	16,000,000
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
				88,599,999

Note:

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

Asia Standard Hotel adopted a new share option scheme on 8th September 2016 (the “2016 Asia Standard Hotel Share Option Scheme”). No share option has been granted under 2016 Asia Standard Hotel Share Option Scheme since its adoption.

INTERIM DIVIDEND

The Board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30th September 2016 (2015: 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 2016.

CHANGE IN DIRECTORS’ INFORMATION

Change in the information of the Directors of the Company, since the disclosure made in 2016 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, was appointed as an independent non-executive director and the chairman of audit committee of Heng Xin China Holdings Limited, a company listed on the Stock Exchange, with effect from 17th October 2016.

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

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 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 2016.

On behalf of the Board

Asia Standard International Group Limited

Fung Siu To, Clement

Chairman

Hong Kong, 28th November 2016

