



**ASIA STANDARD HOTEL GROUP LIMITED**

Stock Code: 292

Interim Report 2014



# 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

30th Floor, Asia Orient Tower, Town Place,  
33 Lockhart Road, Wanchai,  
Hong Kong

Telephone	2866 3336
Facsimile	2866 3772
Website	<a href="http://www.asiastandardhotelgroup.com">www.asiastandardhotelgroup.com</a>
E-mail	<a href="mailto:info@asia-standard.com.hk">info@asia-standard.com.hk</a>

## 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

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

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

## Auditor

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

## Share registrar in Bermuda

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

## Hong Kong branch share registrar and transfer office

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



## Financial Highlights

	Six months ended 30th September		
	2014	2013	Change
(in HK\$ million, except otherwise indicated)			
<b>Consolidated profit and loss account</b>			
Revenue	378	324	+17%
Contribution from hotel operation	120	125	–4%
Net investment gain	53	138	–62%
Depreciation	(43)	(42)	+2%
Net finance costs	(8)	(8)	–
Profit for the period attributable to shareholders	172	236	–27%
Earnings per share – basic (HK cents)	11.1	15.3	–27%
	30th September 2014	31st March 2014	Change

### Consolidated balance sheet

Total assets	5,348	5,137	+4%
Net assets	3,349	3,204	+5%
Net debt	1,715	1,681	+2%

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

Revalued total assets	12,484	11,799	+6%
Revalued net assets	10,448	9,828	+6%
Revalued net assets per share (HK\$)	6.74	6.34	+6%
Gearing – net debt to revalued net assets	16%	17%	–1%

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 hotel properties in operation and excluding the corresponding deferred income tax on Hong Kong properties as Hong Kong tax jurisdiction does not include capital gain tax.

The four hotel properties 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 2014 and 31st March 2014.

# Management Discussion and Analysis



Empire Hotel Kowloon – harbour view room

## Results

The Group's revenue for the six months ended 30th September 2014 amounted to HK\$378 million, increased by 17% when compared with the same period of last year. Profit attributable to shareholders, however, decreased by 27% to HK\$172 million. The decrease in profit was mainly attributable to a reduction in net gain on investments in financial assets as compared to the same period of last year.

## Business review

Between April 2014 and September 2014, the cumulative arrivals to Hong Kong for all visitors and those who stayed overnight reached 30 million and 14 million, respectively, the former had a 11% increase and the latter a 7% increase. Growth has come from short haul markets where China continues to be the most important inbound source market for Hong Kong tourism.

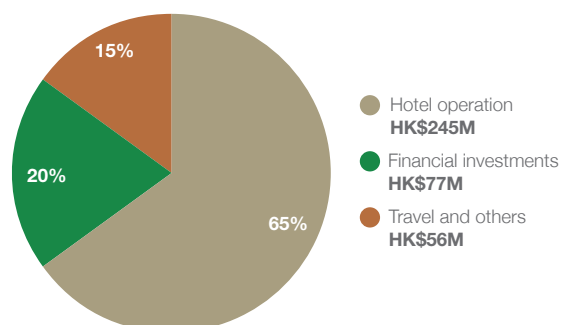
On the hotel rooms supply in Hong Kong, approximately 1,800 new hotel rooms were opened during the period under review, and it

is anticipated that the new rooms supply will continue in 2014. There was an aggregate supply of about 72,000 hotel rooms as of September 2014, an increase of about 5% over the preceding year.

All our hotels in Hong Kong have been operating at approximately 97%, although average room rate trailed behind that of last year by about 4%.

Our hotel in Canada operated at 74% occupancy and achieved an increase of 3% in room rate from last year.

### Segment revenue



# Management Discussion and Analysis



Empire Hotel Hong Kong – meeting room

## 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 foundation work was completed in May 2014, and the superstructure works has commenced in June 2014. For the site in TsimShaTsui, the foundation work has commenced in February 2014, and is scheduled to complete in January 2015. Its superstructure works will follow.

With a total gross floor area of approximate 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 2014 amounted to HK\$55 million (2013: HK\$22 million as restated). The significant increase from that of last year has come from the strong growth in incentive package business.

## Financial investments

For the period under review, economic recovery in the US continued to accelerate, while the European economy remained encumbered by the sovereign debt crises and high unemployment rates. China's growth performance continued to moderate as the leading economic indicators of China has showed signs of stability.

As at 30th September 2014, the Group's financial investment portfolio that all consisted of listed securities amounted to HK\$1,994 million (31st March 2014: HK\$1,810 million). Approximately 63% of our investment portfolio comprised listed debt securities (of which approximately 89% were issued by PRC real estate companies), and approximately 37% comprised listed equity securities (of which approximately 98% were issued by large banks). They were denominated in Hong Kong dollars 12%, United States dollars 64%, Sterling 13%, Euro 7% and Renminbi 4%.

## Management Discussion and Analysis



Empire Hotel Kowloon – club lounge

During the period under review, a total of HK\$77 million (2013: HK\$56 million) in interest and dividend income were generated from the investment portfolio, and a net investment gain of HK\$53 million (2013: HK\$138 million) was also recorded.

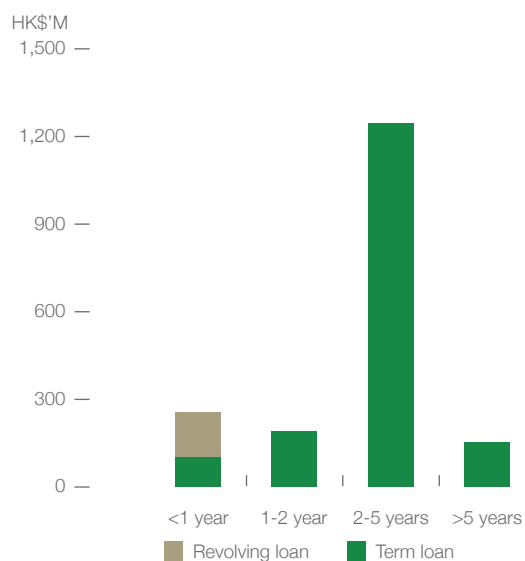
As at 30th September 2014, approximately HK\$54 million (31st March 2014: HK\$301 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

### Financial review

The Group's total assets amounted to HK\$5,348 million (31st March 2014: HK\$5,137 million). Based on independent valuation, the total revalued amount of our hotel properties in operation as at 30th September 2014 was HK\$9,437 million, increased by 5% when compared with that as at 31st March 2014. The revalued total assets of the Group with hotel properties in operation at market value would be HK\$12,484 million (31st March 2014: HK\$11,799 million).

The shareholders' funds amounted to HK\$3,349 million (31st March 2014: HK\$3,204 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\$10,448 million (31st March 2014: HK\$9,828 million).

### Debt maturity





# Management Discussion and Analysis

The consolidated net debt was HK\$1,715 million (31st March 2014: HK\$1,681 million). 93% of the gross bank borrowings or HK\$1,700 million was denominated in Hong Kong dollars, and the remaining 7% or to the equivalent of HK\$130 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 6.5 years. 8% of total borrowings were from revolving credit facilities secured by hotel properties and through the pledge of financial assets investment. Term loan secured by hotel properties account for 92% with 6% repayable within 1 year, 10% repayable between 1-2 years, 68% repayable within 3-5 years and 8% after 5 years. At 30th September 2014, the Group had net current assets of HK\$1,639 million (31st March 2014: HK\$1,131 million).

The Group's gearing ratio, expressed as a percentage of net debt over the revalued net asset value, was 16% (31st March 2014: 17%).

The aggregate net book value of hotel properties pledged as collateral for banking facilities of the Group as at 30th September 2014 amounted to HK\$2,902 million (31st March 2014: HK\$2,903 million).

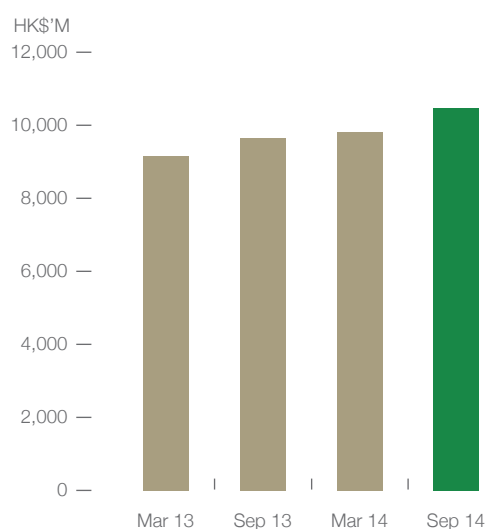
## Human resources

As at 30th September 2014, the total number of employees of the Company and its subsidiaries was 401 (31st March 2014: 387). In addition to salary payment, the Group provides other benefits including insurance, share options, medical scheme and retirement plans and others to its employees.

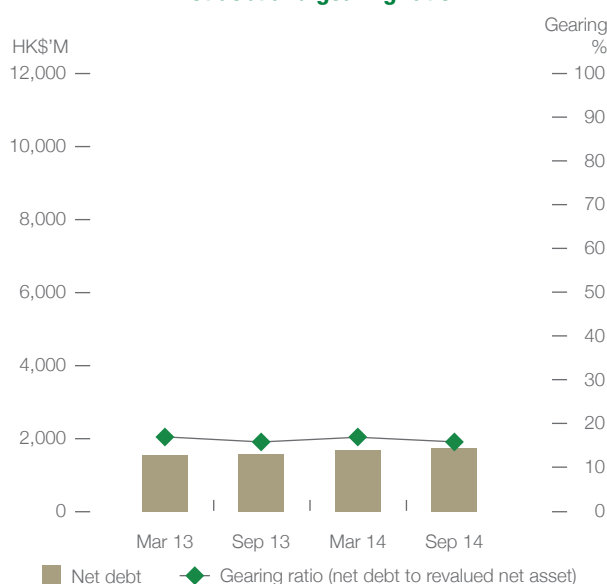
## Future prospects

The decline in room rates in our hotels is a major concern for the management. The outbreak of a series of local political turmoil and the new supply of hotel rooms coming on will inevitably affect our performance. We are however comforted by the fact that all our hotels are located in traditional tourist preferred city centres as oppose to those peripheral areas outside of city centres or hubs. We continue to hold a very cautious stand in the coming times for our hotel performance.

**Revalued net assets**



**Net debt and gearing ratio**





# Report on Review of Interim Financial Information

To the Board of Directors of  
**Asia Standard Hotel Group Limited**  
*(incorporated in Bermuda with limited liability)*

## Introduction

We have reviewed the interim financial information set out on pages 8 to 26, which comprises the condensed consolidated balance sheet of Asia Standard Hotel Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th September 2014 and the related condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The Directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 25th November 2014

## Condensed Consolidated Profit and Loss Account – Unaudited

	Note	Six months ended 30th September	
		2014 HK\$'000	2013 HK\$'000 (Restated)
Revenue	5	<b>377,858</b>	323,903
Cost of sales		<b>(131,062)</b>	(92,727)
Gross profit		<b>246,796</b>	231,176
Selling and administrative expenses		<b>(63,231)</b>	(67,484)
Depreciation		<b>(43,439)</b>	(41,787)
Net investment gain	6	<b>53,321</b>	137,955
Operating profit		<b>193,447</b>	259,860
Net finance costs	8	<b>(8,201)</b>	(8,385)
Profit before income tax		<b>185,246</b>	251,475
Income tax expense	9	<b>(13,591)</b>	(15,015)
Profit for the period attributable to shareholders		<b>171,655</b>	236,460
Earnings per share (HK cents)			
Basic and diluted	11	<b>11.1</b>	15.3

## Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Six months ended 30th September	
	2014	2013
	HK\$'000	HK\$'000
Profit for the period	171,655	236,460
Other comprehensive income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value gain on available-for-sale investments	2,886	6,417
Currency translation differences	(2,011)	(2,530)
	875	3,887
Total comprehensive income for the period attributable to shareholders	172,530	240,347



# Condensed Consolidated Balance Sheet – Unaudited

		30th September 2014 HK\$'000	31st March 2014 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment	12	3,071,673	3,074,108
Available-for-sale investments		227,678	218,492
Deferred income tax assets		2,463	1,554
		<b>3,301,814</b>	3,294,154
Current assets			
Inventories		1,516	1,569
Trade and other receivables	13	163,420	136,122
Income tax recoverable		56	56
Financial assets at fair value through profit or loss	14	1,766,234	1,591,872
Bank balances and cash		115,009	113,015
		<b>2,046,235</b>	1,842,634
Current liabilities			
Trade and other payables	15	68,044	75,055
Dividend payable		27,122	–
Borrowings	16	284,150	617,963
Income tax payable		27,600	18,697
		<b>406,916</b>	711,715
Net current assets		<b>1,639,319</b>	1,130,919
Total assets less current liabilities		<b>4,941,133</b>	4,425,073
Non-current liabilities			
Long term borrowings	16	1,545,974	1,175,635
Deferred income tax liabilities		45,956	45,643
		<b>1,591,930</b>	1,221,278
Net assets		<b>3,349,203</b>	3,203,795
Equity			
Share capital	17	30,997	30,997
Reserves	18	3,318,206	3,172,798
		<b>3,349,203</b>	3,203,795

## Condensed Consolidated Statement of Cash Flows – Unaudited

	Six months ended 30th September	
	2014	2013
	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>		
Net cash generated from operation	19,506	55,165
Income tax paid	(5,284)	(6,357)
Interest paid	(16,362)	(16,794)
Interest received from bank deposit and loan receivables	962	1,238
Net cash (used in)/generated from operating activities	(1,178)	33,252
<b>Cash flows from investing activities</b>		
Net addition to property, plant and equipment	(35,945)	(30,637)
Net cash used in investing activities	(35,945)	(30,637)
<b>Cash flows from financing activities</b>		
Net (decrease)/increase of short term borrowings	(229,190)	41,533
Drawdown of long term borrowings	420,000	–
Repayment of long term borrowings	(152,037)	(31,845)
Dividends paid	–	(15,498)
Net cash generated from/(used in) financing activities	38,773	(5,810)
Net increase/(decrease) in cash and cash equivalents	1,650	(3,195)
Cash and cash equivalents at the beginning of the period	113,015	136,071
Changes in exchange rates	344	537
Cash and cash equivalents at the end of the period	115,009	133,413
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances and cash	115,009	133,413

## 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 2013	30,997	2,440,898	423,972	2,895,867
Net fair value gain on available-for-sale investments	–	6,417	–	6,417
Currency translation differences	–	(2,530)	–	(2,530)
Profit for the period	–	–	236,460	236,460
Total comprehensive income for the period	–	3,887	236,460	240,347
2013 final dividend	–	–	(15,498)	(15,498)
Total transactions with owners	–	–	(15,498)	(15,498)
At 30th September 2013	30,997	2,444,785	644,934	3,120,716
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



# 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 2014 ("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 2014, 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 2014.

As described in the annual financial statements for the year ended 31st March 2014, the Group has changed its policy regarding the recognition of revenue for travel operation on net basis for the commission earned as an agent, and on a gross basis for custom-made incentive tours. The comparatives have been restated by decreasing revenue and corresponding cost of sales of HK\$114,800,000 with no impact to gross profit.

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 2014.

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 2014.

### (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
<b>At 30th September 2014</b>		
<b>Assets</b>		
Financial assets at fair value through profit or loss	1,766,234	1,766,234
Available-for-sale investments	227,678	227,678
	<b>1,993,912</b>	<b>1,993,912</b>
<b>At 31st March 2014</b>		
<b>Assets</b>		
Financial assets at fair value through profit or loss	1,591,872	1,591,872
Available-for-sale investments	218,492	218,492
	<b>1,810,364</b>	<b>1,810,364</b>

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, travel operations 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 three main operating segments, comprising hotel, travel operations and financial investments.

Hotel operation	–	hotel operation in Hong Kong and Canada
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	Travel operation HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
<b>Six months ended 30th September 2014</b>					
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	120,148	984	76,566	1,237	198,935
Depreciation	(42,943)	(164)	–	(332)	(43,439)
Net investment gain	–	–	53,321	–	53,321
Segment results	77,205	820	129,887	905	208,817
Unallocated corporate expenses					(15,370)
Operating profit					193,447
Net finance costs					(8,201)
Profit before income tax					185,246
Income tax expense					(13,591)
Profit for the period attributable to shareholders					171,655



# Notes to the Interim Financial Information

## 5 Segment information (continued)

	Hotel operation HK\$'000	Travel operation HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended 30th September 2013					
Gross income	242,094	136,862	89,597	3,509	472,062
Segment revenue (restated)	242,094	22,062	56,238	3,509	323,903
Contribution to segment results	125,070	(277)	56,440	(6,691)	174,542
Depreciation	(41,573)	(152)	–	(62)	(41,787)
Net investment gain	–	–	137,955	–	137,955
Segment results	83,497	(429)	194,395	(6,753)	270,710
Unallocated corporate expenses					(10,850)
Operating profit					259,860
Net finance costs					(8,385)
Profit before income tax					251,475
Income tax expense					(15,015)
Profit for the period attributable to shareholders					236,460

Notes:

(a) Hotel operation revenue

	Six months ended 30th September	
	2014 HK\$'000	2013 HK\$'000
Room rentals	205,417	204,075
Food and beverages	29,321	28,335
Ancillary services	2,172	2,249
Space rental	7,536	7,435
	<b>244,446</b>	242,094

(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	Travel operation HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
<b>At 30th September 2014</b>					
Segment assets	3,114,109	15,108	2,073,759	27,545	5,230,521
Other unallocated assets					117,528
					5,348,049
Segment liabilities					
Borrowings	1,678,727	–	151,397	–	1,830,124
Other unallocated liabilities					168,722
					1,998,846
<b>Addition to non-current assets* for the six months ended 30th September 2014</b>					
	42,949	230	–	60	43,239
<b>At 31st March 2014</b>					
Segment assets	3,114,207	22,969	1,851,613	33,374	5,022,163
Other unallocated assets					114,625
					5,136,788
Segment liabilities					
Borrowings	1,410,553	–	383,045	–	1,793,598
Other unallocated liabilities					139,395
					1,932,993
<b>Addition to non-current assets* for the six months ended 30th September 2013</b>					
	36,651	319	–	6	36,976

\* 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	
	2014 HK\$'000	2013 HK\$'000 (Restated)
<b>Revenue</b>		
Hong Kong	267,730	230,901
Overseas	110,128	93,002
	<b>377,858</b>	<b>323,903</b>
	30th September 2014 HK\$'000	31st March 2014 HK\$'000
<b>Non-current assets*</b>		
Hong Kong	2,890,828	2,883,671
Overseas	180,845	190,437
	<b>3,071,673</b>	<b>3,074,108</b>

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

## 6 Net investment gain

	Six months ended 30th September	
	2014 HK\$'000	2013 HK\$'000
Financial assets at fair value through profit or loss		
– net unrealised gain from market price movements	69,329	116,340
– net unrealised exchange (loss)/gain	(17,163)	20,788
– net realised gain (note)	1,155	827
	<b>53,321</b>	<b>137,955</b>
Note:		
Net realised gain on financial assets at fair value through profit or loss		
Gross consideration	55,206	33,359
Cost of investments	(63,996)	(29,212)
Total (loss)/gain	(8,790)	4,147
Net unrealised loss/(gain) recognised in prior years	9,945	(3,320)
Net realised gain recognised in current period	<b>1,155</b>	<b>827</b>

# Notes to the Interim Financial Information

## 7 Income and expenses by nature

	Six months ended 30th September	
	2014	2013
	HK\$'000	HK\$'000
<b>Income</b>		
Operating lease rental income for hotel buildings	7,536	7,435
Interest income		
– Listed investments	72,188	51,309
– Loan receivables	877	877
– Bank deposits	94	362
Dividend income		
– Listed investments	4,730	4,929
<b>Expenses</b>		
Cost of goods sold (restated)	10,362	11,551
Employee benefit expense, including Directors' emoluments (note)	65,295	62,682
Loss on disposal of property, plant and equipment	8	1,290
Operating lease rental expense for land and buildings	1,257	4,281
Note:		
<b>Employee benefit expense</b>		
Wages and salaries	62,965	60,278
Retirement benefits costs	2,330	2,404
	65,295	62,682

# Notes to the Interim Financial Information

## 8 Net finance costs

	Six months ended 30th September	
	2014	2013
	HK\$'000	HK\$'000
Interest expenses		
Long term bank loans	(16,174)	(14,770)
Short term bank loans and overdrafts	(155)	(1,322)
Interest capitalised to hotel properties under development	7,294	6,111
	(9,035)	(9,981)
Other incidental borrowing costs	(1,752)	(1,204)
Net foreign exchange gain on borrowings	2,586	2,462
Fair value gain on interest rate swaps	–	338
	(8,201)	(8,385)

## 9 Income tax expense

	Six months ended 30th September	
	2014	2013
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	(12,339)	(14,011)
Overseas profits tax	(1,684)	(571)
(Under)/over provision in prior years	(163)	12
	(14,186)	(14,570)
Deferred income tax	595	(445)
	(13,591)	(15,015)

Hong Kong profits tax is provided at the rate of 16.5% (2013: 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 2014 (2013: 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\$171,655,000 (2013: HK\$236,460,000) and divided by the weighted average number of 1,549,842,336 (2013: 1,549,842,336) shares in issue during the period.

For the six months ended 30th September 2014 and 2013, 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
<b>Cost</b>			
At 31st March 2014	3,747,108	542,800	4,289,908
Currency translation differences	(5,290)	(1,201)	(6,491)
Additions	36,496	6,743	43,239
Disposals	–	(189)	(189)
<b>At 30th September 2014</b>	<b>3,778,314</b>	<b>548,153</b>	<b>4,326,467</b>
<b>Accumulated depreciation</b>			
At 31st March 2014	848,758	367,042	1,215,800
Currency translation differences	(3,150)	(1,114)	(4,264)
Charge for the period	28,462	14,977	43,439
Disposals	–	(181)	(181)
<b>At 30th September 2014</b>	<b>874,070</b>	<b>380,724</b>	<b>1,254,794</b>
<b>Net book value</b>			
<b>At 30th September 2014</b>	<b>2,904,244</b>	<b>167,429</b>	<b>3,071,673</b>
At 31st March 2014	2,898,350	175,758	3,074,108

Notes:

- (a) At 30th September 2014, hotel properties with carrying amount of HK\$2,901,689,000 (31st March 2014: HK\$2,902,616,000) 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\$2,301,267,000 (31st March 2014: HK\$2,338,507,000).

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\$9,437,443,000 (31st March 2014: HK\$9,000,577,000), 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 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\$73,824,000 (31st March 2014: HK\$38,536,000). 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 2014 HK\$'000	31st March 2014 HK\$'000
0 – 60 days	69,167	33,498
61 – 120 days	1,010	1,083
121 – 180 days	392	3,955
More than 180 days	3,255	–
	<b>73,824</b>	<b>38,536</b>

# Notes to the Interim Financial Information

## 14 Financial assets at fair value through profit or loss

	30th September 2014 HK\$'000	31st March 2014 HK\$'000
Equity securities		
– Listed in Europe	257,591	244,452
– Listed in USA	241,476	221,674
– Listed in Hong Kong	15,134	19,721
	<b>514,201</b>	485,847
Debt securities		
– Listed in Singapore	856,367	719,022
– Listed in Hong Kong	263,808	241,375
– Listed in Europe	131,858	145,628
	<b>1,252,033</b>	1,106,025
	<b>1,766,234</b>	1,591,872

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

United States dollar	1,269,040	1,091,036
Sterling	257,591	244,452
Euro	131,858	145,628
Renminbi	92,611	91,035
Hong Kong dollar	15,134	19,721
	<b>1,766,234</b>	1,591,872

Note:

The debt securities carry fixed coupons ranging from 2% to 13.875% (31st March 2014: 2% to 13.875%) per annum and their nominal values are equivalent to HK\$1,363,425,000 (31st March 2014: HK\$1,228,498,000).

# 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\$16,017,000 (31st March 2014: HK\$15,744,000).

Aging analysis of trade payables is as follows:

	30th September 2014 HK\$'000	31st March 2014 HK\$'000
0 – 60 days	15,310	15,119
61 – 120 days	369	243
121 – 180 days	291	226
More than 180 days	47	156
	<b>16,017</b>	<b>15,744</b>

## 16 Borrowings

	30th September 2014 HK\$'000	31st March 2014 HK\$'000
<b>Current liabilities</b>		
Short term bank loans and overdrafts		
Secured	151,397	363,045
Unsecured	–	20,000
	<b>151,397</b>	<b>383,045</b>
Current portion of long term bank loans	100,002	196,639
Portion of long term bank loans with a repayment on demand clause	32,751	38,279
	<b>284,150</b>	<b>617,963</b>
<b>Non-current liabilities</b>		
Long term bank loans, secured	1,545,974	1,175,635
	<b>1,830,124</b>	<b>1,793,598</b>

# 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 2014 HK\$'000	31st March 2014 HK\$'000
Repayable within one year	100,002	196,639
Repayable between one and two years	189,065	79,730
Repayable between two and five years	1,242,691	1,134,184
Repayable after five years	146,969	–
	<b>1,678,727</b>	<b>1,410,553</b>
Current portion included in current liabilities	<b>(100,002)</b>	<b>(196,639)</b>
	<b>1,578,725</b>	<b>1,213,914</b>

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 2014 and 30th September 2014	35,000,000,000	700,000
Issued and fully paid:		
At 31st March 2014 and 30th September 2014	1,549,842,336	30,997

## 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 2014	1,112,713	1,134,752	91,315	51,299	25,280	757,439	3,172,798
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
2014 final dividend	–	–	–	–	–	(27,122)	(27,122)
At 30th September 2014	1,112,713	1,134,752	94,201	49,288	25,280	901,972	3,318,206

# Notes to the Interim Financial Information

## 19 Capital commitments

Capital commitments at the balance sheet date are as follows:

	30th September 2014 HK\$'000	31st March 2014 HK\$'000
Property, plant and equipment		
Contracted but not provided for	151,027	42,346
Authorised but not contracted for	185,275	306,448
	<b>336,302</b>	<b>348,794</b>

## 20 Financial guarantees

At 30th September 2014 and 31st March 2014, 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 2014 HK\$'000	2013 HK\$'000
Income		
Hotel and travel service	414	460
Expenses		
Operating lease rental and management services	1,334	1,915
Project management service	2,040	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) (2013: Nil).



## Other Information

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

As at 30th September 2014, 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	50,050	1,132,669,492	1,132,719,542	73.08

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				Percentage of shares in issue (%)
		Personal interest	Family interest	Corporate interest	Total	
Poon Jing	Asia Orient (Note 1)	258,345,614	4,995,066	136,375,288	399,715,968	50.01
	Asia Standard International Group Limited ("ASI") (Note 2)	1,223,452	–	638,938,336	640,161,788	51.01
Poon Hai	Asia Orient	8,800,000	–	–	8,800,000	1.10
Fung Siu To, Clement	Asia Orient	14,500,440	–	–	14,500,440	1.81
	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 (50.01%) 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 2014, details of the share options granted to the Directors under the share option scheme of the Company adopted on 28th August 2006 ("Company's Share Option Scheme") are as follows:

Director	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2014 and 30th September 2014
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 2014 and 30th September 2014
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.

##### *(c) Associated corporation – ASI*

Director	Outstanding as at 1st April 2014 and 30th September 2014
Poon Jing	515,544
Lim Yin Cheng	2,062,176
Fung Siu To, Clement	2,062,176

Notes:

- (1) Options were granted on 30th March 2005 and exercisable during the period from 30th March 2005 to 29th March 2015 at an exercise price of HK\$3.15 (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 2014, none of the Directors or Chief Executive (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## 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 2014, 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")	367,962,684	23.74
Asia Standard International Limited ("ASIL")	716,979,512	46.26
ASI (Note 1)	1,085,950,639	70.06
Asia Orient Holdings (BVI) Limited (Note 2)	1,132,669,492	73.08
Asia Orient (Note 3)	1,132,669,492	73.08
Lo Yuk Sui ("Mr. Lo") (Note 4)	140,138,340	9.04
Secure Way Technology Limited ("Secure Way") (Note 4)	140,138,340	9.04
Century City International Holdings Limited ("CCIHL") (Note 4)	140,138,340	9.04
Paliburg Holdings Limited ("PHL") (Note 4)	140,138,340	9.04
Regal Hotels International Holdings Limited ("RHIHL") (Note 4)	140,138,340	9.04
Tenshine Limited ("Tenshine") (Note 4)	132,230,000	8.53

Notes:

1. 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.
2. Asia Orient Holdings (BVI) Limited and its subsidiaries together hold more than one-half of the issued shares of ASI and are deemed to be interested in and duplicate the interest held by ASI.
3. 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.

## Other Information

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

#### Long positions in shares of the Company (continued)

4. Based on the Disclosure of Interests Forms filed with the Company, Tenshine holds the 132,230,000 shares as beneficial owner. RHIHL is deemed to be interested in an aggregate of 140,138,340 shares, which comprise 132,230,000 shares held by Tenshine and 5,988,340 shares held by its indirect wholly-owned subsidiary and 1,920,000 shares by an associate company. PHL is deemed to be interested in the 140,138,340 shares held by RHIHL as PHL indirectly controls 61.61% of the voting power at the general meetings of RHIHL. CCIHL is deemed to be interested in the 140,138,340 shares held by PHL as CCIHL indirectly controls 62.21% of the voting power at the general meeting of PHL. Secure Way is also deemed to be interested in the same 140,138,340 shares held by CCIHL as Secure Way indirectly controls 50.79% of the voting power at the general meetings of CCIHL. Mr. Lo is also deemed to be interested in the same 140,138,340 shares held by Secure Way as Secure Way is 100% controlled by Mr. Lo.

Save as disclosed above, as at 30th September 2014, 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 2014. The detailed terms of the Share Option Scheme were disclosed in the 2014 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 2014 and 30th September 2014
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.

## Other Information

### Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2014 (2013: 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 2014.

### Corporate governance code

During the period, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, except the following deviations:

1. Code Provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. All Independent Non-executive Directors of the Company are not appointed for specific terms, but subject to retirement by rotations and re-elections at the annual general meeting of the Company in accordance with the Bye-Laws of the Company; and
2. Code Provision A.5.1 of the CG Code provides that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. The Company does not have a nomination committee. The Board as a whole is responsible for assessing the independence of Independent Non-executive Directors, reviewing the structure, diversity, size and composition of the Board, the appointment of new Directors and the nomination of Directors for re-election by shareholders at the general meeting of the Company. Under the Bye-Laws of the Company, the Board may at any time, and from time to time, appoint any person as a Director, either to fill a casual vacancy, or as an addition to the Board. Any Director so appointed shall retire at the next annual general meeting but shall then be eligible for re-election at the meeting.

### Audit committee

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th September 2014.

On behalf of the Board

**Asia Standard Hotel Group Limited**

**Poon, Jing**

*Chairman*

Hong Kong, 25th November 2014





