



ASIA STANDARD HOTEL GROUP LIMITED

Stock Code: 292



Corporate Information

Directors

Executive

Mr. Poon Jing (*Chairman*)
Dr. Lim Yin Cheng
(Deputy Chairman and Chief Executive)
Mr. Poon Hai
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

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

Principal office in Hong Kong

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Principal bankers

Industrial and Commercial Bank of China (Asia)
Bank of China (Hong Kong)
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

Legal advisers

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18th Floor, United Centre,
95 Queensway,
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2206-19 Jardine House,
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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,
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Bermuda

Hong Kong branch share registrar and transfer office

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

Financial Highlights

(in HK\$ million, except otherwise indicated)

	Six months ended		
	30th September		
	2015	2014	Change
Consolidated profit and loss account			
Revenue	354	378	-6%
Contribution from hotel operation	84	120	-30%
Contribution from financial investments	92	77	+19%
Net investment gain	58	53	+9%
Depreciation	(42)	(43)	-2%
Net finance costs	(17)	(8)	+113%
Profit for the period attributable to shareholders	153	172	-11%
Earnings per share – basic (HK cents)	9.8	11.1	-12%

	30th September 2015	31st March 2015	Change
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Consolidated balance sheet

Total assets	5,485	5,159	+6%
Net assets	3,369	3,265	+3%
Net debt	1,787	1,567	+14%

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

Revalued total assets	12,847	12,709	+1%
Revalued net assets	10,694	10,782	-1%
Gearing – net debt to revalued net assets	17%	15%	+2%

Note: According to the Group's accounting policies, the 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 four hotel properties in operation in Hong Kong and Canada were revalued by Vigers Appraisal & Consulting Limited and CBRE Limited respectively, independent professional valuers, on an open market value basis as at 30th September 2015 and 31st March 2015.

Management Discussion and Analysis



Empire Hotel Hong Kong – Executive Club Lounge

Results

The Group's revenue for the six months ended 30th September 2015 amounted to HK\$354 million, decreased by 6% when compared with the same period of last year. Profit attributable to shareholders decreased by 11% to HK\$153 million, due mainly to a reduction in operating profit of our hotel operations in Hong Kong where average room rates during the period under review had recorded a drop of 22% as compared to the same period of last year.

Business review

Between April 2015 and September 2015, the cumulative arrivals to Hong Kong for all visitors and those who stayed overnight reached 29 million and 13 million, respectively, the former had a 3% decrease and the latter a 6% decrease. Although Mainland China dominated the overnight visitor arrivals with a 68% of the total share, this market registered a 7% drop from the same period of last year. Some of the reasons for this decline include the continued strengthening of the Hong Kong dollar as well as depreciation of currencies and relaxation of visa policies of other popular tourist destinations (e.g. Europe, Japan, South Korea, etc.). Furthermore, the anti-parallel

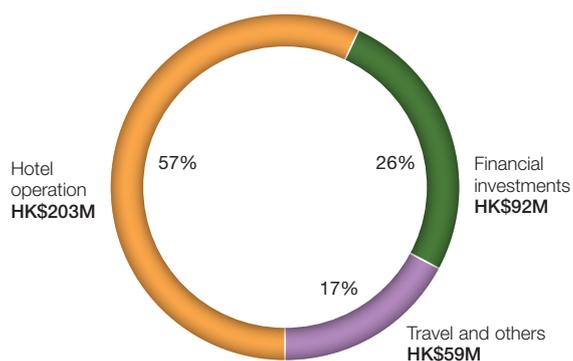
trading protests have also damaged Hong Kong's hospitable image and affected the desire of Mainland visitors to travel to Hong Kong.

On the hotel supply front, there were a total supply of about 74,000 hotel rooms as of September 2015, an increase of about 2% over the preceding year.

All our hotels in Hong Kong have been operating at approximately 96%, although average room rate dropped by 22% from that of last year because of the aforesaid negative factors affecting Hong Kong tourism.

Our hotel in Canada operated at 83% occupancy and achieved an increase of 8% in room rate from last year.

Segment revenue



Management Discussion and Analysis



Empire Hotel Kowloon – Executive Club Lounge



Empire Hotel Kowloon and the adjacent new hotel development

Hotel development projects

The development progress of our two sites located adjacent to the Group's two existing hotels in Hong Kong is on schedule. For the site in Causeway Bay, the interior fittings is under progress, which is expected to be completed by end of 2015. This new 94 rooms' hotel is scheduled for opening in first quarter of 2016. For the site in Tsim Sha Tsui, the superstructure work has commenced in May 2015. The anticipated opening time for this new 90 rooms' hotel is in first quarter of 2017.

With a total gross floor area of approximately 65,000 sq.ft. or 184 hotel guest rooms upon completion of these two sites in 2016/2017, they will provide greater operational synergies to the Group.

Travel

Revenue for the travel operations during the six months ended 30th September 2015 amounted to HK\$58 million (2014: HK\$55 million).

Financial investments

As at 30th September 2015, the Group's financial investment portfolio that all consisted of listed securities amounted to HK\$2,067 million (31st March 2015: HK\$1,777 million). The increase largely arose from a further investment of HK\$254 million, and a mark to market valuation gain.

Approximately 71% of our investment portfolio comprised listed debt securities (of which approximately 93% were issued by PRC real estate companies), and approximately 29% comprised listed equity securities (all of them were issued by large banks). They were denominated in Hong Kong dollars 8%, United States dollars 77%, Sterling 10% and Euro 5%.

During the period under review, a total of HK\$92 million (2014: HK\$77 million) in interest and dividend income were generated from the investment portfolio. The increase in interest and dividend income was mostly due to the increase in portfolio size of our debt securities investment. The investment portfolio also generated a net

Management Discussion and Analysis



Empire Hotel Causeway Bay and the adjacent new hotel



Empire Hotel Causeway Bay – Executive Club Lounge

investment gain of HK\$58 million (2014: HK\$53 million), which was made up of mark to market valuation gain from debt securities, offset partially by mark to market valuation loss on equity securities. The valuation gain on debt securities were mainly from those issued by the PRC real estate companies amid a series of favorable policies such as cuts in interest rates, monetary easing measures, and relaxed restrictions on foreign purchase. The valuation loss on equity securities were caused by the general downward trend of the worldwide equity markets during the period.

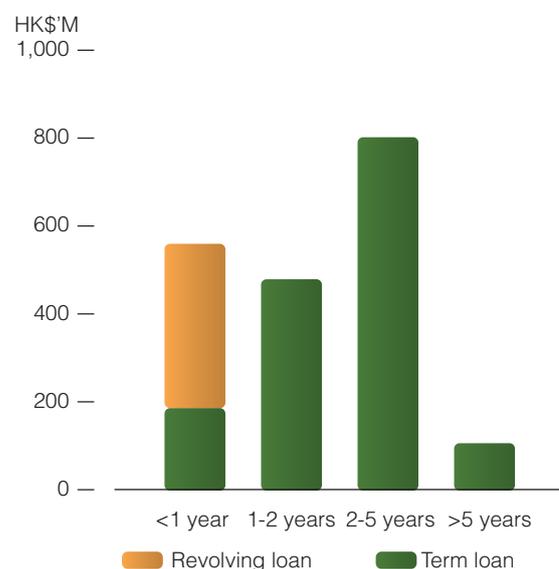
As at 30th September 2015, the listed securities at fair value pledged as collateral for short term bank loans amounted to approximately HK\$218 million (31st March 2015: HK\$113 million).

Financial review

The Group's total assets per book amounted to HK\$5,485 million (31st March 2015: HK\$5,159 million). Based on independent valuation, the total revalued amount of our hotel properties

in operation as at 30th September 2015 was HK\$9,574 million, decreased by 2% when compared with that as at 31st March 2015. The revalued total assets of the Group with hotel properties in operation at market value would be HK\$12,847 million (31st March 2015: HK\$12,709 million).

Debt maturity



Management Discussion and Analysis

The shareholders' funds per book amounted to HK\$3,369 million (31st March 2015: HK\$3,265 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\$10,694 million (31st March 2015: HK\$10,782 million).

The consolidated net debt was HK\$1,787 million (31st March 2015: HK\$1,567 million). 89% of the gross bank borrowings or HK\$1,730 million was denominated in Hong Kong dollars, and the remaining 11% or to the equivalent of HK\$224 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 5.5 years. 19% of total borrowings were from revolving credit facilities secured by hotel properties and financial assets. Term loan secured by hotel properties account for 81% with 10% repayable within 1 year, 25% repayable between 1-2 years, 41% repayable within 3-5 years and 5% after 5 years. At 30th September 2015, the Group had net current assets of HK\$1,514 million (31st March 2015: HK\$1,562 million).

The Group's gearing ratio, expressed as a percentage of net debt over the revalued net asset value, was 17% (31st March 2015: 15%).

The aggregate net book value of hotel properties pledged as collateral for banking facilities of the Group as at 30th September 2015 amounted to HK\$2,932 million (31st March 2015: HK\$2,891 million).

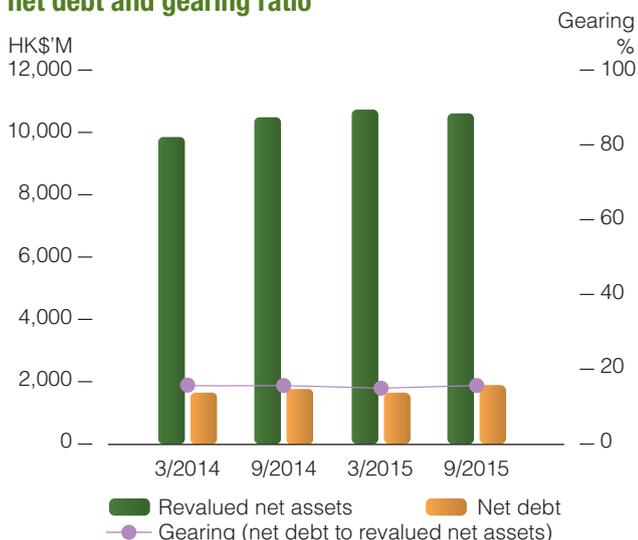
Human resources

As at 30th September 2015, the total number of full-time employees of the Company and its subsidiaries was 416 (31st March 2015: 386). In addition to salary payment, the Group provides other benefits including insurance, share options, medical scheme and retirement plans and others to its employees.

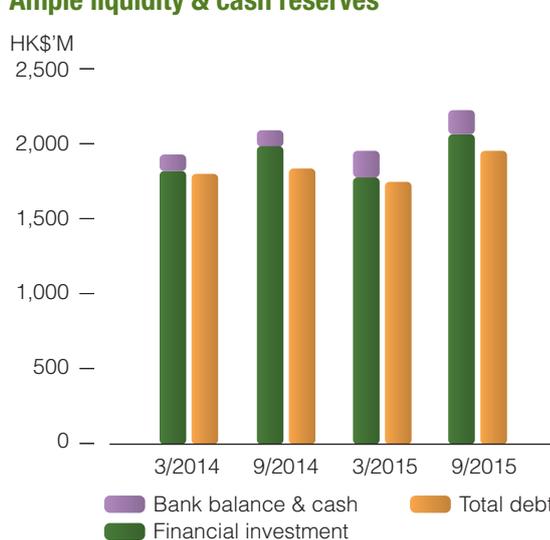
Future prospects

The decline in room rates in our hotels is a major concern for the management. The strong dollar and the weak travel sentiment for Mainland tourists visiting Hong Kong continue to give pressure to visitors' arrivals in the short to near term. The long-term prospects of the Hong Kong hospitality industry should remain positive 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. We continue to hold a very cautious stand in the coming times for our hotel performance.

Revalued net assets, net debt and gearing ratio



Ample liquidity & cash reserves



Condensed Consolidated Profit and Loss Account – Unaudited

	Note	Six months ended 30th September	
		2015 HK\$'000	2014 HK\$'000
Revenue	5	353,995	377,858
Cost of sales		(129,378)	(131,062)
Gross profit		224,617	246,796
Selling and administrative expenses		(65,972)	(63,231)
Depreciation		(42,092)	(43,439)
Net investment gain	6	58,262	53,321
Operating profit		174,815	193,447
Net finance costs	8	(16,581)	(8,201)
Profit before income tax		158,234	185,246
Income tax expense	9	(4,782)	(13,591)
Profit for the period attributable to shareholders		153,452	171,655
Earnings per share (HK cents)			
Basic and diluted	11	9.8	11.1

Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Six months ended 30th September	
	2015 HK\$'000	2014 HK\$'000
Profit for the period	153,452	171,655
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value (loss)/gain on available-for-sale investments	(26,324)	2,886
Currency translation differences	(7,000)	(2,011)
	(33,324)	875
Total comprehensive income for the period attributable to shareholders	120,128	172,530

Condensed Consolidated Balance Sheet – Unaudited

	Note	30th September 2015 HK\$'000	31st March 2015 HK\$'000
Non-current assets			
Property, plant and equipment	12	3,102,528	3,064,217
Available-for-sale investments		168,875	190,757
Deferred income tax assets		4,638	5,213
		3,276,041	3,260,187
Current assets			
Inventories		15,294	1,290
Trade and other receivables	13	128,840	127,015
Income tax recoverable		–	1,457
Financial assets at fair value through profit or loss	14	1,898,159	1,586,394
Bank balances and cash		166,958	182,388
		2,209,251	1,898,544
Current liabilities			
Trade and other payables	15	86,097	80,928
Dividend payable		15,704	–
Borrowings	16	580,076	238,143
Income tax payable		12,970	17,437
		694,847	336,508
Net current assets		1,514,404	1,562,036
Total assets less current liabilities		4,790,445	4,822,223
Non-current liabilities			
Long term borrowings	16	1,373,986	1,510,968
Deferred income tax liabilities		47,301	46,521
		1,421,287	1,557,489
Net assets		3,369,158	3,264,734
Equity			
Share capital	17	31,408	31,408
Reserves	18	3,337,750	3,233,326
		3,369,158	3,264,734

Condensed Consolidated Statement of Cash Flows – Unaudited

	Six months ended 30th September	
	2015 HK\$'000	2014 HK\$'000
Cash flows from operating activities		
Net cash (used in)/generated from operation	(112,518)	19,506
Income tax paid	(6,437)	(5,284)
Interest paid	(17,429)	(16,362)
Interest received from bank deposit and loan receivables	960	962
Net cash used in operating activities	(135,424)	(1,178)
Cash flows from investing activities		
Net addition to property, plant and equipment	(80,590)	(35,945)
Net cash used in investing activities	(80,590)	(35,945)
Cash flows from financing activities		
Net increase/(decrease) of short term borrowings	245,565	(229,190)
Drawdown of long term borrowings	7,000	420,000
Repayment of long term borrowings	(52,860)	(152,037)
Net cash generated from financing activities	199,705	38,773
Net (decrease)/increase in cash and cash equivalents	(16,309)	1,650
Cash and cash equivalents at the beginning of the period	182,388	113,015
Changes in exchange rates	879	344
Cash and cash equivalents at the end of the period	166,958	115,009
Analysis of balances of cash and cash equivalents		
Bank balances and cash	166,958	115,009

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 2014	30,997	2,415,359	757,439	3,203,795
Net fair value gain on available-for-sale investments	–	2,886	–	2,886
Currency translation differences	–	(2,011)	–	(2,011)
Profit for the period	–	–	171,655	171,655
Total comprehensive income for the period	–	875	171,655	172,530
2014 final dividend	–	–	(27,122)	(27,122)
Total transactions with owners	–	–	(27,122)	(27,122)
At 30th September 2014	30,997	2,416,234	901,972	3,349,203
At 31st March 2015	31,408	2,382,948	850,378	3,264,734
Net 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

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.

2 Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2015 (“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 2015, 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 2015.

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 2015.

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 2015.

(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	Total HK\$'000
At 30th September 2015		
Assets		
Financial assets at fair value through profit or loss	1,898,159	1,898,159
Available-for-sale investments	168,875	168,875
	2,067,034	2,067,034
At 31st March 2015		
Assets		
Financial assets at fair value through profit or loss	1,586,394	1,586,394
Available-for-sale investments	190,757	190,757
	1,777,151	1,777,151

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.

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values.

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.

Notes to the Interim Financial Information

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 ("CODM"). The CODM is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by the CODM. In prior period, the hotel development operation was not separately identified internally and was not separately reported to the CODM. Since the year ended 31st March 2015, the related financial information has been separately reported to the CODM and considered as a separate reportable segment. Accordingly, comparative information of hotel property development has been re-presented. 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

Segment assets consist primarily of property, plant and equipment, inventories, trade and other receivables, 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 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)

	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 2014 (restated)						
Gross income	244,446	–	163,054	132,385	1,002	540,887
Segment revenue	244,446	–	55,231	77,179	1,002	377,858
Contribution to segment results	120,178	(30)	984	76,566	1,237	198,935
Depreciation	(42,943)	–	(164)	–	(332)	(43,439)
Net investment gain	–	–	–	53,321	–	53,321
Segment results	77,235	(30)	820	129,887	905	208,817
Unallocated corporate expenses						(15,370)
Net finance costs						(8,201)
Profit before income tax						185,246

Notes:

(a) Hotel operation revenue

	Six months ended 30th September	
	2015 HK\$'000	2014 HK\$'000
Room rentals	167,976	205,417
Food and beverages	25,086	29,321
Ancillary services	2,148	2,172
Space rental	7,650	7,536
	202,860	244,446

(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)

	Hotel operation HK\$'000	Hotel development HK\$'000	Travel operation HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
At 30th September 2015						
Segment assets	2,340,123	813,541	15,223	2,111,071	33,738	5,313,696
Other unallocated assets						171,596
						5,485,292
Segment liabilities						
Borrowings	1,094,372	564,955	-	294,735	-	1,954,062
Other unallocated liabilities						162,072
						2,116,134
Addition to non-current assets* for the six months ended						
30th September 2015	9,704	78,374	16	-	195	88,289
At 31st March 2015						
Segment assets	2,364,326	735,100	25,302	1,817,560	27,385	4,969,673
Other unallocated assets						189,058
						5,158,731
Segment liabilities						
Borrowings	1,136,844	488,955	-	123,312	-	1,749,111
Other unallocated liabilities						144,886
						1,893,997
Addition to non-current assets* for the six months ended						
30th September 2014	6,454	36,495	230	-	60	43,239

* 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	
	2015	2014
	HK\$'000	HK\$'000
Revenue		
Hong Kong	207,378	267,730
Overseas	146,617	110,128
	353,995	377,858
	30th September 2015	31st March 2015
	HK\$'000	HK\$'000
Non-current assets*		
Hong Kong	2,961,949	2,910,970
Overseas	140,579	153,247
	3,102,528	3,064,217

* 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	
	2015	2014
	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss		
– net unrealised gain from market price movements	46,434	69,329
– net unrealised exchange gain/(loss)	7,332	(17,163)
– net realised gain (note)	4,496	1,155
	58,262	53,321
Note:		
Net realised gain on financial assets at fair value through profit or loss		
Gross consideration	57,369	55,206
Cost of investments	(50,981)	(63,996)
Total gain/(loss)	6,388	(8,790)
Net unrealised (gain)/loss recognised in prior years	(1,892)	9,945
Net realised gain recognised in current period	4,496	1,155

Notes to the Interim Financial Information

7 Income and expenses by nature

	Six months ended 30th September	
	2015 HK\$'000	2014 HK\$'000
Income		
Operating lease rental income for hotel buildings	7,650	7,536
Interest income		
– Listed investments	85,239	72,188
– Loan receivables	909	877
– Bank deposits	62	94
Dividend income		
– Listed investments	4,877	4,730
Expenses		
Cost of goods sold	9,160	10,362
Employee benefit expense, including Directors' emoluments (note)	65,366	65,295
Loss on disposal of property, plant and equipment	6	8
Operating lease rental expense for land and buildings	1,477	1,257
Note:		
Employee benefit expense		
Wages and salaries	63,103	62,965
Retirement benefits costs	2,263	2,330
	65,366	65,295

Notes to the Interim Financial Information

8 Net finance costs

	Six months ended 30th September	
	2015 HK\$'000	2014 HK\$'000
Interest expenses		
Long term bank loans	(16,087)	(16,174)
Short term bank loans and overdrafts	(1,314)	(155)
Interest capitalised to hotel properties under development	7,697	7,294
	(9,704)	(9,035)
Other incidental borrowing costs	(2,018)	(1,752)
Net foreign exchange (loss)/gain on borrowings	(4,859)	2,586
	(16,581)	(8,201)

9 Income tax expense

	Six months ended 30th September	
	2015 HK\$'000	2014 HK\$'000
Current income tax		
Hong Kong profits tax	(4,025)	(12,339)
Overseas profits tax	(1,227)	(1,684)
Over/(under) provision in prior years	1,825	(163)
	(3,427)	(14,186)
Deferred income tax	(1,355)	595
	(4,782)	(13,591)

Hong Kong profits tax is provided at the rate of 16.5% (2014: 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 2015 (2014: 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\$153,452,000 (2014: HK\$171,655,000) and divided by the weighted average number of 1,570,386,829 (2014: 1,549,842,336) shares in issue during the period.

For the six months ended 30th September 2015 and 2014, 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.

12 Property, plant and equipment

	Land and buildings HK\$'000	Plant and equipment HK\$'000	Total HK\$'000
Cost			
At 31st March 2015	3,780,533	544,290	4,324,823
Currency translation differences	(19,294)	(4,466)	(23,760)
Additions	78,374	9,915	88,289
Disposals	–	(1,548)	(1,548)
At 30th September 2015	3,839,613	548,191	4,387,804
Accumulated depreciation			
At 31st March 2015	873,786	386,820	1,260,606
Currency translation differences	(11,763)	(4,119)	(15,882)
Charge for the period	27,450	14,642	42,092
Disposals	–	(1,540)	(1,540)
At 30th September 2015	889,473	395,803	1,285,276
Net book value			
At 30th September 2015	2,950,140	152,388	3,102,528
At 31st March 2015	2,906,747	157,470	3,064,217

Notes:

- (a) At 30th September 2015, hotel properties with carrying amount of HK\$2,931,743,000 (31st March 2015: HK\$2,891,062,000) were pledged to banks to secure bank borrowings.

Notes to the Interim Financial Information

12 Property, plant and equipment (continued)

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

According to the Group's accounting policies, the carrying amount of the four hotel properties in operation in Hong Kong and Canada were HK\$2,212,669,000 (31st March 2015: HK\$2,248,409,000).

The aggregate open market value, on a highest and best use basis, of the four hotel properties in Hong Kong and Canada based on valuations conducted by Vigers Appraisal & Consulting Limited ("Vigers") and CBRE Limited ("CBRE") respectively, independent professional valuers, amounted to HK\$9,574,056,000 (31st March 2015: HK\$9,798,616,000), is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13.

The hotel properties portfolio in operation in Hong Kong comprised 3 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, CBRE 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.

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\$35,330,000 (31st March 2015: HK\$33,006,000). 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 2015 HK\$'000	31st March 2015 HK\$'000
0 – 60 days	30,463	28,580
61 – 120 days	1,211	967
More than 120 days	3,656	3,459
	35,330	33,006

Notes to the Interim Financial Information

14 Financial assets at fair value through profit or loss

	30th September 2015 HK\$'000	31st March 2015 HK\$'000
Equity securities		
– Listed in Europe	206,182	218,088
– Listed in USA	230,826	239,821
– Listed in Hong Kong	–	9,927
	437,008	467,836
Debt securities		
– Listed in Singapore	1,141,031	826,410
– Listed in Hong Kong	212,984	211,549
– Listed in Europe	107,136	80,599
	1,461,151	1,118,558
	1,898,159	1,586,394

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

	30th September 2015 HK\$'000	31st March 2015 HK\$'000
United States dollar	1,578,939	1,237,721
Sterling	206,182	218,088
Euro	107,136	80,599
Renminbi	5,902	40,059
Hong Kong dollar	–	9,927
	1,898,159	1,586,394

Note:

The debt securities carry fixed coupons ranging from 3% to 13.875% (31st March 2015: 2% to 13.875%) per annum and their nominal values are equivalent to HK\$1,622,965,000 (31st March 2015: HK\$1,343,751,000).

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\$12,294,000 (31st March 2015: HK\$12,110,000).

Aging analysis of trade payables is as follows:

	30th September 2015 HK\$'000	31st March 2015 HK\$'000
0 – 60 days	11,782	11,340
61 – 120 days	194	495
More than 120 days	318	275
	12,294	12,110

16 Borrowings

	30th September 2015 HK\$'000	31st March 2015 HK\$'000
Current liabilities		
Short term bank loans		
Secured	365,736	123,312
Unsecured	8,000	–
	373,736	123,312
Current portion of long term bank loans	187,403	90,376
Portion of long term bank loans with a repayment on demand clause	18,937	24,455
	580,076	238,143
Non-current liabilities		
Long term bank loans, secured	1,373,986	1,510,968
	1,954,062	1,749,111

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 2015 HK\$'000	31st March 2015 HK\$'000
Repayable within one year	187,403	90,376
Repayable between one and two years	481,392	439,892
Repayable between two and five years	804,542	968,551
Repayable after five years	106,989	126,980
	1,580,326	1,625,799
Current portion included in current liabilities	(187,403)	(90,376)
	1,392,923	1,535,423

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 2015 and 30th September 2015	35,000,000,000	700,000
Issued and fully paid:		
At 31st March 2015 and 30th September 2015	1,570,386,829	31,408

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 2015	1,135,311	1,134,752	57,281	30,324	25,280	850,378	3,233,326
Net 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
2015 final dividend	-	-	-	-	-	(15,704)	(15,704)
At 30th September 2015	1,135,311	1,134,752	30,957	23,324	25,280	988,126	3,337,750

Notes to the Interim Financial Information

19 Capital commitments

Capital commitments at the balance sheet date are as follows:

	30th September 2015 HK\$'000	31st March 2015 HK\$'000
Property, plant and equipment		
Contracted but not provided for	200,822	270,220
Authorised but not contracted for	112,114	120,227
	312,936	390,447

20 Financial guarantees

At 30th September 2015 and 31st March 2015, the Group had no financial guarantee and significant contingent liabilities.

21 Related party transactions

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

	Six months ended 30th September	
	2015 HK\$'000	2014 HK\$'000
Income		
Hotel and travel service	579	414
Expenses		
Operating lease rental and management services	1,498	1,334
Project management service	2,250	2,040

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) (2014: Nil).

Other Information

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 30th September 2015, 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	1,150,365,205	1,150,416,035	73.25

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)	261,967,964	5,092,530	139,036,265	406,096,759	50.05
	Asia Standard International Group Limited ("ASI") (Note 2)	1,246,979	-	651,225,593	652,472,572	51.32
Poon Hai	Asia Orient	10,000,000	-	-	10,000,000	1.23
Fung Siu To, Clement	Asia Orient	14,783,374	-	-	14,783,374	1.82
	Mark Honour Limited	9	-	-	9	0.01

Other Information

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures (continued)

(I) Long positions in shares (continued)

(b) Associated corporations (continued)

Notes:

1. By virtue of Mr. Poon Jing's controlling interest (50.05%) 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.

(II) Long positions in underlying shares

Interests in share options

(a) The Company

As at 30th September 2015, details of the share options granted to the Directors under the share option scheme of the Company adopted on 28th August 2006 ("Share Option Scheme") are as follows:

Director	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2015 and 30th September 2015
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

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.

Other Information

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures (continued)

(II) Long positions in underlying shares (continued)

Interests in share options (continued)

(b) Associated corporation – Asia Orient

Director	Outstanding as at 1st April 2015 and 30th September 2015
Lim Yin Cheng	2,126,301
Fung Siu To, Clement	2,126,301
Woo Wei Chun, Joseph	3,469,228

Notes:

- (1) Options were granted on 29th March 2007 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) 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 2015, 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 2015, 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 and underlying 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")	728,180,083	46.36
ASI (Note 1)	1,102,916,383	70.23
Asia Orient Holdings (BVI) Limited (Note 2)	1,150,365,205	73.25
Asia Orient (Note 3)	1,150,365,205	73.25
Lo Yuk Sui ("Mr. Lo") (Note 4)	168,332,844	10.72
YSL International Holdings Limited ("YSL") (Note 4)	168,332,844	10.72
Century City International Holdings Limited ("CCIHL") (Note 4)	168,332,844	10.72
Paliburg Holdings Limited ("PHL") (Note 4)	168,332,844	10.72
Regal Hotels International Holdings Limited ("RHIHL") (Note 4)	168,332,844	10.72
Tenshine Limited ("Tenshine") (Note 4)	146,560,937	9.33

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.
- Based on the Disclosure of Interests Forms filed with the Company, Tenshine holds the 146,560,937 shares as beneficial owner. RHIHL is deemed to be interested in an aggregate of 168,332,844 shares, which comprise 146,560,937 shares held by Tenshine and 21,771,907 shares held by its indirect wholly-owned subsidiary and its immediate holding company. PHL is deemed to be interested in the 168,332,844 shares held by RHIHL as PHL indirectly controls 66.13% of the voting power at the general meetings of RHIHL. CCIHL is deemed to be interested in the 168,332,844 shares held by PHL as CCIHL indirectly controls 62.23% of the voting power at the general meeting of PHL. YSL is also deemed to be interested in the same 168,332,844 shares held by CCIHL as YSL indirectly controls 50.89% of the voting power at the general meetings of CCIHL. Mr. Lo is also deemed to be interested in the same 168,332,844 shares held by YSL as YSL is 100% controlled by Mr. Lo.

Other Information

Substantial shareholders and other persons' interests and short positions in shares and underlying shares (continued)

Long positions in shares and underlying shares of the Company (continued)

Save as disclosed above, as at 30th September 2015, 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

Pursuant to the Share Option Scheme, the board of Directors (the "Board") of the Company may grant share options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to the Company, its subsidiary or any invested entity, their discretionary trust or the companies owned by them. There are no changes in any terms of the Share Option Scheme during the six months ended 30th September 2015. The detailed terms of the Share Option Scheme were disclosed in the 2015 annual report.

The following table discloses details of the Company's share options granted under the Share Option Scheme held by employees (including Directors):

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2015 and 30th September 2015
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
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
				78,999,999

Note:

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

Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2015 (2014: 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.

Other Information

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 2015.

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;
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 2nd September 2015 due to his other engagements at the relevant time; and
4. Code Provision A.6.7 of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Leung Wai Keung, an Independent Non-executive Director, was unable to attend the annual general meeting of the Company held on 2nd September 2015 due to his other engagement 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 2015.

On behalf of the Board

Asia Standard Hotel Group Limited

Poon, Jing

Chairman

Hong Kong, 30th November 2015

