



Asia Standard International
Group Limited



Interim Report
2017

Contents

| | |
|----|--|
| 2 | Corporate Information |
| 3 | Financial Highlights |
| 4 | Management Discussion and Analysis |
| 10 | Report on Review of Interim Financial Information |
| 11 | Condensed Consolidated Profit and Loss Account - Unaudited |
| 12 | Condensed Consolidated Statement of Comprehensive Income - Unaudited |
| 13 | Condensed Consolidated Balance Sheet - Unaudited |
| 15 | Condensed Consolidated Statement of Cash Flows - Unaudited |
| 16 | Condensed Consolidated Statement of Changes in Equity - Unaudited |
| 17 | Notes to the Interim Financial Information |
| 41 | Other Information |

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

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

Telephone 2866 3336

Facsimile 2866 3772

Website <http://www.asiastandard.com>

E-mail asinfo@asiastandard.com

PRINCIPAL BANKERS

HSBC

Bank of China (Hong Kong)

Industrial and Commercial Bank of
China (Asia)

Hang Seng Bank

Chiyu Banking Corporation

The 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 |
| Consolidated profit and loss account | | | |
| Revenue | 893 | 940 | -5% |
| Operating profit | 1,293 | 1,309 | -1% |
| Profit attributable to shareholders of the Company | 1,137 | 1,145 | - |
| Earnings per share - basic (HK\$) | 0.86 | 0.88 | -2% |

| | 30th September 2017 | | | 31st March 2017 | Change |
|--|------------------------|--|--|--------------------|--------|
| | | | | | |
| Consolidated balance sheet | | | | | |
| Total assets | 29,860 | | | 26,179 | +14% |
| Net assets | 18,964 | | | 17,699 | +7% |
| Equity attributable to shareholders of the Company | 18,261 | | | 17,037 | +7% |
| Net debt | 8,789 | | | 7,024 | +25% |

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

| | | | |
|--|--------|--------|------|
| Revalued total assets | 39,150 | 34,467 | +14% |
| Revalued net assets | 28,088 | 25,886 | +9% |
| Equity attributable to shareholders of the Company | 25,803 | 23,808 | +8% |
| Gearing - net debt to revalued net assets | 31% | 27% | +4% |

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 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 recorded revenue of HK\$893 million (2016: HK\$940 million) for the first half of the financial year with profit attributable to shareholders of the Company at HK\$1,137 million (2016: HK\$1,145 million), approximately same as corresponding period last year.

PROPERTIES 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 interim period. The Group recognised its share of profit 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 at 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 at Hung Shui Kiu, Yuen Long is ongoing. 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.



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's 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\$424 million (2016: HK\$305 million) was recorded.

MassMutual Tower



Bronze Winner
 Best Refurbished Building
 MIPIM ASIA AWARDS 2017

Best Office Lobby Refurbish
 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 held financial investments of approximately HK\$10,307 million (31st March 2017: HK\$8,186 million), with HK\$3,623 million (31st March 2017: HK\$2,410 million) held by the listed hotel subsidiary group. The investment portfolio comprise 78% by listed debt securities (mostly issued by companies operating real estate business in China), 21% by listed equity securities (of which approximately 72% were issued by major banks) and 1% unlisted funds and securities. They are denominated in different currencies with 87% in United States dollar, 9% in Hong Kong dollar, 4% in Sterling.

The increase in portfolio size largely arose from a further investment of HK\$1,799 million and a mark-to-market valuation net gain of HK\$322 million, with HK\$319 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.

Income from these investment portfolio amounted to HK\$423 million (2016: HK\$592 million). The decrease is mostly due to a special one-time coupon income of certain debt securities from a real estate company in interim period of last year, partially compensated by increase due to further investment in debt securities.

At 30th September 2017, an approximate value of HK\$650 million (31st March 2017: HK\$730 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

Management Discussion and Analysis

FINANCIAL REVIEW

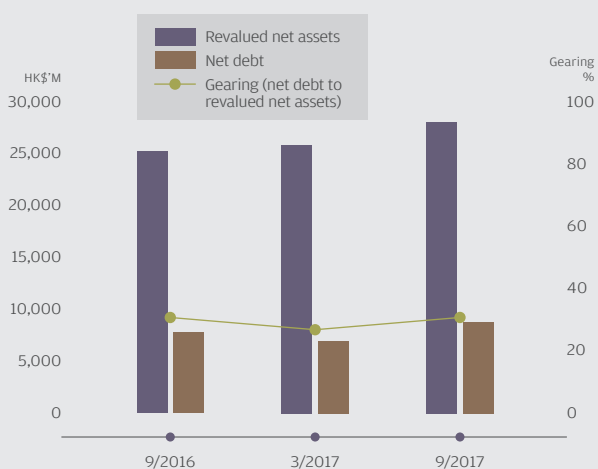
At 30th September 2017, the Group had over HK\$7.8 billion (31st March 2017: HK\$7.6 billion) cash and undrawn banking facilities. Save for that of the listed hotel subsidiary group which is independently administered, the Group’s financing and treasury activities are centrally managed and controlled at the corporate level.

At 30th September 2017, the Group’s total assets were approximately HK\$29.9 billion (31st March 2017: HK\$26.2 billion), the net assets were HK\$19.0 billion (31st March 2017: HK\$17.7 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group would be HK\$39.2 billion and HK\$28.1 billion, an increase of 14% and 9% compared to HK\$34.5 billion and HK\$25.9 billion respectively at 31st March 2017.

Net debt was HK\$8.8 billion (31st March 2017: HK\$7.0 billion), including HK\$3.3 billion (31st March 2017: HK\$2.2 billion) which belonged to the separately listed hotel subsidiary group. Currently, the Group’s gearing (net debt to revalued net asset value) is approximately 31% (31st March 2017: 27%). 49% of the debts are secured and 92% of the debts are at floating rates. Total interest cost increased as a result of increased borrowings.

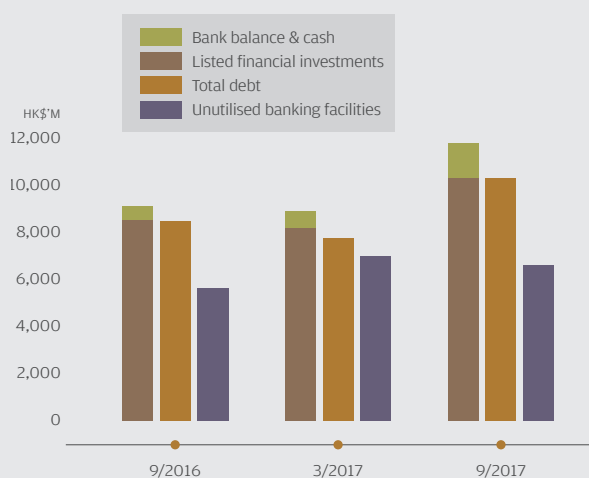
Currently the maturities of our debts spread over a long period of up to 9 years. Revolving loans account for 1% and term loans secured by financial assets repayable between one to five years account for 4%. Term loans secured by property assets account for 44% with 6% repayable within 1 year, 29% repayable between one to five years and 9% repayable after five years. The remaining 51% comprise unsecured term loans and medium term notes, with 4% repayable within 1 year and 47% repayable between one to five years. As at 30th September 2017, the Group had net current assets of HK\$10.9 billion (31st March 2017: HK\$7.6 billion).

Revalued net assets*, net debt and gearing ratio



* Taking into account the fair market value of hotel properties in operation

Ample liquidity & cash reserves



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

As at 30th September 2017, property assets with an aggregate net book value of HK\$14.6 billion (31st March 2017: HK\$14.0 billion) were pledged to secure banking facilities of the Group. HK\$1,160 million (31st March 2017: HK\$1,206 million) guarantees were provided to financial institutions against outstanding bank loans of joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

At 30th September 2017, the Group employed approximately 450 (31st March 2017: 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 raising of stamp duties taxes in November 2016, followed by reduced bank mortgage lending ratios to developers apparently did not halt the rising trend of property prices. Demand for both commercial and residential properties are still actively pursued and evidenced by the recent high-priced en-block commercial building transaction, 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. 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 positive.

The US and Hong Kong equity securities market 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 Standard International Group Limited**
(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 11 to 40, which comprises the condensed consolidated balance sheet of Asia Standard International Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th September 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

| | Note | Six months ended 30th September | |
|--|------|------------------------------------|------------------|
| | | 2017 HK\$'000 | 2016 HK\$'000 |
| Revenue | 5 | 892,976 | 940,076 |
| Cost of sales | | (192,776) | (155,691) |
| Gross profit | | 700,200 | 784,385 |
| Selling and administrative expenses | | (124,166) | (124,296) |
| Depreciation | | (78,653) | (43,971) |
| Net investment gain | 6 | 344,491 | 362,797 |
| Fair value gain of investment properties | | 451,528 | 330,216 |
| Operating profit | | 1,293,400 | 1,309,131 |
| Net finance costs | 8 | (126,463) | (111,496) |
| Share of profits less losses of | | | |
| Joint ventures | | 38,198 | (749) |
| Associated companies | | (20,384) | (13,699) |
| Profit before income tax | | 1,184,751 | 1,183,187 |
| Income tax expense | 9 | (14,571) | (310) |
| Profit for the period | | 1,170,180 | 1,182,877 |
| Attributable to: | | | |
| Shareholders of the Company | | 1,136,971 | 1,144,608 |
| Non-controlling interests | | 33,209 | 38,269 |
| | | 1,170,180 | 1,182,877 |
| Earnings per share (HK\$) | | | |
| Basic | 11 | 0.86 | 0.88 |
| Diluted | 11 | 0.86 | 0.88 |

Condensed Consolidated Statement of Comprehensive Income – Unaudited

| | Six months ended 30th September | |
|--|------------------------------------|------------------|
| | 2017 HK\$'000 | 2016 HK\$'000 |
| Profit for the period | 1,170,180 | 1,182,877 |
| 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 | 43,241 | 26,900 |
| Cash flow hedges | | |
| - fair value gain/(loss) | 15,336 | (11,516) |
| - transfer to finance costs | (10,544) | 19,290 |
| Currency translation differences | 18,843 | (2,204) |
| Share of currency translation differences of joint ventures | 72,665 | (42,904) |
| | 139,541 | (10,434) |
| Total comprehensive income for the period | 1,309,721 | 1,172,443 |
| Attributable to: | | |
| Shareholders of the Company | 1,263,506 | 1,130,432 |
| Non-controlling interests | 46,215 | 42,011 |
| | 1,309,721 | 1,172,443 |

Condensed Consolidated Balance Sheet – Unaudited

| | | 30th September 2017 HK\$'000 | 31st March 2017 HK\$'000 |
|---|-------------|------------------------------------|--------------------------------|
| | <i>Note</i> | | |
| Non-current assets | | | |
| Investment properties | <i>12</i> | 8,734,715 | 8,273,154 |
| Property, plant and equipment | <i>13</i> | 4,100,524 | 4,097,103 |
| Joint ventures and associated companies | | 3,741,490 | 3,562,493 |
| Loan receivables | | 2,160 | 317,786 |
| Available-for-sale investments | | 276,576 | 225,299 |
| Financial assets at fair value through profit or loss | <i>15</i> | 379,769 | 328,646 |
| Deferred income tax assets | | 49,047 | 43,937 |
| | | 17,284,281 | 16,848,418 |
| Current assets | | | |
| Properties under development for sale | | 688,831 | 629,877 |
| Completed properties held for sale | | 3,501 | 3,501 |
| Hotel and restaurant inventories | | 15,071 | 15,351 |
| Trade and other receivables | <i>14</i> | 443,079 | 361,803 |
| Loan receivables | | 327,737 | - |
| Income tax recoverable | | 3,439 | 5,698 |
| Financial assets at fair value through profit or loss | <i>15</i> | 9,650,167 | 7,631,601 |
| Bank balances and cash | | 1,444,129 | 682,379 |
| | | 12,575,954 | 9,330,210 |
| Current liabilities | | | |
| Trade and other payables | <i>16</i> | 218,075 | 196,713 |
| Amount due to joint ventures | | 28,196 | 134,311 |
| Amount due to an associated company | | 224,400 | 224,400 |
| Income tax payable | | 18,585 | 12,078 |
| Derivative financial instruments | | 46,853 | - |
| Medium term notes | | 298,103 | - |
| Borrowings | <i>17</i> | 833,348 | 1,210,619 |
| | | 1,667,560 | 1,778,121 |
| Net current assets | | 10,908,394 | 7,552,089 |

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 | 8,749,046 | 5,863,550 |
| Medium term notes | 18 | 346,378 | 632,253 |
| Convertible notes | | 6,459 | 6,266 |
| Derivative financial instruments | | - | 76,924 |
| Deferred income tax liabilities | | 127,033 | 122,787 |
| | | 9,228,916 | 6,701,780 |
| <hr style="border-top: 1px dashed black;"/> | | | |
| Net assets | | 18,963,759 | 17,698,727 |
| Equity | | | |
| Share capital | 19 | 13,197 | 13,197 |
| Reserves | 20 | 18,247,873 | 17,023,960 |
| Equity attributable to shareholders of the Company | | 18,261,070 | 17,037,157 |
| Non-controlling interests | | 702,689 | 661,570 |
| | | 18,963,759 | 17,698,727 |

Condensed Consolidated Statement of Cash Flows – Unaudited

| | Six months ended 30th September | |
|---|------------------------------------|------------------|
| | 2017 HK\$'000 | 2016 HK\$'000 |
| Cash flows from operating activities | | |
| Net cash used in operation | (1,428,920) | (590,480) |
| Net income tax paid | (6,669) | (6,171) |
| Interest paid | (132,955) | (95,621) |
| Interest received from bank deposit and other receivables | 9,784 | 2,844 |
| Net cash used in operating activities | (1,558,760) | (689,428) |
| Cash flows from investing activities | | |
| Addition of available-for-sale investments | (8,036) | - |
| Addition to investment properties | (10,032) | (22,182) |
| Addition to property, plant and equipment | (60,464) | (81,783) |
| Acquisition of interest in a subsidiary | - | (372,378) |
| Increase in investment in joint ventures | (197,753) | (1,775) |
| Repayment by/(advance to) associated companies and joint ventures | 3,120 | (44,900) |
| Dividend received from an associated company | - | 9,900 |
| Net cash used in investing activities | (273,165) | (513,118) |
| Cash flows from financing activities | | |
| Drawdown of long term borrowings | 2,523,000 | 1,550,000 |
| Repayment of long term borrowings | (82,392) | (530,301) |
| Net increase in short term borrowings | 75,445 | 27,921 |
| Dividend paid | (39,593) | - |
| Dividend paid to non-controlling interests | (4,604) | - |
| Coupon to convertible noteholders | (492) | - |
| Net cash generated from financing activities | 2,471,364 | 1,047,620 |
| Net increase/(decrease) in cash and cash equivalents | 639,439 | (154,926) |
| Cash and cash equivalents at the beginning of the period | 647,213 | 734,689 |
| Changes in exchange rates | 6,065 | (927) |
| Cash and cash equivalents at the end of the period | 1,292,717 | 578,836 |
| Analysis of the balances of cash and cash equivalents | | |
| Bank balances and cash (excluding restricted bank balances) | 1,292,717 | 578,836 |

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 | 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 interest in a listed 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 |
| At 31st March 2017 | 13,197 | 17,023,960 | 17,037,157 | 661,570 | 17,698,727 |
| Net fair value gain on available-for-sale investments | - | 36,252 | 36,252 | 6,989 | 43,241 |
| Cash flow hedges | | | | | |
| - fair value gain | - | 15,336 | 15,336 | - | 15,336 |
| - transfer to finance costs | - | (10,544) | (10,544) | - | (10,544) |
| Currency translation differences | - | 85,491 | 85,491 | 6,017 | 91,508 |
| Profit for the period | - | 1,136,971 | 1,136,971 | 33,209 | 1,170,180 |
| Total comprehensive income for the period | - | 1,263,506 | 1,263,506 | 46,215 | 1,309,721 |
| 2017 final dividend | - | (39,593) | (39,593) | (4,604) | (44,197) |
| Coupon to convertible noteholders | - | - | - | (492) | (492) |
| Total transaction with owners | - | (39,593) | (39,593) | (5,096) | (44,689) |
| At 30th September 2017 | 13,197 | 18,247,873 | 18,261,070 | 702,689 | 18,963,759 |

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 ("HKEX"). The address of its registered office was 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 |
|--|---------------------|---------------------|
| At 30th September 2017 | | |
| Assets | | |
| Financial assets at fair value through profit or loss | 1,945,143 | 8,084,793 |
| Available-for-sale investments | 233,318 | 35,210 |
| | 2,178,461 | 8,120,003 |
| Liabilities | | |
| Derivative financial instruments | - | 46,853 |
| At 31st March 2017 | | |
| Assets | | |
| Financial assets at fair value through profit or loss | 1,527,033 | 6,433,214 |
| Available-for-sale investments | 192,933 | 32,366 |
| | 1,719,966 | 6,465,580 |
| Liabilities | | |
| Derivative financial instruments | - | 76,924 |

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\$8,734,715,000 (31st March 2017: HK\$8,273,154,000). 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 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 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 |
|---|----------------------------|------------------------------|------------------------------|-----------------------------------|--------------------|-------------------|
| Six months ended 30th September 2017 | | | | | | |
| Gross income | - | 95,603 | 341,984 | 4,784,186 | 85,945 | 5,307,718 |
| Segment revenue | - | 95,603 | 288,084 | 423,344 | 85,945 | 892,976 |
| Contribution to segment results | (1,636) | 77,382 | 95,025 | 422,763 | 54,507 | 648,041 |
| Depreciation | - | - | (75,658) | - | (2,995) | (78,653) |
| Net investment gain | - | - | - | 344,491 | - | 344,491 |
| Fair value gain of investment properties | - | 451,528 | - | - | - | 451,528 |
| 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 | 508,555 | 19,367 | 767,254 | 53,020 | 1,383,221 |
| Unallocated corporate expenses | | | | | | (72,007) |
| Net finance costs | | | | | | (126,463) |
| Profit before income tax | | | | | | 1,184,751 |
| 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 |

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 2017 | | | | | | | |
| Assets | 3,034,381 | 10,157,362 | 3,426,625 | 10,522,545 | 484,815 | 2,234,507 | 29,860,235 |
| Assets include: | | | | | | | |
| Joint ventures and associated companies | 2,341,783 | 1,390,907 | - | - | 5,226 | 3,574 | 3,741,490 |
| Addition to non-current assets for the six months ended 30th September 2017* | - | 10,032 | 41,789 | - | 34,629 | - | 86,450 |
| Liabilities | | | | | | | |
| Borrowings | 1,743,148 | 944,420 | 1,671,943 | 2,534,626 | 280,000 | 2,408,257 | 9,582,394 |
| Other unallocated liabilities | | | | | | | 1,314,082 |
| | | | | | | | 10,896,476 |
| As at 31st March 2017 | | | | | | | |
| Assets | 2,628,543 | 9,724,154 | 3,431,770 | 8,328,732 | 598,743 | 1,466,686 | 26,178,628 |
| Assets include: | | | | | | | |
| Joint ventures and associated companies | 1,994,900 | 1,411,262 | - | - | 152,729 | 3,602 | 3,562,493 |
| Addition to non-current assets for the six months ended 30th September 2016* | - | 22,182 | 77,442 | - | 12,107 | - | 111,731 |
| Liabilities | | | | | | | |
| Borrowings | 1,689,064 | 954,054 | 1,737,087 | 1,013,546 | 280,000 | 1,400,418 | 7,074,169 |
| Other unallocated liabilities | | | | | | | 1,405,732 |
| | | | | | | | 8,479,901 |

* 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 |
| Revenue | | |
| Hong Kong | 355,269 | 297,926 |
| Overseas | 537,707 | 642,150 |
| | 892,976 | 940,076 |

| | 30th September 2017 HK\$'000 | 31st March 2017 HK\$'000 |
|-----------|------------------------------------|--------------------------------|
| | Non-current assets* | |
| Hong Kong | 14,873,603 | 14,534,378 |
| Overseas | 1,703,126 | 1,398,372 |
| | 16,576,729 | 15,932,750 |

* 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 | 229,824 | 340,816 |
| - net unrealised exchange gain/(loss) | 48,602 | (51,860) |
| - net realised gain (note) | 51,330 | 73,841 |
| Fair value gain on derivative financial instrument | 14,735 | - |
| | 344,491 | 362,797 |
| Note: | | |
| Net realised gain on financial assets at fair value through profit or loss | | |
| Gross consideration | 4,360,842 | 1,155,986 |
| Cost of investments | (3,788,470) | (1,016,356) |
| Total gain | 572,372 | 139,630 |
| Less: net unrealised gain recognised in prior years | (521,042) | (65,789) |
| Net realised gain recognised in current period | 51,330 | 73,841 |

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\$313,169,500 | 5.61%-10.46% | 22,787 |
| China Evergrande Group ("Evergrande") | US\$64,600,000 | 12% | 21,412 |
| 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 | | | (1,486) |
| | | | 51,330 |

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 derecognised at its fair value and 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 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:

| | 2017 HK\$'000 | 2016 HK\$'000 |
|-------------------|--------------------------------|------------------|
| Equity securities | 275,169 | (24,670) |
| Debt securities | 2,385 | 312,436 |
| Unlisted fund | 871 | 1,190 |
| | 278,425 | 288,956 |

Notes to the Interim Financial Information

7 INCOME AND EXPENSES BY NATURE

| | Six months ended 30th September | |
|---|------------------------------------|------------------|
| | 2017 HK\$'000 | 2016 HK\$'000 |
| Income | | |
| Interest income | | |
| - Listed investments | 387,236 | 557,099 |
| - Unlisted investment | 2,034 | 1,200 |
| - Loan receivables | 20,265 | 13,213 |
| - Bank deposits | 1,730 | 826 |
| Dividend income | | |
| - Listed investments | 23,516 | 18,379 |
| Expenses | | |
| Cost of properties and goods sold | 11,833 | 10,783 |
| Employee benefit expense, including Directors' emoluments (note (a)) | 108,233 | 105,785 |
| Loss on disposal of property, plant and equipment | 3 | 64 |
| Operating lease rental expense for land and buildings | 1,286 | 451 |
| Note: | | |
| (a) Employee benefit expense | | |
| Wages and salaries | 103,093 | 102,775 |
| Share option expense | - | 56 |
| Retirement benefits costs | 5,140 | 2,954 |
| | 108,233 | 105,785 |

Notes to the Interim Financial Information

8 NET FINANCE COSTS

| | Six months ended 30th September | |
|--|------------------------------------|------------------|
| | 2017 HK\$'000 | 2016 HK\$'000 |
| Interest expense | | |
| Long term bank loans | (96,502) | (80,330) |
| Short term bank loans and overdrafts | (6,093) | (1,199) |
| Medium term notes | (16,860) | (25,966) |
| Interest income from derivative financial instruments | 1,383 | 1,642 |
| Interest capitalised | 15,953 | 20,095 |
| | (102,119) | (85,758) |
| Other incidental borrowing costs | (21,419) | (20,551) |
| Net foreign exchange (loss)/gain on borrowings | (13,469) | 14,103 |
| Fair value gain/(loss) on derivative financial instruments | | |
| - cash flow hedge, transfer from reserve (note 20) | 10,544 | (19,290) |
| | (126,463) | (111,496) |

9 INCOME TAX EXPENSE

| | Six months ended 30th September | |
|-------------------------------|------------------------------------|------------------|
| | 2017 HK\$'000 | 2016 HK\$'000 |
| Current income tax | | |
| 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 | 865 | 3,678 |
| | (14,571) | (310) |

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.

Notes to the Interim Financial Information

10 DIVIDEND

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

11 EARNINGS PER SHARE

| | 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 | 1,136,971 | 1,144,608 |
| Effect on dilutive profit: A portion of share options of the Company's listed subsidiary assume to be exercised | (311) | (517) |
| Profit for calculation of diluted earnings per share | 1,136,660 | 1,144,091 |

| | Number of shares | |
|--|--|----------------------|
| | Weighted average number of shares for calculation of Basic earnings per share | 1,319,782,288 |
| Effect on dilutive potential shares: A portion of share options of the Company assume to be exercised | 2,694,510 | 336,460 |
| | 1,322,476,798 | 1,299,486,693 |

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 |
|----------------------------------|---|---|--------------------------------|--------------------------------|---------------------------------|-------------------|
| Cost | | | | | | |
| At 31st March 2017 | 59,530 | 3,327,367 | 1,816,990 | 253,175 | 127,942 | 5,585,004 |
| Currency translation differences | 4,342 | - | 26,683 | - | 180 | 31,205 |
| Additions | - | 3,881 | 37,596 | 33,177 | 1,764 | 76,418 |
| Disposals | - | - | (11) | - | - | (11) |
| At 30th September 2017 | 63,872 | 3,331,248 | 1,881,258 | 286,352 | 129,886 | 5,692,616 |
| Accumulated depreciation | | | | | | |
| At 31st March 2017 | - | 521,598 | 905,271 | 11,708 | 49,324 | 1,487,901 |
| Currency translation differences | - | - | 25,479 | - | 67 | 25,546 |
| Charge for the period | - | 15,949 | 55,208 | 792 | 6,704 | 78,653 |
| Disposals | - | - | (8) | - | - | (8) |
| At 30th September 2017 | - | 537,547 | 985,950 | 12,500 | 56,095 | 1,592,092 |
| Net book value | | | | | | |
| At 30th September 2017 | 63,872 | 2,793,701 | 895,308 | 273,852 | 73,791 | 4,100,524 |
| At 31st March 2017 | 59,530 | 2,805,769 | 911,719 | 241,467 | 78,618 | 4,097,103 |

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\$3,033,143,000 (31st March 2017: HK\$3,056,381,000).

The aggregate open market value, on a highest and best use basis, of the five (31st March 2017: five) hotel properties in operation 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)

Note: (Continued)

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

14 TRADE AND OTHER RECEIVABLES

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

Trade receivables of the Group amounted to HK\$43,761,000 (31st March 2017: HK\$90,607,000). 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 2017 HK\$'000 | 31st March 2017 HK\$'000 |
|-----------------------|------------------------------------|--------------------------------|
| 0 month to 6 months | 43,447 | 89,768 |
| 7 months to 12 months | 314 | - |
| More than 12 months | - | 839 |
| | 43,761 | 90,607 |

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 the USA | 913,010 | 746,906 |
| - Listed in Europe | 434,491 | 378,855 |
| - Listed in Hong Kong | 217,873 | 72,626 |
| | 1,565,374 | 1,198,387 |
| Debt securities | | |
| - Listed in Singapore | 7,661,692 | 5,790,520 |
| - Listed in Hong Kong | 356,646 | 494,655 |
| - Listed in Europe | 3,465 | 86,505 |
| - Unlisted | 51,875 | 51,290 |
| | 8,073,678 | 6,422,970 |
| Unlisted fund | 11,115 | 10,244 |
| Total amount included in current assets | 9,650,167 | 7,631,601 |
| Equity securities included in non-current assets | | |
| - Listed in Hong Kong | 379,769 | 328,646 |
| | 10,029,936 | 7,960,247 |

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 | 8,942,463 | 7,042,325 |
| Hong Kong dollar | 649,517 | 452,562 |
| Sterling | 434,491 | 378,855 |
| Euro | 3,465 | 86,505 |
| | 10,029,936 | 7,960,247 |

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") | 147,567 | 135,720 | 11,846 | (44,356) | 6,844 | 6,516 |
| Orient Overseas (International) Limited ("OOIL") | 114,903 | - | 479 | - | 262 | - |
| Others | 106,510 | 75,575 | 2,419 | (9,714) | | |
| | 1,945,143 | 1,527,033 | 275,169 | (24,670) | | |

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 21,000,000 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 Hong Kong Stock Exchange (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 mark 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 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 | 7,949,344 | 64,458 | 8,013,802 | 6,027,096 | 237,477 | 6,264,573 |
| Investment cost | 7,885,001 | 57,836 | 7,942,837 | 5,625,692 | 147,848 | 5,773,540 |
| Market value | 8,018,338 | 55,340 | 8,073,678 | 6,233,224 | 189,746 | 6,422,970 |
| 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 | Dec 2017 - Oct 2042 & 1 perpetual | Sep 2017 - Dec 2021 | Dec 2017 - Oct 2042 & 1 perpetual | Sep 2017 - Oct 2042 & 1 perpetual |
| Rating | NR to B+ | NR | NR to B+ | NR to B+ | NR to B- | NR to B+ |

| | For the six months ended 30th September 2017 | | | 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 |
| Interest income | 287,385 | 3,199 | 290,584 | 555,206 | 3,093 | 558,299 |
| Unrealised gain | 208 | 2,177 | 2,385 | 307,857 | 4,579 | 312,436 |

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\$2.4 million for the six months ended 30th September 2017 (2016: HK\$312.4 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 10.1% (31st March 2017: 2.3%) of the Group's revalued total assets, and the mark to market valuation of the five largest debt securities held represents approximately 18.6% (31st March 2017: 9.9%). The remaining 9 debt securities represent 2% of the Group's revalued total assets, which each of them less than 1.5%.

The five largest debt securities held at 30th September 2017 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 2017 HK\$'000 | % of the debt securities portfolio | 31st March 2017 HK\$'000 | % of the debt securities portfolio | 2017 HK\$'000 | 2016 HK\$'000 | 2017 HK\$'000 | 2016 HK\$'000 |
| | Kaisa 9.375% notes | 3,950,815 | 49% | - | - | 22,345 | - | 92,298 |
| Evergrande 8.75% notes | 1,097,691 | 14% | - | - | 12,282 | - | 23,865 | - |
| Mingfa 11% notes | 948,505 | 12% | - | - | 14,544 | - | 37,999 | - |
| Wuzhou 13.75% notes | 718,682 | 9% | 765,156 | 12% | (46,474) | 62,296 | 49,621 | 50,965 |
| Hydoo 13.75% notes | 574,241 | 7% | 571,191 | 9% | 3,050 | 8,264 | 37,670 | 11,166 |

"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 amounted to HK\$35,521,000 (31st March 2017: HK\$32,965,000).

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

| | 30th September 2017 HK\$'000 | 31st March 2017 HK\$'000 |
|-----------------------|------------------------------------|--------------------------------|
| 0 month to 6 months | 34,624 | 32,536 |
| 7 months to 12 months | 465 | 63 |
| More than 12 months | 432 | 366 |
| | 35,521 | 32,965 |

Notes to the Interim Financial Information

17 BORROWINGS

| | 30th September 2017 HK\$'000 | 31st March 2017 HK\$'000 |
|--|------------------------------------|--------------------------------|
| Current liabilities | | |
| Short term bank loans, secured | 135,810 | 57,440 |
| Current portion of long term bank loans, secured | 504,120 | 1,020,758 |
| Current portion of long term bank loans, unsecured | 112,901 | 53,135 |
| Portion of long term bank loans with a repayment on demand clause, secured | 80,517 | 79,286 |
| | 833,348 | 1,210,619 |
| Non-current liabilities | | |
| Long term bank loans | | |
| Secured | 5,094,603 | 3,785,725 |
| Unsecured | 3,654,443 | 2,077,825 |
| | 8,749,046 | 5,863,550 |
| | 9,582,394 | 7,074,169 |

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 | 617,021 | 1,073,893 |
| Repayable between one and two years | 1,672,144 | 1,280,685 |
| Repayable between two and five years | 6,278,119 | 3,982,151 |
| Repayable after five years | 879,300 | 680,000 |
| | 9,446,584 | 7,016,729 |
| Current portion included in current liabilities | (617,021) | (1,073,893) |
| | 8,829,563 | 5,942,836 |

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

Notes to the Interim Financial Information

18 MEDIUM TERM NOTES

| | 30th September 2017 HK\$'000 | 31st March 2017 HK\$'000 |
|--|------------------------------------|--------------------------------|
| Listed in Hong Kong RMB255 million at coupon of 6.5% per annum due April 2018 | 298,875 | 288,331 |
| Unlisted Notes at coupon of 4.8% per annum due July 2019 | 100,000 | 100,000 |
| Notes at coupon of 3% above HIBOR per annum due April 2020 | 250,000 | 250,000 |
| | 648,875 | 638,331 |
| Less: deferred issue expenses | (4,394) | (6,078) |
| | 644,481 | 632,253 |
| Included in current liabilities RMB255 million at coupon of 6.5% per annum due April 2018 (net of related deferred issue expenses) | (298,103) | - |
| | 346,378 | 632,253 |

The carrying amounts of these notes approximate their fair value.

19 SHARE CAPITAL

| Shares of HK\$0.01 each | Number of shares | Amount HK\$'000 |
|--|---------------------|--------------------|
| Authorised: | | |
| At 31st March 2017 and 30th September 2017 | 400,000,000,000 | 4,000,000 |
| Issued and fully paid: | | |
| At 31st March 2017 and 30th September 2017 | 1,319,782,288 | 13,197 |

Notes to the Interim Financial Information

20 RESERVES

| | Share premium HK\$'000 | Capital redemption reserve HK\$'000 | Share option reserve HK\$'000 | Available-for-sale investments reserve HK\$'000 | Contributed surplus HK\$'000 | Hedging reserve HK\$'000 | Currency translation reserve HK\$'000 | Property revaluation reserve HK\$'000 | Revenue reserve HK\$'000 | Total HK\$'000 |
|---|---------------------------|--|----------------------------------|--|---------------------------------|-----------------------------|--|--|-----------------------------|-------------------|
| At 31st March 2017 | 2,175,239 | 44,190 | 18,784 | 51,472 | 2,782,836 | (7,588) | (76,924) | 24,891 | 12,011,060 | 17,023,960 |
| Fair value gain on available-for-sale investments | - | - | - | 36,252 | - | - | - | - | - | 36,252 |
| Cash flow hedges: | | | | | | | | | | |
| - fair value gain | - | - | - | - | - | 15,336 | - | - | - | 15,336 |
| - transfer to finance costs (note 8) | - | - | - | - | - | (10,544) | - | - | - | (10,544) |
| Currency translation differences | - | - | - | - | - | - | 85,491 | - | - | 85,491 |
| Profit for the period | - | - | - | - | - | - | - | - | 1,136,971 | 1,136,971 |
| 2017 final dividend | - | - | - | - | - | - | - | - | (39,593) | (39,593) |
| Share option lapsed | - | - | (13,567) | - | - | - | - | - | 13,567 | - |
| At 30th September 2017 | 2,175,239 | 44,190 | 5,217 | 87,724 | 2,782,836 | (2,796) | 8,567 | 24,891 | 13,122,005 | 18,247,873 |

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 |
| | 404,812 | 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 |

Notes to the Interim Financial Information

23 RELATED PARTY TRANSACTIONS

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

| | Six months ended | |
|---|------------------|----------|
| | 2017 | 2016 |
| | HK\$'000 | HK\$'000 |
| Income from/(expense to) subsidiaries of Asia Orient Holdings Ltd | | |
| Rental income | 1,305 | 537 |
| Building management fee expense | (1,260) | (1,106) |
| Cleaning expense | (2,576) | (2,197) |
| 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) (2016: Nil).

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 | | | Percentage of shares in issue (%) |
|-----------|-----------------------|--------------------|-------------|-----------------------------------|
| | Personal interest | Corporate interest | Total | |
| Poon Jing | 1,308,884 | 683,556,392 | 684,865,276 | 51.89 |

Note:

By virtue of Mr. Poon Jing's controlling interest (50.44%) in Asia Orient Holdings Limited ("Asia Orient"), he is deemed to be interested in the shares of the Company held by Asia Orient as disclosed under the heading "Substantial shareholders and other persons' interests and short positions in shares and underlying shares" below.

(b) Associated corporations

| Director | Associated Corporation | Number of shares held | | | Total | Percentage of shares in issue (%) |
|----------------------|--|-----------------------|-----------------|--------------------------|---------------|-----------------------------------|
| | | Personal interest | Family interest | Corporate interest | | |
| Poon Jing | Asia Orient | 273,607,688 | 5,318,799 | 145,213,900 (Notes) | 424,140,387 | 50.44 |
| | Asia Standard Hotel Group Limited ("Asia Standard Hotel") | 152,490 | - | 1,346,158,049 (Notes) | 1,346,310,539 | 66.71 |
| Poon Hai | Asia Orient | 10,444,319 | - | - | 10,444,319 | 1.24 |
| Fung Siu To, Clement | Asia Orient | 15,440,225 | - | - | 15,440,225 | 1.83 |
| | Mark Honour Limited | 9 | - | - | 9 | 0.01 |

Other Information

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

(I) LONG POSITIONS IN SHARES (Continued)

(b) Associated corporations (Continued)

Notes:

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

(II) LONG POSITIONS IN UNDERLYING SHARES

Interest 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 |

Notes:

1. 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.
2. During the period, no options was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

(b) *Associated corporations - Asia Orient*

| Director | 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 |

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)

(b) Associated corporations - Asia Orient (Continued)

Notes:

- 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.

(b) Associated corporations - 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 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.

(III) LONG POSITIONS IN UNDERLYING SHARES AND DEBENTURES

Interest 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 |

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 (Continued)

Interest in convertible notes (Continued)

(a) Associated corporations - Asia Standard Hotel (Continued)

Note:

By virtue of Mr. Poon Jing's controlling interest in Asia Orient, he is deemed to be interested in the convertible notes (the "Notes") held by Asia Orient 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 | Total | Percentage (%) |
|---|---|---------------------------|-------------|----------------|
| Asia Orient (Note 1) | Beneficial owner Interests in controlled corporation | 51,705,509 631,850,883 | 683,556,392 | 51.79 |
| Asia Orient Holdings (BVI) Limited ("Asia Orient BVI") (Note 1) | Interests in controlled corporation | 631,850,883 | 631,850,883 | 47.87 |
| Asia Orient Company Limited ("AOCL") (Note 2) | Beneficial owner Interests in controlled corporation | 304,361,730 2,459,153 | 306,820,883 | 23.24 |
| Kingfisher Inc. and Lipton Investment Limited ("Kingfisher and Lipton") (Note 2) | Interests in controlled corporation | 284,376,649 | 284,376,649 | 21.54 |

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

LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

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 631,850,883 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 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.

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 2017, 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 2017 and 30th September 2017 |
|-------------------------|---|
| Other employee (Note 1) | 1,000,000 |

Notes:

1. 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 granted, exercised, cancelled or lapsed.

Other Information

SHARE OPTION SCHEMES (Continued)

THE COMPANY (Continued)

The Company adopted a share option scheme on 29th August 2014 (the “2014 Share Option Scheme”). As at 30th September 2017, 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 2017 and 30th September 2017 |
|--------------------|--|
| 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.

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 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 |

SHARE OPTION SCHEMES (Continued)

SUBSIDIARY – ASIA STANDARD HOTEL (Continued)

Note:

Save as disclosed above, during the period, no option was granted, exercised, lapsed or cancelled.

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 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 2017.

On behalf of the Board

Asia Standard International Group Limited

Fung Siu To, Clement

Chairman

Hong Kong, 29th November 2017

