



Asia Standard Hotel
Group Limited



Interim Report 2016

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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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PRINCIPAL OFFICE IN HONG KONG

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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

Barclays Bank

Bank Morgan Stanley

UBS

Bank Julius Baer

Credit Suisse AG

LEGAL ADVISERS

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Hong Kong

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1 Connaught Place, Central,
Hong Kong

AUDITOR

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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		
	2016	2015	Change
Consolidated profit and loss account			
Revenue	405	354	+14%
Operating profit	236	175	+35%
Net finance costs	(22)	(17)	+29%
Profit for the period attributable to shareholders	209	153	+37%
Earnings per share - basic (HK cents)	13.3	9.8	+36%

	30th September 2016	31st March 2016	Change
Consolidated balance sheet			
Total assets	6,097	5,788	+5%
Net assets	3,665	3,455	+6%
Net debt	1,857	1,850	-

Supplementary information about valuation of the five hotel properties (31st March 2016: four hotel properties) in operation (note):

Revalued total assets	14,034	13,263	+6%
Revalued net assets	11,528	10,875	+6%
Gearing - net debt to revalued net assets	16%	17%	-1%

Note: According to the Group's accounting policies, the five (31st March 2016: four) 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 Burgess Cawley Sullivan & Associates Ltd respectively, independent professional valuers, on an open market value basis as at 30th September 2016 and 31st March 2016.

Management Discussion and Analysis



Empire Hotel Hong Kong - Executive Club Lounge

RESULTS

The Group's revenue for the six months ended 30th September 2016 amounted to HK\$405 million, increased by 14% when compared with the same period of last year. Profit attributable to shareholders increased by 37% to HK\$209 million, mainly due to an increase in interest income from financial investments compared to the same period of last year.

BUSINESS REVIEW

Between April 2016 and September 2016, the cumulative arrivals to Hong Kong for all visitors and those who stayed overnight reached 28 million and 13 million, respectively, the former had a 4% decrease but the latter a 1% increase. Although Mainland China dominated the overnight visitor arrivals with a 67% of the total share,

this market registered a 5% drop from the same period of last year. Reasons for the decline include but not limited to the continued strengthening of the Hong Kong dollar as well as relaxation of visa policies of other popular tourist destinations (e.g. Europe, Japan, South Korea, etc.).

As of September 2016, the total Hong Kong Hotel room supply was approximately 74,000, which was similar to the same period last year.

Excluding our recently launched Empire Prestige Causeway Bay ("Empire Prestige"), our 3 existing hotels in Hong Kong have achieved a 96% occupancy, while average room rate retreated by 2% from the same period of last year.

Our hotel in Canada operated at 83% occupancy and achieved an increase of 2% in room rate from last year.



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



Empire Prestige - lobby

HOTEL DEVELOPMENT PROJECTS

We are pleased to report that our 94 rooms' new hotel – Empire Prestige – which is located adjacent to the Group's existing hotel in Causeway Bay, has been completed and opened in September 2016. With its convenient location, the occupancy of Empire Prestige achieved over 90% since its opening.

The development progress of our site located adjacent to the Group's existing hotel in Tsim Sha Tsui is in progress. The exterior façade and interior fitting works have commenced following the completion of the superstructure in June. This new 90 rooms' hotel is anticipated to open in the second quarter of 2017.

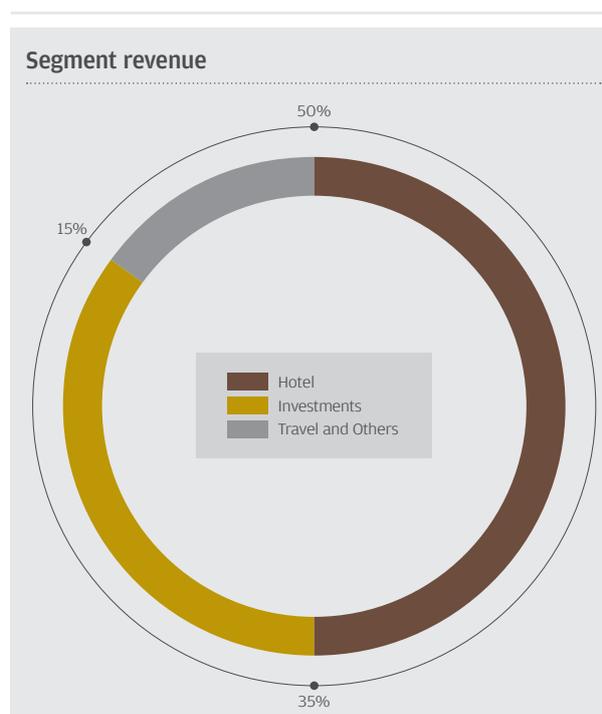
TRAVEL

Revenue for the travel operations during the six months ended 30th September 2016 amounted to HK\$60 million (2015: HK\$58 million).

FINANCIAL INVESTMENTS

As at 30th September 2016, the Group's financial investment portfolio that consisted entirely of listed securities amounted to HK\$2,115 million (31st March 2016: HK\$1,962 million). The increase of value of the portfolio

during the period was attributed from mark to market fair value gain, and the recognition of new debt securities issued by a PRC-based real estate company as payment-in-kind against a one-off coupon payment of its debt securities.



Management Discussion and Analysis

Approximately 77% of our investment portfolio comprised of listed debt securities (of which approximately 95% were issued by PRC-based real estate companies), and approximately 23% comprised listed equity securities issued by major banks. They were denominated in Hong Kong dollars 8%, United States dollars 83%, Sterling 5% and Euro 4%.

During the period under review, a total of HK\$141 million (2015: HK\$92 million) in interest and dividend income were generated from the investment portfolio. The increase in interest and dividend income was mostly due to the recognition of a one-off coupon income from debt securities of a PRC-based real estate company during the period.

The investment portfolio also generated a net investment gain of HK\$81 million (2015: HK\$58 million), which was mainly due to unrealised fair value gain. The unrealised gain was largely made up of mark to market valuation gain from debt securities issued by the PRC-based real estate companies amid a series of favourable policies prevailing during the period such as cuts in interest rates, monetary easing measures, and relaxed restrictions on foreign purchase. Such gain was partially offset by mark to market valuation loss on our equity securities, which comprised major banks, caused by the exchange rate depreciation in Sterling during the period.

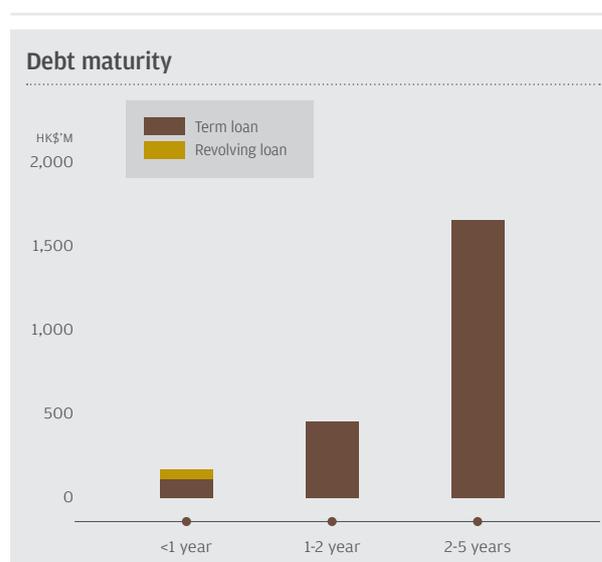
JOINT VENTURE

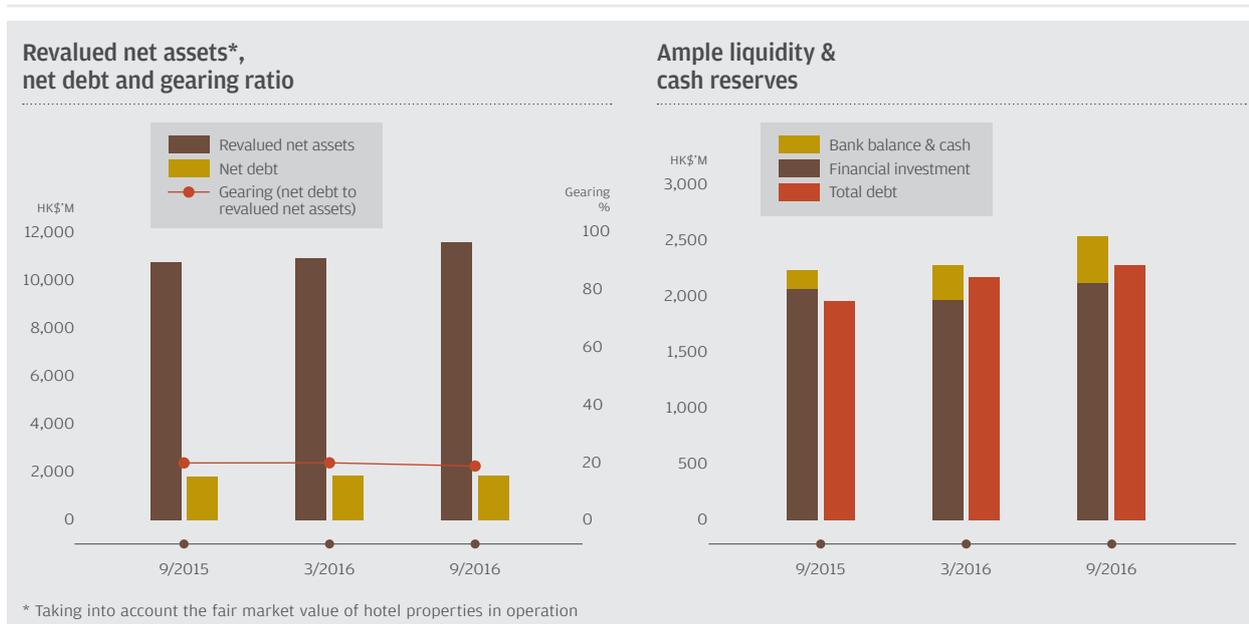
The acquisition of the land and building in Vancouver by the joint venture (“JV”) for which the Group owns 40% interest was completed on 1st April 2016. The JV has initiated the discussion process with the local authority on various options for its development plan in preparation for the development application.

FINANCIAL REVIEW

The Group’s total assets per book amounted to HK\$6,097 million (31st March 2016: HK\$5,788 million). Based on independent valuation, the total revalued amount of our hotel properties in operation as at 30th September 2016 was HK\$10,471 million, increased by 8% when compared with that as at 31st March 2016. The increase was mainly due to the addition of the revalued amount of our new 94-room Empire Prestige in Causeway Bay following its commencement of operation in September 2016. The revalued total assets of the Group with hotel properties in operation at market value would be HK\$14,034 million (31st March 2016: HK\$13,263 million).

The shareholders’ funds per book amounted to HK\$3,665 million (31st March 2016: HK\$3,455 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\$11,528 million (31st March 2016: HK\$10,875 million).





The consolidated net debt was HK\$1,857 million (31st March 2016: HK\$1,850 million). 97% of the gross bank borrowings or HK\$2,200 million was denominated in Hong Kong dollars, and the remaining 3% or to the equivalent of HK\$71 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. 2% of total borrowings were from revolving credit facilities secured by hotel properties. Term loan secured by hotel properties account for 98% with 5% repayable within 1 year, 20% repayable between 1-2 years and 73% repayable within 3-5 years. At 30th September 2016, the Group had net current assets of HK\$2,237 million (31st March 2016: HK\$1,901 million).

The Group's gearing ratio, expressed as a percentage of net debt over the revalued net asset value, was 16% (31st March 2016: 17%).

The aggregate net book value of hotel properties pledged as collateral for banking facilities of the Group as at 30th September 2016 amounted to HK\$3,008 million (31st March 2016: HK\$2,961 million).

HUMAN RESOURCES

As at 30th September 2016, the total number of full-time employees of the Company and its subsidiaries was approximately 410 (31st March 2016: 380). 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

For the second half of fiscal year, we expect our hotel operations in Hong Kong will outperform the first half because of the traditional high season for the inbound tourism. According to the latest statistics published by the HK Tourism Board, the overnight visitor arrivals between April and September 2016 has a 0.6% increase from the same period of last year. This compared favourably to the decrease of 5.5% in the same period of 2015 over 2014. The management remains cautiously optimistic in the coming times for our hotel performance having regard to the strong dollar, the weak travel sentiment for Mainland tourists visiting Hong Kong, and the volatile economic environment globally.

Condensed Consolidated Profit and Loss Account – Unaudited

	<i>Note</i>	Six months ended 30th September	
		2016 HK\$'000	2015 HK\$'000
Revenue	5	404,595	353,995
Cost of sales		(136,995)	(129,378)
Gross profit		267,600	224,617
Selling and administrative expenses		(71,142)	(65,972)
Depreciation		(42,075)	(42,092)
Net investment gain	6	81,241	58,262
Operating profit		235,624	174,815
Net finance costs	8	(21,521)	(16,581)
Share of losses of joint ventures		(2,367)	-
Profit before income tax		211,736	158,234
Income tax expense	9	(2,875)	(4,782)
Profit for the period attributable to shareholders		208,861	153,452
Earnings per share (HK cents)			
Basic	11	13.3	9.8
Diluted	11	13.3	9.8

Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Six months ended 30th September	
	2016 HK\$'000	2015 HK\$'000
Profit for the period	208,861	153,452

Other comprehensive income/(charge)		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Fair value gain/(loss) on available-for-sale investments	26,045	(26,324)
Currency translation differences	(4,418)	(7,000)
	21,627	(33,324)

Total comprehensive income for the period attributable to shareholders	230,488	120,128

Condensed Consolidated Balance Sheet – Unaudited

	<i>Note</i>	30th September 2016 HK\$'000	31st March 2016 HK\$'000
Non-current assets			
Property, plant and equipment	12	3,166,767	3,131,745
Joint ventures		224,543	221,124
Available-for-sale investments		171,933	143,587
Deferred income tax assets		3,033	3,364
		3,566,276	3,499,820
Current assets			
Inventories		15,390	15,342
Trade and other receivables	13	152,791	135,864
Income tax recoverable		4,129	1,949
Financial assets at fair value through profit or loss	14	1,943,491	1,817,819
Bank balances and cash		414,639	316,981
		2,530,440	2,287,955
Current liabilities			
Trade and other payables	15	79,021	103,920
Dividend payable		19,630	-
Borrowings	16	180,611	268,331
Income tax payable		14,479	14,918
		293,741	387,169
Net current assets			
		2,236,699	1,900,786
Non-current liabilities			
Long term borrowings	16	2,090,689	1,898,481
Deferred income tax liabilities		46,887	47,584
		2,137,576	1,946,065
Net assets			
		3,665,399	3,454,541
Equity			
Share capital	17	31,408	31,408
Reserves	18	3,633,991	3,423,133
		3,665,399	3,454,541

Condensed Consolidated Statement of Cash Flows – Unaudited

	Six months ended 30th September	
	2016 HK\$'000	2015 HK\$'000
Cash flows from operating activities		
Net cash generated from/(used in) operation	95,266	(112,518)
Income tax paid	(5,860)	(6,437)
Interest paid	(21,030)	(17,429)
Interest received from bank deposit and loan receivables	1,333	960
Net cash generated from/(used in) operating activities	69,709	(135,424)
Cash flows from investing activities		
Net addition to property, plant and equipment	(61,282)	(80,590)
Increase in investments in joint ventures	(1,775)	-
Loan to joint ventures	(6,656)	-
Net cash used in investing activities	(69,713)	(80,590)
Cash flows from financing activities		
Drawdown of long term borrowings	248,484	7,000
Repayment of long term borrowings	(150,301)	(52,860)
Net increase of short term borrowings	-	245,565
Net cash generated from financing activities	98,183	199,705
Net increase/(decrease) in cash and cash equivalents	98,179	(16,309)
Cash and cash equivalents at the beginning of the period	316,981	182,388
Changes in exchange rates	(521)	879
Cash and cash equivalents at the end of the period	414,639	166,958
Analysis of balances of cash and cash equivalents		
Bank balances and cash	414,639	166,958

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 2015	31,408	2,382,948	850,378	3,264,734
Fair value loss on available-for-sale investments	-	(26,324)	-	(26,324)
Currency translation differences	-	(7,000)	-	(7,000)
Profit for the period	-	-	153,452	153,452
Total comprehensive income for the period	-	(33,324)	153,452	120,128
2015 final dividend	-	-	(15,704)	(15,704)
Total transactions with owners	-	-	(15,704)	(15,704)
At 30th September 2015	31,408	2,349,624	988,126	3,369,158
At 31st March 2016	31,408	2,337,847	1,085,286	3,454,541
Fair value gain 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

Notes to the Interim Financial Information

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, which was renamed as 30th Floor, MassMutual Tower, 33 Lockhart Road, Wanchai, Hong Kong on 1st November 2016.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2016 (“Interim Financial Information”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and should be read in conjunction with the annual financial statements for the year ended 31st March 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

The accounting policies and methods of computation used in the preparation of this Interim Financial Information are consistent with those used in the annual financial statements for the year ended 31st March 2016.

There are no other amended standards or interpretations relevant to the Group for this interim period that could be expected to have a material impact on the Group.

3 FINANCIAL RISK MANAGEMENT

(I) FINANCIAL RISK FACTORS

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. There have been no changes in the overall risk management since the year ended 31st March 2016.

The Interim Financial Information does not include financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31st March 2016.

(II) FAIR VALUE ESTIMATION

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

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

Notes to the Interim Financial Information

3 FINANCIAL RISK MANAGEMENT (Continued)

(II) FAIR VALUE ESTIMATION (Continued)

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

	Level 1 HK\$'000	Level 2 HK\$'000	Total HK\$'000
At 30th September 2016			
Assets			
Financial assets at fair value through profit or loss	319,895	1,623,596	1,943,491
Available-for-sale investments	171,933	-	171,933
	491,828	1,623,596	2,115,424
At 31st March 2016			
Assets			
Financial assets at fair value through profit or loss	332,849	1,484,970	1,817,819
Available-for-sale investments	143,587	-	143,587
	476,436	1,484,970	1,961,406

During the six months ended 30th September 2016, there was no transfer between level 1 and level 2 fair value measurements and there was no change in valuation technique.

- Financial instruments in level 1
The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. These instruments are included in level 1.

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, impairment of available-for-sale investments and revenue recognition on a gross versus net basis for travel operation.

5 SEGMENT INFORMATION

The Group is principally engaged in hotel operation and 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, hotel development, travel operation and financial investments.

Hotel operation	-	hotel operation in Hong Kong and Canada
Hotel development	-	hotel development in Hong Kong
Travel operation	-	sale of air ticket, arrangement of tour and package and hotel reservation service in Hong Kong
Financial investments	-	investments in financial instruments

Notes to the Interim Financial Information

5 SEGMENT INFORMATION (Continued)

Segment assets consist primarily of property, plant and equipment, inventories, trade and other receivables, other non-current assets, available-for-sale investments and financial assets at fair value through profit or loss. Segment liabilities comprise mainly borrowings.

	Hotel operation HK\$'000	Hotel development HK\$'000	Travel operation HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended 30th September 2016						
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	-	308	221,901	(1,758)	258,162
Unallocated corporate expenses						(24,905)
Net finance costs						(21,521)
Profit before income tax						211,736
Six months ended 30th September 2015						
Gross income	202,860	-	151,243	149,350	1,303	504,756
Segment revenue	202,860	-	57,851	91,981	1,303	353,995
Contribution to segment results	83,817	(30)	823	91,795	509	176,914
Depreciation	(41,518)	-	(170)	-	(404)	(42,092)
Net investment gain	-	-	-	58,262	-	58,262
Segment results	42,299	(30)	653	150,057	105	193,084
Unallocated corporate expenses						(18,269)
Net finance costs						(16,581)
Profit before income tax						158,234

Notes to the Interim Financial Information

5 SEGMENT INFORMATION (Continued)

Notes:

- (a) Hotel operation revenue

	Six months ended 30th September	
	2016 HK\$'000	2015 HK\$'000
Room rentals	166,179	167,976
Food and beverages	25,383	25,086
Ancillary services	2,080	2,148
Space rental	7,914	7,650
	201,556	202,860

- (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	Hotel development HK\$'000	Travel operation HK\$'000	Financial investments HK\$'000	Others HK\$'000	Unallocated HK\$'000	
As at 30th September 2016							
Assets	2,649,161	563,983	10,094	2,155,223	228,037	490,218	6,096,716
Assets include:							
Joint ventures	-	-	-	-	224,543	-	224,543
Addition to non-current assets for the six months ended 30th September 2016*	29,420	48,022	910	-	-	283	78,635
Liabilities							
Borrowings	1,375,534	427,000	-	121,036	220,865	126,865	2,271,300
Other unallocated liabilities							160,017
							2,431,317
As at 31st March 2016							
Assets	2,301,844	879,001	24,694	2,000,416	225,301	356,519	5,787,775
Assets include:							
Joint ventures	-	-	-	-	221,124	-	221,124
Addition to non-current assets for the six months ended 30th September 2015*	9,704	78,374	16	-	-	195	88,289
Liabilities							
Borrowings	1,065,834	628,955	-	126,896	212,434	132,693	2,166,812
Other unallocated liabilities							166,422
							2,333,234

* These amounts exclude financial instruments and deferred income tax assets.

Notes to the Interim Financial Information

5 SEGMENT INFORMATION (Continued)

	Six months ended 30th September	
	2016 HK\$'000	2015 HK\$'000
Revenue		
Hong Kong	208,364	207,378
Overseas	196,231	146,617
	404,595	353,995
	30th September 2016 HK\$'000	31st March 2016 HK\$'000
Non-current assets*		
Hong Kong	3,037,260	2,994,294
Overseas	354,050	358,575
	3,391,310	3,352,869

* These amounts exclude financial instruments and deferred income tax assets.

Notes to the Interim Financial Information

6 NET INVESTMENT GAIN

	Six months ended 30th September	
	2016 HK\$'000	2015 HK\$'000
Financial assets at fair value through profit or loss		
- net unrealised gain from market price movements	78,110	46,434
- net unrealised exchange (loss)/gain	(13,757)	7,332
- net realised gain (note)	16,888	4,496
	81,241	58,262
Note:		
Net realised gain on financial assets at fair value through profit or loss		
Gross consideration	240,621	57,369
Cost of investments	(201,288)	(50,981)
Total gain	39,333	6,388
Less: net unrealised gain recognised in prior years	(22,445)	(1,892)
Net realised gain recognised in current period	16,888	4,496

Notes to the Interim Financial Information

6 NET INVESTMENT GAIN (Continued)

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

During the period, the Group derecognised/disposed of 5 debt securities. Listed below were the securities that contributed to the majority of realised gain:

Issuer	Coupon rate	Realised gain/(loss) HK\$'000	% to realised gain
Kaisa Group Holdings Ltd ("Kaisa")	8.875%	7,926	47%
Kaisa	12.875%	4,085	24%
Kaisa	10.25%	3,507	21%
Kaisa	9%	1,420	8%
Others	N/A	(50)	-
		16,888	100%

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 Stock Exchange of Hong Kong Limited ("HKEX") (stock code: 1638). The notes derecognised were denominated in United States dollar, rated "NR" by Moody's Investors Service ("Moody's") and Standard & Poor's Financial Services ("S&P") and were listed on the Singapore Stock Exchange ("SGX-ST"). A total principal amount of US\$35,500,000 at the investment cost of US\$25,209,653 plus accrued interest of the above Kaisa notes held by the Group were derecognised at its fair value of US\$30,253,050 (approximately HK\$234,703,000) and exchanged into new high yield notes upon the completion of the debt restructuring scheme undertaken by Kaisa in July 2016.

Others comprised 1 listed debt security.

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 43 listed securities as at 30th September 2016. 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:

	2016 HK\$'000	2015 HK\$'000
Equity securities	(12,954)	(20,901)
Debt securities	77,307	74,667
	64,353	53,766

7 INCOME AND EXPENSES BY NATURE

	Six months ended 30th September	
	2016 HK\$'000	2015 HK\$'000
Income		
Operating lease rental income for hotel buildings	7,913	7,650
Interest income		
- Listed investments	132,615	85,239
- Loan receivables	905	909
- Bank deposits	394	62
Dividend income		
- Listed investments	5,290	4,877
Expenses		
Cost of goods sold	10,783	9,160
Employee benefit expense, including Directors' emoluments (note)	70,951	65,366
Loss on disposal of property, plant and equipment	61	6
Operating lease rental expense for land and buildings	2,273	1,477
Note:		
Employee benefit expense		
Wages and salaries	68,616	63,103
Retirement benefits costs	2,335	2,263
	70,951	65,366

Notes to the Interim Financial Information

8 NET FINANCE COSTS

	Six months ended 30th September	
	2016 HK\$'000	2015 HK\$'000
Interest expenses		
Long term bank loans	(20,685)	(16,087)
Short term bank loans and overdrafts	(513)	(1,314)
Interest capitalised to hotel properties under development	7,766	7,697
	(13,432)	(9,704)
Other incidental borrowing costs	(3,060)	(2,018)
Net foreign exchange loss on borrowings	(5,029)	(4,859)
	(21,521)	(16,581)

9 INCOME TAX EXPENSE

	Six months ended 30th September	
	2016 HK\$'000	2015 HK\$'000
Current income tax		
Hong Kong profits tax	(3,341)	(4,025)
Overseas profits tax	(1,198)	(1,227)
Over provision in prior years	1,298	1,825
	(3,241)	(3,427)
Deferred income tax credit/(charge)	366	(1,355)
	(2,875)	(4,782)

Hong Kong profits tax is provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the period. Income tax on overseas profits has been calculated on the estimated assessable profit for the period at the tax 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 2016 (2015: Nil).

11 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period attributable to shareholders of HK\$208,861,000 (2015: HK\$153,452,000) and divided by the weighted average number of 1,570,386,829 (2015: 1,570,386,829) shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares arising from exercise of all outstanding dilutive share options granted under the Company's share option scheme. A calculation is done to determine the number of shares that could have been acquired at fair value (determined with reference to latest available market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The calculation of diluted earnings per share for the six months ended 30th September 2016 is based on the profit attributable to shareholders of HK\$208,861,000 and 1,576,852,522 shares equaling to the weighted average number of 1,570,386,829 shares in issue during the period plus 6,465,693 potential shares deemed to be in issue assuming the share options had been exercised at the beginning of the period.

For the six months ended 30th September 2015, the Company's outstanding share options did not have a dilution effect on the earnings per share, so the basic and diluted earnings per share were equal.

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 2016	3,911,508	556,173	4,467,681
Currency translation differences	(3,971)	(936)	(4,907)
Additions	65,949	12,686	78,635
Disposals	-	(193)	(193)
At 30th September 2016	3,973,486	567,730	4,541,216
Accumulated depreciation			
At 31st March 2016	923,710	412,226	1,335,936
Currency translation differences	(2,557)	(873)	(3,430)
Charge for the period	27,365	14,710	42,075
Disposals	-	(132)	(132)
At 30th September 2016	948,518	425,931	1,374,449
Net book value			
At 30th September 2016	3,024,968	141,799	3,166,767
At 31st March 2016	2,987,798	143,947	3,131,745

Notes to the Interim Financial Information

12 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

- (a) At 30th September 2016, hotel properties with carrying amount of HK\$3,008,142,000 (31st March 2016: HK\$2,961,063,000) 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 five hotel properties in operation in Hong Kong and Canada were HK\$2,533,638,000 (31st March 2016: four hotel properties in operation of HK\$2,183,632,000).

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

The hotel properties portfolio in 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 valuation for the current year has taken into account the development potential on the unused allowable gross floor area of Empire Hotel Hong Kong. The direct comparison method was also used as a check on the valuation arrived at from the DCF method. For the hotel property in operation in Canada, BCS used the direct comparison method for assessing the market value of the property taking into account of its re-development potential. This approach directly uses market comparable transactions to determine the market value. Appropriate adjustments are applied to the comparable transactions to adjust for the discrepancies between the property and the comparables.

The supplementary information with hotel properties 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, loan receivables, accrued interest and dividend receivables, deposits and prepayments.

Trade receivables of the Group amounted to HK\$24,817,000 (31st March 2016: HK\$23,913,000). 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 2016 HK\$'000	31st March 2016 HK\$'000
0 month to 6 months	21,603	20,673
More than 12 months	3,214	3,240
	24,817	23,913

Notes to the Interim Financial Information

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30th September 2016 HK\$'000	31st March 2016 HK\$'000
Equity securities		
- Listed in USA	219,895	194,381
- Listed in Europe	100,000	138,468
	319,895	332,849
Debt securities		
- Listed in Singapore	1,421,008	1,291,285
- Listed in Hong Kong	121,761	114,723
- Listed in Europe	80,827	78,962
	1,623,596	1,484,970
	1,943,491	1,817,819

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

United States dollar	1,762,664	1,594,421
Sterling	100,000	138,468
Euro	80,827	78,962
Renminbi	-	5,968
	1,943,491	1,817,819

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 2016, the Group held 2 (31st March 2016: 2) listed equity securities. The summary of equity securities portfolio of financial assets at fair value through profit or loss as at 30th September 2016 and 31st March 2016 and their corresponding unrealised gain/ (loss) and dividend income for the six month ended 30th September 2016 and 2015 are as follows:

	Market value				Unrealised gain/(loss)		Dividend income	
	30th	% of the	31st	% of the	for the six months		for the six months	
	September		March		ended 30th September	ended 30th September		
	2016	portfolio	2016	portfolio	2016	2015	2016	2015
	HK\$'000		HK\$'000		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Citigroup Inc. ("Citigroup")	219,895	11%	194,381	11%	25,514	(8,995)	685	326
Royal Bank of Scotland Group ("RBS")	100,000	5%	138,468	8%	(38,468)	(11,906)	-	-
	319,895	16%	332,849	19%	(12,954)	(20,901)	685	326

Citigroup is a global bank that provides financial services, and its shares are listed on the New York Stock Exchange (stock code: C) with a "BBB+" rated by S&P. As at 30th September 2016, a total of 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 the London Stock Exchange (stock code: RBS) with a "BBB-" rated by S&P. As at 30th September 2016, a total of 5,578,903 shares representing 0.05% shareholding of RBS 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 2016, the Group held 41 (31st March 2016: 41) debt securities that are all listed securities, 17 of them are listed in Singapore, 2 in Hong Kong and 22 in Europe. Approximately 95% (31st March 2016: 95%) of the mark to market valuation comprising 19 (31st March 2016: 19) debt securities were issued by PRC-based real estate companies, which are all listed in Hong Kong with the exception of 1 that is listed in the United States.

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

	As at 30th September 2016			As at 31st March 2016		
	Issued by PRC-based real estate companies HK\$'000	Others HK\$'000	Total HK\$'000	Issued by PRC-based real estate companies HK\$'000	Others HK\$'000	Total HK\$'000
Principal amount of notes	1,499,982	139,222	1,639,204	1,449,925	141,180	1,591,105
Investment cost	1,422,558	43,876	1,466,434	1,338,795	43,876	1,382,671
Market value	1,542,769	80,827	1,623,596	1,406,008	78,962	1,484,970
Coupon	5.61% to 13.875%	3% to 6%	3% to 13.875%	7.875% to 13.875%	3% to 6%	3% to 13.875%
Maturity	Sep 2017 - Dec 2021	Feb 2023 - Feb 2042 & 1 Perpetual	Sep 2017 - Feb 2042 & 1 Perpetual	May 2016 - Feb 2020	Feb 2023 - Feb 2042 & 1 Perpetual	May 2016 - Feb 2042 & 1 Perpetual
Rating	NR to B+	NR to B-	NR to B+	NR to B+	NR to B-	NR to B+

Notes to the Interim Financial Information

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

DEBT SECURITIES (Continued)

	For the six month ended 30th September					
	2016			2015		
	Issued by PRC-based real estate companies HK\$'000	Others HK\$'000	Total HK\$'000	Issued by PRC-based real estate companies HK\$'000	Others HK\$'000	Total HK\$'000
Interest income	130,722	1,893	132,615	82,712	2,527	85,239
Unrealised gain (note (a))	75,442	1,865	77,307	48,130	26,537	74,667

As at 30th September 2016, the 41 (31st March 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\$77.3 million for the six month period ended 30th September 2016 (2015: HK\$74.7 million). A total of 38 (2015: 36) debt securities have recorded unrealised fair value gain, with the remaining 3 (2015: 5) debt securities that recorded unrealised fair value losses.

As at 30th September 2016, the mark to market valuation of the largest single debt security within the Group's financial assets at fair value through profit or loss represents approximately 1.5% (31st March 2016: 1.4%) of the Group's revalued total assets, and the mark to market valuation of the five largest debt securities held represents approximately 5.3% (31st March 2016: 5.5%). The remaining 36 debt securities represent 6.3% of the Group's revalued total assets, with each of them less than 1%.

The five largest debt securities held at 30th September 2016 are listed below:

	Market value				Unrealised gain/(loss)		Interest income	
	30th September 2016 HK\$'000	% of the portfolio	31st March 2016 HK\$'000	% of the portfolio	for the six months ended 30th September		for the six months ended 30th September	
					2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Wuzhou 13.75%	208,604	11%	190,620	10%	17,983	(2,100)	14,137	9,217
Modern Land 13.875%	161,744	8%	162,878	9%	(1,134)	12,069	10,486	10,410
Xinyuan 13.25%	157,306	8%	152,864	8%	4,442	6,391	9,814	9,545
Evergrande 12%	130,292	7%	126,663	7%	3,630	164	6,942	5,589
Kaisa senior (Series E) notes	81,958	4%	-	-	7,868	-	1,030	-

Notes to the Interim Financial Information

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

DEBT SECURITIES (Continued)

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

“Modern Land 13.875% notes”, issued by Modern Land China Company Limited (“Modern Land”) and carries fixed coupon rate of 13.875% per annum. It is denominated in US\$ and matures on 4th November 2018. The notes are rated “B2” by Moody’s and listed on the SGX-ST. Modern Land is principally engaged in property development, property investment, hotel operation, project management, real estate agency services and immigration services in the PRC. Its shares are listed on the HKEX (stock code: 1107).

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

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

“Kaisa senior (Series E) notes”, issued by Kaisa Group Holdings Limited (“Kaisa”) and carries variable coupon rates from 5.61% to 10.51% per annum. It is denominated in US\$ and matures on 31st December 2021. The notes are non-rated by S&P and Moody’s and listed on the SGX-ST. 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).

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\$14,178,000 (31st March 2016: HK\$13,713,000).

Aging analysis of trade payables is as follows:

	30th September 2016 HK\$'000	31st March 2016 HK\$'000
0 day to 60 days	13,355	13,163
61 days to 120 days	353	141
More than 120 days	470	409
	14,178	13,713

16 BORROWINGS

	30th September 2016 HK\$'000	31st March 2016 HK\$'000
Current liabilities		
Short term bank loans, secured	51,925	46,896
Current portion of long term bank loans	117,936	206,213
Portion of long term bank loans with a repayment on demand clause	10,750	15,222
	180,611	268,331
Non-current liabilities		
Long term bank loans, secured	2,090,689	1,898,481
	2,271,300	2,166,812

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 2016 HK\$'000	31st March 2016 HK\$'000
Repayable within one year	117,936	206,213
Repayable between one and two years	453,542	128,840
Repayable between two and five years	1,647,897	1,697,865
Repayable after five years	-	86,998
	2,219,375	2,119,916
Current portion included in current liabilities	(117,936)	(206,213)
	2,101,439	1,913,703

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

17 SHARE CAPITAL

Shares of HK\$0.02 each	Number of shares	Amount HK\$'000
Authorised:		
At 31st March 2016 and 30th September 2016	35,000,000,000	700,000
Issued and fully paid:		
At 31st March 2016 and 30th September 2016	1,570,386,829	31,408

Notes to the Interim Financial Information

18 RESERVES

	Share premium HK\$'000	Contributed surplus 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
At 31st March 2016	1,135,311	1,134,752	3,398	35,683	28,703	1,085,286	3,423,133
Fair value gain on available-for-sale investments	-	-	26,045	-	-	-	26,045
Currency translation differences	-	-	-	(4,418)	-	-	(4,418)
Profit for the period	-	-	-	-	-	208,861	208,861
2016 final dividend	-	-	-	-	-	(19,630)	(19,630)
At 30th September 2016	1,135,311	1,134,752	29,443	31,265	28,703	1,274,517	3,633,991

19 CAPITAL COMMITMENTS

Capital commitments at the balance sheet date are as follows:

	30th September 2016 HK\$'000	31st March 2016 HK\$'000
Contracted but not provided for		
Property, plant and equipment	134,950	182,322
Joint ventures	-	203,563
	134,950	385,885

20 FINANCIAL GUARANTEES

	30th September 2016 HK\$'000	31st March 2016 HK\$'000
Guarantees for the bank loan of joint ventures	201,032	-

Notes to the Interim Financial Information

21 RELATED PARTY TRANSACTIONS

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

	Six months ended 30th September	
	2016 HK\$'000	2015 HK\$'000
Income from/(expense to) subsidiaries of		
Asia Orient Holdings Limited		
Hotel and travel service	535	579
Operating lease rental and management services	(2,130)	(1,498)
Project management service	(2,250)	(2,250)
Income from joint ventures		
Interest income	15,428	-

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) (2015: Nil).

22 SUBSEQUENT EVENT

On 1st November 2016, the Group entered into a purchase and sale agreement for purchase certain land and buildings located in Vancouver, Canada at a consideration of CAD\$25,000,000 (equivalent to approximately HK\$147,818,000). The closing of the transaction will take place on 31st January 2017, and the purchase consideration will be funded by bank loans and the Group's internal resource.

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

As at 30th September 2016, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) which (a) are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities (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	50,830	1,346,158,049	1,346,208,879	85.72

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)	269,194,664	5,233,013	142,871,744	417,299,421	50.34
	Asia Standard International Group Limited ("ASI") (Note 2)	1,281,858	-	669,441,675	670,723,533	51.62
Poon Hai	Asia Orient	10,275,862	-	-	10,275,862	1.23
Fung Siu To, Clement	Asia Orient	15,191,190	-	-	15,191,190	1.83
	Mark Honour Limited	9	-	-	9	0.01

Notes:

- By virtue of Mr. Poon Jing's controlling interest (50.34%) in Asia Orient, he is deemed to be interested in the shares of the Company held by Asia Orient.
- 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

(II) LONG POSITIONS IN UNDERLYING SHARES

Interests in share options

(a) *The Company*

As at 30th September 2016, details of the share options granted to the Directors under the share option scheme of the Company adopted on 28th August 2006 are as follows:

Director	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2016 and 30th September 2016
Fung Siu To, Clement	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
Lim Yin Cheng	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000
Woo Wei Chun, Joseph	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000
Poon Hai	11th December 2015	1.030	11th December 2015 to 10th December 2025	4,800,000
Poon Yeung, Roderick	11th December 2015	1.030	11th December 2015 to 10th December 2025	4,800,000

Note:

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

(b) *Associated corporation - Asia Orient*

Director	Outstanding as at 1st April 2016 and 30th September 2016
Lim Yin Cheng (Note 1)	2,126,301
Fung Siu To, Clement (Note 1)	2,126,301
Woo Wei Chun, Joseph (Note 1)	3,469,228
Poon Hai (Note 2)	3,500,000
Poon Yeung, Roderick (Note 2)	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)

Interests in share options (Continued)

(b) Associated corporation - Asia Orient (Continued)

Notes:

- (1) Options were granted on 29th March 2007 under a share option scheme adopted by Asia Orient on 11th November 2002 and exercisable during the period from 29th March 2007 to 28th March 2017 at an exercise price of HK\$1.4315 (as adjusted) per share.
- (2) 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.
- (3) 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	Outstanding as at 1st April 2016 and 30th September 2016
Poon Hai (Note 1)	3,500,000
Poon Yeung, Roderick (Note 1)	3,500,000

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.

Save as disclosed above, as at 30th September 2016, 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.

Other Information

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

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30th September 2016, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and the Chief Executive.

LONG POSITIONS IN SHARES OF THE COMPANY

Shareholder	Number of shares held	Percentage (%)
Asia Standard Development (Holdings) Limited ("ASDHL")	373,712,100	23.79
Asia Standard International Limited ("ASIL")	923,972,927	58.83
ASI (Note 1)	1,298,709,227	82.69
Asia Orient Holdings (BVI) Limited (Note 2)	1,346,158,049	85.72
Asia Orient (Note 3)	1,346,158,049	85.72

Notes:

- ASDHL and ASIL are the wholly owned subsidiaries of ASI. ASI is deemed to be interested in and duplicate the interest held by ASDHL and ASIL.
- 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.
- 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 2016, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

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

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2016 and 30th September 2016
Directors	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	16,000,000
	11th December 2015	1.030	11th December 2015 to 10th December 2025	9,600,000
Directors of holding companies	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	16,000,000
Employees of holding companies	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	23,000,000
Employee of a subsidiary	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
Employee of subsidiaries	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	7,999,999
				88,599,999

Notes:

1. During the period, no option was granted, exercised, cancelled or lapsed.
2. The Company adopted a new share option scheme on 8th September 2016 (“2016 Share Option Scheme”). No share option has been granted under 2016 Share Option Scheme since its adoption.

Other Information

INTERIM DIVIDEND

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, the Company had not redeemed any of its shares. Neither the Company nor any of its subsidiaries purchased or sold any of the Company’s listed securities during the period.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code and has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the period, and they all confirmed that they have fully complied with the required standard as set out in the Model Code throughout the period ended 30th September 2016.

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 8th September 2016 due to his other engagements at the relevant time.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th September 2016.

On behalf of the Board

Asia Standard Hotel Group Limited

Poon, Jing

Chairman

Hong Kong, 28th November 2016

