



Asia Standard Hotel  
Group Limited



Interim Report 2020

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# Corporate Information

## DIRECTORS

### Executive

Mr. Poon Jing (*Chairman*)  
Dr. Lim Yin Cheng (*Deputy Chairman  
and Chief Executive*)  
Mr. Poon Hai  
Mr. Poon Yeung, Roderick  
Mr. Fung Siu To, Clement  
Mr. Woo Wei Chun, Joseph

### Independent Non-executive

Mr. Ip Chi Wai  
Mr. Leung Wai Keung, *JP*  
Mr. Hung Yat Ming

## AUDIT COMMITTEE

Mr. Hung Yat Ming (*Chairman*)  
Mr. Leung Wai Keung, *JP*  
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

Victoria Place,  
5th Floor,  
31 Victoria Street,  
Hamilton HM 10,  
Bermuda

## PRINCIPAL OFFICE IN HONG KONG

30th Floor, YF Life Tower,  
33 Lockhart Road,  
Wanchai,  
Hong Kong

Telephone 2866 3336  
Facsimile 2866 3772  
Website [www.asiastandardhotelgroup.com](http://www.asiastandardhotelgroup.com)  
E-mail [info@asia-standard.com.hk](mailto:info@asia-standard.com.hk)

## PRINCIPAL BANKERS

Hang Seng Bank  
HSBC  
Bank of China (Hong Kong)  
Industrial and Commercial Bank of  
China (Asia)  
Industrial and Commercial Bank of  
China (Canada)  
Chiyu Banking Corporation  
Fubon Bank (Hong Kong)  
United Overseas Bank  
Shanghai Commercial Bank  
Bank of Singapore  
Bank Morgan Stanley  
UBS  
Bank Julius Baer  
Credit Suisse AG  
Deutsche Bank

## LEGAL ADVISERS

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

Appleby  
Suites 4201-03 & 12,  
42/F, One Island East,  
Taikoo Place,  
18 Westlands Road,  
Quarry Bay, Hong Kong

## INDEPENDENT AUDITOR

PricewaterhouseCoopers  
Certified Public Accountants  
Registered Public Interest  
Entity Auditor  
22nd Floor, Prince's Building,  
Central, Hong Kong

## SHARE REGISTRAR IN BERMUDA

MUFG Fund Services (Bermuda) Limited  
4th Floor North,  
Cedar House,  
41 Cedar Avenue,  
Hamilton HM 12,  
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		
	2020	2019	Change
<b>Consolidated profit and loss account</b>			
Revenue	494	643	-23%
Operating profit	378	377	-1%
Profit attributable to shareholders of the Company	302	254	+19%
Earnings per share - basic (HK cents)	15.0	12.6	+19%

	30th September 2020	31st March 2020	Change
<b>Consolidated balance sheet</b>			
Total assets	11,914	10,689	+11%
Net assets	4,520	3,519	+28%
Equity attributable to shareholders of the Company	4,522	3,523	+28%
Net debt	6,541	6,458	+1%

Supplementary information with five hotel properties stated at valuation (note):

Revalued total assets	20,550	19,527	+5%
Revalued net assets	13,156	12,358	+6%
Gearing - net debt to revalued net assets	50%	52%	-2%

Note: According to the Group's accounting policies, the hotel properties were carried at cost less accumulated depreciation. To give further information on the economic substance of its hotel properties investments, the Group hereby presents supplementary unaudited financial information taking into account the fair market value of these hotel properties and excluding the corresponding deferred income tax on Hong Kong properties as Hong Kong tax jurisdiction does not include capital gain tax.

The hotel properties in Hong Kong were revalued by Vigers Appraisal & Consulting Limited, independent professional valuers, on an open market value basis as at 30th September 2020 and 31st March 2020.

# Management Discussion and Analysis



Empire Hotel Tsim Sha Tsui – Executive Studio Suite

## RESULTS

The Group's total revenue for the six months ended 30th September 2020 amounted to HK\$494 million, a decrease of 23% when compared with the same period of last year. Such a decrease was mainly because of a decrease in revenue of our hotel operation due to a dramatic drop in the number of visitors because of travel restrictions and health quarantine requirements for inbound travelers against the COVID-19 pandemic during the period. This effect is partly compensated by the rise in income generated from financial investment. Profits attributable to shareholders increased by 19% to HK\$302 million as a result of more interest income from an enlarged portfolio of debt securities and a decrease in finance cost from lower market interest rates, partially offset by the loss incurred by the hotel operation.

## HOTEL BUSINESS

During the period under review, the hospitality industry in Hong Kong continued to suffer from intense adverse effects from the COVID-19 pandemic. The cumulative arrivals between April 2020 and September 2020 for all visitors to Hong Kong and those who stayed overnight were 61,000 and 60,000, respectively, the former had a 99.8% decrease and the latter a 99.5% decrease. Overnight visitor arrivals from Mainland China recorded a 99.7% decrease from the same period of last year. The total hotel room supply in Hong Kong as of 30th September 2020 was approximately 85,200 rooms, increased by 3% from the same period last year.

Our occupancy rate and average room rate had dropped by 82% and 66%, respectively, when compared with the same period of last year, which resulted in a significant decrease of about 92% of revenues from hotel operations, with net losses recorded. In order to manage the challenges in these difficult times, hotel management continues to pursue sensitive and swift business strategies to improve operational efficiency and to take decisive decisions to achieve cost savings across hotel operations. This negative performance, however, was more than offset by the recurrent earnings and cash flow generated from the Group's fixed income financial investment portfolio.



Landmark on Robson – Penthouse

## DEVELOPMENT PROJECTS

In Vancouver, the excavation and shoring works of our Landmark on Robson located close to the downtown commercial core on Robson Street were completed. The parkade structure is under construction and is expected to complete in November 2020, and the above-ground structural construction will follow immediately. As at 30th September 2020, a total of approximately CAD\$140 million contracted sales of residential units in this development has been achieved from the project sales launched at the beginning of 2018.

The other developable property located to the east of our Landmark on Robson is still in the planning stage for development.

The Group's joint venture residential development on Alberni Street obtained the Prior to Letter outlining the requirements for local city council approval to grant a development permit, and is on course to obtain the development and building permits from the local authority.

Another joint venture development that is also located at Alberni Street in downtown Vancouver passed the Urban Design Panel in Oct 2020 in our ongoing application for the rezoning approval for development into premium residential units for sale.

## Management Discussion and Analysis

### FINANCIAL INVESTMENTS

As at 30th September 2020, the Group's financial investment portfolio, which consisted almost entirely of listed securities, amounted to HK\$7,162 million (31st March 2020: HK\$6,052 million). The increase in value of the portfolio during the period was mainly attributable to a mark to market fair value gain together with a net purchase of securities during the period.

Approximately 97% of our investment portfolio comprised of listed debt securities that were issued mostly by companies operating real estate business in China, approximately 1% comprised listed equity securities, and 2% comprised unlisted funds. They were denominated in United States dollars 99% and Hong Kong dollars 1%.

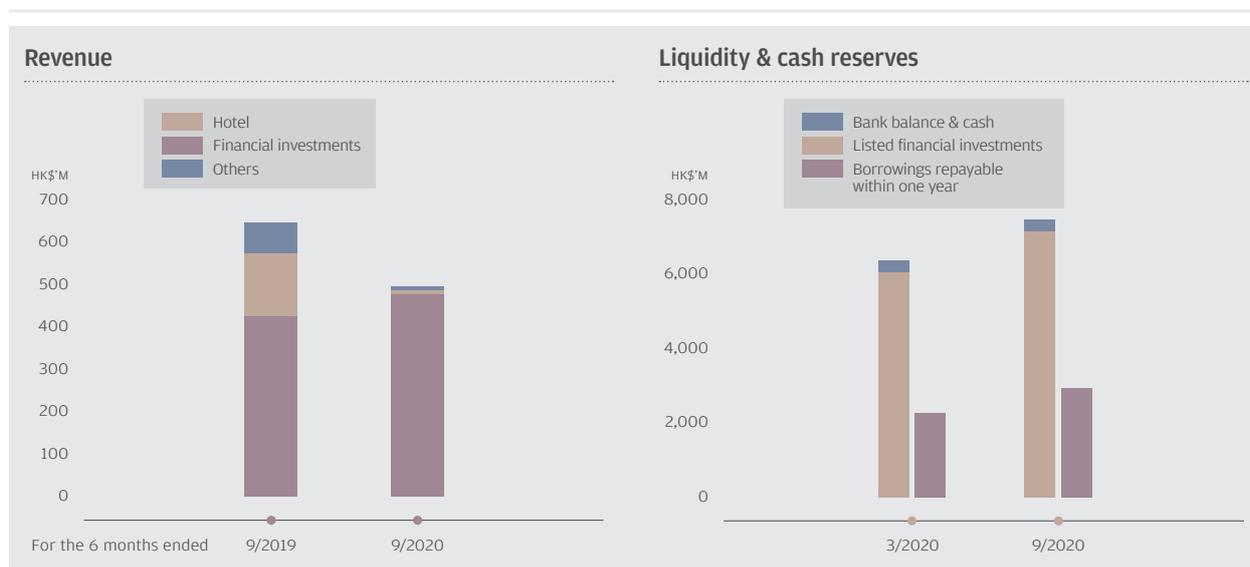
During the period under review, a total of HK\$474 million (2019: HK\$422 million) in interest income were generated from the investment portfolio. The increase in interest income was due to an enlarged debt portfolio from additional investments. A net investment gain of HK\$18 million (2019: a net gain of HK\$18 million) was credited to profit and loss account while the mark-to-market valuation gain on listed debt securities of HK\$684 million were recognised in the investment reserve account.

### FINANCIAL REVIEW

The financing and treasury activities of the Group are centrally managed and controlled at the corporate level. At 30th September 2020, the Group had about HK\$2.9 billion cash and undrawn banking facilities.

The Group's total assets per book amounted to HK\$11,914 million (31st March 2020: HK\$10,689 million). Based on independent valuation, the total revalued amount of our hotel properties in Hong Kong as at 30th September 2020 was HK\$11,423 million, decreased by 2% when compared with that as at 31st March 2020. The revalued total assets of the Group with hotel properties in Hong Kong at market value would be HK\$20,550 million (31st March 2020: HK\$19,527 million).

The net assets per book amounted to HK\$4,520 million (31st March 2020: HK\$3,519 million), of which the increase was mainly due to unrealised fair value changes from certain financial investments (mostly listed debt securities) that were recognised in other comprehensive income under shareholders' equity. Taking into account the market value of the hotel properties in operation, the revalued net asset value of the Group would be HK\$13,156 million (31st March 2020: HK\$12,358 million).

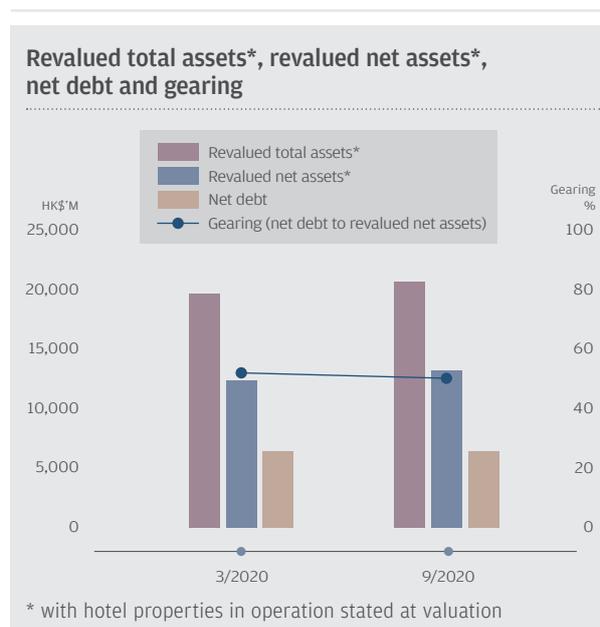


The consolidated net debt (total debt less cash balance) was HK\$6,541 million (31st March 2020: HK\$6,458 million). The total debt comprised HK\$6,631 million of bank borrowings at floating rates and HK\$219 million convertible notes. As at 30th September 2020, about 49% of our floating rates debts have been hedged against interest rate fluctuations by various interest rate swap contracts of HK\$3,243 million in total. 85% of the gross bank borrowings or HK\$5,633 million was denominated in Hong Kong dollars, and the remaining 15% or to the equivalent of HK\$997 million were in United States dollars and Canadian dollars incurred in operations and investment in financial assets overseas. Total interest cost decreased as a result of decreased market interest rates.

Of the total bank borrowings, 20% were revolving loans (all of which is secured), 62% were secured term loans, and the remaining 18% were unsecured term loans. The maturity of our bank borrowings spread over a period of up to five years with 44% repayable within one year, 21% repayable between one to two years, and 35% repayable within three to five years. The unsecured convertible notes comprising 3% of total debt are held almost entirely by the parent groups, and are repayable in February 2047.

At 30th September 2020, the Group had net current assets of HK\$4,936 million (31st March 2020: HK\$4,443 million), and bank balances together with listed marketable securities of HK\$7,436 million represent 2.5 times of the bank borrowings of HK\$2,921 million due within 12 months.

The Group's gearing ratio, expressed as a percentage of net debt over the revalued net asset value, was 50% (31st March 2020: 52%).



The carrying value of hotel properties, property under development for sale and financial assets pledged as collateral for banking facilities of the Group as at 30th September 2020 amounted to HK\$5,191 million (31st March 2020: HK\$4,929 million).

## Management Discussion and Analysis

### HUMAN RESOURCES

As at 30th September 2020, the total number of full-time employees of the Company and its subsidiaries was approximately 180 (31st March 2020: 190). In addition to salary payment, the Group provides other benefits including insurance, share options, medical scheme and retirement plans and others to its employees.

### OUTLOOK

The pandemic outbreak was unprecedented and overwhelming for the global hospitality industry. While uncertainty persists as to the length of the pandemic and its effect on economies, management is aggressively preparing and implementing impact reduction measures for our hotel operations in Hong Kong. Once the pandemic is well under control and travel restrictions and health security initiatives are relaxed, the hospitality sector is expected to see an imminent turnaround as the suppressed demand for recreation and pent-up appetite is triggered. On the supply side, a reduction in overall hotel rooms is anticipated as COVID-19's effect has resulted in cautious supply plans for hotel-related businesses, the prospect of restructuring and consolidation, and the closing of several existing hotels; new hotel investment ventures would be discouraged with delays and potential cancellations. Management continues to take actions, both in the short and longer term, to manage costs and drive efficiency to cope with the expected recovery of tourism.

Although the global economic recovery is projected to continue, the pace will vary from nation to nation. With China's effective pandemic prevention and control, China's GDP increased by 3.2% and 4.9% in the second and third quarter, respectively, compared to the same periods of last year, spearheading recovery. China's property market was among the first to recover, and our investment in fixed income securities issued mostly by companies operating real estate business in China continues to be a strong pillar in providing us with a stable income stream and liquidity. Furthermore, with economic activity hopefully returning to pre-pandemic levels rapidly in 2021, our hotel operations will directly benefit once Hong Kong's border with mainland China is reopened.

The solid economic performance of Vancouver, Canada over the past decade has suffered a temporary setback in 2020 due to disruptions caused by the pandemic, but when Canada emerges from the COVID-19 scare, Vancouver will remain a desirable place to live, and home buyers and real estate investors would favor our premier residential development projects in downtown Vancouver.

The management, while continuously monitoring macroeconomic developments and risks to the outlook, remains cautiously optimistic towards the performance of the Group in the rapidly changing environment.

# Report on Review of Interim Financial Information

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

*(incorporated in Bermuda with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 10 to 39, which comprises the interim condensed consolidated balance sheet of Asia Standard Hotel Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th September 2020 and the interim condensed consolidated profit and loss account, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of cash flows and the interim 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 of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 26th November 2020

## Condensed Consolidated Profit and Loss Account – Unaudited

	<i>Note</i>	Six months ended 30th September	
		2020 HK\$'000	2019 HK\$'000
Interest revenue		<b>475,794</b>	413,053
Sales of goods and services and other revenue		<b>18,316</b>	229,810
Total revenue	<i>6</i>	<b>494,110</b>	642,863
Cost of sales		<b>(12,435)</b>	(131,867)
Gross profit		<b>481,675</b>	510,996
Selling and administrative expenses		<b>(57,867)</b>	(80,841)
Depreciation		<b>(63,581)</b>	(70,502)
Net investment gain	<i>7</i>		
Net realised and unrealised gain		<b>18,971</b>	11,295
Changes in expected credit losses		<b>(798)</b>	6,516
Operating profit		<b>378,400</b>	377,464
Net finance costs	<i>9</i>	<b>(85,791)</b>	(121,056)
Share of profits less losses of joint ventures		<b>647</b>	1,330
Profit before income tax		<b>293,256</b>	257,738
Income tax credit/(expense)	<i>10</i>	<b>9,399</b>	(3,849)
Profit for the period		<b>302,655</b>	253,889
Attributable to:			
Shareholders of the Company		<b>302,425</b>	253,518
Non-controlling interests		<b>230</b>	371
		<b>302,655</b>	253,889
Earnings per share (HK cents)			
Basic	<i>12</i>	<b>15.0</b>	12.6
Diluted	<i>12</i>	<b>6.6</b>	5.5

## Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Profit for the period	302,655	253,889
Other comprehensive income/(charge)		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value gain/(loss) on debt securities at fair value through other comprehensive income	731,486	(257,958)
Cash flow hedges		
- net fair value loss	(50,568)	-
- deferred tax on derivative financial instruments	9,093	-
Currency translation differences	24,400	4,501
Share of currency translation differences of joint ventures	27,456	4,777
Item that will not be reclassified to profit or loss:		
Net fair value loss on equity securities at fair value through other comprehensive income	(43,738)	(10,668)
	698,129	(259,348)
Total comprehensive income/(charge) for the period	1,000,784	(5,459)
Attributable to:		
Shareholders of the Company	998,565	(6,193)
Non-controlling interests	2,219	734
	1,000,784	(5,459)

## Condensed Consolidated Balance Sheet – Unaudited

	<i>Note</i>	<b>30th September 2020 HK\$'000</b>	31st March 2020 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	13	2,922,924	2,967,396
Investment in joint ventures		155,286	143,398
Amount due from joint ventures		354,932	332,868
Financial investments	15	125,013	168,767
Deferred income tax assets		36,232	21,591
		<b>3,594,387</b>	3,634,020
<b>Current assets</b>			
Properties under development for sale		670,057	537,330
Inventories		19,213	20,144
Trade and other receivables	14	285,237	280,275
Income tax recoverable		55	3,629
Financial investments	15	7,036,855	5,882,742
Bank balances and cash		307,860	330,693
		<b>8,319,277</b>	7,054,813
<b>Current liabilities</b>			
Trade and other payables	16	166,312	70,915
Contract liabilities		210,473	197,582
Amount due to non-controlling interests		45,366	44,511
Borrowings	17	2,920,564	2,264,021
Income tax payable		40,824	35,121
		<b>3,383,539</b>	2,612,150
<b>Net current assets</b>			
		<b>4,935,738</b>	4,442,663
<b>Non-current liabilities</b>			
Long term borrowings	17	3,709,958	4,312,932
Lease liabilities		5,425	2,335
Convertible notes	18	218,628	211,845
Derivative financial instruments		63,649	4,542
Deferred income tax liabilities		12,391	25,739
		<b>4,010,051</b>	4,557,393
<b>Net assets</b>			
		<b>4,520,074</b>	3,519,290
<b>Equity</b>			
Share capital	19	40,361	40,361
Reserves	20	4,481,159	3,482,594
<b>Equity attributable to shareholders of the Company</b>			
Non-controlling interests		4,521,520	3,522,955
		<b>(1,446)</b>	(3,665)
		<b>4,520,074</b>	3,519,290

## Condensed Consolidated Statement of Cash Flows – Unaudited

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
<b>Cash flows from operating activities</b>		
Net cash generated from operations	70,515	843,800
Net income tax refund/(paid)	537	(3,841)
Interest paid	(68,453)	(110,799)
Interest received from bank deposit and loan receivables	1,528	335
Net cash generated from operating activities	4,127	729,495
<b>Cash flows from investing activities</b>		
Purchase of financial investments	(1,841)	(17,733)
Addition to property, plant and equipment	(8,007)	(9,575)
Increase in investments in joint ventures	(1,187)	(11,541)
Advances to joint ventures	(4,649)	(22,845)
Net cash used in investing activities	(15,684)	(61,694)
<b>Cash flows from financing activities</b>		
Drawdown of long term borrowings	-	544,944
Repayment of long term borrowings	(144,000)	(138,000)
Net increase/(decrease) in short term borrowings	187,506	(907,115)
Contribution from non-controlling interests	855	4,539
Principal elements of lease payment	(3,858)	(3,472)
Dividend paid to shareholders	-	(13,117)
Coupon paid to convertible noteholders	-	(16,285)
Net cash generated from/(used in) financing activities	40,503	(528,506)
Net increase in cash and cash equivalents	28,946	139,295
Cash and cash equivalents at the beginning of the period	243,530	112,965
Changes in exchange rates	5,926	665
Cash and cash equivalents at the end of the period	278,402	252,925
<b>Analysis of balances of cash and cash equivalents</b>		
Bank balances and cash (excluding restricted bank balances)	278,402	252,925

## Condensed Consolidated Statement of Changes in Equity – Unaudited

	Equity attributable to shareholders of the Company			Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Reserves HK\$'000	Total HK\$'000		
At 31st March 2019	40,361	4,154,556	4,194,917	(1,735)	4,193,182
Net fair value loss on financial assets at fair value through other comprehensive income	-	(268,626)	(268,626)	-	(268,626)
Currency translation differences	-	4,501	4,501	-	4,501
Share of currency translation differences of joint ventures	-	4,414	4,414	363	4,777
Profit for the period	-	253,518	253,518	371	253,889
Total comprehensive charge for the period	-	(6,193)	(6,193)	734	(5,459)
2019 final dividend	-	(13,117)	(13,117)	-	(13,117)
Coupon to convertible noteholders	-	(16,285)	(16,285)	-	(16,285)
Total transaction with owners	-	(29,402)	(29,402)	-	(29,402)
At 30th September 2019	40,361	4,118,961	4,159,322	(1,001)	4,158,321
<b>At 31st March 2020</b>	<b>40,361</b>	<b>3,482,594</b>	<b>3,522,955</b>	<b>(3,665)</b>	<b>3,519,290</b>
Net fair value gain on financial assets at fair value through other comprehensive income	-	687,748	687,748	-	687,748
Currency translation differences	-	24,400	24,400	-	24,400
Cash flow hedges					
- fair value loss	-	(50,568)	(50,568)	-	(50,568)
- deferred tax on derivative financial instruments	-	9,093	9,093	-	9,093
Share of currency translation differences of joint ventures	-	25,467	25,467	1,989	27,456
Profit for the period	-	302,425	302,425	230	302,655
Total comprehensive income for the period	-	998,565	998,565	2,219	1,000,784
At 30th September 2020	40,361	4,481,159	4,521,520	(1,446)	4,520,074

# Notes to the Interim Financial Information

## 1 GENERAL INFORMATION

Asia Standard Hotel Group Limited (the “Company”) is a limited liability company incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited (“HKEX”). The address of its principal office is 30th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong.

## 2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2020 (“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 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

## 3 THE ADOPTION OF NEW HKFRS

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 2020, except the adoption of amendments to standards and revised framework as set out below:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest Rate Benchmark Reform
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

The adoption of the new standard and amendments to the standards stated above did not have significant impact to the Group in the current and prior periods.

## Notes to the Interim Financial Information

### 4 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 2020.

The Interim Financial Information does not include other 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 2020.

#### (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

## 4 FINANCIAL RISK MANAGEMENT (Continued)

## (II) FAIR VALUE ESTIMATION (Continued)

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

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
<b>At 30th September 2020</b>			
<b>Assets</b>			
<b>Financial investments</b>			
Financial assets at fair value through other comprehensive income ("FVOCI")	90,828	7,036,324	-
Financial assets at fair value through profit or loss ("FVPL")	-	531	34,185
	<b>90,828</b>	<b>7,036,855</b>	<b>34,185</b>
<b>Liability</b>			
Derivative financial instruments	-	63,649	-
<b>At 31st March 2020</b>			
<b>Assets</b>			
<b>Financial investments</b>			
Financial assets at FVOCI	134,566	5,882,258	-
Financial assets at FVPL	-	484	34,201
	<b>134,566</b>	<b>5,882,742</b>	<b>34,201</b>
<b>Liability</b>			
Derivative financial instruments	-	4,542	-

## Notes to the Interim Financial Information

### 4 FINANCIAL RISK MANAGEMENT (Continued)

#### (II) FAIR VALUE ESTIMATION (Continued)

During the six months ended 30th September 2020, there was no transfer between level 1, level 2 and level 3 fair value measurements.

- **Financial instruments in level 1**  
The fair value of financial instruments traded in active markets (such as listed equity securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. These instruments are included in level 1.
- **Financial instruments in level 2**  
The fair value of financial instruments that are not traded in an active market (over-the-counter investments and derivatives) is determined by using latest available transaction price or valuation techniques. Judgements as to whether there is an active market may include, but not restricted to, consideration of factors such as the magnitude and frequency of trading activities, the availability of prices and the sizes of bid/offer spreads. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

- **Financial instruments in level 3**  
If one or more the significant inputs is not based on observable market data, the instruments are included in level 3.

Level 3 instruments comprised unlisted fund which are not traded in an active market. Fair values of these instruments have been determined using appropriate valuation techniques with references including quoted prices and asset-based value from financial institutions and other prices observed in recent transactions.

## Notes to the Interim Financial Information

### 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st March 2020.

### 6 SEGMENT INFORMATION

The Group is principally engaged in hotel operation, property development 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 reportable operating segments comprising hotel operation, property development and financial investments. Segment assets consist primarily of property, plant and equipment, inventories, trade and other receivables, properties under development for sale, joint ventures and financial investments. Segment liabilities comprise mainly borrowings, trade and other payables, lease liabilities, contract liabilities and amount due to non-controlling interest.

## Notes to the Interim Financial Information

## 6 SEGMENT INFORMATION (Continued)

	Hotel operation HK\$'000	Property development HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
<b>Six months ended 30th September 2020</b>					
Segment revenue	12,438	497	474,349	6,826	494,110
Contribution to segment results	(22,103)	(1,508)	473,255	(956)	448,688
Depreciation	(56,129)	(2,692)	-	(4,760)	(63,581)
Net investment gain	-	-	18,173	-	18,173
Share of profits less losses of joint ventures	-	855	-	(208)	647
Segment results	(78,232)	(3,345)	491,428	(5,924)	403,927
Unallocated corporate expenses					(24,880)
Net finance costs					(85,791)
<b>Profit before income tax</b>					<b>293,256</b>
<b>Six months ended 30th September 2019</b>					
Segment revenue	149,275	424	421,912	71,252	642,863
Contribution to segment results	43,197	(2,671)	420,097	1,824	462,447
Depreciation	(56,624)	(9,270)	-	(4,608)	(70,502)
Net investment gain	-	-	17,811	-	17,811
Share of profits less losses of joint ventures	-	1,541	-	(211)	1,330
Segment results	(13,427)	(10,400)	437,908	(2,995)	411,086
Unallocated corporate expenses					(32,292)
Net finance costs					(121,056)
<b>Profit before income tax</b>					<b>257,738</b>

## Notes to the Interim Financial Information

## 6 SEGMENT INFORMATION (Continued)

	Business segments					Total HK\$'000
	Hotel operation HK\$'000	Property development HK\$'000	Financial investments HK\$'000	Others HK\$'000	Unallocated HK\$'000	
<b>As at 30th September 2020</b>						
<b>Assets</b>	2,923,171	1,242,140	7,384,437	27,274	336,642	11,913,664
<b>Assets include:</b>						
Joint ventures	-	509,583	-	635	-	510,218
<b>Addition to non-current assets for the six months ended 30th September 2020*</b>	7,564	2,103	-	191	9,750	19,608
<b>Liabilities</b>						
Borrowings	3,452,197	72,823	578,088	-	2,527,414	6,630,522
Other unallocated liabilities						763,068
						7,393,590
<b>As at 31st March 2020</b>						
<b>Assets</b>	2,974,177	1,064,965	6,326,696	44,158	278,837	10,688,833
<b>Assets include:</b>						
Joint ventures	-	475,624	-	642	-	476,266
<b>Addition to non-current assets for the six months ended 30th September 2019*</b>	8,390	12,047	-	19	5,480	25,936
<b>Liabilities</b>						
Borrowings	3,522,554	68,873	577,866	-	2,407,660	6,576,953
Other unallocated liabilities						592,590
						7,169,543

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

## Notes to the Interim Financial Information

## 6 SEGMENT INFORMATION (Continued)

	Six months ended 30th September	
	2020	2019
	HK\$'000	HK\$'000
<b>Revenue</b>		
Hong Kong	36,623	220,527
Overseas	457,487	422,336
	<b>494,110</b>	<b>642,863</b>
	30th September 2020	31st March 2020
	HK\$'000	HK\$'000
<b>Non-current assets*</b>		
Hong Kong	2,911,807	2,954,705
Overseas	521,335	488,957
	<b>3,433,142</b>	<b>3,443,662</b>

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

Sales of goods and services and other revenue can be further analysed into:

	Six months ended 30th September	
	2020	2019
	HK\$'000	HK\$'000
Revenue from contracts with customers		
- At a point in time	2,179	15,052
- Over time	13,852	210,817
	<b>16,031</b>	<b>225,869</b>
Other sources	2,285	3,941
	<b>18,316</b>	<b>229,810</b>

## Notes to the Interim Financial Information

## 7 NET INVESTMENT GAIN

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Financial assets at FVPL		
- net unrealised loss from market price movements	(2,102)	(27,480)
- net unrealised exchange gain	292	465
- net realised gain (note (a))	-	33,995
	(1,810)	6,980
Financial assets at FVOCI		
- net unrealised exchange loss	(1,985)	(4,907)
- net realised gain (note (b))	22,766	9,222
- changes in expected credit losses	(798)	6,516
	19,983	10,831
	18,173	17,811

Notes:

<b>(a) Net realised gain on financial assets at FVPL</b>		
Gross consideration	-	327,210
Cost of investments	-	(196,633)
Total gain	-	130,577
Less: net unrealised gain recognised in prior years	-	(96,582)
Net realised gain recognised in current period	-	33,995
<b>(b) Net realised gain on financial assets at FVOCI</b>		
Gross consideration	1,419,464	1,195,384
Cost of investments	(1,392,459)	(1,181,146)
Total gain	27,005	14,238
Transfer from investment revaluation reserve	(4,239)	(5,016)
Net realised gain recognised in current period	22,766	9,222

## Notes to the Interim Financial Information

## 7 NET INVESTMENT GAIN (Continued)

Supplementary information of net investment gain on financial investments:

During the period, the Group derecognised/disposed of 11 debt securities. Listed below were the securities disposed/redeemed/exchanged that contributed to the majority of realised gain:

	<b>Realised gain</b> HK\$'000
Ronshine China Holdings Limited (“Ronshine”)11.25% notes	11,731
Kaisa Group Holdings Limited (“Kaisa”) 8.5% notes	8,345
Others	2,690
	22,766

Ronshine is principally engaged in property development business in the People Republic of China (“PRC”). Its shares are listed on HKEX (stock code: 3301). The notes derecognised were rated “B2” by Moody’s Investor Service (“Moody’s”) and listed on Singapore Stock Exchange (“SGX-ST”).

Kaisa is principally engaged in the property development, property investment, property management and hotel and catering operation in the PRC. Its shares are listed on HKEX (stock code: 1638). The notes derecognised were rated “B2” by Moody’s and listed on SGX-ST.

The unrealised (loss)/gain for the period was generated from the fair value changes of the financial investments that comprised 28 listed securities and 3 unlisted funds as at 30th September 2020. Please refer to note 15 for the details.

## Notes to the Interim Financial Information

## 7 NET INVESTMENT GAIN (Continued)

Summary of unrealised loss for the six months ended 30th September:

	2020 HK\$'000	2019 HK\$'000
Listed debt securities	(1,938)	(4,843)
Unlisted funds	(1,857)	(27,079)
	<b>(3,795)</b>	(31,922)

## 8 INCOME AND EXPENSES BY NATURE

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
<b>Income</b>		
Operating lease rental income for hotel buildings	2,285	3,941
Interest income from financial assets at FVOCI		
- Listed investments	472,159	412,332
Dividend income		
- Listed investments	-	9,304
<b>Expenses</b>		
Cost of goods sold	417	3,340
Employee benefit expense, including Directors' emoluments (note)	29,867	68,696

Note:

<b>Employee benefit expense</b>		
Wages and salaries	31,156	68,747
Retirement benefits costs	970	2,132
	<b>32,126</b>	70,879
Capitalised under property under development for sale	(2,259)	(2,183)
	<b>29,867</b>	68,696

## Notes to the Interim Financial Information

## 9 NET FINANCE COSTS

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Interest expenses		
Long term bank loans	(57,300)	(93,453)
Short term bank loans and overdrafts	(6,481)	(19,467)
Lease liabilities	(109)	(159)
Convertible notes	(7,395)	(6,932)
Hedging derivative financial instruments	(4,061)	-
Interest capitalised	6,576	8,843
	(68,770)	(111,168)
Other incidental borrowing costs	(8,803)	(9,873)
Net foreign exchange gain/(loss) on borrowings	321	(15)
Fair value loss on derivative financial instruments - cash flow hedge	(8,539)	-
	(85,791)	(121,056)

## 10 INCOME TAX CREDIT/(EXPENSE)

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Current income tax expenses		
Hong Kong profits tax	(7,906)	(7,395)
Under provision in prior years	(834)	(7,949)
	(8,740)	(15,344)
Deferred income tax credit	18,139	11,495
	9,399	(3,849)

Hong Kong profits tax is provided at the rate of 16.5% (2019: 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

## 11 DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2020 (2019: Nil).

## 12 EARNINGS PER SHARE

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

	<b>Six months ended 30th September</b>	
	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	<b>302,425</b>	253,518
Effect of dilutive potential shares:		
Interest expense saved on convertible notes	<b>7,395</b>	6,932
Profit attributable to shareholders of the Company for calculation of diluted earnings per share	<b>309,820</b>	260,450
	<b>Number of shares</b>	
Weighted average number of shares for calculation of basic earnings per share	<b>2,018,040,477</b>	2,018,040,477
Effect of dilutive potential shares:		
Share options of the Company assumed to be exercised	-	951,379
Convertible notes assumed to be converted at the beginning of the period	<b>2,693,120,010</b>	2,693,120,010
Weighted average number of shares for calculation of diluted earnings per share	<b>4,711,160,487</b>	4,712,111,866
Basic earnings per share (HK cents)	<b>15.0</b>	12.6
Diluted earnings per share (HK cents)	<b>6.6</b>	5.5

## Notes to the Interim Financial Information

## 13 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Plant and equipment HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
<b>Cost</b>				
At 1st April 2020	1,155,938	651,824	2,601,956	4,409,718
Currency translation differences	-	2,566	56	2,622
Addition	-	8,007	10,414	18,421
Disposals	-	-	(7,333)	(7,333)
<b>At 30th September 2020</b>	<b>1,155,938</b>	<b>662,397</b>	<b>2,605,093</b>	<b>4,423,428</b>
<b>Accumulated depreciation</b>				
At 1st April 2020	328,661	494,170	619,491	1,442,322
Currency translation differences	-	1,909	25	1,934
Charge for the period	15,893	19,207	28,481	63,581
Disposals	-	-	(7,333)	(7,333)
<b>At 30th September 2020</b>	<b>344,554</b>	<b>515,286</b>	<b>640,664</b>	<b>1,500,504</b>
<b>Net book value</b>				
<b>At 30th September 2020</b>	<b>811,384</b>	<b>147,111</b>	<b>1,964,429</b>	<b>2,922,924</b>
At 31st March 2020	827,277	157,654	1,982,465	2,967,396

## Notes to the Interim Financial Information

## 13 PROPERTY, PLANT AND EQUIPMENT (Continued)

## Notes:

(a) At 30th September 2020, hotel properties with carrying amount of HK\$2,786,827,000 (31st March 2020: HK\$2,831,302,000) were pledged to banks to secure bank borrowings.

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

According to the Group's accounting policies, the carrying amount of the five hotel properties in operation were HK\$2,786,827,000 (31st March 2020: HK\$2,831,302,000).

The aggregate open market value, on a highest and best use basis, of the hotel properties in Hong Kong based on valuations conducted by Vigers Appraisal & Consulting Limited ("Vigers"), independent professional valuers, amounted to HK\$11,422,900,000 (31st March 2020: HK\$11,669,800,000), is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13.

Vigers used the discounted cash flow 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 supplementary information with hotel properties in operation at valuation is for readers' information only. It does not constitute a disclosure requirement under HKAS 16 and HKFRS 16.

## 14 TRADE AND OTHER RECEIVABLES

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

Trade receivables of the Group amounted to HK\$3,305,000 (31st March 2020: HK\$2,246,000). 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 loss allowance is as follows:

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
0 month to 6 months	3,003	2,082
7 months to 12 months	175	15
More than 12 months	127	149
	<b>3,305</b>	2,246

## Notes to the Interim Financial Information

## 15 FINANCIAL INVESTMENTS

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
<b>Non-current assets</b>		
Equity securities - Listed in Hong Kong	90,828	134,566
Unlisted funds	34,185	34,201
	<b>125,013</b>	168,767
<b>Current assets</b>		
Debt securities		
- Listed in Singapore	6,416,620	5,223,010
- Listed in Europe	444,654	445,650
- Listed in Hong Kong	175,581	214,082
	<b>7,036,855</b>	5,882,742
	<b>7,161,868</b>	6,051,509

## Notes to the Interim Financial Information

## 15 FINANCIAL INVESTMENTS (Continued)

Financial investments are classified in the following categories:

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
<b>Non-current assets</b>		
Financial assets at FVOCI	90,828	134,566
Financial assets at FVPL	34,185	34,201
	<b>125,013</b>	168,767
<b>Current assets</b>		
Financial assets at FVOCI	7,036,324	5,882,258
Financial assets at FVPL	531	484
	<b>7,036,855</b>	5,882,742
	<b>7,161,868</b>	6,051,509
Financial investments are denominated in the following currencies:		
United States dollar	7,054,141	5,800,358
Hong Kong dollar	90,828	234,566
Japanese yen	16,368	16,101
Euro	531	484
	<b>7,161,868</b>	6,051,509

## Notes to the Interim Financial Information

## 15 FINANCIAL INVESTMENTS (Continued)

Supplementary information of financial investments:

**DEBT SECURITIES**

As at 30th September 2020, the Group held 28 (31st March 2020: 33) debt securities that are all listed securities, 24 of them are listed in Singapore, 2 in Hong Kong and 2 in Europe. More than 98% (31st March 2020: more than 96%) of the mark to market valuation comprising 26 (31st March 2020: 30) debt securities were issued by PRC-based real estate companies, the shares of which are all listed with the exception of 1 that is unlisted.

The summary of debt securities of financial investments as at 30th September 2020 and 31st March 2020 and their corresponding unrealised (loss)/gain and interest income for the six months ended 30th September 2020 and 2019 are as follows:

	As at 30th September 2020 HK\$'000	As at 31st March 2020 HK\$'000
Principal amount of notes	<b>7,823,688</b>	7,282,450
Investment cost	<b>7,427,292</b>	7,044,356
Market value	<b>7,036,855</b>	5,882,742
Coupon	<b>7.75% to 22%</b>	7.75% to 15.5%
Maturity	<b>Nov 2020 - Jun 2025</b>	May 2020 - Jun 2025
Rating	<b>NR to B2</b>	NR to B

## Notes to the Interim Financial Information

## 15 FINANCIAL INVESTMENTS (Continued)

## DEBT SECURITIES (Continued)

	For the six months ended	
	30th September	
	2020	2019
	HK\$'000	HK\$'000
Interest income	472,159	412,332
Unrealised loss/(gain)		
- to profit and loss account	(1,938)	(4,843)
- to other comprehensive income	683,970	(228,918)

As at 30th September 2020, the 28 (30th September 2019: 25) listed debt securities gave rise to a net unrealised fair value gain of HK\$682 million (2019: HK\$234 million) for the six months period ended 30th September 2020. A total of 8 (2019: 18) debt securities have recorded unrealised fair value losses, with the remaining 20 (2019: 7) debt securities that recorded unrealised fair value gain.

As at 30th September 2020, the mark to market valuation of the largest single debt security within the Group's financial investments represents approximately 9.1% (31st March 2020: 7.4%) of the Group's revalued total assets, and the mark to market valuation of the five largest debt securities held represents approximately 21.3% (31st March 2020: 15.1%). The remaining 23 debt securities represent 12.9% of the Group's revalued total assets, with each of them less than 1.8%.

The five largest debt securities held at 30th September 2020 are as follows:

	Market value				Unrealised gain/(loss)		Interest income	
	30th	% of	31st	% of	for the six months		for the six months	
	September	the debt	March	the debt	ended 30th September		ended 30th September	
	2020	securities	2020	securities	2020	2019	2020	2019
	portfolio	HK\$'000	portfolio	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Kaisa 9.375% notes	1,867,400	27%	1,438,492	24%	428,908	(73,012)	99,840	100,966
Scenery Journey 12% notes	1,253,054	18%	350,120	6%	14,068	-	79,341	-
Jiayuan 11.375% notes	444,123	6%	445,166	8%	(1,043)	(4,725)	35,992	28,270
Xinyuan 8.875% notes	431,980	6%	371,529	6%	60,451	(30,961)	28,523	28,234
Evergrande 12% notes	387,297	6%	164,967	3%	39,922	-	19,123	-

## Notes to the Interim Financial Information

### 15 FINANCIAL INVESTMENTS (Continued)

#### DEBT SECURITIES (Continued)

“Kaisa 9.375% notes”, issued by Kaisa Group Holdings Limited (“Kaisa”) and carries fixed coupon rate of 9.375% per annum. It is denominated in United States dollar (“US\$”) and matures on 30th June 2024. The notes are rated “B2” by Moody’s and listed on SGX-ST.

“Scenery Journey 12% notes”, issued by Scenery Journey Limited which is a subsidiary of China Evergrande Group (“Evergrande”) and carries fixed coupon rate of 12% per annum. It is denominated in US\$ and matures on 24th October 2023. The notes are rated “B2” by Moody’s and listed on SGX-ST. Evergrande is principally engaged in the property development, property investment, property management, property construction, hotel operations, finance business, internet business and health industry business in the PRC. Its shares are listed on HKEX (stock code: 3333).

“Jiayuan 11.375% notes”, issued by Jiayuan International Group Limited (“Jiayuan”) and carries fixed coupon rate of 11.375% per annum. It is denominated in US\$ and matures on 2nd May 2022. The notes are rated “B3” by Moody’s and listed on Frankfurt Stock Exchange. Jiayuan is principally engaged in the property development and property investment in the PRC. Its shares are listed on HKEX (stock code: 2768).

“Xinyuan 8.875% notes”, issued by Xinyuan Real Estate Co., Ltd. (“Xinyuan”) and carries fixed coupon rate of 8.875% per annum. It is denominated in US\$ and matures on 22nd November 2020. The notes are rated “CCC+” by Standard & Poor’s Rating Services (“S&P”) and listed on SGX-ST. Xinyuan is principally engaged in property development, property investment and the provision of property management services in the PRC. Its shares are listed on the NYSE (stock code: XIN).

“Evergrande 12% notes”, issued by Evergrande and carries fixed coupon rate of 12% per annum. It is denominated in US\$ and matures on 22nd January 2024. The notes are rated “B2” by Moody’s and listed on the SGX-ST.

## Notes to the Interim Financial Information

## 15 FINANCIAL INVESTMENTS (Continued)

## EQUITY SECURITY AND UNLISTED FUNDS

As at 30th September 2020, the Group held 1 (31st March 2020: 1) listed equity security and 3 (31st March 2020: 3) unlisted fund securities. The summary of equity and fund securities portfolio of financial investments as at 30th September 2020 and 31st March 2020 and their corresponding unrealised (loss)/gain and dividend income for the six months ended 30th September 2020 and 2019 are as follows:

	Market value		Unrealised (loss)/gain for the six months ended 30th September		Dividend income for the six months ended 30th September	
	30th September 2020 HK\$'000	31st March 2020 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
HSBC Holdings PLC ("HSBC")	90,828	134,566	(43,738)	(10,668)	-	4,782
Others	34,185	34,201	(1,857)	545	-	-
	<b>125,013</b>	168,767	<b>(45,595)</b>	(10,123)	-	4,782

HSBC is a banking and financial services company. It operates across various geographical regions, and its shares are listed on HKEX (stock code: 5) with an "A-" rated by S&P. As at 30th September 2020, a total of 0.02% shareholding of HSBC was held by the Group.

## 16 TRADE AND OTHER PAYABLES

Trade and other payables of the Group include trade payables, rental and management fee deposits, retentions payable of construction costs, interest payable, lease liabilities and various accruals. Trade payables of the Group amounted to HK\$90,912,000 (31st March 2020: HK\$9,710,000).

Aging analysis of trade payables is as follows:

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
0 month to 6 months	90,252	9,054
7 months to 12 months	42	80
More than 12 months	618	576
	<b>90,912</b>	9,710

## Notes to the Interim Financial Information

## 17 BORROWINGS

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
<b>Current liabilities</b>		
Short term bank loans		
Secured	1,334,933	1,157,747
Unsecured	10,000	-
Current portion of long term bank loans		
Secured	1,440,324	971,255
Unsecured	135,307	135,019
	<b>2,920,564</b>	2,264,021
<b>Non-current liabilities</b>		
Long term bank loans		
Secured	2,662,783	3,198,038
Unsecured	1,047,175	1,114,894
	<b>3,709,958</b>	4,312,932
	<b>6,630,522</b>	6,576,953

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 2020 HK\$'000	31st March 2020 HK\$'000
Repayable within one year	1,575,631	1,106,274
Repayable between one and two years	1,388,800	980,879
Repayable between two and five years	2,321,158	3,332,053
	<b>5,285,589</b>	5,419,206
Current portion included in current liabilities	<b>(1,575,631)</b>	(1,106,274)
	<b>3,709,958</b>	4,312,932

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

## Notes to the Interim Financial Information

## 18 CONVERTIBLE NOTES

	HK\$'000
At the beginning of the period	211,845
Interest expense (note)	7,395
	219,240
Coupon payable included in trade and other payables	(612)
At the end of the period	218,628

Note:

The interest expense on the convertible notes is calculated using the effective interest method by applying the effective interest rate per annum. Interest expenses of HK\$7,392,000 (2019: HK\$6,930,000) is payable to the intermediate holding companies of the Company during the period.

## 19 SHARE CAPITAL

Shares of HK\$0.02 each	Number of shares	Amount HK\$'000
Authorised:		
At 31st March 2020 and 30th September 2020	35,000,000,000	700,000
Issued and fully paid:		
At 31st March 2020 and 30th September 2020	2,018,040,477	40,361

## Notes to the Interim Financial Information

## 20 RESERVES

	Share premium	Contributed surplus	Convertible note redemption reserve	Investment revaluation reserve	Currency translation reserve	Share option reserve	Revenue reserve	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As 31st March 2020	1,126,360	37	1,067,444	(968,122)	(46,315)	3,423	2,299,767	3,482,594
Net fair value gain on financial assets at FVOCI	-	-	-	687,748	-	-	-	687,748
Cash flow hedges								
- fair value loss	-	-	-	(50,568)	-	-	-	(50,568)
- deferred tax on derivative financial instruments	-	-	-	9,093	-	-	-	9,093
Currency translation differences	-	-	-	-	24,400	-	-	24,400
Share of currency translation differences of joint ventures	-	-	-	-	25,467	-	-	25,467
Profit for the period	-	-	-	-	-	-	302,425	302,425
<b>At 30th September 2020</b>	<b>1,126,360</b>	<b>37</b>	<b>1,067,444</b>	<b>(321,849)</b>	<b>3,552</b>	<b>3,423</b>	<b>2,602,192</b>	<b>4,481,159</b>

## 21 CAPITAL COMMITMENTS

Capital commitments at the balance sheet date are as follows:

	30th September 2020	31st March 2020
	HK\$'000	HK\$'000
Contracted but not provided for Property, plant and equipment	2,104	2,903

## 22 FINANCIAL GUARANTEES

	30th September 2020	31st March 2020
	HK\$'000	HK\$'000
Guarantees for the bank loans of joint ventures	369,860	349,798

## Notes to the Interim Financial Information

## 23 RELATED PARTY TRANSACTIONS

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

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Income from/(expense to) subsidiaries of Asia Orient Holdings Limited		
Hotel and travel service	30	591
Operating lease rental and management services	(3,057)	(3,057)
Project management service	(2,364)	(2,364)
Travel agency service income from related companies	2	103
Interest of convertible notes to the intermediate holding companies	(7,392)	(6,930)

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) (2019: Nil).

## Other Information

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

As at 30th September 2020, 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 Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were 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 were taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange were as follows:

#### (I) LONG POSITIONS IN SHARES

##### (a) The Company

Director	Number of shares held			Percentage of shares in issue (%)
	Personal interest	Corporate interest	Total	
Poon Jing	152,490	1,346,158,049	1,346,310,539	66.71

Note:

By virtue of Mr. Poon Jing's interest in the Company through Asia Orient Holdings Limited ("Asia Orient") and its subsidiaries as disclosed under the heading "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" below, Mr. Poon is deemed to be interested in the shares of all of the Company's subsidiaries.

##### (b) Associated corporations

Director	Associated corporation	Number of shares held			Percentage of shares in issue (%)	
		Personal interest	Family interest	Corporate interest		
Poon Jing	Asia Orient (Note 1)	273,607,688	5,318,799	145,213,900	424,140,387	50.44
Poon Jing	Asia Standard International Group Limited ("ASI") (Note 2)	1,308,884	-	683,556,392	684,865,276	51.89
Poon Hai	Asia Orient	10,444,319	-	-	10,444,319	1.24
Fung Siu To, Clement	Asia Orient	15,440,225	-	-	15,440,225	1.83
Fung Siu To, Clement	Mark Honour Limited	9	-	-	9	0.01

Notes:

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

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

### (II) LONG POSITIONS IN UNDERLYING SHARES

#### Interests in share options

##### (a) *The Company*

Director	Number of share options held
	Outstanding as at 1st April 2020 and 30th September 2020
Poon Hai (Note 1)	14,400,000
Poon Yeung, Roderick (Note 1)	14,400,000

Notes:

- Options were granted on 11th December 2015 under 2006 Share Option Scheme (as described under the heading "Share Option Schemes") and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$0.343 (as adjusted) per share.
- During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

##### (b) *Associated corporation - Asia Orient*

Director	Number of share options held
	Outstanding as at 1st April 2020 and 30th September 2020
Poon Hai (Note 1)	3,500,000
Poon Yeung, Roderick (Note 1)	3,500,000

Notes:

- Options were granted on 11th December 2015 under a share option scheme adopted by Asia Orient on 29th August 2014 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.42 per share.
- During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

## 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)

(c) Associated corporation - ASI

<b>Director</b>	<b>Number of share options held</b>
	<b>Outstanding as at 1st April 2020 and 30th September 2020</b>
Poon Hai (Note 1)	3,500,000
Poon Yeung, Roderick (Note 1)	3,500,000

Notes:

- (1) Options were granted on 11th December 2015 under a share option scheme adopted by ASI on 29th August 2014 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.38 per share.
- (2) During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

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

### (III) LONG POSITIONS IN UNDERLYING SHARES AND DEBENTURES

#### Interests in convertible notes

*The Company*

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

Note:

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

Save as disclosed above, as at 30th September 2020, none of the Directors or the Chief Executive 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 Part XV of the SFO) which (a) were 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 2020, 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 of the Company.

#### (I) LONG POSITIONS IN SHARES OF THE COMPANY

Shareholder	Capacity	Number of shares held	Total	Percentage of shares in issue (%)
The Sai Group Limited ("Sai Group")	Beneficial owner	1,298,709,227	1,298,709,227	64.35
ASI (Note 1)	Interests in controlled corporation	1,298,709,227	1,298,709,227	64.35
Persian Limited ("Persian")	Beneficial owner	47,448,822	47,448,822	2.35
Asia Orient Holdings (BVI) Limited ("AOH(BVI)") (Notes 2 and 3)	Interests in controlled corporation	1,346,158,049	1,346,158,049	66.70
Asia Orient (Note 4)	Interests in controlled corporation	1,346,158,049	1,346,158,049	66.70
Wong Kwok Fong	Beneficial owner Family interest	183,088,366 60,000	183,148,366	9.07

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

### (II) LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

#### Interests in convertible notes

Noteholder	Capacity	Number of convertible notes held
Sai Group (Note 5)	Beneficial owner	2,597,418,454
ASI (Notes 1 and 5)	Interests in controlled corporation	2,597,418,454
Persian (Note 5)	Beneficial owner	94,897,644
AOH(BVI) (Notes 2, 3 and 5)	Interests in controlled corporation	2,692,316,098
Asia Orient (Notes 4 and 5)	Interests in controlled corporation	2,692,316,098

#### Notes:

- (1) Sai Group is a wholly owned subsidiary of ASI. ASI is deemed to be interested in and duplicate the interest held by Sai Group.
- (2) AOH(BVI) and its subsidiaries together hold more than one-third of the issued shares of ASI and are deemed to be interested in and duplicate the interest held by ASI.
- (3) Persian is a wholly owned subsidiary of AOH(BVI). AOH(BVI) is deemed to be interested in and duplicate the interest held by Persian.
- (4) AOH(BVI) is a wholly owned subsidiary of Asia Orient. Asia Orient is deemed to be interested in and duplicate the interest held by AOH(BVI) and its subsidiaries.
- (5) The convertible notes are convertible during the period from 24th February 2017 and up to and including the date falling the 10th business date prior to 23rd February 2047 at the redemption value of HK\$0.453 per convertible note.

Save as disclosed above, as at 30th September 2020, the Directors were not aware of any other persons (other than the Directors and Chief Executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept under Section 336 of the SFO.

## Other Information

### SHARE OPTION SCHEMES

The share option scheme of the Company adopted by the Company on 28th August 2006 (the “2006 Share Option Scheme”) was expired on the tenth anniversary of such adoption date. Following the expiry of 2006 Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2006 Share Option Scheme and yet to be exercised shall remain valid and exercisable. As at 30th September 2020, there were 28,800,000 share options granted under 2006 Share Option Scheme outstanding. Movements of share options granted under 2006 Share Option Scheme during the period are as follows:

<b>Grantee</b>	<b>Number of share options held</b>
	<b>Outstanding as at 1st April 2020 and 30th September 2020</b>
Directors	28,800,000

Notes:

- (1) Options were granted on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$0.343 (as adjusted) per share.
- (2) During the period, no option was exercised, cancelled or lapsed.

The Company adopted a share option scheme on 8th September 2016 and its scheme limit was refreshed on 30th August 2017 (the “2016 Share Option Scheme”). No share option has been granted under 2016 Share Option Scheme since its adoption.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2020 (2019: 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 as set out in Appendix 10 of the Listing Rules. The Company 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 2020.

## 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 from time to time and at any time, appoint any person as a Director, either to fill a casual vacancy, or as an addition to the Board. Any Director so appointed shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting; and
3. Code Provision E.1.2 of the CG Code provides that the chairman of the board of the company should attend the annual general meetings. Mr. Poon Jing, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 26th August 2020 due to his other engagements at the relevant time.

## Other Information

### AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th September 2020.

On behalf of the Board

**Asia Standard Hotel Group Limited**

**Poon, Jing**

*Chairman*

Hong Kong, 26th November 2020

