



Asia Standard Hotel
Group Limited



Interim Report
2023

HKSE Stock Code: 292

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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. Leung Wai Keung, *JP*
Mr. Wong Chi Keung
Mr. Koon Bok Ming, Alan

Audit Committee

Mr. Wong Chi Keung (*Chairman*)
Mr. Leung Wai Keung, *JP*
Mr. Koon Bok Ming, Alan

Remuneration Committee

Mr. Wong Chi Keung (*Chairman*)
Dr. Lim Yin Cheng
Mr. Koon Bok Ming, Alan

Nomination Committee

Mr. Poon Jing (*Chairman*)
Mr. Leung Wai Keung, *JP*
Mr. Wong Chi Keung

Authorised Representatives

Dr. Lim Yin Cheng
Mr. Lee Tai Hay, Dominic

Company Secretary

Mr. Lee Tai Hay, Dominic

Principal Office in Hong Kong

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Registered Office

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Share Registrar in Bermuda

MUFG Fund Services (Bermuda) Limited
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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

Principal Bankers

HSBC
Bank of China (Hong Kong)
Chong Hing Bank
Industrial and Commercial Bank of
China (Asia)
Industrial and Commercial Bank of
China (Canada)
Bank of East Asia
Bank of Communications
(Hong Kong)
United Overseas Bank
Shanghai Commercial Bank
Fubon Bank (Hong Kong)
Hang Seng Bank
Huaxia Bank
Bank of Singapore
Bank Morgan Stanley
UBS
Bank Julius Baer

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

Financial Highlights

(in HK\$ million, except otherwise indicated)	Six months ended 30th September		Change
	2023	2022	
Consolidated profit and loss account			
Revenue	474	464	+2%
Profit contribution from hotel operation	79	6	+1217%
Loss attributable to shareholders of the Company	(371)	(96)	+286%
Loss per share – basic (HK cents)	(18.4)	(4.7)	+292%
	30th September 2023	31st March 2023	Change
Consolidated balance sheet			
Total assets	8,387	9,282	-10%
Net assets	1,959	3,006	-35%
Equity attributable to shareholders of the Company	1,961	3,007	-35%
Net debt	5,360	5,284	+1%
Supplementary information with hotel properties stated at valuation (note):			
Revalued total assets	19,073	19,226	-1%
Revalued net assets	12,646	12,950	-2%
Gearing – net debt to revalued net assets	42%	41%	+1%
<p>Note: According to the Group's accounting policies, 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 hotel properties and excluding the corresponding deferred income tax on Hong Kong properties as Hong Kong tax jurisdiction does not include capital gain tax.</p> <p>The hotel properties were revalued by Vigers Appraisal & Consulting Limited ("Vigers"), independent professional valuers, on an open market value basis.</p>			

Management Discussion and Analysis



Empire Hotel Causeway Bay - Executive Club lounge at the top floor

RESULTS

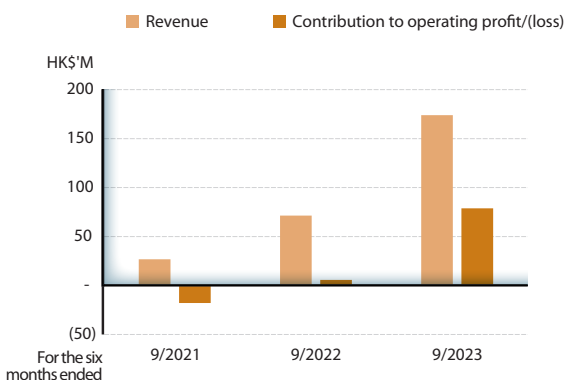
For the six months ended 30th September 2023, the Group's hotel operation achieved a significant increase in revenue and consequently a surge in profit contribution following the notable improvement in tourism in Hong Kong. However, the Group's total revenue only increased slightly by 2% to HK\$474 million due to the decrease in interest revenue from financial investments partially offset such an increase. A loss attributable to shareholders of HK\$371 million was recorded, compared to a loss of HK\$96 million for the same period in 2022. Such change was primarily attributable to the increase in the provision of expected credit losses on investment in debt securities.

Hotel Business

Following the full re-opening of mainland China's borders with Hong Kong on 8th February 2023, the operational environment is being propelled by pent-up travel demand as well as the return of business visitors to the city on the back of the resumption of physical events and exhibitions.

According to the government's April-through-September figures, 19 million visitors have visited Hong Kong in 2023, up from 240,000 in the same period last year. Of the 19 million visitors, over 80% were from mainland China. Occupancy and average room rates at our empire hotels increased substantially in tandem with the robust resurgence in mainland tourism, which we attributed to our exceptionally prominent locations and the years-long sales network we have established in the PRC market.

Hotel operation



Management Discussion and Analysis

Development Projects

The Group's wholly-owned "Landmark On Robson" residential development in Vancouver's downtown district has a GFA of approximately 400,000 square feet and comprises 236 residential units in two towers, as well as 50,000 square feet of retail and office space and a four-level underground parking facility. The twin towers topped out in May 2022, with a projected completion date of early 2024. As of 30th September 2023, a total of approximately CAD230 million in contracted sales of residential units in this development had been achieved.

In addition, the Group's wholly-owned developable land adjacent to the Landmark On Robson is in the planning stage of development, while its two joint venture residential developments on Alberni Street are in active discussions with the local city's planning department.



Development project "Landmark on Robson" in Vancouver, Canada

Financial Investments

The Group's financial investment portfolio, which consisted almost entirely of listed securities as of 30th September 2023, amounted to HK\$1,944 million (31st March 2023: HK\$2,870 million), a decrease of HK\$926 million from the previous year. Approximately 87% of our investment portfolio comprised of listed debt securities that were issued mostly by companies operating real estate business in China, approximately 10% comprised listed banking stock, and 3% in unlisted funds. They were denominated in United States dollars 73%, Renminbi 16%, Hong Kong dollars 10% and Japanese Yen 1%.

During the period under review, the liquidity crisis on China's real estate market persisted, having a negative impact on our financial investments. The investment portfolio generated a total of HK\$294 million (2022: HK\$353 million) in interest and dividend income and a net investment loss of HK\$604 million (2022: HK\$343 million) which primarily comprised of provision for expected credit losses charged to the profit and loss account, while a net fair value loss of HK\$657 million (2022: HK\$767 million) was recorded in the investment reserve account.

The PRC government has continued to implement favorable policies to improve the overall sentiment of the real estate sector, while developers have persisted in their efforts to address their debts through a variety of restructuring schemes, such as maturity extension accompanied by principal amortisation and reduced coupon rates, exchange for equity, and utilisation of collateral as credit enhancement.

Management Discussion and Analysis

FINANCIAL REVIEW

The Group's financial and treasury activities are managed at the headquarter level. At 30th September 2023, the Group had about HK\$2.5 billion (31st March 2023: HK\$2.5 billion) cash and undrawn banking facilities.

The Group's total assets and net assets per book amounted to HK\$8,387 million (31st March 2023: HK\$9,282 million) and HK\$1,959 million (31st March 2023: HK\$3,006 million), respectively, with the decreases primarily due to unrealized fair value changes from certain financial investments (mostly listed debt securities) recognized in other comprehensive charges under shareholders' equity. According to independent valuation, the total revalued amount of our hotel properties in Hong Kong as of 30th September 2023 was HK\$13,213 million (31st March 2023: HK\$12,518 million). Taking into account the market value of the hotel properties in operation, the Group's revalued total assets and net assets with hotel properties in Hong Kong at market value would be HK\$19,073 million (31st March 2023: HK\$19,226 million) and HK\$12,646 million (31st March 2023: HK\$12,950 million), respectively.

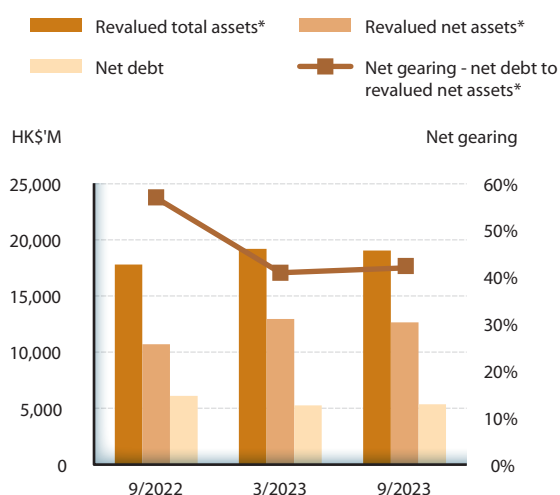
The total debt comprised HK\$5,652 million of bank borrowings and HK\$264 million convertible notes. 90% of the gross bank borrowings or HK\$5,134 million was denominated in Hong Kong dollars, with about 53% hedged against interest rate fluctuations through various interest rate swap contracts totaling HK\$2,700 million entered into in prior years. The remaining 10% or to the equivalent of HK\$561 million was in foreign currencies incurred in operations and investment in financial assets overseas.

All the bank borrowings were secured term loans. The maturity of our bank borrowings spread over a period of up to five years with 30% repayable within one year, 5% repayable between one to two years, and 65% repayable within two to five years. The unsecured convertible notes comprising 4.5% of total debt are held almost entirely by the parent groups, and are repayable in February 2047.

The consolidated net debt (total debt less cash balance) was HK\$5,360 million (31st March 2023: HK\$5,284 million). The Group's gearing ratio, expressed as a percentage of net debt over the revalued net asset value, was 42% (31st March 2023: 41%).

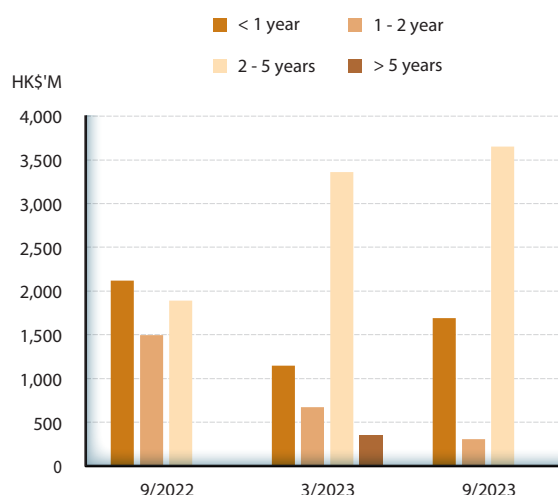
The carrying value of hotel properties, property under development for sale and financial assets pledged as collateral for banking facilities of the Group as at 30th September 2023 amounted to HK\$4,398 million (31st March 2023: HK\$4,082 million).

Revalued total assets*, revalued net assets*, net debt and net gearing



* with hotel properties stated at valuation

Maturity profile of bank loans



Management Discussion and Analysis



Landmark On Robson: Penthouse balcony

HUMAN RESOURCES

As of 30th September 2023, the total number of full-time employees of the Company and its subsidiaries was approximately 170 (31st March 2023: 180). 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

Hong Kong has witnessed a significant resurgence in visitors from Mainland China since the second quarter of 2023, propelled by pent-up demand and convenient access. With the return of physical events and exhibitions in Hong Kong and the resumption of passenger flight capacity by airlines, we anticipate travel to continue its robust recovery, as evidenced by the performances of neighboring countries following the reopening of borders. Furthermore, we have expanded our presence in Mainland China's online travel and entertainment sector through greater collaborations with online social media and booking platforms and influencer engagement to reach a larger customer base and a younger generation. Without compromising quality or services, management will maintain a vigilant stance in monitoring market development and managing costs with extreme care.

As China's Central Government continues to implement policies to sustain economic growth and to uphold its directive of "preventing risks and boosting demand" in the property sector, real estate policy revisions and optimization, such as lowering down payment ratios, mortgage interest rates, and first-time homeowner eligibility, are anticipated to have a positive impact to real estate investment, sales, and market operations. These measures and ongoing debt restructuring of various real estate developers provide management a cautiously optimistic view for our debt securities investment portfolio.

Canada is experiencing its highest population growth in over six decades, with British Columbia's robust growth being driven by immigration. Vancouver's real estate market is fueled by rising immigration, and the anticipated decline in interest rates will further stimulate market demand when a resumption of stable and predictable consumer price growth becomes more certain following the recent halt in inflationary pressure.

While closely monitoring macroeconomic events and any potential risks to the outlook, management remains prudently positive regarding the Group's performance in a dynamic environment.

Condensed Consolidated Profit and Loss Account – Unaudited

	Note	Six months ended 30th September	
		2023 HK\$'000	2022 HK\$'000
Interest revenue		293,557	384,971
Sales of goods and services and other revenue		180,706	78,552
Total revenue	6	474,263	463,523
Cost of sales		(56,702)	(32,451)
Gross profit		417,561	431,072
Selling and administrative expenses		(64,082)	(79,985)
Depreciation		(55,250)	(60,312)
Net investment loss	7		
Net realised and unrealised loss		(101,085)	(137,606)
Changes in expected credit losses		(502,734)	(205,230)
Operating loss		(305,590)	(52,061)
Net finance costs	9	(86,070)	(60,681)
Share of profits less losses of joint ventures and an associated company		12,111	459
Loss before income tax		(379,549)	(112,283)
Income tax credit	10	8,265	17,671
Loss for the period		(371,284)	(94,612)
Attributable to:			
Shareholders of the Company		(371,452)	(95,766)
Non-controlling interests		168	1,154
		(371,284)	(94,612)
Loss per share (HK cents)			
Basic	12	(18.4)	(4.7)
Diluted	12	(18.4)	(4.7)

Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Six months ended	
	30th September	
	2023	2022
	HK\$'000	HK\$'000
Loss for the period	(371,284)	(94,612)
Other comprehensive charge		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Debt securities at fair value through other comprehensive income		
– net fair value loss and other net movements	(743,171)	(709,706)
– release of reserve upon derecognition	60,430	(17,529)
Cash flow hedges		
– net fair value gain	10,403	91,818
– deferred tax on derivative financial instruments	(1,717)	(15,150)
Currency translation differences	(19,367)	(99,253)
Share of currency translation differences of joint ventures	(7,606)	(55,232)
Item that will not be reclassified to profit or loss:		
Net fair value gain/(loss) on equity security at fair value through other comprehensive income	25,907	(39,471)
	(675,121)	(844,523)
Total comprehensive charge for the period	(1,046,405)	(939,135)
Attributable to:		
Shareholders of the Company	(1,045,807)	(935,431)
Non-controlling interests	(598)	(3,704)
	(1,046,405)	(939,135)

Condensed Consolidated Balance Sheet – Unaudited

	Note	30th September 2023 HK\$'000	31st March 2023 HK\$'000
Non-current assets			
Property, plant and equipment	13	2,739,110	2,800,432
Investment in joint ventures and an associated company		179,567	180,828
Amounts due from joint ventures and an associated company		411,345	399,022
Financial investments	15	657,124	706,496
Derivative financial instruments		147,131	135,084
Deferred income tax assets		61,183	53,401
		4,195,460	4,275,263
Current assets			
Properties under development for sale		1,911,006	1,781,003
Inventories		27,757	27,949
Trade and other receivables	14	366,546	478,761
Income tax recoverable		83	55
Financial investments	15	1,286,725	2,163,308
Derivative financial instruments		43,914	45,199
Bank balances and cash			
– restricted		194,855	168,126
– unrestricted		360,508	342,270
		4,191,394	5,006,671
Current liabilities			
Trade and other payables	16	81,271	71,996
Contract liabilities		284,475	265,241
Amount due to non-controlling interests		54,085	52,949
Borrowings	17	1,692,928	1,148,466
Income tax payable		55,727	55,382
		2,168,486	1,594,034
Net current assets		2,022,908	3,412,637

Condensed Consolidated Balance Sheet – Unaudited

	Note	30th September 2023 HK\$'000	31st March 2023 HK\$'000
Non-current liabilities			
Borrowings	17	3,958,744	4,389,847
Lease liabilities		128	1,864
Convertible notes	18	263,907	255,598
Deferred income tax liabilities		36,223	34,820
		4,259,002	4,682,129
Net assets			
		1,959,366	3,005,771
Equity			
Share capital	19	40,361	40,361
Reserves	20	1,920,935	2,966,742
Equity attributable to shareholders of the Company		1,961,296	3,007,103
Non-controlling interests		(1,930)	(1,332)
		1,959,366	3,005,771

Condensed Consolidated Statement of Cash Flows – Unaudited

	Six months ended 30th September	
	2023 HK\$'000	2022 HK\$'000
Cash flows from operating activities		
Net cash (used in)/generated from operations	(15,732)	20,607
Net income tax paid	–	(2,051)
Net interest paid	(165,304)	(77,063)
Dividend received	10,275	–
Interest received	66,757	2,788
Net cash used in operating activities	(104,004)	(55,719)
Cash flows from investing activities		
Addition of financial investments	(2,835)	(9,383)
Addition to property, plant and equipment	(3,454)	(15,279)
Increase in investments in joint ventures	(5,068)	(5,851)
Disposal of a subsidiary	(379)	–
Repayment from an associated company	5,242	–
Advances to joint ventures	(6,066)	(13,855)
Net cash used in investing activities	(12,560)	(44,368)
Cash flows from financing activities		
Drawdown of long term borrowings	253,980	1,060,815
Repayment of long term borrowings	(138,700)	(1,331,000)
Net increase in short term borrowings	31,000	450,000
Contribution from non-controlling interests	1,137	1,830
Lease payments	(3,012)	(3,577)
Net cash generated from financing activities	144,405	178,068
Net increase in cash and cash equivalents	27,841	77,981
Cash and cash equivalents at the beginning of the period	342,270	243,431
Changes in exchange rates	(9,603)	(19,039)
Cash and cash equivalents at the end of the period	360,508	302,373
Analysis of balances of cash and cash equivalents		
Bank balances and cash (excluding restricted bank balances)	360,508	302,373

Condensed Consolidated Statement of Changes in Equity – Unaudited

	Equity attributable to shareholders of the Company			Non- controlling interests	Total
	Share capital	Reserves	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31st March 2022	40,361	2,139,734	2,180,095	2,513	2,182,608
Financial assets at fair value through other comprehensive income					
– net fair value loss and other net movement	–	(749,177)	(749,177)	–	(749,177)
– release of reserve upon derecognition	–	(17,529)	(17,529)	–	(17,529)
Currency translation differences	–	(99,253)	(99,253)	–	(99,253)
Cash flow hedges					
– fair value gain	–	91,818	91,818	–	91,818
– deferred tax on derivative financial instruments	–	(15,150)	(15,150)	–	(15,150)
Share of currency translation differences of joint ventures	–	(50,374)	(50,374)	(4,858)	(55,232)
(Loss)/profit for the period	–	(95,766)	(95,766)	1,154	(94,612)
Total comprehensive charge for the period	–	(935,431)	(935,431)	(3,704)	(939,135)
At 30th September 2022	40,361	1,204,303	1,244,664	(1,191)	1,243,473
At 31st March 2023	40,361	2,966,742	3,007,103	(1,332)	3,005,771
Financial assets at fair value through other comprehensive income					
– net fair value loss and other net movements	–	(717,264)	(717,264)	–	(717,264)
– release of reserve upon derecognition	–	60,430	60,430	–	60,430
Currency translation differences	–	(19,367)	(19,367)	–	(19,367)
Cash flow hedges					
– fair value gain	–	10,403	10,403	–	10,403
– deferred tax on derivative financial instruments	–	(1,717)	(1,717)	–	(1,717)
Share of currency translation differences of joint ventures	–	(6,840)	(6,840)	(766)	(7,606)
(Loss)/profit for the period	–	(371,452)	(371,452)	168	(371,284)
Total comprehensive charge for the period	–	(1,045,807)	(1,045,807)	(598)	(1,046,405)
At 30th September 2023	40,361	1,920,935	1,961,296	(1,930)	1,959,366

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 2023 (“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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

3 THE ADOPTION OF NEW HKFRS

The accounting policies 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 2023, except the adoption of the following amendments to standards that are effective for the financial year ending 31st March 2024 which is relevant to the Group’s operations and is mandatory for accounting periods beginning on or after 1st January 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

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. The Group’s overall risk management seeks to minimise potential adverse effects on the Group’s financial performance.

The credit risk of the Group mainly arises from financial investments, as well as credit exposures to loans receivables and other receivables.

The Interim Financial Information does not include financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31st March 2023.

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

The Group adopts a “three-stage” model for impairment based on changes in credit quality since initial recognition, to estimate the expected credit losses (“ECL”) for financial assets measured at amortised cost (except for trade receivables, which applies simplified approach) and fair value through other comprehensive income (“FVOCI”) debt securities other than those that are classified as purchased or originated credit impaired (“POCI”) and financial guarantee contracts.

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, the ECL are recognised at an amount equal to the portions of lifetime ECL that result from default events possible within the next 12 months;
- Stage 2: For financial instruments with significant increase in credit risk since initial recognition, but there is no objective evidence of impairment, lifetime ECL are recognised and interest revenue is calculated on the gross carrying amount of the asset;
- Stage 3: For financial instruments in default at the end of the reporting period, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount of the asset.

POCI are financial assets that are credit-impaired on initial recognition. This might occur, for example, in a situation in which there was a substantial modification of a distressed asset that resulted in the derecognition of the original financial asset. In such a case, it may be possible for the modification to result in a new financial asset which is credit-impaired at initial recognition.

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

The Group is subject to credit risk exposure according to their relevant credit risk classification:

Gross carrying amount	Simplified approach HK\$'000	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	POCI HK\$'000
At 30th September 2023					
Bank balances and cash					
Unrestricted	-	360,508	-	-	-
Restricted	-	194,855	-	-	-
Amounts due from joint ventures and an associated company	-	411,345	-	-	-
Loan receivables	-	2,414	-	6,722	-
Trade and other receivables excluding interest receivables	9,575	20,691	-	-	-
Financial assets at FVOCI, amortised cost and related interest receivables	-	57,219	-	1,241,889	355,832
At 31st March 2023					
Bank balances and cash					
Unrestricted	-	342,270	-	-	-
Restricted	-	168,126	-	-	-
Amounts due from joint ventures	-	399,022	-	-	-
Loan receivables	-	2,367	-	6,722	-
Trade and other receivables excluding interest receivables	5,065	19,995	-	-	-
Financial assets at FVOCI, amortised cost and related interest receivables	-	60,420	-	2,301,735	297,235

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

During the period, the following loss allowances were recognised in consolidated profit and loss account in relation to the Group's debt securities at FVOCI and amortised cost:

	Stage 1		Stage 2		Stage 3		POCI		Total	
	Fair value	ECL	Fair value	ECL	Fair value	ECL	Fair value	ECL	Fair value	ECL
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April 2023	58,659	3,142	-	-	1,932,415	1,773,155	281,219	120,019	2,272,293	1,896,316
Net assets originated or purchased	-	-	-	-	-	-	127,179	-	127,179	-
Payments and assets derecognised	-	-	-	-	(107,085)	-	-	-	(107,085)	-
Credit quality related changes	-	7	-	-	-	442,237	-	60,490	-	502,734
Change in fair value	(3,188)	-	-	-	(836,712)	-	(65,562)	-	(905,462)	-
	55,471	3,149	-	-	988,618	2,215,392	342,836	180,509	1,386,925	2,399,050
Transfer to cost of sales	-	-	-	-	-	(99,209)	-	-	-	(99,209)
At 30th September 2023	55,471	3,149	-	-	988,618	2,116,183	342,836	180,509	1,386,925	2,299,841
Total ECL charge to profit and loss account for the period										502,734
At 1st April 2022	273,262	4,090	132,650	35,906	878,650	1,207,544	211,515	19,986	1,496,077	1,267,526
Net assets originated or purchased	55,050	135	-	-	280,530	50,514	-	-	335,580	50,649
Payments and assets derecognised	(116,529)	-	(1,039)	-	(276,686)	(22,404)	(10,203)	-	(404,457)	(22,404)
Transfers to Stage 3	(156,733)	(1,090)	(131,611)	(35,906)	288,344	36,996	-	-	-	-
Credit quality related changes	-	-	-	-	-	132,027	-	44,958	-	176,985
Change in fair value	(15,781)	-	-	-	(701,370)	-	(121,393)	-	(838,544)	-
At 30th September 2022	39,269	3,135	-	-	469,468	1,404,677	79,919	64,944	588,656	1,472,756
Total ECL charge to profit and loss account for the period										205,230

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(II) Fair Value Estimation

Financial instruments carried at fair value are categorised into 3 levels defined as follows:

- **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 (for example, over-the-counter investments) 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/ask 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 and related interest receivable in level 3**

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Level 3 instruments comprised unlisted equity securities, unlisted fund and defaulted debt securities which are not traded in an active market, whose transaction price or quoted price does not represent fair value. 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

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 at 30th September 2023 and 31st March 2023:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
At 30th September 2023			
Assets			
Financial assets at fair value through profit or loss ("FVPL")	–	241,050	127,818
Financial assets at FVOCI	188,056	59,731	1,072,802
Interest receivable	–	–	265,572
Derivative financial instruments	–	191,045	–
	188,056	491,826	1,466,192
At 31st March 2023			
Assets			
Financial assets at FVPL	–	251,984	183,378
Financial assets at FVOCI	162,149	63,206	2,093,074
Interest receivable	–	–	384,749
Derivative financial instruments	–	180,283	–
	162,149	495,473	2,661,201

The following table presents the changes in level 3 financial instruments and related interest receivable of the Group for the six months ended 30th September 2023 and 2022:

	HK\$'000
At 31st March 2023	2,661,201
Net disposal	(47,236)
Transfer to financial assets at amortised cost	(107,085)
Fair value loss recognised	(1,040,688)
At 30th September 2023	1,466,192
At 31st March 2022	396,445
Net addition	9,383
Transfer to level 2	(204,059)
Net fair value loss recognised	(8,144)
At 30th September 2022	193,625

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(II) Fair Value Estimation (Continued)

The following table summarises the quantitative information about the significant observable input used in level 3 fair value measurement:

Description	Fair value as at 30th September 2023 HK\$'000	Valuation technique	Unobservable input	Relationship of unobservable input to fair value
Financial asset at FVOCI	1,072,802	Discounted cash flow methodology	Discount rate of 35% and scenario analysis of different probability on estimated cash inflow from the bond	The higher the estimated contractual cash flow from the underlying bond, the higher the fair value. The higher the discount rate, the lower the fair value. If the discount rate had increased/ decreased by 1%, with all other variables held constant, the Group's fair value attributable to shareholders of the Company would have decreased by HK\$43,304,000/ increased by HK\$41,187,000.
Interest receivable	265,572			
Financial asset at FVPL	61,165	Discounted cash flow methodology	Discount rate of 35% and scenario analysis of different probability on estimated cash inflow from the bond	The higher the estimated contractual cash flow from the underlying bond, the higher the fair value. The higher the discount rate, the lower the fair value. If the discount rate had increased/ decreased by 1%, with all other variables held constant, the Group's fair value attributable to shareholders of the Company would have decreased by HK\$63,000/increased by HK\$63,000
Financial asset at FVPL	50,819	Net asset value from fund statement	Net asset value	The higher the net asset value, the higher the fair value.
Financial asset at FVPL	15,834	Third party valuation report	Fair value of the underlying property based on valuation report	The higher the fair value of the underlying property, the higher the fair value.

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(II) Fair Value Estimation (Continued)

Description	Fair value as at 31st March 2023 HK\$'000	Valuation technique	Unobservable input	Relationship of unobservable input to fair value
Financial asset at FVOCI	2,093,074	Discounted cash flow methodology	Discount rate of 28% to 35% and scenario analysis of different probability on estimated cash inflow from the bond	The higher the estimated contractual cash flow from the underlying bond, the higher the fair value. The higher the discount rate, the lower the fair value. If the discount rate had increased/ decreased by 1%, with all other variables held constant, the Group's fair value attributable to shareholders of the Company would have decreased by HK\$66,056,000/ increased by HK\$70,382,000.
Interest receivable	384,749			
Financial asset at FVPL	120,301	Discounted cash flow methodology	Discount rate of 22% and scenario analysis of different probability on estimated cash inflow from the bond	The higher the estimated contractual cash flow from the underlying bond, the higher the fair value. The higher the discount rate, the lower the fair value. If the discount rate had increased/ decreased by 1%, with all other variables held constant, the Group's fair value attributable to shareholders of the Company would have decreased by HK\$364,000/increased by HK\$486,000.
Financial asset at FVPL	45,184	Net asset value from fund statement	Net asset value	The higher the net asset value, the higher the fair value.
Financial asset at FVPL	17,893	Third party valuation report	Fair value of the underlying property based on valuation report	The higher the fair value of the underlying property, the higher the fair value.

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 2023.

6 SEGMENT INFORMATION

The Group is principally engaged in hotel operation, property development and securities investment. Revenue includes revenue from hotel 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, joint ventures, inventories, trade and other receivables, properties under development for sale 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
Six months ended 30th September 2023					
Segment revenue	173,872	299	295,749	4,343	474,263
Contribution to segment results	78,719	(5,971)	291,183	19,672	383,603
Depreciation	(51,263)	(843)	–	(3,144)	(55,250)
Net investment loss	–	–	(603,819)	–	(603,819)
Share of profits less losses of joint ventures and an associated company	–	(1,670)	–	13,781	12,111
Segment results	27,456	(8,484)	(312,636)	30,309	(263,355)
Unallocated corporate expenses					(30,124)
Net finance costs					(86,070)
Loss before income tax					(379,549)
Six months ended 30th September 2022					
Segment revenue	71,312	93	388,492	3,626	463,523
Contribution to segment results	5,560	(6,596)	382,390	1,696	383,050
Depreciation	(55,381)	(501)	–	(4,430)	(60,312)
Net investment loss	–	–	(342,836)	–	(342,836)
Share of profits less losses of joint ventures	–	446	–	13	459
Segment results	(49,821)	(6,651)	39,554	(2,721)	(19,639)
Unallocated corporate expenses					(31,963)
Net finance costs					(60,681)
Loss before income tax					(112,283)

Notes to the Interim Financial Information

6 SEGMENT INFORMATION (CONTINUED)

	Business segments					
	Hotel operation	Property development	Financial investments	Others	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 30th September 2023						
Assets	3,002,472	2,806,682	2,334,708	13,013	229,979	8,386,854
Assets include:						
Joint ventures and an associated company	-	588,205	-	2,707	-	590,912
Addition to non-current assets for the six months ended 30th September 2023*	4,948	5,286	-	-	18	10,252
Liabilities						
Borrowings	4,152,862	556,910	-	-	941,900	5,651,672
Other liabilities						775,816
						6,427,488
As at 31st March 2023						
Assets	2,973,086	2,631,841	3,472,602	11,670	192,735	9,281,934
Assets include:						
Joint ventures	-	579,519	-	331	-	579,850
Addition to non-current assets for the six months ended 30th September 2022*	24,623	6,347	-	-	25	30,995
Liabilities						
Borrowings	4,151,001	418,927	-	-	968,385	5,538,313
Other liabilities						737,850
						6,276,163

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

Notes to the Interim Financial Information

6 SEGMENT INFORMATION (CONTINUED)

	Six months ended 30th September	
	2023	2022
	HK\$'000	HK\$'000
Revenue		
Hong Kong	178,512	75,933
Overseas	295,751	387,590
	474,263	463,523
	30th September 2023	31st March 2023
	HK\$'000	HK\$'000
Non-current assets*		
Hong Kong	2,740,294	2,798,288
Overseas	589,728	581,994
	3,330,022	3,380,282

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

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

	Six months ended 30th September	
	2023	2022
	HK\$'000	HK\$'000
Revenue from contracts with customers		
– recognised at a point in time	20,864	377
– recognised over time	148,654	73,560
	169,518	73,937
Other sources	11,188	4,615
	180,706	78,552

Notes to the Interim Financial Information

7 NET INVESTMENT LOSS

	Six months ended 30th September	
	2023	2022
	HK\$'000	HK\$'000
Financial assets at FVPL		
– net unrealised fair value loss	(24,178)	(155,985)
– net realised gain (note (a))	2,709	3,066
Financial assets at FVOCI		
– net unrealised exchange loss	(3,927)	(80)
– net realised loss (note (b))	(73,992)	(2,604)
– changes in ECL	(502,734)	(205,230)
Financial assets at amortised cost		
– net unrealised exchange loss	(412)	–
Derivative financial instruments		
– net unrealised (loss)/gain	(1,285)	17,997
	(603,819)	(342,836)

Notes:

	Six months ended 30th September	
	2023	2022
	HK\$'000	HK\$'000
(a) Net realised gain on financial assets at FVPL		
Gross consideration	52,780	7,043
Cost of investments	(45,949)	(6,015)
Add: net unrealised (gain)/loss recognised in prior years	(4,122)	2,038
Net realised gain recognised in current period	2,709	3,066
(b) Net realised loss on financial assets at FVOCI		
Gross consideration	117,946	406,760
Cost of investments	(289,431)	(407,930)
Transfer from investment revaluation reserve	97,493	(1,434)
Net realised loss recognised in current period	(73,992)	(2,604)

Notes to the Interim Financial Information

7 NET INVESTMENT LOSS (CONTINUED)

Notes: (Continued)

- (c) Net unrealised loss for the period was generated from the fair value changes of financial investments that comprised 35 (2022: 33) securities and 3 (2022: 3) unlisted funds as at 30th September 2023.

Summary of net unrealised loss recognised in profit and loss account for the six months ended 30th September:

	Six months ended 30th September 2023	
	HK\$'000	2022 HK\$'000
Debt securities	(28,846)	(147,633)
Unlisted fund	741	(8,432)
	(28,105)	(156,065)

During the period, the following debt securities contributed to the majority of the unrealised loss:

	Unrealised loss for six months ended 30th September 2023 HK\$'000
Guangzhou R&F 6.7% notes 1	(11,052)
Guangzhou R&F 7% notes	(6,500)
Guangzhou R&F 6.7% notes 2	(3,975)
	(21,527)

Pursuant to an extension plan consented in September 2022, certain terms of the notes issued by Guangzhou R&F Properties Co., Ltd ("Guangzhou R&F") held by the Group originally carrying 6.7%, 6.8% and 7.4% fixed coupon per annum were modified as shown in the table below. Guangzhou R&F 6.7% notes 1, notes 2 and Guangzhou R&F 7% notes are listed on Shanghai Stock Exchange. These notes were held through total return swap arrangement ("TRS") arranged by Morgan Stanley & Co. International plc ("Morgan Stanley"), a public limited company incorporated in England and Wales. Guangzhou R&F is principally engaged in property development, property management, hotel development, commercial operations, and architectural and engineering design. Its shares are listed on HKEX (stock code: 2777).

	Coupon per annum	Maturity
Guangzhou R&F 6.7% notes 1	6.8% adjusted to 6.7%	16th May 2023 extended to 16th September 2025
Guangzhou R&F 6.7% notes 2	6.7%	7th April 2023 extended to 16th September 2025
Guangzhou R&F 7% notes	6.58% adjusted to 7%	3rd December 2022 extended to 16th September 2026

Notes to the Interim Financial Information

7 NET INVESTMENT LOSS (CONTINUED)

Notes: (Continued)

(d) Summary of ECL for the period:

During the period, the following debt securities contributed to the majority of the changes in ECL:

	Increase in ECL for the six months ended 30th September 2023 HK\$'000
Scenery Journey 12% notes	111,397
Evergrande 12% notes	80,553
Evergrande 8.75% notes	76,159
Golden Wheel 10% notes	60,490
Jiayuan 11.375% notes	41,697
	370,296

Scenery Journey 12% notes, issued by Scenery Journey Limited, an indirect subsidiary of China Evergrande Group ("Evergrande"), carries fixed coupon rates of 12% per annum (maturing on 24th October 2023). The notes are denominated in USD and are listed on Singapore Stock Exchange ("SGX-ST"). Evergrande is principally engaged in property development, 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).

Evergrande 8.75% and 12% notes, issued by Evergrande, carry fixed coupon rates of 8.75% per annum (maturing on 28th June 2025) and 12% per annum (maturing on 22nd January 2024). The notes are denominated in USD and are listed on SGX-ST.

Golden Wheel 10% notes, issued by Golden Wheel Tiandi Holdings Limited ("Golden Wheel"), carries fixed coupon rate of 10% per annum. The notes are denominated in USD and matures on 11th April 2025 with amortisation during the tenor. They are not rated and are listed on SGX-ST. Golden Wheel is principally engaged in property related business in the PRC. Its shares are listed on HKEX (Stock code: 1232).

Jiayuan 11.375% notes, issued by Jiayuan International Group Limited ("Jiayuan"), carries fixed coupon rate of 11.375% per annum. The notes are unlisted, denominated in USD and matured on 29th October 2022. Jiayuan is principally engaged in property development and property investment in the PRC. Its shares are listed on HKEX (stock code: 2768).

Notes to the Interim Financial Information

8 INCOME AND EXPENSES BY NATURE

	Six months ended	
	30th September	
	2023	2022
	HK\$'000	HK\$'000
Income		
Operating lease rental income for hotel buildings	4,654	1,250
Interest income from financial assets at FVOCI		
– Listed investments	217,258	279,026
– Unlisted investments	24,805	6,686
Interest income from financial assets at FVPL		
– Listed investments	19,855	62,374
– Unlisted investments	6,448	3,158
Interest income from financial assets at amortised cost		
– Listed investments	20,850	–
– Bank deposit	3,670	1,924
Dividend income from financial assets at FVOCI		
– Listed investment	4,772	2,151
Expenses		
Cost of goods sold	3,687	6,067
Employee benefit expense, including Directors' emoluments (note)	54,350	37,952
Note:		
Employee benefit expense		
Wages and salaries	55,458	43,275
Retirement benefits costs	1,501	1,158
Government subsidies	–	(3,668)
	56,959	40,765
Capitalised in property under development for sale	(2,609)	(2,813)
	54,350	37,952

Notes to the Interim Financial Information

9 NET FINANCE COSTS

	Six months ended 30th September	
	2023 HK\$'000	2022 HK\$'000
Interest (expenses)/income		
Long term bank loans	(166,391)	(72,089)
Short term bank loans and overdrafts	–	(6,589)
Lease liabilities	(117)	(80)
Convertible notes	(8,921)	(8,377)
Derivative financial instruments (interest rate swaps (“IRS”))	57,961	591
Interest capitalised	39,826	21,360
	(77,642)	(65,184)
Other incidental borrowing costs	(10,057)	(9,277)
Net foreign exchange loss on borrowings	(14)	(580)
Fair value gain on derivative financial instruments (IRS)		
Cash flow hedge – ineffective portion	1,643	14,360
	(86,070)	(60,681)

10 INCOME TAX CREDIT

	Six months ended 30th September	
	2023 HK\$'000	2022 HK\$'000
Current income tax (expenses)/credit		
Hong Kong profits tax	(345)	(1,628)
Overseas profits tax	–	(2,315)
Over provision in prior years	514	–
	169	(3,943)
Deferred income tax credit	8,096	21,614
	8,265	17,671

Hong Kong profits tax is provided at the rate of 16.5% (2022: 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 2023 (2022: Nil).

12 LOSS PER SHARE

The calculation of loss per share is based on the loss attributable to shareholders of the Company and divided by the weighted average number of shares in issue:

	Six months ended 30th September	
	2023	2022
	HK\$'000	HK\$'000
Loss attributable to shareholders of the Company	(371,452)	(95,766)
	Number of shares	
Weighted average number of shares in issue	2,018,040,477	2,018,040,477

The diluted loss per share is equal to the basic loss per share since there is no dilative potential share during the six months ended 30th September 2023.

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
Cost				
At 31st March 2023	1,155,938	701,304	2,732,348	4,589,590
Currency translation differences	–	(706)	(7)	(713)
Addition	–	3,454	–	3,454
Disposal of a subsidiary	–	(89,773)	–	(89,773)
Disposals	–	(18)	–	(18)
At 30th September 2023	1,155,938	614,261	2,732,341	4,502,540
Accumulated depreciation				
At 31st March 2023	424,022	598,857	766,279	1,789,158
Currency translation differences	–	(697)	(6)	(703)
Charge for the period	15,893	11,591	27,766	55,250
Disposal of a subsidiary	–	(80,270)	–	(80,270)
Disposals	–	(5)	–	(5)
At 30th September 2023	439,915	529,476	794,039	1,763,430
Net book value				
At 30th September 2023	716,023	84,785	1,938,302	2,739,110
At 31st March 2023	731,916	102,447	1,966,069	2,800,432

Notes:

- (a) At 30th September 2023, hotel properties with carrying amount of HK\$2,526,574,000 (31st March 2023: HK\$2,573,615,000) were pledged to banks to secure bank borrowings.
- (b) Supplementary information with hotel properties at valuation:

According to the Group's accounting policies, the carrying amount of the five hotel properties were HK\$2,526,574,000 (31st March 2023: HK\$2,573,615,000).

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\$13,213,000,000 (31st March 2023: HK\$12,518,000,000), 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 at valuation is for readers' information only. It does not constitute a disclosure requirement under HKAS 16 and HKFRS 16.

Notes to the Interim Financial Information

14 TRADE AND OTHER RECEIVABLES

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

Accrued interest receivable and accrued dividend receivable amounted to HK\$269,473,000 (31st March 2023: HK\$393,287,000).

Trade receivables of the Group amounted to HK\$9,575,000 (31st March 2023: HK\$5,065,000). 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 2023 HK\$'000	31st March 2023 HK\$'000
0 month to 6 months	8,978	4,903
7 months to 12 months	177	–
More than 12 months	420	162
	9,575	5,065

15 FINANCIAL INVESTMENTS

	30th September 2023 HK\$'000	31st March 2023 HK\$'000
Non-current assets		
Debt securities		
– Listed in Singapore	328,666	373,357
– Listed in Europe	73,749	103,382
– Listed in the PRC	–	4,531
	402,415	481,270
Equity securities		
– Listed in Hong Kong	188,056	162,149
Unlisted funds	66,653	63,077
	657,124	706,496
Current assets		
Debt securities		
– Listed in the PRC	305,922	371,865
– Listed in Singapore	866,907	1,568,640
– Listed in Europe	1,341	1,635
– Unlisted	112,555	221,168
	1,286,725	2,163,308
Total financial investments	1,943,849	2,869,804

Notes to the Interim Financial Information

15 FINANCIAL INVESTMENTS (CONTINUED)

Financial investments are classified in the following categories:

	30th September 2023 HK\$'000	31st March 2023 HK\$'000
Non-current assets		
Financial assets at FVOCI	350,249	538,203
Financial assets at FVPL	66,653	63,077
Financial assets at amortised cost	240,222	105,216
	657,124	706,496
Current assets		
Financial assets at FVOCI	970,340	1,780,227
Financial assets at FVPL	302,215	372,284
Financial assets at amortised cost	14,170	10,797
	1,286,725	2,163,308
	1,943,849	2,869,804

Financial investments are denominated in the following currencies:

	30th September 2023 HK\$'000	31st March 2023 HK\$'000
United States dollar	1,433,483	2,312,930
Renmibi	305,922	376,396
Hong Kong dollar	188,056	162,149
Japanese yen	15,834	17,893
Euro	554	436
	1,943,849	2,869,804

Supplementary information of financial investments:

Debt Securities

As at 30th September 2023, the Group held 34 (31st March 2023: 35) debt securities, 23 of them are listed in Singapore, 7 in the PRC, 3 in Europe and 1 unlisted. 31 (31st March 2023: 34) 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, 1 is listed in the PRC and 2 are unlisted.

Notes to the Interim Financial Information

15 FINANCIAL INVESTMENTS (CONTINUED)

Debt Securities (Continued)

The summary of debt securities of financial investments as at 30th September 2023 and 31st March 2023 are as follows:

	30th September 2023 HK\$'000	31st March 2023 HK\$'000
Principal amount of notes	5,874,816	5,937,908
Investment cost	5,191,607	5,356,666
Fair value	1,689,140	2,644,577
Coupon	3% to 14.5%	5.9% to 14.5%
Maturities	Various, up to December 2027	Various, up to December 2027

The 34 (30th September 2022: 32) debt securities gave rise to a net unrealised fair value loss of HK\$932 million (2022: loss of HK986 million) for the six months period ended 30th September 2023.

As at 30th September 2023, the fair value of the five largest debt securities held represents approximately 3.5% (31st March 2023: 7%) of the Group's revalued total assets. The remaining 29 debt securities represent 5.3% of the Group's revalued total assets, with each of them less than 1%.

Notes to the Interim Financial Information

15 FINANCIAL INVESTMENTS (CONTINUED)

Debt Securities (Continued)

The five largest debt securities held at 30th September 2023 are as follows:

	Fair value as at	% of the	For the six months ended	
	30th September		debt securities	30th September 2023
	2023	portfolio	Unrealised loss	HK\$'000
	HK\$'000		HK\$'000	HK\$'000
Scenery Journey 12% notes (i)	261,701	16%	(113,979)	65,921
Xinyuan 3% notes (ii)	121,182	7%	(158)	3,395
Jiayuan 11.375% notes (i)	112,555	7%	(25,373)	18,501
Guangzhou R&F 6.7% notes 1 (iii)	90,166	5%	(11,052)	7,199
Golden Wheel 10% notes (i)	88,444	5%	(23,896)	18,883

	Fair value as at	% of the	For the six months ended	
	31st March 2023		debt securities	30th September 2022
	HK\$'000	portfolio	Unrealised loss	HK\$'000
	HK\$'000		HK\$'000	HK\$'000
Scenery Journey 12% notes (i)	479,927	18%	(77,989)	65,921
Evergrande 8.75% notes (i)	209,963	8%	(27,299)	3,395
Evergrande 12% notes (i)	206,791	8%	(28,319)	18,501
Jiayuan 11.375% notes (i)	171,465	7%	(248,117)	7,199
Golden Wheel 10% notes (i)	165,206	6%	(114,526)	18,883

(i) The details were described in note 7(d).

(ii) Xinyuan 3% notes, issued by Xinyuan Real Estate Company Limited ("Xinyuan"), carries fixed coupon rate of 3% per annum. These notes are denominated in USD and mature on 30th September 2027. These notes are listed on SGX-ST. Xinyuan is principally engaged in residential real estate development and the provision of property management services. The group's operations are conducted mainly in the PRC. Its shares are listed on New York Stock Exchange (stock code: XIN).

(iii) The details were described in note 7(c).

Notes to the Interim Financial Information

15 FINANCIAL INVESTMENTS (CONTINUED)

Equity Securities and Unlisted Funds

As at 30th September 2023, the Group held 1 (31st March 2023: 1) listed equity securities and 3 (31st March 2023: 3) unlisted fund securities. The summary of equity and fund securities portfolio of financial investments as at 30th September 2023 and 31st March 2023 and their corresponding unrealised gain/(loss) and dividend income for the six months ended 30th September 2023 and 2022 are as follows:

	Market value as at 30th September 2023 HK\$'000	For the six months ended 30th September 2023	
		Unrealised gain HK\$'000	Dividend income HK\$'000
HSBC Holdings PLC ("HSBC")	188,056	25,907	4,772
Others	66,653	741	6,448
	254,709	26,648	11,220

	Market value as at 31st March 2023 HK\$'000	For the six months ended 30th September 2022	
		Unrealised loss HK\$'000	Dividend income HK\$'000
HSBC Holdings PLC ("HSBC")	162,149	(39,471)	2,151
Others	63,077	(8,432)	3,158
	225,226	(47,903)	5,309

HSBC is a global banking and financial services company. It operates across various geographical regions, and its shares are listed on HKEX (stock code: 5) and London Stock Exchange (stock code: HSBA) with an "A-" rated by S&P Global Rating. As at 30th September 2023, a total of 0.02% shareholding of HSBC was held by the Group.

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, lease liabilities and various accruals. Trade payables of the Group amounted to HK\$46,079,000 (31st March 2023: HK\$30,463,000).

Aging analysis of trade payables is as follows:

	30th September 2023 HK\$'000	31st March 2023 HK\$'000
0 month to 6 months	45,732	30,102
7 months to 12 months	8	60
More than 12 months	339	301
	46,079	30,463

17 BORROWINGS

	30th September 2023 HK\$'000	31st March 2023 HK\$'000
Current liabilities		
Current portion of long term bank loans Secured	1,692,928	1,148,466
Non-current liabilities		
Long term bank loans Secured	3,958,744	4,389,847
	5,651,672	5,538,313

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 2023 HK\$'000	31st March 2023 HK\$'000
Repayable within one year	1,692,928	1,148,466
Repayable between one and two years	305,064	675,622
Repayable between two and five years	3,653,680	3,362,383
Repayable over five years	–	351,842
	5,651,672	5,538,313
Current portion included in current liabilities	(1,692,928)	(1,148,466)
	3,958,744	4,389,847

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	255,598
Interest expense (note)	8,921
	264,519
Coupon payable included in trade and other payables	(612)
At the end of the period	263,907

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\$8,918,000 (2022: HK\$8,375,000) is payable to the intermediate holding companies of the Company during the period.

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 2023 and 30th September 2023	35,000,000,000	700,000
Issued and fully paid:		
At 31st March 2023 and 30th September 2023	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	Hedging reserve HK\$'000	Currency translation reserve HK\$'000	Share option reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2023	1,126,360	37	1,067,444	(1,228,178)	97,432	(33,693)	3,423	1,933,917	2,966,742
Net fair value loss and other net movements on financial assets at FVOCI	-	-	-	(656,834)	-	-	-	-	(656,834)
Cash flow hedges									
- fair value gain	-	-	-	-	10,403	-	-	-	10,403
- deferred tax on derivative financial instruments	-	-	-	-	(1,717)	-	-	-	(1,717)
Currency translation differences	-	-	-	-	-	(19,367)	-	-	(19,367)
Share of currency translation differences of joint ventures	-	-	-	-	-	(6,840)	-	-	(6,840)
Loss for the period	-	-	-	-	-	-	-	(371,452)	(371,452)
At 30th September 2023	1,126,360	37	1,067,444	(1,885,012)	106,118	(59,900)	3,423	1,562,465	1,920,935

Notes to the Interim Financial Information

21 FINANCIAL GUARANTEES

	30th September 2023 HK\$'000	31st March 2023 HK\$'000
Guarantees for the banking and loan facilities of joint ventures	363,416	368,654

22 RELATED PARTY TRANSACTIONS

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

	Six months ended 30th September	
	2023 HK\$'000	2022 HK\$'000
Income from/(expense to) subsidiaries of Asia Orient Holdings Limited		
Hotel services	34	19
Operating lease rental and management services	(3,076)	(3,057)
Project management service	(2,442)	(2,351)
Interest of convertible notes to intermediate holding companies	(8,918)	(8,375)

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) (2022: Nil).

Other Information

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

As at 30th September 2023, 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 by the Company 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 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") 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	Total	
Poon Jing	Asia Orient (Note 1)	359,139,472	5,318,799	145,213,900	509,672,171	60.61
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 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.

Other Information

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	Outstanding as at 1st April 2023 and 30th September 2023
Poon Hai (Note 1)	14,400,000
Poon Yeung, Roderick (Note 1)	14,400,000

Notes:

- (1) 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.
- (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	Outstanding as at 1st April 2023 and 30th September 2023
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 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.

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

Director	Outstanding as at 1st April 2023 and 30th September 2023
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.

(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 day prior to 23rd February 2047 at the conversion price/redeemable at the redemption value of HK\$0.453 per convertible note.

Save as disclosed above, as at 30th September 2023, 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 were taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept by the Company 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 2023, 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

Other Information

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 the wholly-owned subsidiary of ASI. ASI is deemed to be interested in and duplicate the interest in the shares and underlying shares of the Company 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 in the shares and underlying shares of the Company 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 in the shares and underlying shares of the Company 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 in the shares and underlying shares of the Company 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 day prior to 23rd February 2047 at the conversion price/redeemable at the redemption value of HK\$0.453 per convertible note.

Save as disclosed above, as at 30th September 2023, 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 by the Company 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”) 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 2023, 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	Outstanding as at 1st April 2023 and 30th September 2023
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 of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30th September 2023 (2022: 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 has 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 2023.

Other Information

CORPORATE GOVERNANCE CODE

During the period, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Part 2 of Appendix 14 to the Listing Rules, except Code Provision F.2.2 of the CG Code which provides that the chairman of the board should attend the annual general meetings. Mr. Poon Jing (“Mr. Poon”), the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 25th August 2023 due to his other business commitments at the relevant time. The views of Company’s shareholders had been reported to Mr. Poon after the meeting.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th September 2023.

On behalf of the Board

Asia Standard Hotel Group Limited

Poon, Jing

Chairman

Hong Kong, 30th November 2023

