



Asia Standard Hotel
Group Limited



Interim Report
2018

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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

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

PRINCIPAL OFFICE IN HONG KONG

30th Floor, MassMutual Tower,
33 Lockhart Road, Wanchai,
Hong Kong

Telephone 2866 3336

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Website www.asiastandardhotelgroup.com

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

PRINCIPAL BANKERS

Bank of China (Hong Kong)

Hang Seng Bank

HSBC

Chiyu Banking Corporation

Fubon Bank (Hong Kong)

Industrial and Commercial Bank of
China (Asia)

Industrial and Commercial Bank of
China (Canada)

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

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

AUDITOR

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

SHARE REGISTRAR IN BERMUDA

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited

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

Financial Highlights

(in HK\$ million, except otherwise indicated)	Six months ended 30th September		
	2018	2017	Change
Consolidated profit and loss account			
Revenue	543	412	+32%
Operating profit	215	228	-6%
Profit attributable to shareholders of the Company	128	192	-33%
Earnings per share - basic (HK cents)	6.4	9.5	-33%

	30th September 2018	31st March 2018	Change
Consolidated balance sheet			
Total assets	10,422	9,101	+15%
Net assets	3,558	3,919	-9%
Equity attributable to shareholders of the Company	3,559	3,919	-9%

Supplementary information about valuation of the five (31st March 2018: four) completed hotel properties in Hong Kong (note):

Revalued total assets	19,179	17,410	+10%
Revalued net assets	12,316	12,227	+1%
Net debt	6,256	4,675	+34%
Gearing - net debt to revalued net assets	51%	38%	+13%

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 2018 and 31st March 2018.

Management Discussion and Analysis



Lobby in the **Empire Hotel Hong Kong** exuding elegance and oriental sophistication

RESULTS

The Group's revenue for the six months ended 30th September 2018 amounted to HK\$543 million, an increase of 32% when compared with the same period of last year. Such increase was mainly attributable to an increase of income derived from financial investments. Profits attributable to shareholders, however, decreased by 33% to HK\$128 million as a result of (i) a net investment loss in respect of its investments in financial assets, as opposed to a net gain in the same period of last year, (ii) an increase in finance cost from increased bank borrowings and rising interest rate, offset by (iii) an increase in income from financial investments.

HOTEL BUSINESS

Between April 2018 and September 2018, the cumulative arrivals for all visitors to Hong Kong and those who stayed overnight reached 31 million and 14 million, respectively, the former had a 9% increase and the latter a 4% increase. Mainland China dominated the overnight visitor arrivals with a 69% of the total share, and this market recorded a 6% increase from the same period of last year.

As of September 2018, the total Hong Kong hotel room supply was approximately 80,000 rooms, increased by 3% from the same period of last year.

The hotel market in Hong Kong has experienced an uptrend since the fourth quarter of 2017 following the rebound in the number of overnight visitors.



Prestige Room at the all-new **Empire Prestige Tsim Sha Tsui**, styled with contemporary touches and a slew of modern amenities

During the period under review, our hotels in Hong Kong have achieved a 95% occupancy, while average room rate has increased by 13% from the same period of last year. The decrease in contribution to segment results before depreciation from HK\$95 million to HK\$81 million was primarily due to cessation of Empire Landmark Hotel in Canada since October 2017 for redevelopment.

DEVELOPMENT PROJECTS

The new 90-room hotel located adjacent to our existing hotel in Tsim Sha Tsui has received the hotel operating license in September 2018 and will commence business in the fourth quarter of 2018.

In Vancouver, the demolition work of our Empire Landmark Hotel located in the downtown core at the Robson Street is currently underway. A total of CAD\$135 million (approximately HK\$825 million) contracted sales of residential units in this development has been achieved up to 30th September 2018 since the pre-sale was first launched in January 2018.

Another piece of land and buildings located next to our Empire Landmark Hotel at the Robson Street is in the planning stage for residential and commercial development.

The Group's joint venture for a residential development for sale at the Alberni Street has received the public hearing approval for rezoning in September and is on course for obtaining the development permit from the local authority.

In April 2018, the Group, through another joint venture with which it owns 40% equity interest, has completed the acquisition of another property also located at Alberni Street in downtown Vancouver for redevelopment into premium residential units for sale. The total consideration of the acquisition was CAD\$130 million (equivalent to approximately HK\$794 million).

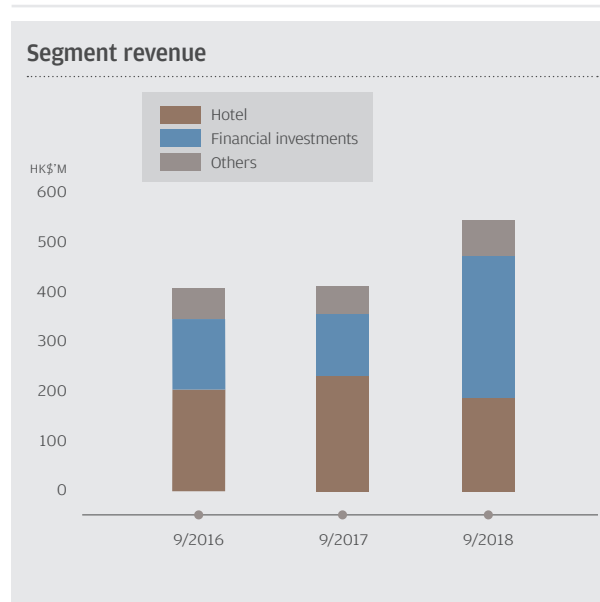
Management Discussion and Analysis

FINANCIAL INVESTMENTS

The Group has adopted the new accounting standard HKFRS 9 with effect from 1st April 2018. This is a new classification and measurement approach for financial assets with changes in fair value of certain securities (consisted mostly listed debt securities) to be recognised through reserve while expected credit loss and impairment to be assessed at each reporting date and the charges to be reported in profit and loss account. This differed from the previous practice for recognising fair value changes and impairment charges when incurred through profit and loss account. Further details of the nature and effect of the changes to previous accounting policies can be referred to note 3 of the notes to the interim financial information.

As at 30th September 2018, the Group's financial investment portfolio consisted almost entirely of listed securities amounted to HK\$5,924 million (31st March 2018: HK\$4,936 million). The increase in value of the portfolio during the period was mainly attributable to net investments made in debt securities offset by a mark to market fair value loss during the period.

Approximately 89% of our investment portfolio comprised of listed debt securities that were issued mostly by companies operating real estate business in China, approximately 9% comprised listed equity securities (all of which were issued by major banks), and 2% comprised unlisted fund. They were denominated in Hong Kong dollars 3% and United States dollars 97%.



During the period under review, a total of HK\$282 million (2017: HK\$123 million) in interest and dividend income were generated from the investment portfolio. The increase in interest and dividend income was due to an enlarged debt portfolio from additional investments. Notwithstanding this increase in income, a net investment loss of HK\$56 million (2017: a net gain of HK\$119 million) was charged to profit and loss while the mark-to-market valuation loss on listed debt securities of HK\$478 million were recognised in the investment reserve account pursuant to HKFRS 9. The net investment loss comprised changes in the expected credit loss, impairment charges and exchange losses of listed debt securities, offset by fair value changes of listed equity securities. The drop in market price on the listed debt securities was mainly due to a rising interest rate environment and the liquidity tightening of the property sector in China.

FINANCIAL REVIEW

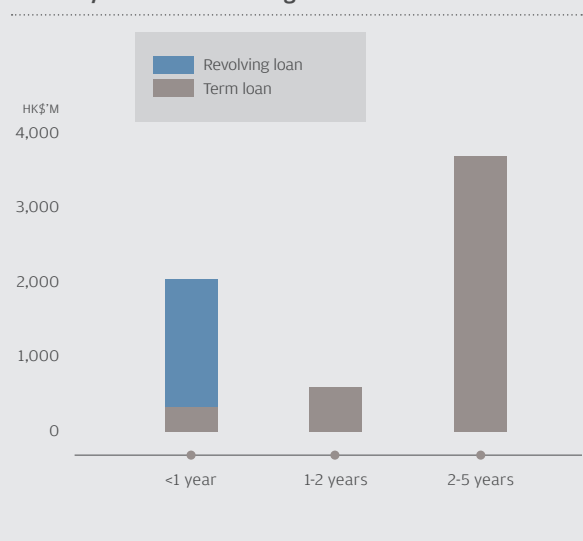
The financing and treasury activities of the Group are centrally managed at the corporate level. At 30th September 2018, the Group had over HK\$1,470 million cash and undrawn banking facilities.

The Group's total assets per book amounted to HK\$10,422 million (31st March 2018: HK\$9,101 million). Based on independent valuation, the total revalued amount of our hotel properties in Hong Kong as at 30th September 2018 was HK\$11,772 million, increased by 11% when compared with that as at 31st March 2018. The increase was mainly due to addition of the revalued amount of our new 90-room Empire Prestige in Tsim-Sha-Tsui, which has obtained the hotel operating license in September 2018 and will be opening and start generating income shortly. The revalued total assets of the Group with hotel properties in Hong Kong at market value would be HK\$19,179 million (31st March 2018: HK\$17,410 million).

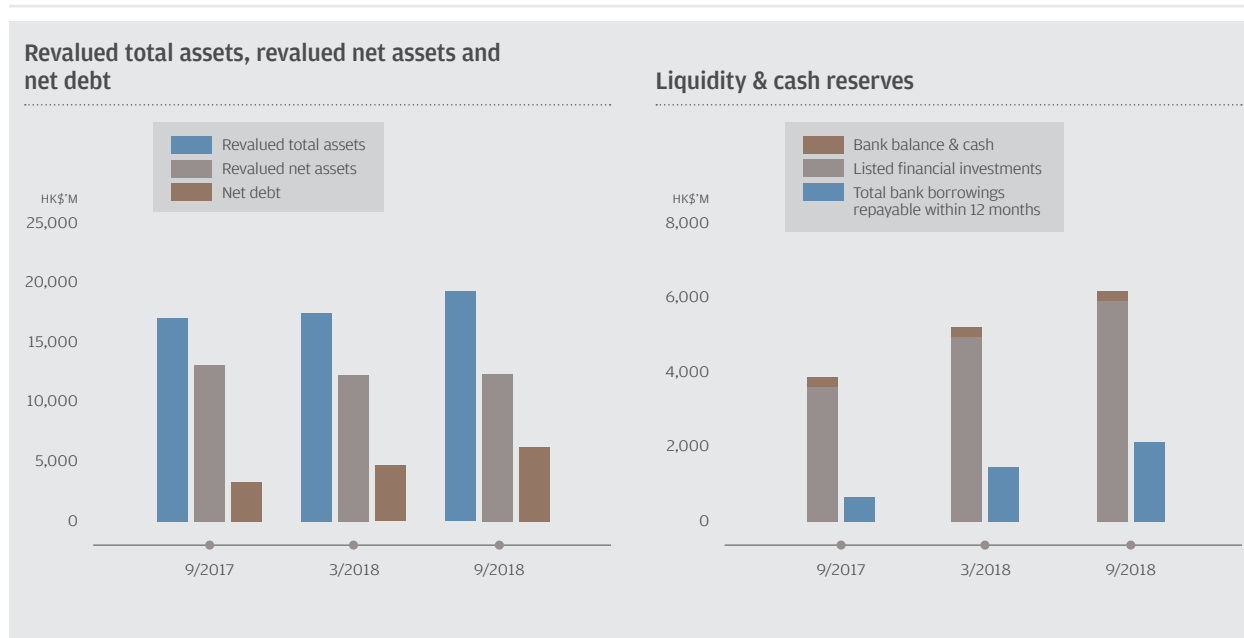
The shareholders' funds per book amounted to HK\$3,559 million (31st March 2018: HK\$3,919 million), of which the decrease was mainly due to unrealised fair value changes net of expected credit loss and impairment charges from certain financial investments (mostly listed debt securities) that were recognised in other comprehensive income under shareholders' equity pursuant to HKFRS 9. Taking into account the market value of the completed hotel properties, the revalued net asset value of the Group would be HK\$12,316 million (31st March 2018: HK\$12,227 million).

The consolidated net debt (total debt less cash balance) was HK\$6,256 million (31st March 2018: HK\$4,675 million). The total debt comprised HK\$6,316 million of bank borrowings and HK\$193 million convertible notes. 91% of the gross bank borrowings or HK\$5,776 million was denominated in Hong Kong dollars, and the remaining 9% or to the equivalent of HK\$540 million were in foreign currencies incurred in operations and investment in financial assets overseas. Total interest cost increased as a result of increased bank borrowings and rising interest rate.

Maturity of bank borrowings



Management Discussion and Analysis



Of the total bank borrowings, 27% were revolving loans (of which 24% is secured), 51% were secured term loans, and the remaining 22% were unsecured term loans. The maturity of our bank borrowings spread over a period of up to five years with 32% repayable within one year, 10% repayable between one to two years, and 58% repayable within three to five years. Convertible notes, accounting for 3% of total debt, are unsecured and repayable in February 2047.

At 30th September 2018, the Group had net current assets of HK\$4,129 million (31st March 2018: HK\$3,799 million), and bank balances together with listed marketable securities of HK\$6,086 million represent 2.9 times of the bank borrowings of HK\$2,112 million due within 12 months.

The Group's gearing ratio, expressed as a percentage of net debt over the revalued net asset value, was 51% (31st March 2018: 38%).

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 2018 amounted to HK\$4,174 million (31st March 2018: HK\$3,653 million).

HUMAN RESOURCES

As at 30th September 2018, the total number of full-time employees of the Company and its subsidiaries was approximately 300 (31st March 2018: 280). In addition to salary payment, the Group provides other benefits including insurance, share options, medical scheme and retirement plans and others to its employees.



Spectacular **Landmark on Robson** overlooking at the highest vantage point in West-end district of Vancouver

OUTLOOK

In Hong Kong, the medium-term outlook of tourist arrivals and the hotel room rates' growth is positive as the market stands to benefit positively from the opening of the Hong Kong-Zhuhai-Macao Bridge and the high-speed railway this year. The new transport links will facilitate additional travel to Hong Kong and boost demand for hotels.

The general outlook for the property market in Vancouver, Canada is expected to remain attractive because of the solid economic performance fueled by its strong export and real GDP growth.

While China's economic outlook remained uncertain amid ongoing trade tension, the Chinese government has begun rolling out stabilization measures to proactively ease the deceleration in economic growth. These measures cover the basic areas of spending such as food, transportation, and housing, and relieve the early tight credit environment, all of which could weigh on confidence, financial market sentiment, and eventually on activity, depending on their ultimate scope.

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 11 to 47, which comprises the condensed consolidated balance sheet of Asia Standard Hotel Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 September 2018 and the related condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 November 2018

Condensed Consolidated Profit and Loss Account – Unaudited

	<i>Note</i>	Six months ended 30th September	
		2018 HK\$'000	2017 HK\$'000
Revenue	6	542,543	411,803
Cost of sales		(139,499)	(143,920)
Gross profit		403,044	267,883
Selling and administrative expenses		(79,566)	(82,311)
Depreciation		(52,398)	(76,365)
Net investment (loss)/gain	7	(55,662)	119,292
Operating profit		215,418	228,499
Net finance costs	9	(81,411)	(34,571)
Share of profits less losses of joint ventures		1,368	812
Profit before income tax		135,375	194,740
Income tax expense	10	(6,889)	(2,755)
Profit for the period		128,486	191,985
Attributable to:			
Shareholders of the Company		128,258	191,985
Non-controlling interest		228	-
		128,486	191,985
Earnings per share (HK cents)			
Basic	12	6.4	9.5
Diluted	12	2.8	4.2

Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Six months ended 30th September	
	2018 HK\$'000	2017 HK\$'000
Profit for the period	128,486	191,985
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value loss on debt securities at fair value through other comprehensive income	(441,437)	-
Fair value gain on available-for-sale investments	-	40,396
Currency translation differences	3,126	17,791
Share of currency translation differences of joint ventures	(2,533)	16,994
Items that will not be reclassified to profit or loss:		
Net fair value loss on equity securities at fair value through other comprehensive income	(19,049)	-
	(459,893)	75,181
Total comprehensive (charge)/income for the period	(331,407)	267,166
Attributable to:		
Shareholders of the Company	(330,790)	267,166
Non-controlling interests	(617)	-
	(331,407)	267,166

Condensed Consolidated Balance Sheet – Unaudited

	<i>Note</i>	30th September 2018 HK\$'000	31st March 2018 HK\$'000
Non-current assets			
Property, plant and equipment	13	3,108,427	3,120,422
Joint ventures		463,388	255,682
Financial investments	15	297,333	233,630
Deferred income tax assets		5,236	4,880
		3,874,384	3,614,614
Current assets			
Properties under development for sale		436,122	344,970
Inventories		13,848	14,091
Trade and other receivables	14	215,564	174,289
Income tax recoverable		2,516	2,698
Financial investments	15	5,626,493	4,702,718
Bank balances and cash		253,046	247,726
		6,547,589	5,486,492
Current liabilities			
Trade and other payables	16	139,745	139,740
Contract liabilities		108,794	-
Deposits received from sale of properties		-	56,833
Amount due to non-controlling interest		38,670	-
Borrowings	17	2,111,855	1,477,071
Income tax payable		19,521	14,183
		2,418,585	1,687,827
Net current assets			
		4,129,004	3,798,665
Non-current liabilities			
Long term borrowings	17	4,204,166	3,258,698
Convertible notes	18	193,167	187,243
Deferred income tax liabilities		47,694	48,639
		4,445,027	3,494,580
Net assets			
		3,558,361	3,918,699
Equity			
Share capital	19	40,361	40,361
Reserves	20	3,518,617	3,878,338
Equity attributable to shareholders of the Company			
		3,558,978	3,918,699
Non-controlling interests		(617)	-
		3,558,361	3,918,699

Condensed Consolidated Statement of Cash Flows – Unaudited

	Six months ended 30th September	
	2018 HK\$'000	2017 HK\$'000
Cash flows from operating activities		
Net cash used in operation	(1,257,062)	(940,074)
Net income tax paid	(2,669)	(4,849)
Interest paid	(79,450)	(30,168)
Interest received from bank deposit and loan receivables	269	84
Net cash used in operating activities	(1,338,912)	(975,007)
Cash flows from investing activities		
Purchase of financial assets at FVOCI	(82,960)	-
Purchase of AFS investments	-	(8,036)
Net addition to property, plant and equipment	(37,818)	(36,081)
Increase in investments in joint ventures	(80,579)	(2,289)
Advances to joint ventures	(128,292)	(10,081)
Net cash used in investing activities	(329,649)	(56,487)
Cash flows from financing activities		
Drawdown of long term borrowings	1,585,914	1,071,603
Repayment of long term borrowings	(894,500)	(62,392)
Net increase of short term borrowings	887,736	78,594
Contribution from non-controlling interests	38,670	-
Dividend paid to shareholders	(12,915)	(12,915)
Coupon paid to convertible noteholders	(16,016)	(17,116)
Net cash generated from financing activities	1,588,889	1,057,774
Net (decrease)/increase in cash and cash equivalents	(79,672)	26,280
Cash and cash equivalents at the beginning of the period	190,892	228,508
Changes in exchange rates	1,017	2,956
Cash and cash equivalents at the end of the period	112,237	257,744
Analysis of balances of cash and cash equivalents		
Bank balances and cash (excluding restricted bank balances)	112,237	257,744

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 2017	40,361	3,686,377	3,726,738	-	3,726,738
Net fair value gain on AFS investments	-	40,396	40,396	-	40,396
Currency translation differences	-	17,791	17,791	-	17,791
Share of currency translation differences of joint ventures	-	16,994	16,994	-	16,994
Profit for the period	-	191,985	191,985	-	191,985
Total comprehensive income for the period	-	267,166	267,166	-	267,166
2017 final dividend	-	(12,915)	(12,915)	-	(12,915)
Coupon to convertible noteholders	-	(17,116)	(17,116)	-	(17,116)
Total transaction with owners	-	(30,031)	(30,031)	-	(30,031)
At 30th September 2017	40,361	3,923,512	3,963,873	-	3,963,873
At 31st March 2018	40,361	3,878,338	3,918,699	-	3,918,699
Net fair value loss on financial assets at FVOCI	-	(460,486)	(460,486)	-	(460,486)
Currency translation differences	-	3,126	3,126	-	3,126
Share of currency translation differences of joint ventures	-	(1,688)	(1,688)	(845)	(2,533)
Profit for the period	-	128,258	128,258	228	128,486
Total comprehensive charge for the period	-	(330,790)	(330,790)	(617)	(331,407)
2018 final dividend	-	(12,915)	(12,915)	-	(12,915)
Coupon to convertible noteholders	-	(16,016)	(16,016)	-	(16,016)
Total transaction with owners	-	(28,931)	(28,931)	-	(28,931)
At 30th September 2018	40,361	3,518,617	3,558,978	(617)	3,558,361

Notes to the Interim Financial Information

1 GENERAL INFORMATION

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

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2018 (“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 2018, 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 2018, except adoption of the following new standards that is effective for the financial year ending 31st March 2019 which is relevant to the Group’s operations and is mandatory for accounting periods beginning on or after 1st January 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from contracts with customers

The adoption of HKFRS 9 and HKFRS 15 from 1st April 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9 and HKFRS 15, comparative figures have not been restated.

HKFRS 9 FINANCIAL INSTRUMENTS

The Group’s existing available-for-sale (“AFS”) equity investments as at 31st March 2018 would be reclassified as financial assets at fair value through other comprehensive income (“FVOCI”). It would have no change to the fair value measurement method of these long term financial assets at FVOCI from AFS investments except for any gains or losses realised upon sale will no longer be transferred to the profit and loss account, but instead reclassified from “investment revaluation reserve” (previously named as “AFS investment reserve”) to “revenue reserve”. In addition, there will be no more impairment losses required to be charged to the profit and loss account for equity investments at FVOCI under the new guidance.

Equity investments that were previously classified as financial assets at fair value through profit or loss (“FVPL”) at 31st March 2018 are continued to be classified as financial assets at FVPL on 1st April 2018. There is no change in the measurement of fair value and realised gains or losses.

3 THE ADOPTION OF NEW HKFRS (Continued)

HKFRS 9 FINANCIAL INSTRUMENTS (Continued)

The Group's investments in debt securities that were previously classified as financial assets at FVPL satisfied the conditions for classification as financial assets at FVOCI. Therefore, all unrealised fair value changes of these debt investments would be recognised in other comprehensive income (except unrealised exchange differences and changes in expected credit losses which would be recognised in the profit and loss account). Any gains or losses realised upon disposal would be recognised in the profit and loss account.

The new impairment provisions under HKFRS 9 requires the recognition of impairment based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15, lease receivables, loan commitments and certain financial guarantee contracts.

From 1st April 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at FVPL and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 "Financial Instruments: Recognition and Measurement" and have not been change.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. However, the Group did not identify any new hedge relationships upon the adoption of HKFRS 9.

The Group will not apply the standard retrospectively as permitted under the new standard. Comparative information for prior periods with respect to classification and measurement (including impairment) changes is not restated and any differences in the previous carrying amounts and the carrying amount at the beginning of current accounting period will be recognised as an adjustment to the opening balance of revenue reserve (or other component of equity, as appropriate) in the year of adoption.

Notes to the Interim Financial Information

3 THE ADOPTION OF NEW HKFRS (Continued)

HKFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

HKFRS 15 replaces both the provisions of HKAS 18 “Revenue” and HKAS 11 “Construction contracts” and the related interpretations that relate to the recognition, classification and measurement of revenue and costs.

In prior reporting periods, the Group accounted for property development activities when significant risks and rewards of ownership of properties have been transferred to the customers. Under HKFRS 15, revenue from pre-sales of properties under development is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the properties under development may transfer over time or at a point in time. Control of the properties under development is transferred over time if the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

When control of the property transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property.

The progress towards complete satisfaction of the performance obligation is measured based on the property development costs incurred as a percentage of total estimated costs for complete satisfaction as allocated to the contract.

Revenue from the Group’s existing pre-sale properties contracts will remain unchanged and recognised at a single point in time. Revenue from pre-sale properties contracts entered in the future might be recognised at a single point in time or over a period depending on the terms of contract and laws that apply to the contract.

The timing of revenue recognition for sale of completed properties, which is currently based on whether significant risk and reward of ownership of properties is transferred, will be recognised at a later point in time when the underlying property is legally or physically transferred to the customer under the control transfer model.

The application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue from service.

The adoption of HKFRS 15 has no material impact on the condensed consolidated interim financial statements of the Group as at 1st April 2018.

Notes to the Interim Financial Information

3 THE ADOPTION OF NEW HKFRS (Continued)

EFFECT ON ADOPTION OF NEW HKFRS IS AS FOLLOWS:

HKFRS 9

Condensed consolidated balance sheet (extracted)

	As at 1st April 2018		
	As presented under previous accounting policies HK\$'000	Effect of adoption of HKFRS 9 HK\$'000	As presented under new accounting policies HK\$'000
Non-current assets			
Financial investments			
AFS investments	233,630	(233,630)	-
Financial assets at FVOCI	-	233,630	233,630
	233,630	-	233,630
Current assets			
Financial investments			
Financial assets at FVPL	4,702,718	(4,111,692)	591,026
Financial assets at FVOCI	-	4,111,692	4,111,692
	4,702,718	-	4,702,718
Reserves			
Investment revaluation reserve (previously named as AFS investments reserve)	80,770	(77,711)	3,059
Revenue reserve	1,557,642	77,711	1,635,353

Notes to the Interim Financial Information

3 THE ADOPTION OF NEW HKFRS (Continued)

EFFECT ON ADOPTION OF NEW HKFRS IS AS FOLLOWS: (Continued)

HKFRS 9 (Continued)

Condensed consolidated balance sheet (extracted) (Continued)

	As at 30th September 2018		
	As presented under previous accounting policies HK\$'000	Effect of adoption of HKFRS 9 HK\$'000	As presented under new accounting policies HK\$'000
Non-current assets			
Financial investments			
AFS investments	297,333	(297,333)	-
Financial assets at FVOCI	-	297,333	297,333
	297,333	-	297,333
Current assets			
Financial investments			
Financial assets at FVPL	5,626,493	(5,288,837)	337,656
Financial assets at FVOCI	-	5,288,837	5,288,837
	5,626,493	-	5,626,493
Reserves			
Investment revaluation reserve (previously named as AFS investments reserve)	62,704	(520,131)	(457,427)
Revenue reserve	1,214,549	520,131	1,734,680

Notes to the Interim Financial Information

3 THE ADOPTION OF NEW HKFRS (Continued)

EFFECT ON ADOPTION OF NEW HKFRS IS AS FOLLOWS: (Continued)

HKFRS 9 (Continued)

	For the six months ended 30th September 2018		
	As presented under previous accounting policies HK\$'000	Effect of adoption of HKFRS 9 HK\$'000	As presented under new accounting policies HK\$'000
Condensed consolidated profit and loss account (extracted)			
Revenue	527,668	14,875	542,543
Net investment loss	(482,224)	426,562	(55,662)
Basic (loss)/earnings per share	(14.8)	21.2	6.4
Condensed consolidated statement of comprehensive income (extracted)			
Other comprehensive income			
Net fair value loss on financial assets at FVOCI			
- Debt securities	-	(441,437)	(441,437)
- Equity securities	-	(19,049)	(19,049)
Net fair value loss on AFS investments	(19,049)	19,049	-

Notes to the Interim Financial Information

3 THE ADOPTION OF NEW HKFRS (Continued)

EFFECT ON ADOPTION OF NEW HKFRS IS AS FOLLOWS: (Continued)

HKFRS 15

Condensed consolidated balance sheet (extracted)

	As at 1st April 2018		
	As presented under previous accounting policies HK\$'000	Effect of adoption of HKFRS 15 HK\$'000	As presented under new accounting policies HK\$'000
Current liabilities			
Deposits received from sale properties	56,833	(56,833)	-
Contract liabilities	-	56,833	56,833

	As at 30th September 2018		
	As presented under previous accounting policies HK\$'000	Effect of adoption of HKFRS 15 HK\$'000	As presented under new accounting policies HK\$'000
Current liabilities			
Deposits received from sale properties	108,794	108,794	-
Contract liabilities	-	(108,794)	108,794

There are no other standards or interpretations effective for financial period beginning on 1st April 2018 that would have a material impact to the Group.

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 2018 except for credit risk of financial instruments upon the adoption of HKFRS 9.

Measurement of expected credit losses

(A) *Segmentation of financial instrument*

The Group adopts a "three-stage" model for impairment based on changes in credit quality since initial recognition, to estimate the expected credit losses.

The key definition of the three stages are summarised below:

- Stage 1: For financial instruments with no significant increase in credit risk after initial recognition or that have low credit risk at the reporting date, 12 months expected credit losses are recognised;
- Stage 2: For financial instruments with significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date), but there are no objective evidence of impairment, lifetime expected credit losses are recognised and interest revenue is calculated on the gross carrying amount of the asset;
- Stage 3: For financial instruments show objective evidence of impairment at the end of the reporting period, lifetime expected credit losses are recognised and interest revenue is calculated on the net carrying amount of the asset.

(B) *Significant change in credit risk*

The Group assesses whether the credit risk of a financial instrument has changed significantly since initial recognition on a semi-annual basis. The Group sufficiently considers reasonable and supportable information, including forward-looking information, which reflects the significant change in credit risk. The major factors considered include regulatory and business environment, external credit rating, repayment ability, operation capacity, repayment behaviours, etc. The Group compares the risk of a default occurring as at the end of the reporting period with that as at the date of initial recognition of one financial instrument or a portfolio of financial instruments that shares the similar credit risk characteristics. The Group considers the change in probability of default, delinquency of interest or principal repayments and other factors to determine whether there is significant change in credit risk since initial recognition.

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

Measurement of expected credit losses (Continued)

(C) *Definition of default and credit-impaired assets*

The Group considers a financial instrument is default, when it is credit-impaired.

In order to evaluate whether a financial asset is impaired, the Group considers the following criteria:

- Significant financial difficulty of the borrower or issuer;
- Breach of contract term, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Group would not otherwise consider;
- It becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the issuer of an equity instrument;
- A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost; and
- Other objective evidence indicating there is an impairment of the financial asset.

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 2018.

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (Continued)

(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).

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
At 30th September 2018			
Assets			
Financial investments			
Financial assets at FVPL	337,109	547	-
Financial assets at FVOCI	206,497	5,288,837	90,836
	543,606	5,289,384	90,836
At 31st March 2018			
Assets			
Financial investments			
Financial assets at FVPL	588,439	4,114,279	-
AFS investments	225,546	-	8,084
	813,985	4,114,279	8,084

During the six months ended 30th September 2018, there was no transfer between level 1, level 2 and level 3 fair value measurements and there was no change in valuation technique.

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (Continued)

(II) FAIR VALUE ESTIMATION (Continued)

- 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 instruments 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 equity securities which are not traded in an active market. Fair values of these instruments have been determined using appropriate valuation techniques with references including other prices observed in recent transactions.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing this condensed consolidated interim financial information, except for the below mentioned amendment, 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 2018.

The adoption of HKFRS 9 has resulted in a change to the assessment of the critical accounting estimates and judgements related to impairment of financial investments. The loss allowances for financial investments are based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

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.

In the past, the Group was organised into four main reportable operating segments which included hotel operation, property development, travel operation and financial investments. As the Group's travel operation segment represents less than 10% of the Group's annual revenue and results, this segment of business is not report separately. Corresponding comparative figures have been adjusted to conform with the re-classification.

Hotel operation	-	hotel operation in Hong Kong
Property development	-	property development in Hong Kong and Canada (including hotel development and properties under development for sale)
Financial investments	-	investments in financial instruments

Segment assets consist primarily of property, plant and equipment, inventories, trade and other receivables, properties under development for sale, joint ventures and financial investments. Segment liabilities comprise mainly borrowings.

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
Six months ended 30th September 2018					
Segment revenue	186,835	-	282,005	73,703	542,543
Contribution to segment results	80,703	(13,042)	281,308	1,207	350,176
Depreciation	(40,325)	(10,865)	-	(1,208)	(52,398)
Net investment loss	-	-	(55,662)	-	(55,662)
Share of profits less losses of joint ventures	-	1,675	-	(307)	1,368
Segment results	40,378	(22,232)	225,646	(308)	243,484
Unallocated corporate expenses					(26,698)
Net finance costs					(81,411)
Profit before income tax					135,375
Six months ended 30th September 2017 (restated)					
Segment revenue	230,179	-	123,144	58,480	411,803
Contribution to segment results	95,068	(1,636)	122,994	(270)	216,156
Depreciation	(75,453)	-	-	(912)	(76,365)
Net investment gain	-	-	119,292	-	119,292
Share of profits less losses of joint ventures	-	1,029	-	(217)	812
Segment results	19,615	(607)	242,286	(1,399)	259,895
Unallocated corporate expenses					(30,584)
Net finance costs					(34,571)
Profit before income tax					194,740

Comparative information of "others" segment has been re-presented to be consistent with current period presentation.

Note:

- (a) Hotel operation revenue

	Six months ended 30th September 2018		2017
	HK\$'000	HK\$'000	HK\$'000
Room rentals	159,935		193,167
Food and beverages	20,779		29,897
Ancillary services	346		1,711
Space rental	5,775		5,404
	186,835		230,179

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	
As at 30th September 2018						
Assets	3,099,697	955,755	6,072,655	10,249	283,617	10,421,973
Assets include:						
Joint ventures	-	462,580	-	808	-	463,388
Addition to non-current assets for the six months ended 30th September 2018*	35,550	209,213	-	37	449	245,249
Liabilities						
Borrowings	2,872,227	76,367	695,317	-	2,672,110	6,316,021
Other unallocated liabilities						547,591
						6,863,612
As at 31st March 2018						
Assets	2,434,939	1,326,871	5,045,833	29,681	263,782	9,101,106
Assets include:						
Joint ventures	-	254,567	-	1,115	-	255,682
Addition to non-current assets for the six months ended 30th September 2017*	16,943	27,123	-	12	1,225	45,303
Liabilities						
Borrowings	1,067,357	974,357	-	-	2,694,055	4,735,769
Other unallocated liabilities						446,638
						5,182,407

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

Notes to the Interim Financial Information

6 SEGMENT INFORMATION (Continued)

	Six months ended 30th September	
	2018	2017
	HK\$'000	HK\$'000
Revenue		
Hong Kong	260,538	229,439
Overseas	282,005	182,364
	542,543	411,803
	30th September 2018	31st March 2018
	HK\$'000	HK\$'000
Non-current assets*		
Hong Kong	3,070,947	3,076,708
Overseas	500,868	299,396
	3,571,815	3,376,104

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

Notes to the Interim Financial Information

7 NET INVESTMENT (LOSS)/GAIN

	Six months ended 30th September	
	2018	2017
	HK\$'000	HK\$'000
Financial assets at FVPL		
- net unrealised gain from market price movements	19,865	74,974
- net unrealised exchange (loss)/gain	(916)	15,942
- net realised (loss)/gain (note (a))	(4,075)	28,376
	14,874	119,292
Financial assets at FVOCI		
-net unrealised exchange loss	(16,174)	-
-net realised gain (note (b))	1,973	-
-changes in expected credit losses and other credit impairment charges	(56,335)	-
	(70,536)	-
	(55,662)	119,292
Notes:		
(a) Net realised (loss)/gain on financial assets at FVPL		
Gross consideration	268,245	1,326,692
Cost of investments	(417,790)	(1,133,941)
	(149,545)	192,751
Add/(less): net unrealised loss/(gain) recognised in prior years	145,470	(164,375)
	(4,075)	28,376
(b) Net realised gain on financial assets at FVOCI		
Gross consideration	81,635	-
Cost of investments	(77,043)	-
	4,592	-
Less: net unrealised gain recognised in prior years	(2,619)	-
	1,973	-
	(2,102)	28,376

Notes to the Interim Financial Information

7 NET INVESTMENT (LOSS)/GAIN (Continued)

Supplementary information of net investment (loss)/gain on financial investments:

During the period, the Group derecognised/disposed of 2 equity securities and 2 debt securities. Listed below were the securities disposed/exchanged that contributed to the majority of realised loss:

	Realised (loss)/gain HK\$'000
Equity securities	
Royal Bank of Scotland (“RBS”)	(15,215)
Orient Overseas (International) Limited (“OOIL”)	11,109
Debt securities	
Hydoo International Holding Limited (“Hydoo”) 13.75% notes	1,973
Others	31
	(2,102)

RBS is a global bank that provides financial services, and its shares are listed on London Stock Exchange (stock code: RBS) with a “BBB-” rated by S&P.

OOIL is principally engaged in container transport and logistics, and its shares are listed on the Stock Exchange of Hong Kong (“HKEX”) (stock code: 316).

Hydoo is principally engaged in the property development, sale and operation of commercial trade and logistic centers and residential properties in the PRC. Its shares are listed on HKEX (stock code: 1396). The notes derecognised were rated “Caa1” by Moody’s and were listed on Singapore Stock Exchange (“SGX-ST”).

The unrealised gain/(loss) for the period was generated from the fair value changes of the financial investments that comprised 23 securities as at 30th September 2018. Please refer to note 15 for the details.

Notes to the Interim Financial Information

7 NET INVESTMENT (LOSS)/GAIN (Continued)

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

	Six months ended 30th September	
	2018 HK\$'000	2017 HK\$'000
Equity securities	19,073	86,475
Debt securities	(16,090)	4,441
Unlisted fund	(208)	-
	2,775	90,916

8 INCOME AND EXPENSES BY NATURE

	Six months ended 30th September	
	2018 HK\$'000	2017 HK\$'000
Income		
Operating lease rental income for hotel buildings	5,775	5,404
Interest income		
- Listed investments	257,572	113,617
- Bank deposits	269	84
Dividend income		
- Listed investments	8,414	6,591
Expenses		
Cost of goods sold	6,009	11,833
Employee benefit expense, including Directors' emoluments (note)	61,531	76,495
Loss on disposal of property, plant and equipment	66	3
Operating lease rental expense for land and buildings	3,712	3,233
Note:		
Employee benefit expense		
Wages and salaries	61,067	72,333
Retirement benefits costs	2,041	4,162
	63,108	76,495
Capitalised under property under development for sale	(1,577)	-
	61,531	76,495

Notes to the Interim Financial Information

9 NET FINANCE COSTS

	Six months ended 30th September	
	2018 HK\$'000	2017 HK\$'000
Interest expenses		
Long term bank loans	(63,733)	(23,909)
Short term bank loans and overdrafts	(16,629)	(5,742)
Convertible notes	(6,536)	(6,139)
Interest capitalised	9,065	6,933
	(77,833)	(28,857)
Other incidental borrowing costs	(8,189)	(5,938)
Net foreign exchange gain on borrowings	4,611	224
	(81,411)	(34,571)

10 INCOME TAX EXPENSE

	Six months ended 30th September	
	2018 HK\$'000	2017 HK\$'000
Current income tax		
Hong Kong profits tax	(6,803)	(3,461)
Overseas profits tax	(1,387)	(1,322)
Over provision in prior years	-	1,918
	(8,190)	(2,865)
Deferred income tax credit	1,301	110
	(6,889)	(2,755)

Hong Kong profits tax is provided at the rate of 16.5% (2017: 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 2018 (2017: Nil).

12 EARNINGS PER SHARE

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

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

	2018 HK\$'000	2017 HK\$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	128,258	191,985
Effect of dilutive potential shares: Interest expense saved on convertible notes	6,536	6,139
Profit attributable to shareholders of the Company for calculation of diluted earnings per share	134,794	198,124

	Number of shares	
Weighted average number of shares for calculation of basic earnings per share	2,018,040,477	2,018,040,477
Effect of dilutive potential shares: Share options of the Company assumed to be exercised Convertible notes assumed to be converted at the beginning of the period	7,127,955 2,693,120,010	9,254,418 2,693,120,010
Weighted average number of shares for calculation of diluted earnings per share	4,718,288,442	4,720,414,905
Basic earnings per share (HK cents)	6.4	9.5
Diluted earnings per share (HK cents)	2.8	4.2

Notes to the Interim Financial Information

13 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK\$'000	Plant and equipment HK\$'000	Total HK\$'000
Cost			
At 31st March 2018	3,724,518	594,357	4,318,875
Currency translation differences	-	282	282
Additions	20,287	20,111	40,398
Disposals	-	(292)	(292)
At 30th September 2018	3,744,805	614,458	4,359,263
Accumulated depreciation			
At 31st March 2018	799,008	399,445	1,198,453
Currency translation differences	-	139	139
Charge for the period	25,026	27,372	52,398
Disposals	-	(154)	(154)
At 30th September 2018	824,034	426,802	1,250,836
Net book value			
At 30th September 2018	2,920,771	187,656	3,108,427
At 31st March 2018	2,925,510	194,912	3,120,422

Notes to the Interim Financial Information

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(a) At 30th September 2018, hotel properties with carrying amount of HK\$2,942,308,000 (31st March 2018: HK\$2,942,774,000) were pledged to banks to secure bank borrowings.

(b) Supplementary information with completed hotel properties at valuation:

According to the Group's accounting policies, the carrying amount of the five (31st March 2018: four) completed hotel properties in Hong Kong were HK\$3,014,495,000 (31st March 2018: HK\$2,345,145,000).

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\$11,772,000,000 (31st March 2018: HK\$10,653,700,000), is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13.

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 supplementary information with completed hotel properties at valuation is for readers' information only. It does not constitute a disclosure requirement under HKASs 16 and 17.

14 TRADE AND OTHER RECEIVABLES

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

Trade receivables of the Group amounted to HK\$18,772,000 (31st March 2018: HK\$13,122,000). 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 2018 HK\$'000	31st March 2018 HK\$'000
0 month to 6 months	17,907	13,122
7 months to 12 months	852	-
More than 12 months	13	-
	18,772	13,122

Notes to the Interim Financial Information

15 FINANCIAL INVESTMENTS

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
Non-current assets		
Equity securities		
- Listed in Hong Kong	206,497	225,546
- Unlisted	90,836	8,084
	297,333	233,630
Current assets		
Equity securities		
- Listed in the USA	337,109	318,036
- Listed in Europe	-	159,181
- Listed in Hong Kong	-	111,222
	337,109	588,439
Debt securities		
- Listed in Singapore	4,897,462	3,719,267
- Listed in Europe	391,922	395,012
	5,289,384	4,114,279
	5,626,493	4,702,718
	5,923,826	4,936,348

Notes to the Interim Financial Information

15 FINANCIAL INVESTMENTS (Continued)

Financial investments are classified in the following categories:

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
Non-current assets		
Financial assets at FVOCI	297,333	-
AFS investments	-	233,630
	297,333	233,630
Current assets		
Financial assets at FVOCI	5,288,837	-
Financial assets at FVPL	337,656	4,702,718
	5,626,493	4,702,718
	5,923,826	4,936,348
Financial investments are denominated in the following currencies:		
United States dollar	5,716,783	4,437,812
Hong Kong dollar	206,497	336,768
Sterling	-	159,181
Euro	546	2,587
	5,923,826	4,936,348

Notes to the Interim Financial Information

15 FINANCIAL INVESTMENTS (Continued)

Supplementary information of financial investments:

EQUITY SECURITIES

As at 30th September 2018, the Group held 2 (31st March 2018: 4) listed equity securities and 3 (31st March 2018: 1) unlisted equity securities. The summary of equity securities portfolio of financial investments as at 30th September 2018 and 31st March 2018 and their corresponding unrealised (loss)/gain and dividend income for the six months ended 30th September 2018 and 2017 are as follows:

	Market value		Unrealised (loss)/gain for the six months ended		Dividend income for the six months ended	
	30th September 2018	31st March 2018	30th September		30th September	
	HK\$'000	HK\$'000	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Citigroup Inc. ("Citigroup")	337,109	318,036	19,073	62,088	3,628	1,575
HSBC Holdings PLC ("HSBC")	206,497	225,546	(19,049)	40,396	4,786	4,754
Royal Bank of Scotland Group ("RBS")	-	159,181	-	23,701	-	-
Orient Overseas (International) Limited ("OOIL")	-	111,222	-	480	-	262
Others	90,836	8,084	(208)	11	-	-
	634,442	822,069	(184)	126,676	8,414	6,591

Citigroup is a global bank that provides financial services, and its shares are listed on New York Stock Exchange (stock code: C) with a "BBB+" rated by S&P.

HSBC is a banking and financial services company. It operates across various geographical regions, and its shares are listed on HKEX (stock code: 5).

As at 30th September 2018, all of equity securities held by the Group are less than 0.03% shareholding of common shares of respective issuer.

Notes to the Interim Financial Information

15 FINANCIAL INVESTMENTS (Continued)

DEBT SECURITIES

As at 30th September 2018, the Group held 18 (31st March 2018: 14) debt securities that are all listed securities, 16 of them are listed in Singapore and 2 in Europe. Over 99% (31st March 2018: more than 99%) of the mark to market valuation comprising 17 (31st March 2018: 12) debt securities were issued by PRC-based real estate companies, the shares of which are all listed in Hong Kong with the exception of 1 that is listed in the United States.

The summary of debt securities of financial investments as at 30th September 2018 and 31st March 2018 and their corresponding unrealised (loss)/gain and interest income for the six months ended 30th September 2018 and 2017 are as follows:

	As at 30th September 2018			As at 31st March 2018		
	Issued by PRC-based real estate companies HK\$'000	Others HK\$'000	Total HK\$'000	Issued by PRC-based real estate companies HK\$'000	Others HK\$'000	Total HK\$'000
Principal amount of notes	6,230,007	-	6,230,007	4,434,397	14,472	4,448,869
Investment cost	5,914,829	-	5,914,829	4,236,202	7,580	4,243,782
Market value	5,288,837	546	5,289,383	4,111,692	2,587	4,114,279
Coupon	8% to 13.75%	-	8% to 13.75%	8% to 13.75%	6%	6% to 13.75%
Maturity	Sep 2018 - Jun 2025	Oct 2042	Sep 2018 - Oct 2042	Sep 2018 - Jun 2025	Oct 2042 & 1 perpetual	Sep 2018 - Oct 2042 & 1 perpetual
Rating	NR to B	NR	NR to B	NR to B	NR	NR to B

Notes to the Interim Financial Information

15 FINANCIAL INVESTMENTS (Continued)

DEBT SECURITIES (Continued)

	For the six months ended 30th September					
	2018			2017		
	Issued by PRC-based real estate companies HK\$'000	Others HK\$'000	Total HK\$'000	Issued by PRC-based real estate companies HK\$'000	Others HK\$'000	Total HK\$'000
Interest income	257,572	-	257,572	111,521	2,096	113,617
Unrealised (loss)/gain						
- to profit and loss account	(15,966)	(124)	(16,090)	3,368	1,073	4,441
- to other comprehensive income	(482,898)	-	(482,898)	-	-	-

As at 30th September 2018, the 18 (30th September 2017: 10) listed debt securities gave rise to a net unrealised fair value gain of HK\$498.9 million (2017: HK\$4.4 million) for the six months period ended 30th September 2018. A total of 17 (2017: 3) debt securities have recorded unrealised fair value losses, with the remaining 1 (2017: 7) debt securities that recorded unrealised fair value gain.

As at 30th September 2018, the mark to market valuation of the largest single debt security within the Group's financial investments represents approximately 7.9% (31st March 2018: 8.4%) of the Group's revalued total assets, and the mark to market valuation of the five largest debt securities held represents approximately 17.9% (31st March 2018: 17.8%). The remaining 13 debt securities represent 9.6% of the Group's revalued total assets, with each of them less than 2%.

The five largest debt securities held at 30th September 2018 are as follows:

	Market value				Unrealised (loss)/gain		Interest income	
	30th September 2018 HK\$'000	% of the debt securities portfolio	31st March 2018 HK\$'000	% of the debt securities portfolio	for the six months ended 30th September		for the six months ended 30th September	
					2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Kaisa 9.375% notes	1,507,385	29%	1,468,133	36%	(284,078)	8,659	89,189	36,941
Ronshine 8.25% notes	731,871	14%	373,785	9%	(7,290)	-	28,459	-
Evergrande 8.75% notes	418,499	8%	467,814	11%	(49,315)	5,554	20,831	9,878
Jiayuan 8% notes	391,375	7%	392,425	10%	(1,050)	-	16,371	-
Fantasia 12% notes	391,375	7%	-	-	(1,621)	-	5,802	-

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 listed on SGX-ST and non-rated. 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).

“Ronshine 8.25% notes”, issued by Ronshine China Holdings Limited (“Ronshine”) and carried fixed coupon rate of 8.25% per annum. It is denominated in US\$ and matures on 1st February 2021. The notes are listed on SGX-ST. Ronshine is principally engaged in property development business in the PRC. Its shares are listed on HKEX (stock code: 3301)

“Evergrande 8.75% notes”, issued by China Evergrande Group (“Evergrande”) and carries fixed coupon rate of 8.75% per annum. It is denominated in US\$ and matures on 28th June 2025. The notes are rated “B-” by S&P and listed on 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 8% notes”, issued by Jiayuan International Group Limited (“Jiayuan”) and carries fixed coupon rate of 8% per annum. It is denominated in US\$ and matures on 18th October 2018. The notes are listed on Frankfurt Stock Exchange. Jiayuan is principally engaged in property development and property investment in the PRC. Its shares are listed on HKEX (stock code: 2768).

“Fantasia 12% notes”, issued by Fantasia Holdings Group Co. Ltd (“Fantasia”) and carries fixed coupon rate of 12% per annum. It is denominated in US\$ and matures on 15th July 2019. The notes are listed on SGX-ST. Fantasia is principally engaged in sales of properties in the PRC. Its shares are listed on HKEX (stock code: 1777).

Notes to the Interim Financial Information

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 and various accruals. Trade payables of the Group amounted to HK\$24,119,000 (31st March 2018: HK\$30,811,000).

Aging analysis of trade payables is as follows:

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
0 month to 6 months	23,690	29,999
7 months to 12 months	19	343
More than 12 months	410	469
	24,119	30,811

17 BORROWINGS

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
Current liabilities		
Short term bank loans		
Secured	1,484,507	744,430
Unsecured	223,000	79,950
Current portion of long term bank loans		
Secured	263,765	576,768
Unsecured	64,217	-
Portion of long term bank loans with a repayment on demand clause, secured	76,366	75,923
	2,111,855	1,477,071
Non-current liabilities		
Long term bank loans		
Secured	2,886,965	1,874,352
Unsecured	1,317,201	1,384,346
	4,204,166	3,258,698
	6,316,021	4,735,769

Notes to the Interim Financial Information

17 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 2018 HK\$'000	31st March 2018 HK\$'000
Repayable within one year	327,982	576,768
Repayable between one and two years	608,451	914,007
Repayable between two and five years	3,672,081	2,420,614
	4,608,514	3,911,389
Current portion included in current liabilities	(327,982)	(576,768)
	4,280,532	3,334,621

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

18 CONVERTIBLE NOTES

	HK\$'000
At the beginning of the period	187,243
Interest expense	6,536
	193,779
Coupon payable included in trade and other payables	(612)
At the end of the period	193,167

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

Notes to the Interim Financial Information

19 SHARE CAPITAL

Shares of HK\$0.02 each	Number of shares	Amount HK\$'000
Authorised:		
At 31st March 2018 and 30th September 2018	3,500,000,000	700,000
Issued and fully paid:		
At 31st March 2018 and 30th September 2018	2,018,040,477	40,361

20 RESERVES

	Share premium HK\$'000	Contributed surplus HK\$'000	Convertible note redemption reserve HK\$'000	Investment revaluation reserve HK\$'000	Currency translation reserve HK\$'000	Share option reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
As 31st March 2018								
Previously reported	1,126,360	37	1,067,444	80,770	42,662	3,423	1,557,642	3,878,338
Impact on adoption of HKFRS 9	-	-	-	(77,711)	-	-	77,711	-
At 31st March 2018 (restated)	1,126,360	37	1,067,444	3,059	42,662	3,423	1,635,353	3,878,338
Net fair value loss on financial assets at FVOCI	-	-	-	(460,486)	-	-	-	(460,486)
Currency translation differences	-	-	-	-	3,126	-	-	3,126
Share of currency translation differences of joint ventures	-	-	-	-	(1,688)	-	-	(1,688)
Profit for the period	-	-	-	-	-	-	128,258	128,258
2018 final dividend to shareholders	-	-	-	-	-	-	(12,915)	(12,915)
Coupon to convertible noteholders	-	-	-	-	-	-	(16,016)	(16,016)
At 30th September 2018	1,126,360	37	1,067,444	(457,427)	44,100	3,423	1,734,680	3,518,617

Notes to the Interim Financial Information

21 CAPITAL COMMITMENTS

Capital commitments at the balance sheet date are as follows:

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
Contracted but not provided for		
Property, plant and equipment	4,356	28,236
Contribution to joint ventures	112,411	6,074
	116,767	34,310

22 FINANCIAL GUARANTEES

	30th September 2018 HK\$'000	31st March 2018 HK\$'000
Guarantees for the bank loans of joint ventures	398,326	206,509

23 RELATED PARTY TRANSACTIONS

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

	Six months ended 30th September 2018 HK\$'000	2017 HK\$'000
Income from/(expense to) subsidiaries of Asia Orient Holdings Limited		
Hotel and travel service	631	537
Operating lease rental and management services	(2,827)	(2,814)
Project management service	(2,364)	(2,250)
Travel agency service income from related companies	57	207

No transactions have been entered into with the Directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being the key management personnel compensation) (2017: Nil).

Other Information

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

As at 30th September 2018, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) which (a) are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange were as follows:

(I) LONG POSITIONS IN SHARES

(a) The Company

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

Note:

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

(b) Associated corporations

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

Notes:

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

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 2018 and 30th September 2018
Poon Hai (Note 1)	14,400,000
Poon Yeung, Roderick (Note 1)	14,400,000

Notes:

- (1) Options were granted under 2006 Share Option Scheme (as described under the heading "Share option scheme") 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 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 2018 and 30th September 2018
Poon Hai (Note 1)	3,500,000
Poon Yeung, Roderick (Note 1)	3,500,000

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)

(b) Associated corporation - Asia Orient (Continued)

Notes:

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

(c) Associated corporation - ASI

Director	Number of share options held
	Outstanding as at 1st April 2018 and 30th September 2018
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 2018, none of the Directors or the Chief Executive (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

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

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30th September 2018, 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.

(I) LONG POSITIONS IN SHARES OF THE COMPANY

Shareholder	Capacity	Number of shares held	Total	Percentage(%)
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 2018, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept under Section 336 of the SFO.

Other Information

SHARE OPTION SCHEME

The 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 2018, 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:

Grantee	Number of share options held
	Outstanding as at 1st April 2018 and 30th September 2018
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 granted, exercised, cancelled or lapsed.

The Company adopted a share option scheme on 8th September 2016 with scheme limit 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 2018 (2017: 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 2018.

CHANGE IN DIRECTORS' INFORMATION

Change in the information of the Directors of the Company, since the disclosure made in 2018 annual report of the Company, that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

- Mr. Leung Wai Keung, an independent non-executive director of the Company, was appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region, with effect from 1st July 2018.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Other Information

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;
3. Code Provision C.2.5 of the CG Code provides that issuers should have an internal audit function. The Company’s internal audit function was carried out by the internal auditor who has resigned and left the Company in August 2018. The Company is in the process of identifying suitable candidate to fill in the vacancy of internal auditor of the Company; and
4. Code Provision E.1.2 of the CG Code provides that the chairman of the board of the company should attend the annual general meetings. Mr. Poon Jing, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 30th August 2018 due to his other engagements at the relevant time.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th September 2018.

On behalf of the Board

Asia Standard Hotel Group Limited

Poon, Jing

Chairman

Hong Kong, 28th November 2018

