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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. Cheung Kwok Wah

Mr. Hung Yat Ming

Mr. Wong Chi Keung

## AUDIT COMMITTEE

Mr. Hung Yat Ming (*Chairman*)

Mr. Cheung Kwok Wah

Mr. Wong Chi Keung

## REMUNERATION COMMITTEE

Mr. Wong Chi Keung (*Chairman*)

Mr. Fung Siu To, Clement

Mr. Hung Yat Ming

## AUTHORISED REPRESENTATIVES

Mr. Fung Siu To, Clement

Mr. Lun Pui Kan

## COMPANY SECRETARY

Mr. Tung Kwok Lui

## REGISTERED OFFICE

Canon's Court, 22 Victoria Street,  
Hamilton HM12, Bermuda

## PRINCIPAL OFFICE IN HONG KONG

30th Floor, MassMutual Tower,  
33 Lockhart Road, Wanchai,  
Hong Kong

Telephone 2866 3336

Facsimile 2866 3772

Website <http://www.asiaorient.com.hk>

E-mail [aoinfo@asiastandard.com](mailto:aoinfo@asiastandard.com)

## PRINCIPAL BANKERS

HSBC

Bank of China (Hong Kong)

Industrial and Commercial Bank of  
China (Asia)

Hang Seng Bank

Chiyu Banking Corporation

Bank of East Asia

Chong Hing Bank

United Overseas Bank

UBS

Bank of Singapore

Bank Morgan Stanley

Credit Suisse AG

Bank Julius Baer

## LEGAL ADVISERS

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

Appleby  
2206-19 Jardine House,  
1 Connaught Place, Central,  
Hong Kong

## AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants  
22nd Floor, Prince's Building,  
Central, Hong Kong

## SHARE REGISTRAR IN BERMUDA

MUFG Fund Services (Bermuda)  
Limited  
The Belvedere Building,  
69 Pitts Bay Road,  
Pembroke HM08,  
Bermuda

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor  
Services Limited  
Shops 1712 -1716, 17th Floor,  
Hopewell Centre,  
183 Queen's Road East,  
Wanchai, Hong Kong

## Financial Highlights

(in HK\$ million, except otherwise indicated)	Six months ended 30th September		
	2017	2016	Change
<b>Consolidated profit and loss account</b>			
Revenue	970	1,053	-8%
Operating profit	1,331	1,437	-7%
Profit attributable to shareholders of the Company	654	747	-12%
Earnings per share - basic (HK\$)	0.78	0.90	-13%

	30th September 2017	31st March 2017	Change
<b>Consolidated balance sheet</b>			
Total assets	35,397	31,454	+13%
Net assets	23,390	22,084	+6%
Equity attributable to shareholders of the Company	12,318	11,615	+6%
Net debt	9,059	7,183	+26%

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

Revalued total assets	40,751	36,101	+13%
Revalued net assets	29,141	27,142	+7%
Equity attributable to shareholders of the Company	14,956	13,935	+7%
Gearing - net debt to revalued net assets	31%	26%	+5%

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

The five (31st March 2017: five) hotel properties in operation in Hong Kong and Canada were revalued by Vigers Appraisal & Consulting Limited and Altus Group Limited respectively, independent professional valuers, on an open market value basis as at 30th September 2017 and 31st March 2017.

# Management Discussion and Analysis



Luxury residential development at Perkins Road, Jardine's Lookout

## RESULTS

The Group's revenue for the six months amounted to HK\$970 million (2016: HK\$1,053 million), with profit attributable to shareholders at HK\$654 million (2016: HK\$747 million). The decrease in profits are mainly driven by the reduction of coupon income from our investment portfolio as well as its mark-to-market valuation gain.

The Group continued carrying out its property sales, development and leasing operation through Asia Standard International, its 51.8% owned listed subsidiary.

## PROPERTY SALES, DEVELOPMENT AND LEASING

### SALES AND DEVELOPMENT

In China, our joint venture company has sold out the second phase of Queen's Gate, a high end villas and apartments development in Shanghai. It continued to

collect sales proceeds and deliver the completed units to buyers during the period. The Group recognised its share of profits from these completed pre-sales contracts. Management is actively monitoring the market and regulatory conditions and is planning for the launch of the third phase of the development once authority's approval has been obtained.

Site clearance for the joint venture project in Tongzhou, Beijing was successfully completed during the period. Construction permits had been obtained prior to site clearance and construction has commenced shortly after the interim period.

In Hong Kong, our residential joint venture re-development at Perkins Road, Jardine's Lookout is progressing well and we expect target completion to be in early 2018. Sales of the development should commence quickly after.



Residential re-development of **Empire Landmark Hotel** in Vancouver

Another luxurious residential development is being carried out by our joint venture company at Po Shan Road, mid-level. Foundation construction is in progress and is expected to complete by mid-2018.

Land exchange process for the commercial and residential development is ongoing at Hung Shui Kiu, Yuen Long. The development scheme has been approved by the Town Planning Board and pending the finalisation and issuance of exchange parameter. Another residential development at the Lam Tei station nearby is also in the process of land exchange application with the government. These two projects will provide approximately 590,000 sq. ft. of developable GFA.

In Macau, the government gazetted the expiry of the lease of the Group's site in Seac Pai Van in February 2017. The Group lodged a judicial appeal and is still pending the

instructions of the Macau Second Instance Court. Full provision on the carrying value of the site has been made in the financial year ended 31st March 2017. More details were given in the annual report for that financial year.

The Group currently has two development projects in Canada held by its listed hotel subsidiary group. In downtown Vancouver, our hotel "The Empire Landmark" has ceased operation on 1st October 2017 and will be redeveloped into a mixed use development with two residential towers. Demolition will commence in December 2017. In the same vicinity, another joint venture redevelopment project of a high-end residential complex is undergoing land re-zoning application.

## Management Discussion and Analysis



Lobby of **MassMutual Tower**

### LEASING

Leasing income of MassMutual Tower, 33 Lockhart Road in Wanchai had almost doubled from the same period last year, following the gradual repositioning of new tenants and the completion of extensive renovation works since the second half of last financial year. New leases were entered with considerable increase in rent per square feet. It is anticipated that the full year rental from this property will follow the same trend.

Leasing income from Asia Standard Tower in Central showed a mild increase while Goldmark in Causeway Bay decreased following the expiry of a major retail tenancy in the middle of the interim period.

Overall attributable leasing income increased by 24% from HK\$88 million to HK\$109 million. Net revaluation gain (taking into account our share of revaluation deficit from the investment property owned by an associated company) of HK\$419 million (2016: HK\$301 million) was recorded.

**MassMutual Tower**



**Bronze Winner**  
Best Refurbished Building  
MIPIM ASIA AWARDS 2017



**Best Office Lobby Refurbishment**  
Architecture & Design Awards  
Asia Pacific 2017



New hotel in Tsimshatsui (adjacent to **Empire Hotel Kowloon**)

## HOTEL

During the 6 months period, overnight stay visitors to Hong Kong increased 3% to approximately 14 million. Mainland visitors dominate this segment with 68% share, a 5% increase from same period of last year. Total hotel rooms in Hong Kong are approximately 78,000 rooms, an increase of 5% over end of the same period last year.

Revenue arising from the hotel and travel segment for the six months amounted to HK\$288 million (2016: HK\$262 million). Average occupancies for the Group's hotels in Hong Kong were approximately 95% (2016: 96%) while average room rates increased 8% from same period of last year. Overall, contribution to segment results before depreciation increased from HK\$80 million to HK\$95 million.

The occupation permit of our new hotel in Tsimshatsui was issued in August 2017, adding another 90 rooms to the portfolio towards anticipated opening in first half of 2018.

## FINANCIAL INVESTMENTS

At 30th September 2017, the Group's financial investment portfolio amounted to HK\$11,826 million (31st March 2017: HK\$9,538 million), of which HK\$10,307 million (31st March 2017: HK\$8,186 million) were held by the two listed subsidiary groups. The investment portfolio comprise 80% by listed debt securities (mostly issued by companies operating real estate business in China), and 19% by listed equity securities (of which approximately 74% were issued by major banks) and 1% unlisted funds and securities. They are denominated in different currencies with 88% in United States dollar, 7% in Hong Kong dollar and 5% in Sterling.

The increase in portfolio size largely arose from a further investment of HK\$1,955 million and a mark-to-market valuation gain of HK\$333 million, with HK\$326 million gain coming from equity securities (mostly from major US and UK banks and a Macau gaming company). The equity securities of US banks have benefited from the improvement of US economy, while that of the UK banks were boosted by the appreciation of Sterling during the period. The gaming resort in Macau has enjoyed improved business environment following the return of visitors with the opening of new resorts in the Cotai area.

Interest and dividend income for the period from these investments amounted to HK\$497 million (2016: HK\$699 million). The decrease is mostly due to a special one-time recognition of coupon income of debt securities from a real estate company in the same period last year.

At 30th September 2017, an approximate value of HK\$650 million (31st March 2017: HK\$756 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.



## Management Discussion and Analysis

### FINANCIAL REVIEW

At 30th September 2017, the Group had over HK\$8.2 billion (31st March 2017: HK\$7.8 billion) cash and undrawn banking facilities. The financing and treasury activities of our three listed groups are independently administered.

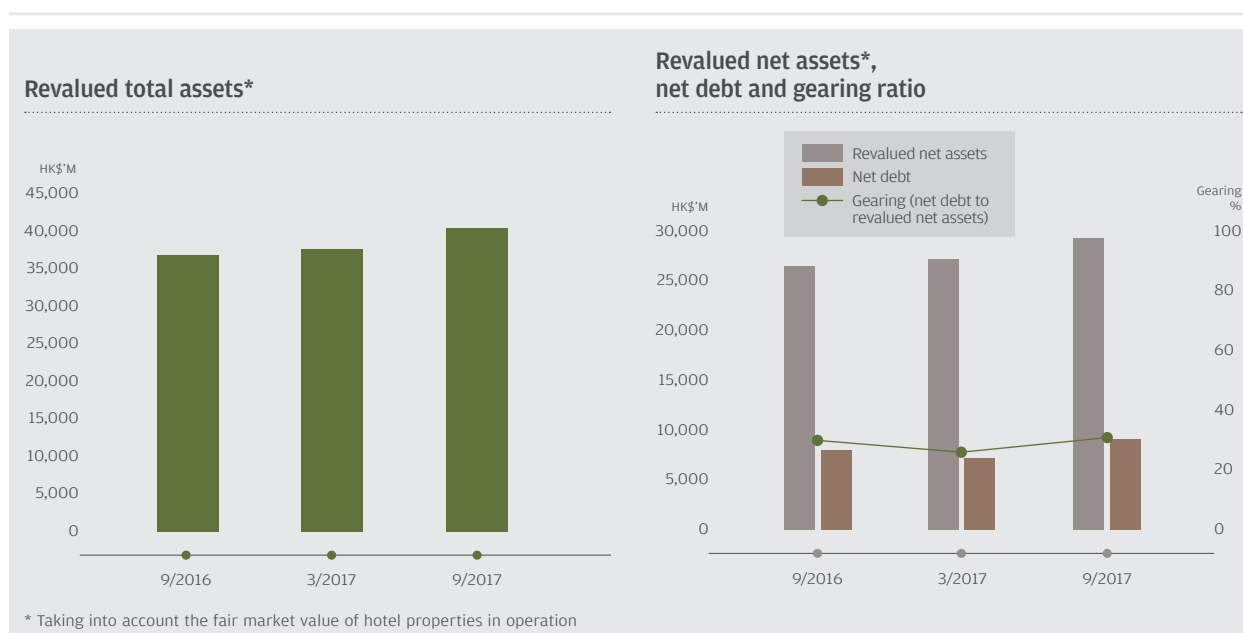
At 30th September 2017, the Group's total assets amounted to approximately HK\$35.4 billion (31st March 2017: HK\$31.5 billion). Net assets were HK\$23.4 billion (31st March 2017: HK\$22.1 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group would be HK\$40.8 billion (31st March 2017: HK\$36.1 billion) and HK\$29.1 billion (31st March 2017: HK\$27.1 billion), an increase of 13% and 7% respectively when compared to end of last financial year.

Net debt at 30th September 2017 was HK\$9,059 million (31st March 2017: HK\$7,183 million), of which HK\$282 million (31st March 2017: HK\$164 million) was attributable to the parent group. The Group's gearing, calculated as net debt to revalued net asset, was approximately 31% (31st March 2017: 26%). 47% of the debts are secured and 93% of the debts are at floating rates. Total interest cost increased as a result of increased borrowings.

Currently the maturities of our debts are spreading over a long period of up to 9 years. Revolving loans account for 2% and term loans secured by financial assets repayable between one to five years account for 3%. Term loans secured by property assets account for 42% with 6% repayable within 1 year, 28% repayable between one to five years and 8% repayable after five years. The remaining 53% comprise unsecured term loans and medium term notes, with 4% repayable within 1 year and 49% repayable between one to five years. As at 30th September 2017, the Group had net current assets of HK\$12.5 billion (31st March 2017: HK\$8.9 billion).

About 92% of the Group's borrowings are in Hong Kong dollar, 4% in United States Dollar, 3% in Renminbi, and the remaining 1% in other currencies.

At 30th September 2017, an approximate HK\$18.4 billion (31st March 2017: HK\$17.8 billion) book value of property assets were pledged to banks as collateral for credit facilities granted to the Group. HK\$1,160 million guarantee (31st March 2017: HK\$1,206 million) was provided to financial institutions against outstanding bank loans of joint ventures.



## Management Discussion and Analysis

### EMPLOYEES AND REMUNERATION POLICIES

At 30th September 2017, the Group employed approximately 570 (31st March 2017: 600) employees. Their remuneration packages, commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

### FUTURE PROSPECTS

In face of punitive measures of raised stamp duties in November 2016, followed by the subsequent reduced bank mortgage lending ratios to developers, demand for properties is still actively pursued and market sentiment remains heated, as evidenced by the recent high-priced en-block commercial building transactions, quick absorption of first-hand residential units with increased selling prices, and record high tender price of government development site.

There are little, if any, signs of price correction in Mainland cosmopolitans and developing urban areas over the past interim period, though stringent restrictive measures on property purchases were in place to contain a heated market. The interest rate up-cycle and punitive measures appear to have little impact to both the local and Mainland property markets.

Hotel performance has regained some momentum since the latter half of last financial year. With the completion of more tourism and infrastructure projects, and the new initiatives to promote tourism by the Hong Kong Tourism Board, the long-term prospects of the Hong Kong hospitality industry remain stable.

The US and Hong Kong equity securities markets continue to be robust in the abundant liquidity environment, while UK bank stocks are affected by the BREXIT negotiation.

Improving rental performance has been reflected with a new tenant mix following upgrading and renovation works in our Wanchai office headquarter. Further improvement is expected when occupancies continue to pick up in the latter half of the financial year. Rental from retail space dependent on tourism is reduced and experiencing a period of consolidation.

Management remain cautious in the rapidly changing environment and is affirmative with the Group's performance.

# Report on Review of Interim Financial Information

**To the Board of Directors of  
Asia Orient Holdings Limited**

*(incorporated in Bermuda with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 11 to 41, which comprises the condensed consolidated balance sheet of Asia Orient Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th September 2017 and the related condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows 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”.

## OTHER MATTER

The comparative information for the condensed consolidated balance sheet is based on the audited financial statements as at 31 March 2017. The comparative information for the condensed consolidated profit and loss account, condensed consolidated statements of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows, and related explanatory notes, for the period ended 30 September 2016 has not been audited or reviewed.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 29 November 2017

# Condensed Consolidated Profit and Loss Account – Unaudited

	<i>Note</i>	Six months ended 30th September	
		2017 HK\$'000	2016 HK\$'000
Revenue	5	969,824	1,052,527
Cost of sales		(194,400)	(158,871)
Gross profit		775,424	893,656
Selling and administrative expenses		(128,835)	(129,513)
Depreciation		(123,863)	(83,197)
Net investment gain	6	361,939	429,924
Fair value gain of investment properties		446,660	326,129
Operating profit		1,331,325	1,436,999
Net finance costs	8	(131,192)	(113,273)
Share of profits less losses of			
Joint ventures		38,198	(749)
Associated companies		(20,384)	(13,699)
Profit before income tax		1,217,947	1,309,278
Income tax (expense)/credit	9	(9,484)	3,623
Profit for the period		1,208,463	1,312,901
Attributable to:			
Shareholders of the Company		653,768	747,025
Non-controlling interests		554,695	565,876
		1,208,463	1,312,901
Earnings per share (HK\$)			
Basic	11	0.78	0.90
Diluted	11	0.77	0.90

## Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Six months ended 30th September	
	2017 HK\$'000	2016 HK\$'000
Profit for the period	<b>1,208,463</b>	1,312,901
Other comprehensive income/(charge)		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Fair value gain on available-for-sale investments	<b>44,756</b>	26,900
Cash flow hedges		
- fair value gain/(loss)	<b>15,336</b>	(11,516)
- transfer to finance costs	<b>(10,544)</b>	19,290
Currency translation differences	<b>18,843</b>	(2,204)
Share of currency translation differences of joint ventures	<b>72,665</b>	(42,904)
	<b>141,056</b>	(10,434)
Total comprehensive income for the period	<b>1,349,519</b>	1,302,467
Attributable to:		
Shareholders of the Company	<b>723,087</b>	740,374
Non-controlling interests	<b>626,432</b>	562,093
	<b>1,349,519</b>	1,302,467

# Condensed Consolidated Balance Sheet – Unaudited

	<i>Note</i>	<b>30th September 2017 HK\$'000</b>	31st March 2017 HK\$'000
<b>Non-current assets</b>			
Investment properties	<i>12</i>	<b>8,656,429</b>	8,199,737
Property, plant and equipment	<i>13</i>	<b>7,918,142</b>	7,959,906
Joint ventures and associated companies		<b>3,778,348</b>	3,599,351
Loan receivables		<b>2,160</b>	317,786
Available-for-sale investments		<b>325,793</b>	273,001
Financial assets at fair value through profit or loss	<i>15</i>	<b>379,769</b>	328,646
Deferred income tax assets		<b>49,311</b>	44,217
		<b>21,109,952</b>	20,722,644
<b>Current assets</b>			
Properties under development for sale		<b>699,693</b>	640,739
Completed properties held for sale		<b>3,700</b>	3,700
Hotel and restaurant inventories		<b>15,071</b>	15,351
Trade and other receivables	<i>14</i>	<b>487,384</b>	391,668
Loan receivables		<b>327,737</b>	-
Income tax recoverable		<b>3,439</b>	5,698
Financial assets at fair value through profit or loss	<i>15</i>	<b>11,120,346</b>	8,936,038
Bank balances and cash		<b>1,630,137</b>	738,373
		<b>14,287,507</b>	10,731,567
<b>Current liabilities</b>			
Trade and other payables	<i>16</i>	<b>232,698</b>	233,419
Amount due to joint ventures		<b>28,196</b>	134,311
Amount due to an associated company		<b>224,400</b>	224,400
Medium term notes	<i>18</i>	<b>292,238</b>	-
Derivative financial instruments		<b>46,853</b>	-
Income tax payable		<b>18,618</b>	12,111
Borrowings	<i>17</i>	<b>902,600</b>	1,210,619
		<b>1,745,603</b>	1,814,860
<b>Net current assets</b>		<b>12,541,904</b>	8,916,707

## Condensed Consolidated Balance Sheet - Unaudited

		30th September 2017 HK\$'000	31st March 2017 HK\$'000
	<i>Note</i>		
Non-current liabilities			
Long term borrowings	17	9,147,980	6,083,447
Medium term notes	18	346,378	626,656
Derivative financial instruments		-	76,977
Deferred income tax liabilities		767,623	768,463
		<b>10,261,981</b>	7,555,543
<hr style="border-top: 1px dashed black;"/>			
Net assets		<b>23,389,875</b>	22,083,808
Equity			
Share capital	19	84,087	84,087
Reserves	20	12,234,190	11,531,284
Equity attributable to shareholders of the Company		<b>12,318,277</b>	11,615,371
Non-controlling interests		<b>11,071,598</b>	10,468,437
		<b>23,389,875</b>	22,083,808

# Condensed Consolidated Statement of Cash Flows – Unaudited

	Six months ended 30th September	
	2017 HK\$'000	2016 HK\$'000
<b>Cash flows from operating activities</b>		
Net cash used in operation	(1,522,649)	(656,230)
Net income tax paid	(6,669)	(6,171)
Net interest paid	(137,545)	(97,071)
Interest received from bank deposit and other receivables	9,969	2,843
Net cash used in operating activities	(1,656,894)	(756,629)
<b>Cash flows from investing activities</b>		
Addition to available-for-sale investments	(8,036)	-
Addition to investment properties	(10,032)	(22,182)
Addition to property, plant and equipment	(60,489)	(81,790)
Acquisition of interest in a subsidiary	-	(372,378)
Increase in investments in joint ventures	(197,753)	(1,775)
Repayment by/(advance to) joint ventures and associated companies	3,120	(44,900)
Dividend received from an associated company	-	9,900
Net cash used in investing activities	(273,190)	(513,125)
<b>Cash flows from financing activities</b>		
Drawdown of long term borrowings	2,771,100	1,550,000
Repayment of long term borrowings	(82,392)	(530,301)
Net increase in short term borrowings	75,445	92,096
Dividend paid	(20,181)	-
Dividend paid to non-controlling interests	(23,271)	-
Net cash generated from financing activities	2,720,701	1,111,795
Net increase/(decrease) in cash and cash equivalents	790,617	(157,959)
Cash and cash equivalents at the beginning of the period	672,040	751,324
Changes in exchange rates	6,065	(927)
Cash and cash equivalents at the end of the period	1,468,722	592,438
<b>Analysis of the balances of cash and cash equivalents</b>		
Bank balances and cash (excluding restricted bank balances)	1,468,722	592,438



## 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 2016	82,882	10,299,198	10,382,080	10,347,705	20,729,785
Net fair value gain on available-for-sale investments	-	12,327	12,327	14,573	26,900
Cash flow hedges					
- fair value loss	-	(5,934)	(5,934)	(5,582)	(11,516)
- transfer to finance costs	-	9,940	9,940	9,350	19,290
Currency translation differences	-	(22,984)	(22,984)	(22,124)	(45,108)
Profit for the period	-	747,025	747,025	565,876	1,312,901
Total comprehensive income for the period	-	740,374	740,374	562,093	1,302,467
Share options granted by a subsidiary	-	29	29	27	56
Increase in shareholding in a subsidiary	-	166,029	166,029	(538,407)	(372,378)
2016 final dividend	-	(24,865)	(24,865)	(24,842)	(49,707)
Total transactions with owners	-	141,193	141,193	(563,222)	(422,029)
At 30th September 2016	82,882	11,180,765	11,263,647	10,346,576	21,610,223
At 31st March 2017	84,087	11,531,284	11,615,371	10,468,437	22,083,808
Net fair value gain on available-for-sale investments	-	21,511	21,511	23,245	44,756
Cash flow hedges					
- fair value gain	-	7,943	7,943	7,393	15,336
- transfer to finance costs	-	(5,461)	(5,461)	(5,083)	(10,544)
Currency translation differences	-	45,326	45,326	46,182	91,508
Profit for the period	-	653,768	653,768	554,695	1,208,463
Total comprehensive income for the period	-	723,087	723,087	626,432	1,349,519
2017 final dividend	-	(20,181)	(20,181)	(23,271)	(43,452)
At 30th September 2017	84,087	12,234,190	12,318,277	11,071,598	23,389,875

# Notes to the Interim financial information

## 1 GENERAL INFORMATION

Asia Orient Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited (“HKEX”). The address of its registered office is 30th Floor, MassMutual Tower, 33 Lockhart Road, Wanchai, Hong Kong.

## 2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2017 (“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 2017, 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 2017.

There are no amended standards or interpretations effective for financial period beginning on 1st April 2017 that would have a material impact to 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 2017.

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 2017.

## 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
<b>At 30th September 2017</b>		
<b>Assets</b>		
<b>Financial assets at fair value through profit or loss</b>	<b>2,009,791</b>	<b>9,490,324</b>
Available-for-sale investments	233,318	35,210
	<b>2,243,109</b>	<b>9,525,534</b>
<b>Liabilities</b>		
<b>Derivative financial instruments</b>	<b>-</b>	<b>46,853</b>
<b>At 31st March 2017</b>		
<b>Assets</b>		
<b>Financial assets at fair value through profit or loss</b>	<b>1,586,492</b>	<b>7,678,192</b>
Available-for-sale investments	192,933	80,068
	<b>1,779,425</b>	<b>7,758,260</b>
<b>Liabilities</b>		
<b>Derivative financial instruments</b>	<b>-</b>	<b>76,977</b>

### 3 FINANCIAL RISK MANAGEMENT (Continued)

#### (II) FAIR VALUE ESTIMATION (Continued)

During the six months ended 30th September 2017, 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/ask 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 2017, the Group had investment properties with fair value of HK\$8,656,429,000 (31st March 2017: HK\$8,199,737,000). 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; and
- (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.

The Group assessed the fair value of its investment properties based on valuation determined by independent and professional qualified valuers.

### 5 SEGMENT INFORMATION

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by the chief operating decision-maker. The Group is organised into four main operating segments, comprising property sales, property leasing, hotel and travel and financial investments. Segment assets consist primarily of property, plant and equipment, investment properties, loan receivables, available-for-sale investments, other non-current assets, hotel inventories, properties under development/held for sale, 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
<b>Six months ended 30th September 2017</b>						
Gross income	-	94,624	341,984	5,743,585	90,109	6,270,302
Segment revenue	-	94,624	288,084	497,007	90,109	969,824
Contribution to segment results	(1,636)	80,269	95,025	496,381	53,181	723,220
Depreciation	-	-	(119,505)	-	(4,358)	(123,863)
Net investment gain	-	-	-	361,939	-	361,939
Fair value gain of investment properties	-	446,660	-	-	-	446,660
Share of profits less losses of						
Joint ventures	36,661	-	-	-	1,537	38,198
Associated companies	-	(20,355)	-	-	(29)	(20,384)
Segment results	35,025	506,574	(24,480)	858,320	50,331	1,425,770
Unallocated corporate expenses						(76,631)
Net finance costs						(131,192)
<b>Profit before income tax</b>						<b>1,217,947</b>
<b>Six months ended 30th September 2016</b>						
Gross income	-	70,618	337,336	2,091,888	21,244	2,521,086
Segment revenue	-	70,618	261,897	698,768	21,244	1,052,527
Contribution to segment results	(919)	55,225	79,734	698,227	14,000	846,267
Depreciation	-	-	(79,572)	-	(3,625)	(83,197)
Net investment gain	-	-	-	429,924	-	429,924
Fair value gain of investment properties	-	326,129	-	-	-	326,129
Share of profits less losses of						
Joint ventures	(2,974)	-	-	-	2,225	(749)
Associated companies	-	(13,670)	-	-	(29)	(13,699)
Segment results	(3,893)	367,684	162	1,128,151	12,571	1,504,675
Unallocated corporate expenses						(82,124)
Net finance costs						(113,273)
<b>Profit before income tax</b>						<b>1,309,278</b>

## 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	
<b>At 30th September 2017</b>							
<b>Assets</b>	3,082,300	10,079,076	7,024,264	12,085,714	643,061	2,483,044	35,397,459
<b>Assets include:</b>							
Joint ventures and associated companies	2,378,641	1,390,907	-	-	5,226	3,574	3,778,348
<b>Addition to non-current assets for the six months ended 30th September 2017*</b>	-	10,032	41,789	-	34,655	-	86,476
<b>Liabilities</b>							
Borrowings	1,743,148	944,420	1,671,943	3,002,812	280,000	2,408,257	10,050,580
Other unallocated liabilities							1,957,004
							12,007,584
<b>At 31st March 2017</b>							
<b>Assets</b>	2,676,462	9,650,737	7,073,256	9,712,470	778,202	1,563,084	31,454,211
<b>Assets include:</b>							
Joint ventures and associated companies	2,031,758	1,411,262	-	-	152,729	3,602	3,599,351
<b>Addition to non-current assets for the six months ended 30th September 2016*</b>	-	22,182	77,442	-	12,114	-	111,738
<b>Liabilities</b>							
Borrowings	1,402,964	954,054	1,737,087	1,233,443	280,000	1,686,518	7,294,066
Other unallocated liabilities							2,076,337
							9,370,403

\* 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	
	2017 HK\$'000	2016 HK\$'000
<b>Revenue</b>		
Hong Kong	368,760	313,901
Overseas	601,064	738,626
	<b>969,824</b>	1,052,527

	30th September 2017 HK\$'000	31st March 2017 HK\$'000
	<b>Non-current assets*</b>	
Hong Kong	18,400,834	18,105,261
Overseas	1,952,085	1,653,733
	<b>20,352,919</b>	19,758,994

\* 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	
	2017 HK\$'000	2016 HK\$'000
Financial assets at fair value through profit or loss		
- net unrealised gain from market price movements	232,740	400,073
- net unrealised exchange gain/(loss)	55,515	(58,331)
- net realised gain (note)	58,949	88,182
Derivative financial instruments		
- net unrealised gain	14,735	-
	<b>361,939</b>	429,924
Note:		
Net realised gain on financial assets at fair value through profit or loss		
Gross consideration	5,246,578	1,403,119
Cost of investments	(4,558,918)	(1,232,830)
Total gain	687,660	170,289
Less: net unrealised gain recognised in prior years	(628,711)	(82,107)
Net realised gain recognised in current period	<b>58,949</b>	88,182

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

During the period, the Group derecognised 31 (2016: 6) debt securities and 6 (2016: 6) equity securities. Listed below are the securities disposed/redeemed/exchanged that contributed to the majority of realised gain:

	Nominal value	Coupon rate	Realised gain HK\$'000
Kaisa Group Holdings Ltd ("Kaisa") series A to E	US\$394,697,500	5.61%-10.46%	28,148
China Evergrande Group ("Evergrande")	US\$72,100,000	12%	23,906
Fantasia Holdings Group Co. Ltd ("Fantasia")	US\$38,500,000	13.75%	(10,480)
The Hellenic Republic Bonds 2023-2042 (total 20 securities)	Euro14,490,000	2%-4.3%	19,097
Others			(1,722)
			<b>58,949</b>

## Notes to the Interim financial information

## 6 NET INVESTMENT GAIN (Continued)

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 HKEX (stock code: 1638). The notes derecognised were not rated and were listed on Singapore Stock Exchange ("SGX-ST"). The above Kaisa notes were exchanged into new notes in June 2017.

Evergrande is principally engaged in the property development, property investment, property management, property construction, hotel operations, finance business, internet business and health industry business in the PRC. Its shares are listed on the HKEX (stock code: 3333). The notes derecognised were rated "B3" by Moody's Investors Service ("Moody's") and were listed on SGX-ST. The above Evergrande notes plus accrued interest were exchanged into new notes in June 2017.

Fantasia is principally engaged in the property development, property investment, property agency services, property operation services and hotel operations in the PRC. Its shares are listed on the HKEX (stock code: 1777). The notes derecognised were rated "B3" by Moody's and were listed on SGX-ST.

The Hellenic Republic Bonds are issued by Hellenic Republic at various maturity dates from 2023 to 2042. The notes were rated "B-" by Standard & Poor's Ratings Services ("S&P") and were listed on Athens Stock Exchange.

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 35 (2016: 60) listed securities as at 30th September 2017. Please refer to note 15 for the details.

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

	<b>Six months ended</b>	
	<b>30th September</b>	
	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Equity securities	<b>280,359</b>	(44,102)
Debt securities	<b>7,024</b>	384,654
Unlisted fund	<b>871</b>	1,190
	<b>288,254</b>	341,742

## Notes to the Interim financial information

## 7 INCOME AND EXPENSES BY NATURE

	Six months ended 30th September	
	2017 HK\$'000	2016 HK\$'000
<b>Income</b>		
Interest income		
- Listed investments	455,283	657,750
- Unlisted investments	2,034	1,200
- Loan receivables	20,265	13,218
- Bank deposits	1,915	826
Dividend income		
- Listed investments	26,514	21,234
<b>Expenses</b>		
Cost of properties and goods sold	11,833	10,783
Employee benefit expense, including Director's emoluments (note (a))	116,858	114,538
Loss on disposal of properties, plant and equipment	3	64
Operating lease rental expense for land and buildings	1,286	451
Note:		
<b>(a) Employee benefit expense</b>		
Wages and salaries	111,490	111,301
Share option expense	-	56
Retirement benefit costs	5,368	3,181
	<b>116,858</b>	<b>114,538</b>

## Notes to the Interim financial information

## 8 NET FINANCE COSTS

	Six months ended 30th September	
	2017 HK\$'000	2016 HK\$'000
Interest expenses		
Long term bank loans	(101,071)	(81,977)
Short term bank loans and overdrafts	(6,093)	(1,199)
Medium term notes	(16,403)	(25,966)
Interest income from derivative financial instruments	1,383	1,642
Interest capitalised under properties under development	15,953	20,095
	(106,231)	(87,405)
Other incidental borrowing costs	(21,569)	(20,708)
Net foreign exchange (loss)/gain on borrowings	(13,936)	14,130
Fair value gain/(loss) on derivative financial instruments		
Cash flow hedge, transfer from reserve	10,544	(19,290)
	(131,192)	(113,273)

## Notes to the Interim financial information

## 9 INCOME TAX (EXPENSE)/CREDIT

	Six months ended 30th September	
	2017 HK\$'000	2016 HK\$'000
Current income tax expense		
Hong Kong profits tax	(15,028)	(4,141)
Overseas profits tax	(1,322)	(1,198)
Over-provision in prior years	914	1,351
	(15,436)	(3,988)
Deferred income tax credit	5,952	7,611
	(9,484)	3,623

Hong Kong profits tax is provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the period. Income tax on overseas profits has been calculated on the estimated assessable profit for the period at the tax rates prevailing in the countries in which the Group operates.

## 10 DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2017 (2016: Nil).

## Notes to the Interim financial information

## 11 EARNINGS PER SHARE

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

	Six months ended 30th September	
	2017 HK\$'000	2016 HK\$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	<b>653,768</b>	747,025
Effect of dilutive profit:		
A portion of share options of the subsidiaries assumed to be exercised	<b>(1,257)</b>	(543)
Profit attributable to shareholders of the Company for calculation of diluted earnings per share	<b>652,511</b>	746,482
	Number of shares	
Weighted average number of shares for calculation of basic earnings per share	<b>840,873,996</b>	828,816,111
Effect of dilutive potential shares:		
A portion of share options of the Company assumed to be exercised	<b>2,622,881</b>	2,964,329
Weighted average number of shares for calculation of diluted earnings per share	<b>843,496,877</b>	831,780,440

## 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 2017 and 31st March 2017. 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
<b>Cost</b>						
At 31st March 2017	214,257	6,825,723	2,487,170	273,539	132,704	9,933,393
Currency translation differences	4,342	-	26,683	-	180	31,205
Additions	-	3,881	37,596	33,177	1,789	76,443
Disposals	-	-	(11)	-	-	(11)
<b>At 30th September 2017</b>	<b>218,599</b>	<b>6,829,604</b>	<b>2,551,438</b>	<b>306,716</b>	<b>134,673</b>	<b>10,041,030</b>
<b>Accumulated depreciation</b>						
At 31st March 2017	-	871,697	1,033,338	13,813	54,639	1,973,487
Currency translation differences	-	-	25,479	-	67	25,546
Charge for the period	-	44,653	71,272	1,106	6,832	123,863
Disposals	-	-	(8)	-	-	(8)
<b>At 30th September 2017</b>	<b>-</b>	<b>916,350</b>	<b>1,130,081</b>	<b>14,919</b>	<b>61,538</b>	<b>2,122,888</b>
<b>Net book value</b>						
<b>At 30th September 2017</b>	<b>218,599</b>	<b>5,913,254</b>	<b>1,421,357</b>	<b>291,797</b>	<b>73,135</b>	<b>7,918,142</b>
At 31st March 2017	214,257	5,954,026	1,453,832	259,726	78,065	7,959,906

Supplementary information with hotel properties in operation at valuation:

According to the Group's accounting policies, the carrying amount of the five (31st March 2017: five) hotel properties in operation in Hong Kong and Canada were HK\$6,630,782,000 (31st March 2017: HK\$6,697,867,000).

The aggregate open market value, on a highest and best use basis, of the five (31st March 2017: five) hotel properties in Hong Kong and Canada based on valuations conducted by Vigers Appraisal & Consulting Limited ("Vigers") and Altus Group Limited ("Altus") respectively, independent professional valuers, amounted to HK\$11,679,451,000 (31st March 2017: HK\$10,725,852,000), is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13.

## Notes to the Interim financial information

## 13 PROPERTY, PLANT AND EQUIPMENT (Continued)

The hotel properties portfolio in operation in Hong Kong comprised four 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, Altus 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 market value as at 30th September 2017 was Canadian dollar 205 million (31st March 2017: Canadian dollar 173.5 million). The hotel has ceased operation on 1st October 2017 for redevelopment into a mixed-use, primarily for residential, development for sale.

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

## 14 TRADE AND OTHER RECEIVABLES

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

Trade receivables of the Group amounted to HK\$44,503,000 (31st March 2017: HK\$90,637,000). The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluation of customers are performed periodically.

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

	30th September 2017 HK\$'000	31st March 2017 HK\$'000
0 month to 6 months	44,189	89,798
7 months to 12 months	314	-
More than 12 months	-	839
	<b>44,503</b>	90,637



## Notes to the Interim financial information

## 15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30th September 2017 HK\$'000	31st March 2017 HK\$'000
Equity securities		
- Listed in Europe	499,139	438,314
- Listed in the USA	913,010	746,906
- Listed in Hong Kong	217,873	72,626
	<b>1,630,022</b>	1,257,846
Debt securities		
- Listed in Singapore	8,920,087	6,889,205
- Listed in Hong Kong	503,664	640,891
- Listed in Europe	3,583	86,562
- Unlisted	51,875	51,290
	<b>9,479,209</b>	7,667,948
Unlisted fund	<b>11,115</b>	10,244
Total amount included in current assets	<b>11,120,346</b>	8,936,038
Equity securities included in non-current assets		
- Listed in Hong Kong	<b>379,769</b>	328,646
	<b>11,500,115</b>	9,264,684

## Notes to the Interim financial information

15 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 2017 HK\$'000	31st March 2017 HK\$'000
United States dollar	10,347,875	8,287,246
Hong Kong dollar	649,517	452,562
Sterling	499,139	438,314
Euro	3,584	86,562
	<b>11,500,115</b>	<b>9,264,684</b>

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

## EQUITY SECURITIES

As at 30th September 2017, the Group held 20 (31st March 2017: 17) listed equity securities. The summary of equity securities portfolio of financial assets at fair value through profit or loss as at 30th September 2017 and 31st March 2017 and their corresponding unrealised gain/(loss) and dividend income for the six months ended 30th September 2017 and 2016 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 2017 HK\$'000	31st March 2017 HK\$'000	2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Citigroup Inc. ("Citigroup")	909,470	743,958	165,512	68,014	4,199	1,825
MGM China ("MGM")	379,769	328,646	51,123	32,459	5,599	4,301
Royal Bank of Scotland ("RBS")	286,924	243,134	43,790	(71,073)	-	-
Lloyds Banking Group ("Lloyds")	212,215	195,179	17,036	(63,788)	9,842	9,371
Orient Overseas (International) Limited ("OOIL")	114,903	-	479	-	262	-
Others	106,510	75,575	2,419	(9,714)		
	<b>2,009,791</b>	<b>1,586,492</b>	<b>280,359</b>	<b>(44,102)</b>		

## Notes to the Interim financial information

### 15 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 2017, 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 London Stock Exchange (stock code: RBS) with a “BBB-” rated by S&P. As at 30th September 2017, 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 London Stock Exchange (stock code: LLOY) with a “BBB+” rated by S&P. As at 30th September 2017, a total of 30,200,000 shares representing 0.03% shareholding of Lloyds 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 2017, a total of 20,286,800 shares representing 0.5% shareholding of MGM was held by the Group.

OOIL is principally engaged in container transport and logistics, and its shares are listed on HKEX (stock code: 316). As at 30th September 2017, a total of 1,566,500 shares representing 0.25% shareholding of OOIL was held by the Group.

#### **DEBT SECURITIES**

As at 30th September 2017, the Group held 14 (31st March 2017: 42) debt securities, 8 of them are listed in Singapore, 3 in Hong Kong, 2 in Europe and 1 is unlisted. Approximately 99% (31st March 2017: 97%) of the market to market valuation comprising 11 (31st March 2017: 18) debt securities were issued by PRC-based real estate companies, the shares of which are all listed in Hong Kong.

## Notes to the Interim financial information

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS  
(Continued)**DEBT SECURITIES (Continued)**

The summary of debt securities portfolio of financial assets at fair value through profit or loss as at 30th September 2017 and 31st March 2017 and their corresponding unrealised gain and interest income for the six months ended 30th September 2017 and 2016 are as follows:

	As at 30th September 2017			As at 31st March 2017		
	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	9,346,898	64,458	9,411,356	7,248,832	237,477	7,486,309
Investment cost	9,267,468	57,836	9,325,304	6,744,576	155,612	6,900,188
Market value	9,423,751	55,458	9,479,209	7,478,145	200,047	7,678,192
Coupon	8.75% to 13.75%	3% to 8%	3% to 13.75%	5.61% to 13.75%	3% to 8%	3% to 13.75%
Maturity	Feb 2018 – Jun 2025	Dec 2017 – Oct 2042 & 1 perpetual	Sep 2017 – Feb 2042 & 1 perpetual	Sep 2017 – Dec 2021	Dec 2017 – Oct 2042 & 1 perpetual	Sep 2017 – Feb 2042 & 1 perpetual
Rating	NR to B+	NR to B-	NR to B+	NR to B+	NR to B-	NR to B+
	<b>For the six months ended 30th September</b>					
	<b>2017</b>			<b>2016</b>		
	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	345,311	3,199	348,510	655,857	3,093	658,950
Unrealised gain	4,786	2,238	7,024	380,091	4,563	384,654

## Notes to the Interim financial information

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

## DEBT SECURITIES (Continued)

As at 30th September 2017, the 15 (30th September 2016: 45) debt securities of financial assets at fair value through profit or loss gave rise to a net unrealised fair value gain of HK\$7.0 million for the six months ended 30th September 2017 (2016: HK\$384.7 million). A total of 9 (2016: 41) debt securities have recorded unrealised fair value gain, with the remaining 6 debt securities (2016: 4) that recorded unrealised fair value losses.

As at 30th September 2017, the mark to market valuation of the largest single debt securities within the Group's financial assets at fair value through profit or loss represents approximately 11.5% (31st March 2017: 2.8%) of the Group's revalued total assets, and the mark to market valuation of the five largest debt securities held represents approximately 21.0% (31st March 2017: 11.6%). The remaining 10 debt securities represent 2.3% of the Group's revalued total assets, which each of them less than 1.2%.

The five largest debt securities held at 30th September 2017 are as follows:

	Market value				Unrealised gain/(loss)		Interest income	
	30th	% of the	31st	% of the	for the six months		for the six months	
	September	debt	March	debt	ended 30th September		ended 30th September	
2017	securities	2017	securities	2017	2016	2017	2016	
HK\$'000	portfolio	HK\$'000	portfolio	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Kaisa 9.375% notes	4,669,480	49%	-	-	26,442	-	109,058	-
Evergrande 8.75% notes	1,263,022	13%	-	-	14,028	-	26,963	-
Mingfa 11% notes	1,106,589	12%	-	-	16,885	-	44,301	-
Wuzhou 13.75% notes	796,419	9%	847,921	11%	(51,501)	69,082	54,991	56,297
Hydoo 13.75% notes	705,496	7%	701,748	9%	3,747	10,891	46,278	14,840

"Kaisa 9.375% notes", issued by Kaisa and carries fixed coupon of 9.375% per annum. It is denominated in United States dollar ("US\$") and matures on 30 June 2024. The notes are listed on the SGX-ST and not rated.

"Evergrande 8.75% notes", issued by Evergrande and carries fixed coupon of 8.75% per annum. It is denominated in United States dollars ("US\$") and matures on 28th June 2025. The notes are rated "B-" by S&P and listed on the SGX-ST.

## Notes to the Interim financial information

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

### DEBT SECURITIES (Continued)

“Minga 11% notes”, is issued by Mingfa Group (International) Company Limited and carries fixed coupon of 11% per annum. It is denominated in US\$ and matures on 18 May 2020. The notes are listed on the SGX-ST. Mingfa is principally engaged in property development, property investment and hotel operation in the PRC. Its shares are listed on the HKEX (stock code: 846).

“Wuzhou 13.75% notes”, issued by Wuzhou International Holdings Limited (“Wuzhou”) and carries fixed coupon of 13.75% per annum. It is denominated in 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).

“Hydoo 13.75% notes”, issued by Hydoo International Holdings Limited (“Hydoo”) and carries fixed coupon 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).

## 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 of the Group amounted to HK\$36,931,000 (31st March 2017: HK\$35,277,000).

An aging analysis of trade payables is as follows:

	30th September 2017 HK\$'000	31st March 2017 HK\$'000
0 month to 6 months	36,034	34,848
7 months to 12 months	465	63
More than 12 months	432	366
	<b>36,931</b>	35,277

## Notes to the Interim financial information

## 17 BORROWINGS

	30th September 2017 HK\$'000	31st March 2017 HK\$'000
<b>Current liabilities</b>		
Short term bank loans, secured	135,810	57,440
Short term bank loans, unsecured	49,825	-
Current portion of long term bank loans, secured	504,120	1,020,758
Current portion of long term bank loans, unsecured	132,328	53,135
Portion of long term bank loans with a repayment on demand clause, secured	80,517	79,286
	<b>902,600</b>	1,210,619
<b>Non-current liabilities</b>		
Long term bank loans		
Secured	5,074,646	3,785,725
Unsecured	4,073,334	2,297,722
	<b>9,147,980</b>	6,083,447
	<b>10,050,580</b>	7,294,066

## Notes to the Interim financial information

## 17 BORROWINGS (Continued)

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	<b>636,448</b>	1,073,893
Repayable between one and two years	<b>1,691,571</b>	1,280,684
Repayable between two and five years	<b>6,657,626</b>	4,202,049
Repayable after five years	<b>879,300</b>	680,000
	<b>9,864,945</b>	7,236,626
Current portion included in current liabilities	<b>(636,448)</b>	(1,073,893)
	<b>9,228,497</b>	6,162,733

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

## 18 MEDIUM TERM NOTES

	30th September 2017 HK\$'000	31st March 2017 HK\$'000
Included in non-current liabilities		
RMB250 million at coupon of 6.5% per annum due April 2018	-	282,734
HKD100 million at coupon of 4.8% per annum due July 2019	<b>100,000</b>	100,000
HKD250 million at coupon of 3% above HIBOR per annum due April 2020	<b>250,000</b>	250,000
	<b>350,000</b>	632,734
Less: deferred issue expenses	<b>(3,622)</b>	(6,078)
	<b>346,378</b>	626,656
Included in current liabilities		
RMB250 million at coupon of 6.5% per annum due April 2018 (net of related deferred issue expenses)	<b>292,238</b>	-
	<b>638,616</b>	626,656

The carrying amounts approximate their fair values.



## Notes to the Interim financial information

## 19 SHARE CAPITAL

Shares of HK\$0.1 each	Number of shares	Amount HK\$'000
Authorised:		
At 31st March 2017 and 30th September 2017	3,000,000,000	300,000
Issued and fully paid:		
At 31st March 2017 and 30th September 2017	840,873,996	84,087

## 20 RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Hedging reserve HK\$'000	Available- for-sale investments reserve HK\$'000	Currency translation reserve HK\$'000	Revaluation reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2017	2,257,745	398,021	60,257	4,111	(3,807)	(14,945)	(70,579)	19,657	8,880,824	11,531,284
Net fair value gain on available-for-sale investments	-	-	-	-	-	21,511	-	-	-	21,511
Cash flow hedges										
- fair value gain	-	-	-	-	7,943	-	-	-	-	7,943
- transfer to finance costs	-	-	-	-	(5,461)	-	-	-	-	(5,461)
Currency translation differences	-	-	-	-	-	-	45,326	-	-	45,326
Profit for the period	-	-	-	-	-	-	-	-	653,768	653,768
2017 final dividend	-	-	-	-	-	-	-	-	(20,181)	(20,181)
<b>At 30th September 2017</b>	<b>2,257,745</b>	<b>398,021</b>	<b>60,257</b>	<b>4,111</b>	<b>(1,325)</b>	<b>6,566</b>	<b>(25,253)</b>	<b>19,657</b>	<b>9,514,411</b>	<b>12,234,190</b>

## Notes to the Interim financial information

## 21 CAPITAL COMMITMENTS

Capital commitments at the balance sheet date are as follows:

	30th September 2017 HK\$'000	31st March 2017 HK\$'000
Contracted but not provided for		
Investment properties	8,380	6,678
Property, plant and equipment	63,427	71,965
Joint ventures	333,005	130,032
	<b>404,812</b>	208,675

## 22 FINANCIAL GUARANTEES

	30th September 2017 HK\$'000	31st March 2017 HK\$'000
Guarantees for the bank loans of joint ventures	1,159,778	1,206,498

## 23 RELATED PARTY TRANSACTIONS

During the period, no significant transactions have been entered into except for dividend income of nil (2016: HK\$9,900,000) from an associated company.

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) (2016: Nil).

## Other Information

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

As at 30th September 2017, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO") which (a) are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

#### I. LONG POSITIONS IN SHARES

##### (a) The Company

Director	Number of shares held			Total	Percentage of shares in issue (%)
	Personal interest	Corporate interest	Family interest		
Poon Jing	273,607,688	145,213,900	5,318,799	424,140,387	50.44
Fung Siu To, Clement	15,440,225	-	-	15,440,225	1.83
Poon Hai	10,444,319	-	-	10,444,319	1.24

## 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			Percentage of shares in issue (%)
		Personal interest	Corporate interest	Total	
Poon Jing	Asia Standard International Group Limited ("Asia Standard")	1,308,884	683,556,392 (Notes)	684,865,276	51.89
	Asia Standard Hotel Group Limited ("Asia Standard Hotel")	152,490	1,346,158,049 (Notes)	1,346,310,539	66.71
Fung Siu To, Clement	Mark Honour Limited	9	-	9	0.01

Notes:

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

### II. LONG POSITIONS IN UNDERLYING SHARES

#### Interests in share options

##### (a) The Company

Director	Outstanding as at 1st April 2017 and 30th September 2017
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)

##### Interests in share options (Continued)

###### (a) *The Company (Continued)*

Notes:

- (1) 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\$1.42 per share.
- (2) During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

###### (b) *Associated corporations*

- Asia Standard

<b>Director</b>	<b>Outstanding as at 1st April 2017 and 30th September 2017</b>
Poon Hai (Note 1)	3,500,000
Poon Yeung, Roderick (Note 1)	3,500,000

Notes:

- (1) Options were granted under 2014 Asia Standard 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.
- (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.

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

### II. LONG POSITIONS IN UNDERLYING SHARES (Continued)

#### Interests in share options (Continued)

(b) Associated corporations (Continued)

- Asia Standard Hotel

Director	Date of grant	Exercise price (adjusted) (HK\$)	Exercise period	Outstanding as at 1st April 2017	Lapsed during the period	Outstanding as at 30th September 2017
Lun Pui Kan	2nd April 2007	0.433	2nd April 2007 to 1st April 2017	24,000,000	(24,000,000)	-
Kwan Po Lam, Phileas	2nd April 2007	0.433	2nd April 2007 to 1st April 2017	24,000,000	(24,000,000)	-
Poon Hai	11th December 2015	0.343	11th December 2015 to 10th December 2025	14,400,000	-	14,400,000
Poon Yeung, Roderick	11th December 2015	0.343	11th December 2015 to 10th December 2025	14,400,000	-	14,400,000

#### Notes:

- Options were granted under 2006 Asia Standard Hotel Share Option Scheme (as described under the heading "Share option schemes").
- Save as disclosed above, 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)

#### III. LONG POSITIONS IN UNDERLYING SHARES AND DEBENTURES

##### Interests in convertible notes

(a) *Associated corporations*

- Asia Standard Hotel

Director	Nature of interest	Amount of convertible note held (HK\$)	Number of underlying shares held
Poon Jing	Corporate	1,219,619,192	2,692,316,098

Note:

By virtue of Mr. Poon Jing's controlling interest in the Company, he is deemed to be interested in the convertible notes (the "Notes") held by the Company and its subsidiaries which are convertible into 2,692,316,098 shares of Asia Standard Hotel. The Notes are redeemable at the redemption value of HK\$0.453 per Note. Please refer to the circular of Asia Standard Hotel dated 27th January 2017 in respect of the issue of bonus shares by Asia Standard Hotel for details of the Notes issued by Asia Standard Hotel.

Save as disclosed above, as at 30th September 2017, 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 2017, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executive.

### LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Shareholder	Capacity	Number of shares held	Percentage (%)
Heston Holdings Limited ("Heston") (Note 1)	Beneficial owner	50,429,573	5.99
Teddington Holdings Limited ("Teddington") (Note 1)	Beneficial owner	60,624,439	7.20
Dalton Investments LLC ("Dalton") (Note 2)	Investment manager	165,906,485	19.73
Clearwater Insurance Company ("Clearwater Insurance") (Note 2)	Trustee	48,341,035	5.74
Daswani Rajkumar Murlidhar	Beneficial owner	53,910,548	6.41

Notes:

1. Mr. Poon Jing, his family interest and the companies wholly owned by him namely Teddington, Heston and Full Speed Investments Limited together hold 424,140,387 shares. The interest of Teddington and Heston duplicate the interest of Mr. Poon Jing disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures".
2. Dalton is the investment manager for Clearwater Insurance. The interest of Clearwater Insurance in the shares duplicates the interest of Dalton disclosed above.

Save as disclosed above, as at 30th September 2017, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept under Section 336 of the SFO.



## Other Information

### SHARE OPTION SCHEMES

#### THE COMPANY

The share option scheme of the Company was adopted by the Company on 29th August 2014. As at 30th September 2017, there were 7,000,000 share options outstanding. Movements of share options of the Company during the period are as follows:

<b>Grantee</b>	<b>Outstanding as at 1st April 2017 and 30th September 2017</b>
Directors (Note 1)	7,000,000

Notes:

1. These share 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\$1.42 per share.
2. During the period, no option was granted, exercised, cancelled or lapsed.

#### SUBSIDIARIES

##### – Asia Standard

The share option scheme of Asia Standard adopted by Asia Standard on 27th August 2004 (the “2004 Asia Standard Share Option Scheme”) was expired on the tenth anniversary of such adoption date. Following the expiry of 2004 Asia Standard Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2004 Asia Standard Share Option Scheme and yet to be exercised shall remain valid and exercisable. As at 30th September 2017, there were 1,000,000 share options granted under 2004 Asia Standard Share Option Scheme outstanding. Movements of share options granted under 2004 Asia Standard Share Option Scheme during the period are as follows:

<b>Grantee</b>	<b>Outstanding as at 1st April 2017 and 30th September 2017</b>
Other employee (Note 1)	1,000,000

Notes:

1. These share 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.
2. During the period, no option was exercised, cancelled or lapsed.

## SHARE OPTION SCHEMES (Continued)

### SUBSIDIARIES (Continued)

#### - Asia Standard (Continued)

Asia Standard adopted a share option scheme on 29th August 2014 (the “2014 Asia Standard Share Option Scheme”). As at 30th September 2017, there were 7,000,000 share options granted under 2014 Asia Standard Share Option Scheme outstanding. Movements of share options granted under 2014 Asia Standard Share Option Scheme during the period are as follows:

<b>Grantee</b>	<b>Outstanding as at 1st April 2017 and 30th September 2017</b>
Directors (Note 1)	7,000,000

Notes:

1. These share 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.
2. During the period, no option was granted, exercised, cancelled or lapsed.

## Other Information

### SHARE OPTION SCHEMES (Continued)

#### SUBSIDIARIES (Continued)

##### - 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 2017, there were 28,800,000 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 (adjusted) (HK\$)	Exercise period	Outstanding as at 1st April 2017	Lapsed during the period	Outstanding as at 30th September 2017
Directors	2nd April 2007	0.433	2nd April 2007 to 1st April 2017	48,000,000	(48,000,000)	-
	11th December 2015	0.343	11th December 2015 to 10th December 2025	28,800,000	-	28,800,000
Director of a subsidiary	2nd April 2007	0.433	2nd April 2007 to 1st April 2017	48,000,000	(48,000,000)	-
Employees	2nd April 2007	0.433	2nd April 2007 to 1st April 2017	92,999,997	(92,999,997)	-
				217,799,997	(188,999,997)	28,800,000

Note:

Save as disclosed above, 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 2017 (2016: 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 2017.

## CHANGE IN DIRECTORS’ INFORMATION

Change in the information of the Directors of the Company, since the disclosure made in 2017 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, resigned as an independent non-executive director of Heng Xin China Holdings Limited, a company listed on the Stock Exchange, with effect from 19th September 2017.

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 from time to time and at any time appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office until the next following annual general meeting of the Company and shall then eligible for re-election at the meeting.

### AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th September 2017.

On behalf of the Board

**Asia Orient Holdings Limited**

**Fung Siu To, Clement**

*Chairman*

Hong Kong, 29th November 2017

