



Asia Standard Hotel
Group Limited



Interim Report
2017

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Corporate Information

DIRECTORS

Executive

Mr. Poon Jing (*Chairman*)

Dr. Lim Yin Cheng
(*Deputy Chairman and
Chief Executive*)

Mr. Poon Hai

Mr. Poon Yeung, Roderick

Mr. Fung Siu To, Clement

Mr. Woo Wei Chun, Joseph

Independent Non-executive

Mr. Ip Chi Wai

Mr. Leung Wai Keung

Mr. Hung Yat Ming

AUDIT COMMITTEE

Mr. Hung Yat Ming (*Chairman*)

Mr. Leung Wai Keung

Mr. Ip Chi Wai

REMUNERATION COMMITTEE

Mr. Hung Yat Ming (*Chairman*)

Mr. Ip Chi Wai

Dr. Lim Yin Cheng

AUTHORISED REPRESENTATIVES

Dr. Lim Yin Cheng

Mr. Lee Tai Hay, Dominic

COMPANY SECRETARY

Mr. Lee Tai Hay, Dominic

REGISTERED OFFICE

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Bermuda

PRINCIPAL OFFICE IN HONG KONG

30th Floor, MassMutual Tower,
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Facsimile 2866 3772

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E-mail info@asia-standard.com.hk

PRINCIPAL BANKERS

Bank of China (Hong Kong)

Industrial and Commercial Bank of
China (Asia)

HSBC

Industrial and Commercial Bank of
China (Canada)

Shanghai Commercial Bank

DBS Bank (Hong Kong)

Wing Hang Bank

Chong Hing Bank

Bank of Singapore

Bank Morgan Stanley

UBS

Bank Julius Baer

Credit Suisse AG

LEGAL ADVISERS

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

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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	412	405	+2%
Operating profit	228	236	-3%
Profit for the period attributable to shareholders	192	209	-8%
Earnings per share - basic (comparative restated) (HK cents)	9.5	10.4	-9%

	30th September 2017	31st March 2017	Change
Consolidated balance sheet			
Total assets	7,690	6,374	+21%
Net assets	3,964	3,727	+6%
Net debt	3,314	2,240	+48%

Supplementary information about valuation of the hotel properties in operation (note):

Revalued total assets	16,939	14,621	+16%
Revalued net assets	13,078	11,872	+10%
Gearing - net debt to revalued net assets	25%	19%	+6%

Note: According to the Group's accounting policies, the hotel properties in operation 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 these hotel properties and excluding the corresponding deferred income tax on Hong Kong properties as Hong Kong tax jurisdiction does not include capital gain tax.

The 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



Residential re-development of **Empire Landmark** on Robson Street, Vancouver

RESULTS

The Group's revenue for the six months ended 30th September 2017 amounted to HK\$412 million, an increase of 2% when compared with the same period of last year. Profits attributable to shareholders, however, decreased by 8% to HK\$192 million. The decrease of profit was a net result of (i) a significant increase in depreciation charge caused by the accelerated depreciation from our Empire Landmark Hotel in Vancouver, which ceased operation on 1st October 2017 for redevelopment, (ii) the increase in finance cost partly for the convertible notes issued under bonus share scheme in February 2017, and partly from the increased bank borrowings, offset by (iii) the increase in net investment gain, mostly unrealised.

HOTEL BUSINESS

Between April 2017 and September 2017, the cumulative arrivals to Hong Kong for all visitors and those who stayed overnight reached 28 million and 14 million, respectively, the former had a 1% increase and the latter a 3% increase. Mainland China dominated the overnight visitor arrivals with a 68% of the total share, and this market registered a 5% increase from the same period of last year after dropping 2% in 2016.

As of September 2017, the total Hong Kong hotel room supply was approximately 78,000, increased by 5% from the same period of last year.

Our hotels in Hong Kong have achieved a 95% occupancy, while average room rate increased by 8% from the same period of last year.

Although our Vancouver hotel in Canada operated at 82% occupancy and achieved an increase of 15% in room rate from last year, it has ceased operation as of 1st October 2017 for redevelopment.

DEVELOPMENT PROJECTS

Our new 90-room hotel is anticipated to open in the first half of 2018 after the occupant permit was granted in August 2017. This hotel development site is located adjacent to our existing hotel in Tsim Sha Tsui.

Empire Landmark Hotel in Vancouver has ceased operation on 1st October 2017 for redevelopment into mixed-use, primary for residential, development for sale. The demolition work will commence in December 2017.

Another redevelopment project acquired is located in the vicinity of our Empire Landmark Hotel, which is in the planning stage for residential development.

Discussion with the local authority with regards to the Group's joint venture for a residential development for sale in Vancouver is progressing steadily. The rezoning application has been submitted for approval.

TRAVEL

Revenue for the travel operations during the six months ended 30th September 2017 amounted to HK\$58 million (2016: HK\$60 million).

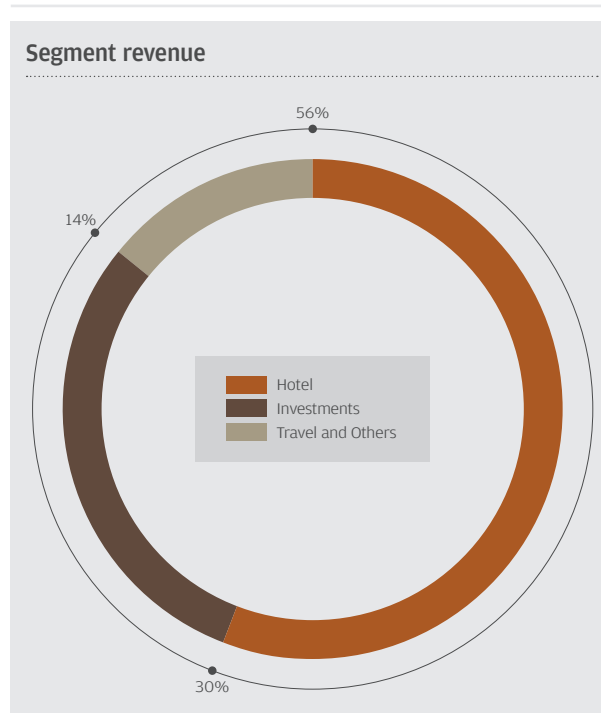
FINANCIAL INVESTMENTS

As at 30th September 2017, the Group's financial investment portfolio that consisted almost entirely of listed securities amounted to HK\$3,623 million (31st March 2017: HK\$2,410 million). The increase of value of the portfolio during the period was attributed from further investment made in debt securities and mark to market fair value gain during the period.



The new 90-room **Empire Prestige Tsim Sha Tsui** (adjacent to **Empire Hotel Kowloon**)

Approximately 76% of our investment portfolio comprised of listed debt securities that were issued mostly by companies operating real estate business in China, and approximately 24% comprised listed equity securities (of which approximately 86% were issued by major banks). They were denominated in Hong Kong dollars 10%, United States dollars 86% and Sterling 4%.



Management Discussion and Analysis

During the period under review, a total of HK\$123 million (2016: HK\$141 million) in interest and dividend income were generated from the investment portfolio. The decrease in interest and dividend income was mainly due to the one-off coupon income recognition from debt securities of a real estate company last year.

The investment portfolio also generated a net investment gain of HK\$119 million (2016: HK\$81 million), which comprised mainly unrealised fair value gain from mark to market valuation from equity securities issued by major banks.

FINANCIAL REVIEW

The Group's total assets per book amounted to HK\$7,690 million (31st March 2017: HK\$6,374 million). Based on independent valuation, the total revalued amount of our hotel properties in operation as at 30th September 2017 was HK\$11,679 million, increased by 9% when compared with that as at 31st March 2017. The increase was mainly due to a 7% increase from the hotel properties in Hong Kong. The revalued total assets of the Group with hotel properties in operation at market value would be HK\$16,939 million (31st March 2017: HK\$14,621 million).

The shareholders' funds per book amounted to HK\$3,964 million (31st March 2017: HK\$3,727 million), of which the increase was mainly due to profit for the period. Taking into account the market value of the hotel properties in operation, the revalued net asset value of the Group would be HK\$13,078 million (31st March 2017: HK\$11,872 million).

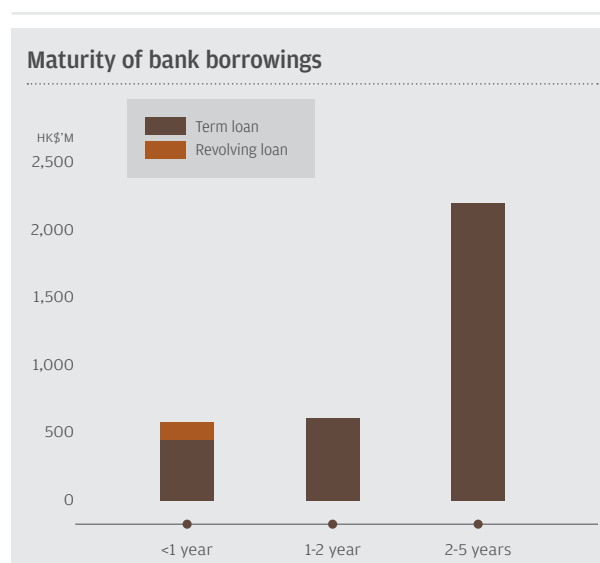
The consolidated net debt was HK\$3,314 million (31st March 2017: HK\$2,240 million). 96% of the gross bank borrowings or HK\$3,253 million was denominated in Hong Kong dollars, and the remaining 4% or to the equivalent of HK\$137 million were in foreign currencies incurred in operations and investment in financial assets overseas.

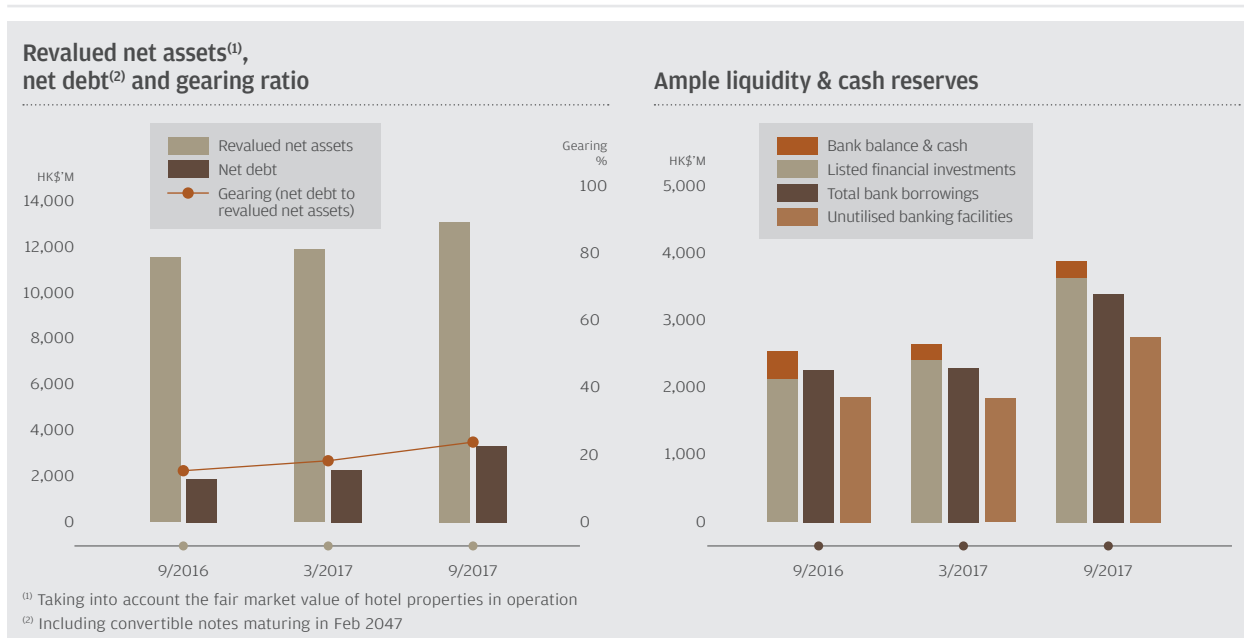
The maturity of our debts spread over a long period of up to 5 years. 4% of total borrowings were from revolving credit facilities secured by hotel properties and financial assets. Term loans secured by hotel properties and property under development for sale account for 69% with 13% repayable within 1 year and 56% repayable between one to five years. The remaining 27% is unsecured term loan and repayable between one to five years. At 30th September 2017, the Group had net current assets of HK\$3,279 million (31st March 2017: HK\$2,211 million).

The Group's gearing ratio, expressed as a percentage of net debt over the revalued net asset value, was 25% (31st March 2017: 19%).

The carrying value of hotel properties, property under development for sale and financial assets pledged as collateral for banking facilities of the Group as at 30th September 2017 amounted to HK\$3,295 million (31st March 2017: hotel properties and property under development for sale amounted to HK\$3,179 million).

At 30th September 2017, the unutilised credit facilities available to the Group amounted to HK\$2,742 million.





HUMAN RESOURCES

As at 30th September 2017, the total number of full-time employees of the Company and its subsidiaries was approximately 400 (31st March 2017: 390). In addition to salary payment, the Group provides other benefits including insurance, share options, medical scheme and retirement plans and others to its employees.

OUTLOOK

The improving trend of both visitors' arrivals and those who stayed overnight is expected to continue, and the long-term prospects of the Hong Kong hospitality industry are expected to remain attractive when more tourism and infrastructure projects are completed, which will continue to support Hong Kong as a major MICE (Meetings, Incentives, Conferences, and Events) and leisure destination in the world.

The general outlook for the property market in Vancouver, Canada is expected to remain attractive because the relatively firm economic growth of Canada is expected to continue.

In respect of our investment in debt securities issued by companies operating real estate business in China, we are aware of the impact brought by the various property market tightening measures over the past years, and we believe that the market will be more stable and will have a reasonable growth because the strength of global economy is evolving steadily, and housing inventories in first-tier and major second-tier cities in China are quite low after a period of very strong home sales.

The management remains cautiously optimistic towards the performance of the Group in the rapidly changing environment.

Report on Review of Interim Financial Information

**To the Board of Directors of
Asia Standard Hotel Group Limited**

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 9 to 40, which comprises the condensed consolidated balance sheet of Asia Standard Hotel Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 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”.

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	411,803	404,595
Cost of sales		(143,920)	(136,995)
Gross profit		267,883	267,600
Selling and administrative expenses		(82,311)	(71,142)
Depreciation		(76,365)	(42,075)
Net investment gain	6	119,292	81,241
Operating profit		228,499	235,624
Net finance costs	8	(34,571)	(21,521)
Share of profits less losses of joint ventures		812	(2,367)
Profit before income tax		194,740	211,736
Income tax expense	9	(2,755)	(2,875)
Profit for the period attributable to shareholders		191,985	208,861
Earnings per share (comparative restated) (HK cents)			
Basic	11	9.5	10.4
Diluted	11	4.2	10.3

Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Six months ended 30th September	
	2017 HK\$'000	2016 HK\$'000
Profit for the period	191,985	208,861
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	40,396	26,045
Currency translation differences	17,791	(4,418)
Share of currency translation differences of joint ventures	16,994	-
	75,181	21,627
Total comprehensive income for the period attributable to shareholders	267,166	230,488

Condensed Consolidated Balance Sheet – Unaudited

	<i>Note</i>	30th September 2017 HK\$'000	31st March 2017 HK\$'000
Non-current assets			
Property, plant and equipment	12	3,145,197	3,172,910
Joint ventures		257,705	227,529
Available-for-sale investments		241,365	192,933
Deferred income tax assets		3,487	3,883
		3,647,754	3,597,255
Current assets			
Properties under development for sale		268,849	211,076
Inventories		15,071	15,351
Trade and other receivables	13	115,860	100,785
Income tax recoverable		3,257	3,956
Financial assets at fair value through profit or loss	14	3,381,417	2,216,885
Bank balances and cash		257,744	228,508
		4,042,198	2,776,561
Current liabilities			
Trade and other payables	15	92,809	113,135
Borrowings	16	662,519	442,092
Income tax payable		8,110	10,793
		763,438	566,020
Net current assets			
		3,278,760	2,210,541
Non-current liabilities			
Long term borrowings	16	2,727,165	1,850,483
Convertible notes	17	181,738	176,331
Deferred income tax liabilities		53,738	54,244
		2,962,641	2,081,058
Net assets			
		3,963,873	3,726,738
Equity			
Share capital	18	40,361	40,361
Reserves	19	3,923,512	3,686,377
		3,963,873	3,726,738

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)/generated from operation	(940,074)	95,266
Income tax paid	(4,849)	(5,860)
Interest paid	(30,168)	(21,030)
Interest received from bank deposit and loan receivables	84	1,333
Net cash (used in)/generated from operating activities	(975,007)	69,709
Cash flows from investing activities		
Net addition to property, plant and equipment	(36,081)	(61,282)
Increase in investments in joint ventures	(2,289)	(1,775)
Advances to joint ventures	(10,081)	(6,656)
Addition of available-for-sale investments	(8,036)	-
Net cash used in investing activities	(56,487)	(69,713)
Cash flows from financing activities		
Drawdown of long term borrowings	1,071,603	248,484
Repayment of long term borrowings	(62,392)	(150,301)
Net increase of short term borrowings	78,594	-
Dividend paid to shareholders	(12,915)	-
Coupon paid to convertible noteholders	(17,116)	-
Net cash generated from financing activities	1,057,774	98,183
Net increase in cash and cash equivalents	26,280	98,179
Cash and cash equivalents at the beginning of the period	228,508	316,981
Changes in exchange rates	2,956	(521)
Cash and cash equivalents at the end of the period	257,744	414,639
Analysis of balances of cash and cash equivalents		
Bank balances and cash	257,744	414,639

Condensed Consolidated Statement of Changes in Equity – Unaudited

	Share capital HK\$'000	Other reserves HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2016	31,408	2,337,847	1,085,286	3,454,541
Fair value gains on available-for-sale investments	-	26,045	-	26,045
Currency translation differences	-	(4,418)	-	(4,418)
Profit for the period	-	-	208,861	208,861
Total comprehensive income for the period	-	21,627	208,861	230,488
2016 final dividend	-	-	(19,630)	(19,630)
Total transactions with owners	-	-	(19,630)	(19,630)
At 30th September 2016	31,408	2,359,474	1,274,517	3,665,399
At 31st March 2017	40,361	2,290,694	1,395,683	3,726,738
Fair value gain on available-for-sale investments	-	40,396	-	40,396
Currency translation differences	-	17,791	-	17,791
Share of currency translation differences of joint ventures	-	16,994	-	16,994
Profit for the period	-	-	191,985	191,985
Total comprehensive income for the period	-	75,181	191,985	267,166
Share options lapsed	-	(20,160)	20,160	-
2017 final dividend	-	-	(12,915)	(12,915)
Coupon to convertible noteholders	-	-	(17,116)	(17,116)
Total transactions with owners	-	(20,160)	(9,871)	(30,031)
At 30th September 2017	40,361	2,345,715	1,577,797	3,963,873

Notes to the Interim Financial Information

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited (the “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.

(II) FAIR VALUE ESTIMATION

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

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

Notes to the Interim Financial Information

3 FINANCIAL RISK MANAGEMENT (Continued)

(II) FAIR VALUE ESTIMATION (Continued)

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

	Level 1 HK\$'000	Level 2 HK\$'000
At 30th September 2017		
Assets		
Financial assets at fair value through profit or loss	615,514	2,765,903
Available-for-sale investments	233,318	-
	848,832	2,765,903
At 31st March 2017		
Assets		
Financial assets at fair value through profit or loss	410,672	1,806,213
Available-for-sale investments	192,933	-
	603,605	1,806,213

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.

Notes to the Interim Financial Information

3 FINANCIAL RISK MANAGEMENT (Continued)

(II) FAIR VALUE ESTIMATION (Continued)

- 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 sizes of bid/offer spreads. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are related to impairment of trade and other receivables, income taxes, convertible notes and capitalisation of costs for hotel properties under development and properties under development for sale.

Notes to the Interim Financial Information

5 SEGMENT INFORMATION

The Group is principally engaged in hotel operation, property development, travel operation and securities investment. Revenue includes revenue from hotel and travel operations, 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 hotel operation, property development, travel operation and financial investments.

Hotel operation	-	hotel operation in Hong Kong and Canada
Property development	-	property development in Hong Kong and Canada (including hotel development and properties under development for sale)
Travel operation	-	sale of air ticket, arrangement of tour and package and hotel reservation service in Hong Kong
Financial investments	-	investments in financial instruments

Segment assets consist primarily of property, plant and equipment, inventories, trade and other receivables, properties under development for sale, joint ventures, available-for-sale investments 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)

	Hotel operation HK\$'000	Property development HK\$'000	Travel operation HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended 30th September 2017						
Gross income	230,179	-	111,805	1,449,836	575	1,792,395
Segment revenue	230,179	-	57,905	123,144	575	411,803
Contribution to segment results	95,068	(1,636)	(43)	122,994	(227)	216,156
Depreciation	(75,453)	-	(110)	-	(802)	(76,365)
Net investment gain	-	-	-	119,292	-	119,292
Share of profits less losses of joint ventures	-	1,029	-	-	(217)	812
Segment results	19,615	(607)	(153)	242,286	(1,246)	259,895
Unallocated corporate expenses						(30,584)
Net finance costs						(34,571)
Profit before income tax						194,740
Six months ended 30th September 2016 (restated)						
Gross income	201,556	-	135,780	381,536	1,783	720,655
Segment revenue	201,556	-	60,341	140,915	1,783	404,595
Contribution to segment results	79,230	-	504	140,660	969	221,363
Depreciation	(41,519)	-	(196)	-	(360)	(42,075)
Net investment gain	-	-	-	81,241	-	81,241
Share of losses of joint ventures	-	(2,367)	-	-	-	(2,367)
Segment results	37,711	(2,367)	308	221,901	609	258,162
Unallocated corporate expenses						(24,905)
Net finance costs						(21,521)
Profit before income tax						211,736

Comparative information of property development segment has been re-presented to be consistent with current period presentation. This related to share of losses of joint ventures in "others" segment being reallocated to the "Property development" segment.

Notes to the Interim Financial Information

5 SEGMENT INFORMATION (Continued)

Notes:

- (a) Hotel operation revenue

	Six months ended 30th September	
	2017 HK\$'000	2016 HK\$'000
Room rentals	193,167	166,179
Food and beverages	29,897	25,383
Ancillary services	1,711	2,080
Space rental	5,404	7,914
	230,179	201,556

- (b) Management regards gross income of travel operation as gross sales proceeds from the sales of air-ticket, hotel reservation arrangement and incentive travel tours.
- (c) 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
	Hotel operation HK\$'000	Property development HK\$'000	Travel operation HK\$'000	Financial investments HK\$'000	Others HK\$'000	Unallocated HK\$'000	
As at 30th September 2017							
Assets	2,532,986	1,181,989	9,426	3,688,440	5,337	271,774	7,689,952
Assets include:							
Joint ventures	-	256,423	-	-	1,282	-	257,705
Addition to non-current assets for the six months ended 30th September 2017*	16,943	27,123	12	-	-	1,225	45,303
Liabilities							
Borrowings	1,141,943	873,675	-	1,105,810	-	268,256	3,389,684
Other unallocated liabilities							336,395
							3,726,079
As at 31st March 2017							
Assets	2,581,526	1,066,243	26,504	2,449,544	4,025	245,974	6,373,816
Assets include:							
Joint ventures	-	227,529	-	-	-	-	227,529
Addition to non-current assets for the six months ended 30th September 2016*	29,420	48,022	910	-	-	283	78,635
Liabilities							
Borrowings	1,202,087	820,355	-	127,440	-	142,693	2,292,575
Other unallocated liabilities							354,503
							2,647,078

* 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	229,439	208,364
Overseas	182,364	196,231
	411,803	404,595

	30th September	31st March
	2017 HK\$'000	2017 HK\$'000
Non-current assets*		
Hong Kong	3,079,850	3,077,916
Overseas	323,052	322,523
	3,402,902	3,400,439

* 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	74,974	78,110
- net unrealised exchange gain/(loss)	15,942	(13,757)
- net realised gain (note)	28,376	16,888
	119,292	81,241
Note:		
Net realised gain on financial assets at fair value through profit or loss		
Gross consideration	1,326,692	240,621
Cost of investments	(1,133,941)	(201,288)
Total gain	192,751	39,333
Less: net unrealised gain recognised in prior years	(164,375)	(22,445)
Net realised gain recognised in current period	28,376	16,888

Notes to the Interim Financial Information

6 NET INVESTMENT GAIN (Continued)

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

During the period, the Group derecognised of 31 debt securities. Listed below were 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\$104,858,000	5.61% - 10.46%	7,841
China Evergrande Group ("Evergrande")	US\$15,000,000	12%	4,879
The Hellenic Republic Bonds 2023-2042 (total 20 securities)	Euro14,490,000	2% - 4.3%	19,097
Others			(3,441)
			28,376

Kaisa is principally engaged in the property development, property investment, property management and hotel and catering operation in the PRC. Its shares are listed on the 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 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 derecognised and exchanged into new notes in June 2017.

The Hellenic Republic Bonds are issued by the Hellenic Republic at various maturity dates from 2023 to 2042. The bonds disposed of were rated B- by Standard and Poor's Rating Services ("S&P"), and were listed in 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 14 listed securities as at 30th September 2017. Please refer to note 14 for the details.

Notes to the Interim Financial Information

6 NET INVESTMENT GAIN (Continued)

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

	2017 HK\$'000	2016 HK\$'000
Equity securities	86,475	(12,954)
Debt securities	4,441	77,307
	90,916	64,353

7 INCOME AND EXPENSES BY NATURE

	Six months ended 30th September	
	2017 HK\$'000	2016 HK\$'000
Income		
Operating lease rental income for hotel buildings	5,404	7,913
Interest income		
- Listed investments	113,617	132,615
- Loan receivables	-	905
- Bank deposits	84	394
Dividend income		
- Listed investments	6,591	5,290
Expenses		
Cost of goods sold	11,833	10,783
Employee benefit expense, including Directors' emoluments (note)	76,495	70,951
Loss on disposal of property, plant and equipment	3	61
Operating lease rental expense for land and buildings	3,233	2,273
Note:		
Employee benefit expense		
Wages and salaries	72,333	68,616
Retirement benefits costs	4,162	2,335
	76,495	70,951

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	(23,909)	(20,685)
Short term bank loans and overdrafts	(5,742)	(513)
Convertible notes	(6,139)	-
Interest capitalised	6,933	7,766
	(28,857)	(13,432)
Other incidental borrowing costs	(5,938)	(3,060)
Net foreign exchange gain/(loss) on borrowings	224	(5,029)
	(34,571)	(21,521)

9 INCOME TAX EXPENSE

	Six months ended 30th September	
	2017 HK\$'000	2016 HK\$'000
Current income tax		
Hong Kong profits tax	(3,461)	(3,341)
Overseas profits tax	(1,322)	(1,198)
Over provision in prior years	1,918	1,298
	(2,865)	(3,241)
Deferred income tax credit	110	366
	(2,755)	(2,875)

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

The calculation of earnings per share is based on profit attributable to shareholders of the Company and divided by the weighted average number of shares.

The calculation of basic and diluted earnings per share for the period is based on the following:

	2017 HK\$'000	2016 HK\$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	191,985	208,861
Effect of dilutive potential shares: Interest expense saved on convertible notes	6,139	-
Profit for calculation of diluted earnings per share	198,124	208,861

	Number of shares	
Weighted average number of shares for calculation of basic earnings per share	2,018,040,477	2,017,956,221
Effect of dilutive potential shares: Share options of the Company assumed to be exercised Convertible notes assumed to be converted at the beginning of the period or if later, date of issuance	9,254,418 2,693,120,010	2,267,056 -
Weighted average number of shares for calculation of diluted earnings per share	4,720,414,905	2,020,223,277

The basic and diluted earnings for the period ended 30th September 2017 were HK9.5 cents per share and HK4.2 cents per share respectively (2016: HK10.4 cents per share and HK10.3 cents per share respectively). The weighted average number of shares used in the calculation of earnings per share have been adjusted for the bonus shares issued in February 2017 and the prior period comparative has been restated to reflect such effect.

Notes to the Interim Financial Information

11 EARNINGS PER SHARE (Continued)

Supplementary Information

The convertible notes of the Company were issued in February 2017. Had the convertible notes been issued at beginning of the financial period ended 30th September 2016, diluted earnings per share would have been calculated as follows:

	2017	2016
	Number of shares	
Weighted average number of shares for calculation of basic earnings per share	2,018,040,477	2,017,956,221
Effect of dilutive potential shares:		
Share options of the Company assumed to be exercised	9,254,418	2,267,056
Convertible notes assumed to be converted at the beginning of the period	2,693,120,010	2,693,204,266
Weighted average number of shares for calculation of diluted earnings per share	4,720,414,905	4,713,427,543
	2017	2016
	HK cents	
Diluted earnings per share with impact of convertible notes retrospectively adjusted from the beginning of the period	4.2	4.4

There had been no change for the profit for calculation of diluted earnings per share.

This supplementary information on diluted earnings per share with impact of convertible notes retrospectively adjusted from the beginning of the period is for readers' information only. It does not constitute a disclosure requirement under HKAS 33.

Notes to the Interim Financial Information

12 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Plant and equipment HK\$'000	Total HK\$'000
Cost			
At 31st March 2017	4,026,978	590,051	4,617,029
Currency translation differences	25,078	6,046	31,124
Additions	22,617	20,397	43,014
Disposals	-	(11)	(11)
At 30th September 2017	4,074,673	616,483	4,691,156
Accumulated depreciation			
At 31st March 2017	1,001,846	442,273	1,444,119
Currency translation differences	19,632	5,851	25,483
Charge for the period	57,447	18,918	76,365
Disposals	-	(8)	(8)
At 30th September 2017	1,078,925	467,034	1,545,959
Net book value			
At 30th September 2017	2,995,748	149,449	3,145,197
At 31st March 2017	3,025,132	147,778	3,172,910

Notes to the Interim Financial Information

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

- (a) At 30th September 2017, hotel properties with carrying amount of HK\$2,986,472,000 (31st March 2017: HK\$3,011,198,000) were pledged to banks to secure bank borrowings.
- (b) Supplementary information with hotel properties in operation at valuation:

According to the Group's accounting policies, the carrying amount of the hotel properties in operation in Hong Kong and Canada were HK\$2,430,161,000 (31st March 2017: HK\$2,478,940,000).

The aggregate open market value, on a highest and best use basis, of the 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.

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 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 in operation at valuation is for readers' information only. It does not constitute a disclosure requirement under HKASs 16 and 17.

Notes to the Interim Financial Information

13 TRADE AND OTHER RECEIVABLES

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

Trade receivables of the Group amounted to HK\$18,756,000 (31st March 2017: HK\$19,721,000). 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.

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	18,728	18,882
7 months to 12 months	28	-
More than 12 months	-	839
	18,756	19,721

Notes to the Interim Financial Information

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30th September 2017 HK\$'000	31st March 2017 HK\$'000
Equity securities		
- Listed in USA	341,167	279,078
- Listed in Europe	155,295	131,594
- Listed in Hong Kong	119,052	-
	615,514	410,672
Debt securities		
- Listed in Singapore	2,676,743	1,539,455
- Listed in Hong Kong	86,702	180,741
- Listed in Europe	2,458	86,017
	2,765,903	1,806,213
	3,381,417	2,216,885

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	3,104,612	1,999,274
Sterling	155,295	131,594
Hong Kong dollar	119,052	-
Euro	2,458	86,017
	3,381,417	2,216,885

Notes to the Interim Financial Information

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

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

EQUITY SECURITIES

As at 30th September 2017, the Group held 4 (31st March 2017: 2) 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	31st March 2017	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Citigroup Inc. ("Citigroup")	341,166	279,078	62,088	25,514	1,575	685
Royal Bank of Scotland Group ("RBS")	155,295	131,594	23,701	(38,468)	-	-
Orient Overseas (International) Limited ("OOIL")	114,903	-	480	-	262	-
Others	4,150	-	206	-	-	-
	615,514	410,672	86,475	(12,954)		

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 600,325 shares representing 0.02% 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 5,578,903 shares representing 0.05% shareholding of RBS was held by the Group.

OOIL is principal engaged in container transport and logistics, and its shares are listed on the 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.

Notes to the Interim Financial Information

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

As at 30th September 2017, the Group held 10 (31st March 2017: 38) debt securities that are all listed securities, 7 of them are listed in Singapore, 1 in Hong Kong and 2 in Europe. Over 99% (31st March 2017: 92%) of the mark to market valuation comprising 8 (31st March 2017: 15) debt securities were issued by PRC-based real estate companies, the shares of which are all listed in Hong Kong.

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	2,744,348	13,758	2,758,106	1,622,943	186,777	1,809,720
Investment cost	2,723,388	7,580	2,730,968	1,513,750	97,592	1,611,342
Market value	2,763,445	2,458	2,765,903	1,668,245	137,968	1,806,213
Coupon	8.75% to 13.75%	6%	6% to 13.75%	5.61% to 13.75%	3% to 6%	3% to 13.75%
Maturity	Mar 2018 - Jun 2025	Oct 2042 & 1 perpetual	Mar 2018 - Oct 2042 & 1 perpetual	Sep 2017 - Dec 2021	Oct 2021 - Oct 2042 & 1 perpetual	Sep 2017 - Oct 2042 & 1 perpetual
Rating	NR to B	NR to B-	NR to B	NR to B+	NR to B-	NR to B+

Notes to the Interim Financial Information

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

DEBT SECURITIES (Continued)

	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	111,521	2,096	113,617	130,722	1,893	132,615
Unrealised gain	3,368	1,073	4,441	75,442	1,865	77,307

As at 30th September 2017, the 10 (2016: 41) listed debt securities of financial assets at fair value through profit or loss gave rise to a net unrealised fair value gain of HK\$4.4 million (2016: HK\$77.3 million) for the six months period ended 30th September 2017. A total of 7 (2016: 38) debt securities have recorded unrealised fair value gain, with the remaining 3 (2016: 3) debt securities that recorded unrealised fair value losses.

As at 30th September 2017, the mark to market valuation of the largest single debt security within the Group's financial assets at fair value through profit or loss represents approximately 9.3% (31st March 2017: 1.8%) of the Group's revalued total assets, and the mark to market valuation of the five largest debt securities held represents approximately 15.1% (31st March 2017: 7.3%). The remaining 5 debt securities represent 1.2% of the Group's revalued total assets, with each of them less than 0.5%.

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

	Market value				Unrealised gain/(loss)		Interest income	
	30th September 2017 HK\$'000	% of the debt securities portfolio	31st March 2017 HK\$'000	% of the debt securities portfolio	for the six months ended 30th September		for the six months ended 30th September	
					2017 HK\$'000	2016 HK\$'000	2017 HK\$'000	2016 HK\$'000
Kaisa 9.375% notes	1,577,110	57%	-	-	8,659	-	36,941	-
Evergrande 8.75% notes	472,706	17%	-	-	5,554	-	9,878	-
Mingfa 11% notes	221,318	8%	-	-	3,512	-	8,789	-
Wuzhou 13.75% notes	206,004	7%	219,326	12%	(13,322)	17,983	14,194	14,137
Glorious 13.25% notes	86,703	3%	86,242	5%	461	4,905	5,983	5,903

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

DEBT SECURITIES (Continued)

“Kaisa 9.375% notes”, issued by Kaisa and carries fixed coupon rate of 9.375% per annum. It is denominated in United States dollar (“US\$”) and matures on 30th June 2024. The notes are listed on the SGX-ST and non-rated.

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

“Mingfa 11% notes”, issued by Mingfa Group (International) Company Limited (“Mingfa”) and carries fixed coupon rate of 11% per annum. It is denominated in US\$ and matures on 18th 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 rate 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 provision of property management services in the PRC. Its shares are listed on the HKEX (stock code: 1369).

“Glorious 13.25% notes”, issued by Glorious Property Holdings Limited (“Glorious”) and carries fixed coupon rate of 13.25% per annum. It is denominated in US\$ and matures on 4th March 2018. The notes are rated “Caa3” by Moody’s and listed on the SGX-ST. Glorious is principally engaged in property development in the PRC. Its shares are listed on the HKEX (stock code: 845).

Notes to the Interim Financial Information

15 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\$13,904,000 (31st March 2017: HK\$12,565,000).

Aging analysis of trade payables is as follows:

	30th September 2017 HK\$'000	31st March 2017 HK\$'000
0 month to 6 months	13,007	12,136
7 months to 12 months	465	63
More than 12 months	432	366
	13,904	12,565

16 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	446,192	305,366
Portion of long term bank loans with a repayment on demand clause, secured	80,517	79,286
	662,519	442,092
Non-current liabilities		
Long term bank loans, secured	2,727,165	1,850,483
	3,389,684	2,292,575

Notes to the Interim Financial Information

16 BORROWINGS (Continued)

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

	30th September 2017 HK\$'000	31st March 2017 HK\$'000
Repayable within one year	446,192	305,366
Repayable between one and two years	614,196	580,998
Repayable between two and five years	2,193,486	1,348,771
	3,253,874	2,235,135
Current portion included in current liabilities	(446,192)	(305,366)
	2,807,682	1,929,769

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

17 CONVERTIBLE NOTES

	HK\$'000
At the beginning of the period	176,331
Interest expense	6,139
	182,470
Coupon payable included in trade and other payables	(732)
At the end of the period	181,738

The interest expense on the convertible notes is calculated using the effective interest method by applying the effective interest rate per annum.

Notes to the Interim Financial Information

18 SHARE CAPITAL

Shares of HK\$0.02 each	Number of shares	Amount HK\$'000
Authorised:		
At 31st March 2017 and 30th September 2017	35,000,000,000	700,000
Issued and fully paid:		
At 31st March 2017 and 30th September 2017	2,018,040,477	40,361

19 RESERVES

	Share premium HK\$'000	Contributed surplus HK\$'000	Convertible note redemption reserve HK\$'000	Available-for-sale investments reserve HK\$'000	Currency translation reserve HK\$'000	Share option reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
As 31st March 2017	1,126,360	37	1,067,444	48,109	25,161	23,583	1,395,683	3,686,377
Fair value gain on available-for-sale investments	-	-	-	40,396	-	-	-	40,396
Currency translation differences	-	-	-	-	17,791	-	-	17,791
Share of currency translation differences of joint ventures	-	-	-	-	16,994	-	-	16,994
Profit for the period	-	-	-	-	-	-	191,985	191,985
Share option lapsed	-	-	-	-	-	(20,160)	20,160	-
2017 final dividend to shareholders	-	-	-	-	-	-	(12,915)	(12,915)
Coupon to convertible noteholders	-	-	-	-	-	-	(17,116)	(17,116)
At 30th September 2017	1,126,360	37	1,067,444	88,505	59,946	3,423	1,577,797	3,923,512

Notes to the Interim Financial Information

20 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 Property, plant and equipment	60,008	67,255
Joint ventures	2,372	-
	62,380	67,255

21 FINANCIAL GUARANTEES

	30th September 2017 HK\$'000	31st March 2017 HK\$'000
Guarantees for the bank loan of joint ventures	212,815	198,347

Notes to the Interim Financial Information

22 RELATED PARTY TRANSACTIONS

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

	Six months ended	
	30th September	
	2017	2016
	HK\$'000	HK\$'000
Income from/(expense to) subsidiaries of Asia Orient Holdings Limited		
Hotel and travel service	537	535
Operating lease rental and management services	(2,814)	(2,130)
Project management service	(2,250)	(2,250)
Travel agency service income from related companies	207	-

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 the 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 (the "Listing Rules") on the Stock Exchange 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	152,490	1,346,158,049	1,346,310,539	66.71

Note:

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

(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 (Note 1)	273,607,688	5,318,799	145,213,900	424,140,387	50.44
Poon Jing	Asia Standard International Group Limited ("ASI") (Note 2)	1,308,884	-	683,556,392	684,865,276	51.89
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
Fung Siu To, Clement	Mark Honour Limited	9	-	-	9	0.01

Notes:

- (1) By virtue of Mr. Poon Jing's controlling interest (50.44%) in Asia Orient, he is deemed to be interested in the shares of the Company held by Asia Orient.
- (2) By virtue of Mr. Poon Jing's controlling interest in Asia Orient, he is deemed to be interested in the shares of ASI held by subsidiaries of Asia Orient.

Other Information

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

(II) LONG POSITIONS IN UNDERLYING SHARES

Interests in share options

(a) *The Company*

As at 30th September 2017, details of the share options granted to the Directors under the share option scheme of the Company adopted on 28th August 2006 (the "2006 Share Option Scheme") are as follows:

Director	Date of grant	Exercise price (adjusted) (HK\$)	Exercise period	Number of share options held		
				Outstanding as at 1st April 2017	Lapsed during the period	Outstanding as at 30th September 2017
Lim Yin Cheng	2nd April 2007	0.433	2nd April 2007 to 1st April 2017	24,000,000	(24,000,000)	-
Woo Wei Chun, Joseph	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

Note:

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.

(b) *Associated corporation - Asia Orient*

Director	Number of share options held
	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)

(b) Associated corporation - Asia Orient (Continued)

Notes:

- (1) 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.
- (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.

(c) Associated corporation - ASI

Director	Number of share options held
	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 on 11th December 2015 under a share option scheme adopted by ASI on 29th August 2014 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.

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

The Company

Director	Number of convertible notes held		
	Personal interest	Corporate interest	Total
Poon Jing	-	2,692,316,098	2,692,316,098

Note:

By virtue of Mr. Poon Jing's controlling interest in Asia Orient, he is deemed to be interested in the convertible notes held by Asia Orient and its subsidiaries which are convertible into 2,692,316,098 shares of the Company. The convertible notes are convertible during the period from 24th February 2017 and up to and including the date falling the 10th business date prior to 23rd February 2047 at the redemption value of HK\$0.453 per convertible note.

Save as disclosed above, as at 30th September 2017, none of the Directors or the 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 the Chief Executive.

LONG POSITIONS IN SHARES OF THE COMPANY

Shareholder	Number of shares held	Percentage (%)
The Sai Group Limited ("Sai Group")	1,298,709,227	64.35
ASI (Note 1)	1,298,709,227	64.35
Persian Limited ("Persian")	47,448,822	2.35
Asia Orient Holdings (BVI) Limited (Notes 2 & 3)	1,346,158,049	66.71
Asia Orient (Note 4)	1,346,158,049	66.71
Wong Kwok Fong	183,148,366	9.08

Notes:

- (1) Sai Group is a wholly owned subsidiary of ASI. ASI is deemed to be interested in and duplicate the interest held by Sai Group.
- (2) Asia Orient Holdings (BVI) Limited and its subsidiaries together hold more than one-half of the issued shares of ASI and are deemed to be interested in and duplicate the interest held by ASI.
- (3) Persian is a wholly owned subsidiary of Asia Orient Holdings (BVI) Limited, Asia Orient Holdings (BVI) Limited is deemed to be interested in and duplicate the interest held by Persian.
- (4) Asia Orient Holdings (BVI) Limited is a wholly owned subsidiary of Asia Orient. Asia Orient is deemed to be interested in and duplicate the interest held by Asia Orient Holdings (BVI) Limited and its subsidiaries.

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 SCHEME

The 2006 Share Option Scheme was expired on the tenth anniversary of such adoption date. Following the expiry of the 2006 Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under the 2006 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 the 2006 Share Option Scheme outstanding. Movements of share options granted under the 2006 Share Option Scheme during the period are as follows:

Grantee	Date of grant	Exercise price (adjusted) (HK\$)	Exercise period	Number of share options held		
				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
Directors of holding companies	2nd April 2007	0.433	2nd April 2007 to 1st April 2017	48,000,000	(48,000,000)	-
Employees of holding companies	2nd April 2007	0.433	2nd April 2007 to 1st April 2017	69,000,000	(69,000,000)	-
Employee of subsidiaries	2nd April 2007	0.433	2nd April 2007 to 1st April 2017	23,999,997	(23,999,997)	-
				217,799,997	(188,999,997)	28,800,000

Notes:

1. Save as disclosed above, during the period, no option was granted, exercised, cancelled or lapsed.
2. The Company adopted a new share option scheme on 8th September 2016 (the "2016 Share Option Scheme"). No share option has been granted under the 2016 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.

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;
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, 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 be eligible for re-election at the meeting; and
3. Code Provision E.1.2 of the CG Code provides that the chairman of the board of the company should attend the annual general meetings. Mr. Poon Jing, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 30th August 2017 due to his other engagements at the relevant time.

Other Information

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 Hotel Group Limited

Poon, Jing

Chairman

Hong Kong, 29th November 2017

