ASIA STANDARD HOTEL GROUP LIMITED

Stock Code: 292

Annual Report 2014

Contents

Corporate Information

DIRECTORS

EXECUTIVE

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

INDEPENDENT NON-EXECUTIVE

Mr. Ip Chi Wai
Mr. Leung Wai Keung
Mr. Hung Yat Ming

AUDIT COMMITTEE

Mr. Hung Yat Ming *(Chairman)*
Mr. Leung Wai Keung
Mr. Ip Chi Wai

REMUNERATION COMMITTEE

Mr. Hung Yat Ming *(Chairman)*
Mr. Ip Chi Wai
Dr. Lim Yin Cheng

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Mr. Lee Tai Hay, Dominic

REGISTERED OFFICE

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

PRINCIPAL OFFICE IN HONG KONG

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

Telephone	2866 3336
Facsimile	2866 3772
Website	www.asiastandardhotelgroup.com
E-mail	info@asia-standard.com.hk

PRINCIPAL BANKERS

Bank of China (Hong Kong)
HSBC
Industrial and Commercial Bank of China (Asia)
Industrial and Commercial Bank of China (Canada)
Shanghai Commercial Bank
DBS Bank (Hong Kong)
Wing Hang Bank
Chong Hing Bank
Barclays Bank
Bank Morgan Stanley
UBS
Bank Julius Baer

LEGAL ADVISERS

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

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

AUDITOR

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

SHARE REGISTRAR IN BERMUDA

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street,
Hamilton HM 11,
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

For the year ended 31st March (in HK$ million, except otherwise indicated)	2014	2013	Change
Consolidated profit and loss account			
Revenue	**651**	647	+1%
Depreciation	**(83)**	(85)	–2%
Net finance costs	**(15)**	(13)	+15%
Net investment gain	**132**	218	–39%
Profit for the year attributable to shareholders	**349**	424	–18%
Basic earnings per share (HK$)	**0.23**	0.27	–15%
Consolidated balance sheet			
Total assets	**5,137**	4,718	+9%
Net assets	**3,204**	2,896	+11%
Net debt	**1,681**	1,551	+8%

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

Revalued total assets	**11,799**	10,998	+7%
Revalued net assets	**9,828**	9,152	+7%
Revalued net assets per share (HK$)	**6.34**	5.90	+7%
Gearing – net debt to revalued net assets	**17%**	17%	–

Note: According to the Group's accounting policies, the four 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.

The three hotel properties in Hong Kong were revalued by Vigers Appraisal & Consulting Limited for both years. The hotel property in Canada was revalued by CBRE Limited as at 31st March 2014 and revalued by Grant Thornton Management Consultants as at 31st March 2013, on an open market value basis.

Chairman's Statement

For the year ended 31st March 2014, the Group recorded a consolidated net profit of approximately HK$349 million as compared to HK$424 million of the same period last year. The difference was mainly attributed to reduction in net gain on investments in financial assets. Basic earnings per share during the year was HK23 cents (2013: HK27 cents).

The Group had a revalued net assets increase of 7% to HK$9,828 million, representing HK$6.34 per share. Net gearing (net debt over the revalued net asset value) was at 17% as of the year end.

The redevelopment progress of our 2 acquired sites which sit adjacent to the Group's two existing hotels in Hong Kong is on schedule. They will enhance the land value combined and also improve economies of scales and operational synergies of our hotel operations.

Looking ahead, as the economic environment remains challenging, the Management is cautious about uncertainties that it faces.

On behalf of the Board, I would like to express my gratitude to our staff for their invaluable contribution, and our customers, shareholders and the investment community for their support.

Poon, Jing
Chairman

Hong Kong, 26th June 2014

Revalued net assets (RNAV) and gearing ratio

Business Model and Strategies

Asia Standard Hotel is an established hospitality owner and operator which its business is primarily based in Hong Kong. The Group owns and operates four hotels under the "empire hotels" brand; three of which are in core CBDs of Hong Kong and one in downtown Vancouver, Canada. Our hotels are strategically located in central shopping or business districts. The Group also engages in travel agency operations and financial investment, which contributes to the Group with a diversified source of stable recurring income. Our business diversification thus reduces the adverse impact of market volatility and offsets market cyclicality to which some of our businesses are exposed to.

The Group is focused on enhancing the performance of its core business and is dedicated to maximise value for shareholders through pursuit of attractive investment opportunities with the following strategies:

(i) To expand and grow our hospitality business in prime CBDs of Hong Kong, and to strive for excellence in management and operations.

The Group's three hotels in Hong Kong are strategically located within core CBDs and are targeted at business travelers as well as visitors from the PRC. Our hospitality chain has a centralised management team to optimise revenue generation and to ensure efficient deployment of resources for achieving maximum cost benefit. In particular, our "Empire Hotel Hong Kong" in Wanchai benefits from high occupancy and room rates due to its proximity to the Hong Kong Convention and Exhibition Centre. The prime locations allow us to cater to both business visitors and tourists, which has led us to maintain a high occupancy and RevPAR at our hotels.

(ii) Focus on profitable growth on the Company's solid recurring income from its investment portfolio.

The Group has a diversified investment portfolio generating a recurring and steady income stream. The Group's investment portfolio provides a liquidity buffer and recurring income as well as a diversified cash flow stream, enabling us to finance existing hotel extension projects and seize potential investment as opportunities arise.

(iii) Continue to manage risk effectively, through a prudent financial management policy.

The Group aims to monitor risk and manage exposures to a range of debt maturities and a range of debt types in a disciplined and prudent manner. The Group strives to maintain a strong financial position with a healthy level of liquidity and low level of gearing.

We are confident that our strategies will deliver maximum value to the shareholders in the long term.

Management Discussion and Analysis

Upon completion of the re-development of our 2 acquired sites adjacent to the Group's 2 existing hotels in Hong Kong, they will **increase our existing hotel gross floor area and room portfolio in Hong Kong by 13% and 19%, respectively.**

empire hotels
皇 悦 酒 店

Management Discussion and Analysis

RESULTS

The Group's revenue for the year ended 31st March 2014 amounted to HK$651 million, increased by 1% when compared with the same period of last year. Profit attributable to shareholders, however, decreased by 18% to HK$349 million. The decrease in profit was mainly attributable to a reduction in net gain on investments in financial assets as compared to the same period of last year, and a slight drop in room rates.

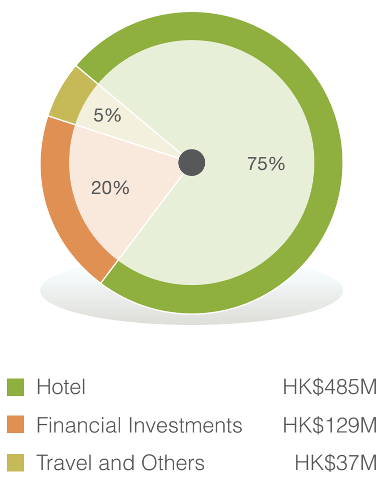
BUSINESS REVIEW

Between April 2013 and March 2014, the cumulative arrivals to Hong Kong for all visitors and those who stayed overnight reached 56 million and 26 million, respectively, the former has a 15% increase and the latter a 9% increase. Growth has come from short haul markets where China continues to be the most important inbound source market for Hong Kong tourism.

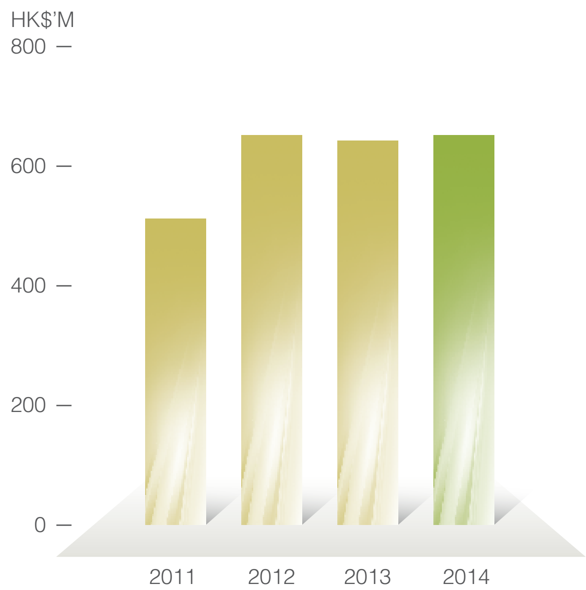
On the hotel rooms supply in Hong Kong, approximately 3,000 new hotel rooms were opened during the year under review, and it is anticipated that the new rooms supply will continue in 2014. There was an aggregate supply of about 70,000 hotel rooms as of March 2014, an increase of about 5% over the preceding year.

All our hotels in Hong Kong have been operating at approximately 95%, although average room rate trailed behind that of last year by about 4%.

Segment revenue



Revenue



2015 — 2018

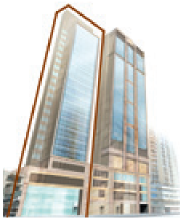
Development pipeline

2016

8A & 8B Wing Hing Street, Causeway Bay

(GFA : 31,000 sq. ft.)
(No. of Rooms : 94)

2017



10-12 Kimberley Street, Tsim Sha Tsui

(GFA : 34,000 sq. ft.)
(No. of Rooms : 90)

HOTEL DEVELOPMENT PROJECTS

The re-development progress of our two sites located adjacent to the Group's two existing hotels in Hong Kong is on schedule. For the site in Causeway Bay, the foundation work has been completed in May 2014, and the superstructure works shall commence in June 2014. For the site in Tsim Sha Tsui, the foundation work has commenced in February 2014, and is scheduled to complete in January 2015. Its superstructure works will follow.

With a total gross floor area of approximate 65,000 sq.ft. or 184 hotel guest rooms upon completion of these two sites in 2016/2017, they will increase our existing hotel gross floor area and room portfolio in Hong Kong by 13% and 19%, respectively, and will provide greater operational synergies to the Group.

Empire Hotel Causeway Bay

Empire Hotel Hong Kong

TRAVEL

Revenue for the travel operations amounted to HK$32 million (2013: HK$36 million as restated).

FINANCIAL INVESTMENTS

For the period under review, major central banks in the world continued to follow an accommodative monetary policy with short-term interest-rate levels approaching zero. In the US, the Federal Reserve has commenced tapering of bond purchases, the pace and extent of the tapering remains highly dependent on economic conditions. In China, the GDP in 2013 recorded a year on year increase of 7.7% which was unchanged as compared with the previous year.

The Group's financial investment portfolio as at 31st March 2014 all consisted of listed securities. Approximately 61% of our investment portfolio comprised listed debt securities (of which approximately 87% were issued by PRC real estate companies), and approximately 39% comprised listed equity securities (of which approximately 94% were issued by large banks). They were denominated in Hong Kong dollars 13%, United States dollars 60%, Sterling 14%, Euro 8% and Renminbi 5%.

During the year under review, a total of HK$129 million (2013: HK$109 million) in interest and dividend income were generated from the investment portfolio, and a net investment gain of HK$132 million (2013: HK$218 million) was also recorded.

As at 31st March 2014, approximately HK$301 million (31st March 2013: HK$60 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

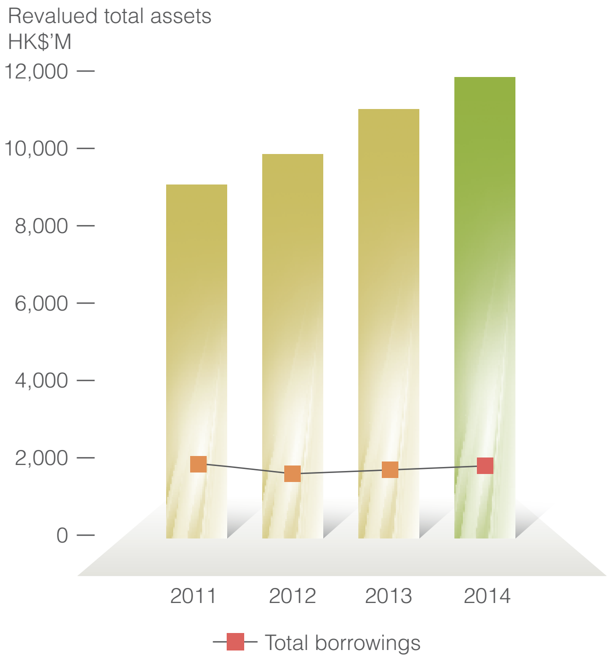
FINANCIAL REVIEW

The Group's total assets amounted to HK$5,137 million (31st March 2013: HK$4,718 million). Based on independent valuation, the total revalued amount of our four hotel properties in operation as at 31st March 2014 was HK$9,001 million, increased by 3% when compared with that as at 31st March 2013. The revalued total assets of the Group with hotel properties in operation at market value would be HK$11,799 million (31st March 2013: HK$10,998 million).

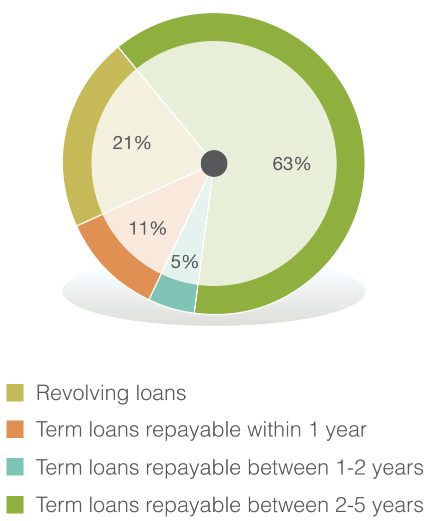
The shareholders' funds amounted to HK$3,204 million (31st March 2013: HK$2,896 million), of which the increase was mainly due to profit for the year. Taking into account the market value of the hotel properties in operation, the revalued net asset value of the Group would be HK$9,828 million (31st March 2013: HK$9,152 million).

The consolidated net debt was HK$1,681 million (31st March 2013: HK$1,551 million). 83% of the gross bank borrowings or HK$1,482 million was denominated in Hong Kong dollars, and the remaining 17% or to the equivalent of HK$312 million were in foreign currencies incurred in operations and investment in financial assets overseas.

Revalued total assets and total borrowings



Debt maturity



The maturity of our debts spread over a long period of up to 5 years. 8% of total borrowings were from revolving credit facilities secured by hotel properties. 12% of total borrowings were in the form of revolving credit facilities through the pledge of financial assets investment. 79% was term loans repayable within five years, which were also secured by hotel properties. At 31st March 2014, the Group had current assets of HK$1,843 million (31st March 2013: HK$1,470 million).

The Group's gearing ratio, expressed as a percentage of net debt over the revalued net asset value, was 17% (31st March 2013: 17%).

The aggregate net book value of hotel properties pledged as collateral for banking facilities of the Group as at 31st March 2014 amounted to HK$2,903 million (31st March 2013: HK$2,944 million).

HUMAN RESOURCES

As at 31st March 2014, the total number of employees of the Company and its subsidiaries was 387 (31st March 2013: 419). In addition to salary payment, the Group provides other benefits including insurance, share options, medical scheme and retirement plans and others to its employees.

FUTURE PROSPECTS

The decline in room rates in our hotels is a major concern for the management. In the longer term, another impact upon our business is the new supply of hotel rooms coming on which will inevitably affects our performance. We are however comforted by the fact that all of our hotels are located in traditional tourist preferred city centres as oppose to those peripheral areas outside of city centres or hubs. Therefore we continue to remain cautious in the challenging times ahead for our hotel performance.

Empire Hotel Kowloon

Five-year Financial Summary

Year ended 31st March (in HK$ million)	**2014**	2013	2012	2011	2010
Results					
Revenue (restated)	**651**	647	651	511	417
Gross profit	**470**	474	499	366	292
Depreciation	**(83)**	(85)	(90)	(89)	(89)
Net investment gain/(loss)	**132**	218	(567)	223	400
Net finance costs	**(15)**	(13)	–	(52)	(33)
Profit/(loss) for the year attributable to shareholders	**349**	424	(311)	326	435
Assets and liabilities					
Total assets	**5,137**	4,718	4,160	4,723	3,962
Total liabilities	**(1,933)**	(1,822)	(1,721)	(1,927)	(1,598)
Equity attributable to shareholders of the Company	**3,204**	2,896	2,439	2,796	2,364

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

Revalued total assets	**11,799**	10,998	9,793	8,932	6,533
Revalued net assets	**9,828**	9,152	8,045	6,976	4,913

Hotel Properties

		Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)
01	Empire Hotel Hong Kong 33 Hennessy Road, Wanchai, Hong Kong	100%	10,600	184,000 (363 rooms)
02	Empire Hotel Kowloon 62 Kimberley Road, Tsimshatsui, Kowloon	100%	11,400	220,000 (343 rooms)
03	Empire Hotel Causeway Bay 8 Wing Hing Street, Causeway Bay, Hong Kong	100%	6,200	108,000 (280 rooms)
04	Empire Landmark Hotel 1400 Robson Street, Vancouver B. C., Canada	100%	41,000	410,000 (358 rooms)
05	New Hotel (under development) 8A&B Wing Hing Street, Causeway Bay, Hong Kong	100%	2,000	31,000 (94 rooms)
06	New Hotel (under development) 10-12 Kimberley Street, Tsimshatsui, Kowloon	100%	2,800	34,000 (90 rooms)

CORPORATE GOVERNANCE PRACTICES

The Company is committed to sustaining its corporate governance standards by emphasising transparency, independence, accountability, responsibility and fairness. The Company exercises corporate governance through the board of Directors (the "Board") and various committees.

BOARD OF DIRECTORS

The Board consists of five Executive Directors and three Independent Non-executive Directors. The posts of Chairman and Chief Executive are separate and are held by different individuals. The Chairman, Mr. Poon Jing is responsible for overseeing the functioning of the Board and the strategies and policies of the Group. The Chief Executive and Deputy Chairman, Dr. Lim Yin Cheng, is responsible for managing the Group's business. The biographical details and relationship of the Directors are disclosed in the biography of Directors set out in the Directors and Senior Management section.

According to the bye-laws (the "Bye-Laws") of the Company, at every annual general meeting of the Company, one-third of the Directors (other than the Chairman and the Managing Director) for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not exceeding one-third, shall retire from office by rotation. Pursuant to the Appendix 14 (the "Code") of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Chairman and the Managing Director shall also retire at the annual general meeting every three years. A retiring Director shall be eligible for re-election at the meeting. The Independent Non-executive Directors are not appointed for a specific term but are subject to retirement by rotation and re-election in accordance with the Bye-Laws of the Company and the Code.

The Board meets quarterly and is responsible for the formulation and reviewing of long-term business directions and strategies, monitoring the operations and financial performance of the Group and performing corporate governance functions set out in the Code. It also considers and approves future strategic plans and budgets for the Group. The management is delegated with the authority to make decisions and responsible for daily operations of the Group under the leadership of the Chief Executive. The management provides explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information put forward to the Board for approval. The Chief Executive, working with the other Executive Directors and the head of each division, is responsible for managing the business of the Group, including implementation of strategies adopted by the Board and assuming full accountability to the Board for operations of the Group. All Executive Directors have made full and active contributions to the affairs of the Board.

During the year, the Board has reviewed the Company's policies and practices on corporate governance, and reviewed and monitored the training and continuous professional development of Directors and senior management. The Board has also reviewed and ensured compliance of the relevant legal and regulatory requirements, the code of conducts, the Code and the disclosure in the Corporate Governance Report.

The Directors are responsible for selecting and consistently applying appropriate accounting policies and preparing financial statements which give a true and fair view. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements on a going concern basis.

The Board acknowledges that it is its responsibility to prepare the financial statements and to present a balanced, clear and comprehensive assessment to annual and interim reports, other financial disclosures required under the Listing Rules on the Stock Exchange, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

During the year, the Board held four meetings. The Directors of the Board and the attendance of each Director at the Board meetings and the general meeting of the Company held during the year are as follows:

Director	Title	Number of meetings attended/ Number of meetings held	
		Board meeting	General meeting
Mr. Poon Jing	Chairman	3/4	1/1
Dr. Lim Yin Cheng	Deputy Chairman and Chief Executive	4/4	1/1
Mr. Poon Hai	Executive Director	4/4	1/1
Mr. Fung Siu To, Clement	Executive Director	4/4	1/1
Mr. Woo Wei Chun, Joseph	Executive Director	4/4	1/1
Mr. Ip Chi Wai	Independent Non-executive Director	3/4	1/1
Mr. Leung Wai Keung	Independent Non-executive Director	3/4	0/1
Mr. Hung Yat Ming	Independent Non-executive Director	4/4	1/1

Note:

Mr. Leung Wai Keung, an Independent Non-executive Director was unable to attend the annual general meeting of the Company held on 22nd August 2013, due to his other engagement at the relevant time.

BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In assessing the composition of the Board, the Company will seek to achieve board diversity through the consideration of a number of factors and measurable criteria, including gender, age, cultural and education background, industry experience, qualifications, skills, knowledge, and professional ethics. All Board appointments will be based on meritocracy and the candidates will be considered against objective criteria of their potential contributions to the Board and the Company, having due regard for the benefits of diversity on the Board.

During the year, no new director was appointed. If new directors are required to be appointed to the Board, the Board will elect the appropriate candidates by considering gender, age, cultural and education background, industry experience, qualifications, skills, knowledge, and professional ethics of the candidates.

REMUNERATION COMMITTEE

Mr. Hung Yat Ming, an Independent Non-executive Director of the Company is the Chairman of the Remuneration Committee. The Remuneration Committee currently comprises the Deputy Chairman and Chief Executive of the Company, Dr. Lim Yin Cheng, and two Independent Non-executive Directors, Mr. Ip Chi Wai and Mr. Hung Yat Ming. The terms of reference were revised and adopted by the Board in compliance with the Code. The duties of the Committee include making recommendations to the Board on the remuneration policy and structure of the Directors and senior management, approving the remuneration, determining the remuneration packages of all Executive Directors and senior management and approving the compensation to all Directors and senior management on termination or dismissal. The remuneration packages including basic salary, annual bonus, retirement and other benefit such as share options are commensurate with their job nature and experience level. No director may be involved in any decisions as to his own remuneration or other benefit. The Group's remuneration policy seeks to provide a fair market remuneration so as to attract, retain and motivate high quality staff. The remuneration is determined with reference to his duties and responsibility, remuneration benchmark in the industry and prevailing market conditions. During the year, the Committee held one meeting, which all members had attended, to review, discuss and approve the remuneration packages of the Directors and senior management.

AUDIT COMMITTEE

The Audit Committee currently comprise all the Independent Non-executive Directors, Mr. Hung Yat Ming (as the Chairman), Mr. Leung Wai Keung and Mr. Ip Chi Wai. The terms of reference were revised and adopted by the Board in compliance with the Code. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls and review of the published financial statements. The Audit Committee meets at least twice a year. During the year, the Audit Committee met twice to review the Company's annual and interim financial statements and the recommendation by the auditor on enhancement of internal control. All the members had attended the meetings. The Audit Committee has reviewed the annual financial statements for the year ended 31st March 2014.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules on the Stock Exchange. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year, and they all confirmed that they have fully complied with the required standard set out in the Model Code throughout the year ended 31st March 2014.

CORPORATE GOVERNANCE CODE

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

(1) Code Provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. All Independent Non-executive Directors of the Company are not appointed for specific terms, but subject to retirement by rotations and re-elections at the annual general meeting of the Company in accordance with the Bye-Laws of the Company; and

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

INTERNAL CONTROL

It is the responsibility of the Board to ensure that the Group maintains sound and effective internal controls to safeguard the shareholders' investments and the Group's assets. During the year, the Board reviewed the effectiveness of the internal control system of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management functions of the Group.

AUDITOR'S REMUNERATION

PricewaterhouseCoopers has been appointed as the auditor of the Company by the shareholders at the annual general meeting. The services provided by PricewaterhouseCoopers include audit, taxation related and other services. A statement by PricewaterhouseCoopers about their reporting responsibilities as the auditor of the Company is included in the Independent Auditor's Report on page 38 of this annual report.

An amount of HK$3,517,000 (2013: HK$3,406,000) was charged to the financial statements of the Group for their audit services. Taxation services, review on interim results and other services provided by PricewaterhouseCoopers to the Group amounted to HK$774,000 (2013: HK$964,000).

SHAREHOLDERS' RIGHTS

Subject to the applicable laws and regulations, the Listing Rules on the Stock Exchange and the Bye-Laws of the Company as amended from time to time, the shareholders ("Shareholders") of the Company may put forward proposals at an annual general meeting (an "AGM") of the Company and convene general meetings of the Company.

(I) PROCEDURE FOR SHAREHOLDERS TO MAKE PROPOSALS AT SHAREHOLDERS' MEETING

The number of Shareholders required to move a resolution at an AGM or to circulate any statement by written request (the "Requisitionists") shall be:–

i. any number of Shareholders representing not less than one-twentieth (1/20) of the total voting rights of all the Shareholders having a right to vote at the AGM or the relevant general meeting; or

ii. not less than one hundred (100) Shareholders.

The written request (the "Requisition") must state the resolution to be moved at the AGM or the statement of not more than one thousand (1,000) words in relation to any particular resolution being proposed or business to be dealt with in the relevant general meeting of the Company (as the case may be), and signed by all the Requisitionists in one or more document in like form.

A copy of the Requisition, or two or more copies which between them contain the signatures of all the Requisitionists, shall be lodged at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and a copy thereof at the principal office of the Company in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, for the attention of the Company Secretary (i) not less than six (6) weeks before the AGM in the case of a Requisition requiring notice of a resolution, unless an AGM is called for a date six (6) weeks or less after the deposit of the Requisition, in which case the Requisition will be deemed to have been properly deposited; or (ii) not less than one (1) week before the relevant general meeting in the case of any other Requisition.

The Requisitionists must deposit a sum which is reasonably sufficient to meet the Company's expenses in giving effect to the Requisition.

(II) PROCEDURE FOR SHAREHOLDERS TO CONVENE SPECIAL GENERAL MEETING

Shareholders holding not less than one-tenth (1/10) of the paid-up capital of the Company carrying the right of voting at the general meetings of the Company (the "SGM Requisitionists") may require the Board to convene a special general meeting of the Company ("SGM") by depositing a written requisition (the "SGM Requisition") at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and a copy thereof at the principal office of the Company in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for the attention of the Company Secretary.

The SGM Requisition must state the objects of the SGM and be signed by the SGM Requisitionists and may consist of one or more documents in like form, each signed by one or more of the SGM Requisitionists.

Upon receipt of the SGM Requisition, the Directors shall forthwith proceed duly to convene the SGM, and such SGM shall be held within two months after the deposit of the SGM Requisition.

Where, within twenty-one (21) days of the lodging of the SGM Requisition, the Directors do not proceed duly to convene the SGM, the SGM Requisitionists, or any of them representing more than one-half (1/2) of the total voting rights of all of them, may themselves convene the SGM, provided that any SGM so convened shall be held within three (3) months from the date of deposit of the SGM Requisition. The SGM Requisitionists shall convene a SGM in the same manner, as nearly as possible, as that in which SGMs are to be convened by Directors. Under the Bye-Laws and pursuant to the requirements of the Listing Rules, a notice specifying the time and place and the general nature of the proposed business to be transacted at the SGM shall be given to all Shareholders entitled to attend the SGM for consideration in the following manner:

i. notice of not less than twenty-one (21) clear days or ten (10) clear business days, whichever is longer, if a special resolution is to be passed at the SGM; and

ii. notice of not less than fourteen (14) clear days or ten (10) clear business days, whichever is the longer, in all other cases, provided that a SGM may be called by a shorter notice if it is so agreed by a majority in number of the Shareholders having the right to attend and vote at the SGM, being a majority together holding not less than 95% in nominal value of the issued shares of the Company giving such right.

PROFESSIONAL DEVELOPMENT

Every newly appointed Director will receive briefing and professional development so as to ensure that he has appropriate understanding of the Group's business and of his duties and responsibilities under the Listing Rules and the relevant statutory and regulatory requirements.

The Company also provides regular updates and presentation on the business development of the Group. The Directors are regularly briefed on the latest development regarding the Listing Rules and other applicable statutory requirements to ensure compliance and upkeep of good corporate governance practices. In addition, the Company has been encouraging the Directors to enroll in professional development courses and seminars relating to the Listing Rules, companies ordinance and corporate governance practices organised by professional bodies or chambers in Hong Kong.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. A summary of training received by the Directors according to the records provided by the Directors are as follows:–

Director	Type of training
Mr. Poon Jing	B
Dr. Lim Yin Cheng	B
Mr. Poon Hai	B
Mr. Fung Siu To, Clement	B
Mr. Woo Wei Chun, Joseph	A,B
Mr. Ip Chi Wai	B
Mr. Leung Wai Keung	A,B,C
Mr. Hung Yat Ming	B

A: Attending seminar(s)/training session(s)/conference(s)/forum(s) relevant to directors' profession and/or duties and/or other relevant topics

B: Reading materials in relation to corporate governance, regulatory development and other relevant topics

C: Giving talks at seminar(s) and/or training session(s)/conference(s)/forum(s) relevant to directors' profession and/or duties and/or other relevant topics

INVESTOR RELATIONSHIP

The Group aims to provide its shareholders and investors with high level of transparency. During the year, the Executive Directors had various meetings with local and institutional investors and analysts. The Board is committed to providing clear and full performance information of the Group to shareholders and the public through the publication of interim and annual reports, announcements, circulars and press releases.

The Company has also maintained a website at http://www.asiastandardhotelgroup.com which enables shareholders, investors and public to access to the information of the Company on a timely basis.

PROCEDURE FOR RAISING ENQUIRIES

Shareholders may at any time send their enquiries and concerns to the Board in writing to the principal place of business of the Company in Hong Kong or by e-mail to info@asia-standard.com.hk for the attention of the Company Secretary.

CORPORATE SOCIAL RESPONSIBILITY REPORT

At the Empire Hotels, we are committed to making a positive contribution to society and communities in Hong Kong and China, a place in which we operate and have grown over the past decade. Focusing our corporate social responsibility and effort on imminent and important social issues, we endeavour to contribute, support and help to provide for those who most need a great place to live, learn and grow.

THE COMMUNITY

The Group has during the year made donations of HK$2,800,000 to a number of charitable organisations, such as Hong Kong Spinal Cord Injury Fund Limited, Hong Kong Paralympic Committee & Sports Association for the Physically Disabled, and Playright Children's Play Association.

'The Art of Caring' Community Care Program was launched in 2009 by the Empire Hotels in conjunction with SAHK, a rehabilitation service organisation. Since then, the Program has been giving support to local children and youth with special needs in their education and rehabilitation through the creation of art pieces and a series of educational workshops, learning events and life enriching activities. During 2013/2014, the following activities were organised:

- OLE^2 (Other Learning Experiences x Opportunities for Life Enrichment) Job Shadowing Project was designed in support of the new secondary school curriculum OLE (Other Learning Experiences), aiming to provide students from three special secondary schools of SAHK with valuable working and life experiences and better preparation in developing their future career. Students were selected to experiment a work life in the different departments of the hotel industry during February and April in 2014.

- School Outreach to the three special secondary school students of SAHK on 9th May 2014 at B.M. Kotewall Memorial School where latest tourism overview and information about hotel's operations and careers were shared.

- 100-hour Work Experience for a young adult with High Functioning Autistic Spectrum Disorders (HFA) was offered to SAHK. He was assigned to corporate sales office working as an office assistant during March – April 2014.

- Dining Etiquette Workshops in Empire's Kitchen of Empire Hotel Kowloon • Tsim Sha Tsui where three groups of 15 secondary schools students of SAHK learnt the proper dining etiquette and table manner by the hotel's restaurant manager in December 2013.

- "SAHK Angels in the Realm of Empire Glory" musical performances at Empire Hotel Kowloon • Tsim Sha Tsui where school bands of three secondary schools from SAHK performed festive Christmas music in the hotel lobby on 23rd December 2013.

Other activities of the Art of Caring Community Program in the past include: Love & Sharing Cookies Making Workshops, Charity Bazaar, Schools Outreach, and sponsorships to parents' training workshops.

Joining hands with SAHK, the Group will continue to expand the breadth and depth of 'The Art of Caring' Community Care Program enabling more learning opportunities and rehabilitation support for children and youth with special needs.

RECOGNITION OF CONTRIBUTION

The Group has been for a fifth year in a row awarded the Caring Company title 2013/14 by The Hong Kong Council of Social Service (HKCSS) in recognition of its contribution to the community. This recognition signifies a solid testimonial and a renewed impetus for the Group on its commitment to making positive contribution to society and communities.

ENVIRONMENTAL PROTECTION

The design of our Empire Hotel in Causeway Bay was divided in four zones for optimal gas supply and energy saving. Airconditioning in Empire Hotel Causeway Bay and Empire Hotel Kowloon has a zone valve whereby electricity supply will be switched off on idle floors for energy preservation purposes. In our Empire Hotel Kowloon, the two new renovation floors have an individual electric heater supply system and the system can be switched off individually for energy reduction purposes. In our Empire Hotel Hong Kong, the air cool chiller system has been replaced by a water cool chiller system, which is environmental friendly and has greater energy efficiency, better controllability, and longer life.

Daily monitoring of energy and fuel consumption to identify areas for energy conservation is in place. Phased replacements of chillers, fan coil units, air handling units, laundry and kitchen equipment, electrical appliances and lighting have been enhanced to more energy-efficient models.

THE PEOPLE

The Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics. Employee Handbooks outline terms and conditions of employment, expectations for employees' behaviour and service delivery, employees' rights and benefits. We establish and implement policies that promote a fair and respectful workplace. We provide ongoing training and development opportunities to enhance our employees' career progression.

RESPONSIBLE SOURCING

The Group has adopted high standards for all building materials in our premises construction, and equipment and products varying from more efficient and environmentally-responsible refrigerators in the guest rooms of our Empire Hotel in Causeway Bay, to high-quality, durable linens and towels that are used in all our hotels.

To enhance our procurement of environmentally responsible items, we continue to review options to purchase more products from organic and/or sustainably managed sources, environmentally superior products, as well as local or regional companies to reduce the environmental impact of their manufacture and transportation.

To reduce paper consumption, we maximise the use of electronic communications and file storage systems for general office work, guest logs and nightly reports and whenever possible we use e-confirmations for guest reservations.

Directors and Senior Management

EXECUTIVE DIRECTORS

POON Jing

Aged 59, is the Chairman of the Company. He is also the Chief Executive and Managing Director of Asia Standard International Group Limited ("ASI") and Asia Orient Holdings Limited ("Asia Orient"). He is the founder of the Group. Mr. Poon is the father of Mr. Poon Hai, an Executive Director of the Company. He is also the brother-in-law of Dr. Lim Yin Cheng and Mr. Fung Siu To, Clement, the Deputy Chairman and an Executive Director of the Company respectively.

LIM Yin Cheng

Aged 69, is the Deputy Chairman, the Chief Executive and a member of the Remuneration Committee of the Company. He is also the Deputy Chairman and an Executive Director of ASI and Asia Orient. Dr. Lim is a holder of a Bachelor of Science (Chemical Engineering) and Doctor of Philosophy degrees. He has over 30 years of experience in engineering, project management and administration. He joined the Group in 1994. Dr. Lim is the uncle of Mr. Poon Hai, an Executive Director of the Company. He is also the brother-in-law of Mr. Poon Jing, the Chairman of the Company.

POON Hai

Aged 29, is an Executive Director of the Company and Asia Orient. He is also an Executive Director and a member of the Remuneration Committee of ASI. Mr. Poon holds a Bachelor of Commerce degree from University of British Columbia. He is responsible for the business development and the project management of the Group. Mr. Poon is the son of Mr. Poon Jing, the nephew of Dr. Lim Yin Cheng and Mr. Fung Siu To, Clement, the Chairman, the Deputy Chairman and Chief Executive and an Executive Director of the Company respectively. He joined the Group in 2009.

FUNG Siu To, Clement

Aged 65, is an Executive Director of the Company. He is also the Chairman, an Executive Director and a member of the Remuneration Committee of ASI and Asia Orient. Mr. Fung is a holder of a Bachelor of Applied Science (Civil Engineering) degree and is also a fellow member of the Hong Kong Institution of Engineers. He joined the Group in 1994 and has over 30 years of experience in project management and construction. Mr. Fung is the uncle of Mr. Poon Hai, an Executive Director of the Company. He is also the brother-in-law of Mr. Poon Jing, the Chairman of the Company.

WOO Wei Chun, Joseph

Aged 50, is an Executive Director and the Group Financial Controller of the Company. Mr. Woo is qualified as a U.S. Certified Public Accountant (Illinois) and is an associate member of The Hong Kong Institute of Certified Public Accountants ("HKICPA"). He holds a bachelor degree in Accounting with Computing and a master degree in Business Administration. Mr. Woo has over 20 years of experience in accounting and finance. He joined the Group in 2006.

INDEPENDENT NON-EXECUTIVE DIRECTORS

IP Chi Wai

Aged 46. Mr. Ip graduated from The University of Hong Kong with a Degree of a Bachelor of Laws. He is a qualified solicitor in Hong Kong and has more than 15 years of experience in the legal profession. Mr. Ip is an Independent Non-executive Director and a member of the Audit Committee and the Remuneration Committee of the Company. He joined the Group in 2003.

LEUNG Wai Keung

Aged 51, is an Independent Non-executive Director and a member of the Audit Committee of the Company. Mr. Leung is currently a Barrister-at-Law. He has about 9 years of experience in accounting and financial management in several firms and thereafter been practicing as a barrister since 1996. He is also an Independent Non-executive Director, a member of the Audit Committee and the Remuneration Committee of ASI. Mr. Leung is a member of HKICPA, The Hong Kong Institute of Chartered Secretaries ("HKICS"), The Association of Chartered Certified Accountants, The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Arbitrators. He was admitted to the High Court of Hong Kong as a barrister in 1994. He holds a master degree in Accounting and Finance from University of Lancaster and obtained a bachelor of laws from Manchester Metropolitan University. He was the President of HKICS in 2006. In 2007, Mr. Leung has been appointed by the Government to sit on various statutory tribunals such as the Guardianship Board, the Registration of Persons Tribunal, the Board of Review and others. Currently, Mr. Leung also holds the position as the Chairman of the Appeal Board for the Hotel and Guesthouse Accommodation, the Clubs (Safety of Premises) and Bedspace Apartments. Mr. Leung joined the Group in 2004.

HUNG Yat Ming

Aged 62. Mr. Hung has over 30 years of experience in audit, accounting and financial management in several firms in Sydney and Hong Kong and is a financial controller of a Hong Kong listed company. Mr. Hung is a member of The Institute of Chartered Accountants of Scotland and HKICPA. He graduated from The University of Hong Kong with a bachelor degree in Mathematics and obtained a post-graduate diploma in Accountancy from University of Strathclyde, Scotland. Mr. Hung is an Independent Non-executive Director and the Chairman of the Audit Committee and the Remuneration Committee of the Company. He is also an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of Asia Orient. He is also an Independent Non-executive Director of Hong Kong Life Sciences and Technologies Group Limited and Sunway International Holdings Limited, both of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He joined the Group in 2004.

SENIOR MANAGEMENT

NG Siew Seng, Richard

Aged 62, is the Group General Manager of the Company and a Director of a subsidiary of the Company. Mr. Ng is responsible for the development and management of the Group's hospitality operations. With over 3 decade's extensive experience in hotel and travel industry for both local and overseas markets, Mr. Ng has held senior marketing and operational positions in a number of major international chain hotels and travel agents in Hong Kong and Macau. He joined the Group in 2007.

TSANG Chin Lap, Johnny

Aged 64. Mr. Tsang has over 45 years of hotel experience. He has been carrying various management positions including Room Division, Food & Beverage, Sales & Marketing and Hotel Management. Since then he joined the Empire Landmark Hotel in Vancouver in 2003 as General Manager. He is presently a member of the Board of Directors for Tourism Vancouver. He also serves as a member of the Board of Directors for the Vancouver Hotel Association.

POON Tin Sau, Robert

Aged 68. He is currently a Director of a subsidiary of the Company and is responsible for the catering operation of the Group. Mr. Poon was a restaurant entrepreneur in the U.S.A. during the period from 1970 to 1996 and joined the Group in 1996. He is a brother of Mr. Poon Jing, the Chairman of the Company.

TAI Yun Lam

Aged 57. Mr. Tai is the General Manager of the Group's travel agency operation. Mr. Tai has over 30 years experience in the travel industry and held senior positions in international airlines and travel agency companies. He joined the Group in 2009.

KWAN Po Lam, Phileas

Aged 55, is a Director of certain subsidiaries of the Company. He is also an Executive Director of ASI and Asia Orient. Mr. Kwan is a holder of a Bachelor of Business Administration degree. He joined the Group in 1994 and is responsible for hotel development projects and leasing.

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31st March 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 32 to the financial statements.

The activities of the Group are mainly based in Hong Kong and Canada. Analyses of the Group's gross income and contribution to operating results by principal activities are set out in note 5 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 40.

The Company did not pay an interim dividend (2013: Nil) for the year ended 31st March 2014.

The board of Directors (the "Board") recommends a final dividend of HK1.75 cents (2013: HK1 cent) per share with a scrip option, totaling HK$27,122,000 (2013: HK$15,498,000) for the year ended 31st March 2014.

FINANCIAL SUMMARY

A five-year financial summary of the results and of the assets and liabilities of the Group is set out on page 13.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 23 to the financial statements.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 24 to the financial statements.

DONATIONS

During the year, the Group made charitable and other donations of HK$2,800,000 (2013: HK$3,695,000).

DIRECTORS

The Directors of the Company during the year and at the date of this report were:

Mr. Poon Jing
Dr. Lim Yin Cheng
Mr. Poon Hai
Mr. Fung Siu To, Clement
Mr. Woo Wei Chun, Joseph
Mr. Ip Chi Wai
Mr. Leung Wai Keung
Mr. Hung Yat Ming

Mr. Fung Siu To, Clement and Mr. Leung Wai Keung will retire from office by rotation in accordance with the bye-laws of the Company (the "Bye-Laws") at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set out on pages 24 to 26.

DIRECTORS' INTERESTS IN CONTRACTS

Beside the contracts amongst group companies, no other contracts of significance in relation to the Company's business to which the Company, any of its subsidiaries, its fellow subsidiaries or its holding companies was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the share option scheme of the Company as disclosed on pages 33 to 34, and that of its ultimate holding company, Asia Orient Holdings Limited ("Asia Orient"), and Asia Standard International Group Limited ("ASI") remains as intermediate holding company, at no time during the year were the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31st March 2014, the interests and short position of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation (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

	Number of shares held			
Director	Personal interest	Corporate interest	Total	Percentage of shares in issue (%)
Poon Jing	50,050	1,132,669,492	1,132,719,542	73.08

Note:

By virtue of Mr. Poon Jing's interest in the Company through Asia Orient 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

		Number of shares held				
Director	Associated corporation	Personal interest	Family interest	Corporate interest	Total	Percentage of shares in issue (%)
Poon Jing	Asia Orient (Note 1)	234,145,614	4,995,066	136,375,288	375,515,968	49.87
Poon Jing	ASI (Note 2)	1,223,452	–	638,938,336	640,161,788	51.01
Fung Siu To, Clement	Asia Orient	14,500,440	–	–	14,500,440	1.92
Fung Siu To, Clement	Mark Honour Limited	9	–	–	9	0.01

Notes:

(1) By virtue of Mr. Poon Jing's controlling interest (49.87%) in Asia Orient, he is deemed to be interested in the shares of the Company held by Asia Orient.

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

(II) LONG POSITIONS IN UNDERLYING SHARES

Interests in share options

(a) The Company

As at 31st March 2014, details of the share options granted to Directors under the share option scheme of the Company adopted on 28th August 2006 ("Company's Share Option Scheme") are as follows:

Director	Date of grant	Exercise price (HK$)	Exercise period	Outstanding as at 1st April 2013 and 31st March 2014
Fung Siu To, Clement	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
Lim Yin Cheng	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000
Woo Wei Chun, Joseph	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000

Note:

During the year, 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 2013 and 31st March 2014
Lim Yin Cheng	2,126,301
Fung Siu To, Clement	2,126,301
Woo Wei Chun, Joseph	3,469,228

Notes:

(1) Options were granted on 29th March 2007 and exercisable during the period from 29th March 2007 to 28th March 2017 at an exercise price of HK$1.4315 (as adjusted) per share.

(2) During the year, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

(II) LONG POSITIONS IN UNDERLYING SHARES (Continued)

Interests in share options (Continued)

(c) Associated corporation – ASI

Director	Outstanding as at 1st April 2013 and 31st March 2014
Poon Jing	515,544
Lim Yin Cheng	2,062,176
Fung Siu To, Clement	2,062,176

Notes:

(1) Options were granted on 30th March 2005 and exercisable during the period from 30th March 2005 to 29th March 2015 at an exercise price of HK$3.15 (as adjusted) per share.

(2) During the year, no option was granted to the Directors and options granted to the Directors have not been exercised, cancelled or lapsed.

Save as disclosed above, as at 31st March 2014, 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.

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 31st March 2014, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and the Chief Executive.

LONG POSITIONS IN SHARES OF THE COMPANY

Shareholder	Number of shares held	Percentage (%)
Asia Standard Development (Holdings) Limited ("ASDHL")	367,962,684	23.74
Asia Standard International Limited ("ASIL")	716,979,512	46.26
ASI (Note 1)	1,085,950,639	70.06
Asia Orient Holdings (BVI) Limited (Note 2)	1,132,669,492	73.08
Asia Orient (Note 3)	1,132,669,492	73.08
Lo Yuk Sui ("Mr. Lo") (Note 4)	108,658,340	7.01
Secure Way Technology Limited ("Secure Way") (Note 4)	108,658,340	7.01
Century City International Holdings Limited ("CCIHL") (Note 4)	108,658,340	7.01
Paliburg Holdings Limited ("PHL") (Note 4)	108,658,340	7.01
Regal Hotels International Holdings Limited ("RHIHL") (Note 4)	108,658,340	7.01
Tenshine Limited ("Tenshine") (Note 4)	102,670,000	6.62

Notes:

(1) ASDHL and ASIL are the wholly owned subsidiaries of ASI. ASI is deemed to be interested in and duplicate the interest held by ASDHL and ASIL.

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

(3) Asia Orient Holdings (BVI) Limited is a wholly owned subsidiary of Asia Orient. Asia Orient is deemed to be interested in and duplicate the interest held by Asia Orient Holdings (BVI) Limited and its subsidiaries.

(4) Based on the Disclosure of Interests Forms filed with the Company, Tenshine holds the 102,670,000 shares as beneficial owner. RHIHL is deemed to be interested in an aggregate of 108,658,340 shares, which comprise 102,670,000 shares held by Tenshine and 5,988,340 shares held by its indirect wholly-owned subsidiary. PHL is deemed to be interested in the 108,658,340 shares held by RHIHL as PHL indirectly controls 51.28% of the voting power at the general meetings of RHIHL. CCIHL is deemed to be interested in the 108,658,340 shares held by PHL as CCIHL indirectly controls 62.17% of the voting power at the general meeting of PHL. Secure Way is also deemed to be interested in the same 108,658,340 shares held by CCIHL as Secure Way indirectly controls 50.75% of the voting power at the general meetings of CCIHL. Mr. Lo is also deemed to be interested in the same 108,658,340 shares held by Secure Way as Secure Way is 100% controlled by Mr. Lo.

Save as disclosed above, as at 31st March 2014, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company's Share Option Scheme was adopted on 28th August 2006. The Board of Directors of the Company may grant options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to the Company, its subsidiary or any invested entity, their discretionary trust or the companies owned by them. The purpose was to provide incentives, recognise and acknowledge the contributions of, motivate and maintain relationship with the eligible participants.

The total number of shares available for issue upon exercise of all options to be granted under the Company's Share Option Scheme must not exceed 125,088,061 shares, representing about 8.07% of the shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the Company's Share Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised, outstanding and cancelled options) under any options granted to the same participant under the Company's Share Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the shares in issue from time to time.

There was no requirement for a grantee to hold the option for a certain period before exercising the option unless otherwise determined by the Directors. The exercise period should be any period determined by the board of the Directors but in any event the exercise period should not be later than 10 years from the date of grant. The grantee has to accept an option within 21 days from the date of offer by making a non-refundable payment of HK$1 to the Company.

The subscription price shall be at the discretion of the board of the Directors provided that it shall be not less than the highest of (i) the closing price of a share on the relevant date of grant; (ii) the average of the closing prices of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share. The Company's Share Option Scheme is effective for 10 years from 28th August 2006.

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

Grantee	Date of grant	Exercise price (HK$)	Exercise period	Outstanding as at 1st April 2013 and 31st March 2014
Directors	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	16,000,000
Directors of holding companies	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	16,000,000
Employees of holding companies	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	23,000,000
Employee of a subsidiary	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
Employee of subsidiaries	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	7,999,999
				78,999,999

Note:

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, 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 year.

PRE-EMPTIVE RIGHTS

No pre-emptive rights exist in Bermuda in respect of the Company's share capital.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of the Group's purchases and sales for the year attributable to major suppliers and customers were as follows:

Percentage of purchases attributable to the Group's largest supplier	48.63%
Percentage of purchases attributable to the Group's five largest suppliers	72.95%
Percentage of sales attributable to the Group's largest customer	11.14%
Percentage of sales attributable to the Group's five largest customers	28.09%

None of the Directors, their associates or shareholders, which to the knowledge of the Directors, held any interests in the share capital of the suppliers or customers noted above.

CONNECTED TRANSACTIONS

The Group had the following continuing connected transactions with related parties during the year:

JBC TENANCY AGREEMENTS

(a) Pursuant to a tenancy agreement dated 28th February 2013 entered into between JBC Travel Company Limited ("JBC"), the Company's wholly owned subsidiary, and Hoi Chak Properties Limited ("Hoi Chak"), a subsidiary of ASI, JBC has been leasing an office situated in 16th Floor, Asia Standard Tower, 59-65 Queen's Road Central, Hong Kong from Hoi Chak for a period of two years commencing from 1st March 2013 to 28th February 2015 at a monthly rental of HK$216,800. The annual caps in respect of the amount of annual rent are not exceeding HK$245,000 and HK$2,970,000 for the years ended 31st March 2013 and 2014 respectively.

During the year ended 31st March 2014, a total rent and related expense of HK$1,365,134 (2013: HK$244,735) was paid by JBC to Hoi Chak for the aforesaid tenancy agreement.

During the year, JBC entered into the Surrender Agreement with Hoi Chak to terminate the tenancy agreement with effective from 15th September 2013 and on 27th August 2013, entered into a new tenancy agreement with Tilpifa Company Limited ("Tilpifa"), a subsidiary of ASI.

(b) Pursuant to the tenancy agreement dated 27th August 2013 entered into between JBC and Tilpifa, JBC has been leasing an office situated in 12th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong from Tilpifa for a period of three years commencing from 1st September 2013 to 31st August 2016 at a monthly rental of HK$171,500. The annual cap in respect of the amount of annual rent and related expense is not exceeding HK$1,400,000, HK$2,500,000 and HK$1,100,000 for the year ended 31st March 2014 and years ending 31st March 2015 and 2016 respectively.

During the year ended 31st March 2014, a total rent and related expense of HK$1,287,476 (2013: Nil) was paid by JBC to Tilpifa for the aforesaid tenancy agreement.

PROJECT MANAGEMENT SERVICES AGREEMENTS

Pursuant to a master agreement dated 26th June 2012 entered into between the Company and Winfast Engineering Limited ("Winfast"), a subsidiary of ASI, Winfast provides the project management services to the member(s) of the Group in connection with the regular building maintenance services, fitting-out works, improvement works and/or other works incidental thereto at the hotels owned and operated by and the properties owned by the Group for a period of three years commencing from 1st April 2012 to 31st March 2015. The annual cap in respect of the amount of project management fees is not exceeding HK$5,000,000 and HK$5,250,000 for the years ended 31st March 2013 and 2014 respectively.

During the year ended 31st March 2014, a total project management fees of HK$4,080,000 (2013: HK$3,780,000) was paid by the subsidiaries of the Company to Winfast for the aforesaid project management services agreement.

Hoi Chak, Tilpifa and Winfast are the indirect wholly owned subsidiaries of ASI, which is in turn a substantial shareholder of the Company holding approximately 70.06% of the issued share capital of the Company. Hoi Chak, Tilpifa, Winfast and ASI are regarded as connected persons of the Company under the Listing Rules. Accordingly, the aforesaid tenancy agreements and project management service agreement constitute continuing connected transactions of the Company for the purpose of the Listing Rules.

Pursuant to Rule 14A.37 of the Listing Rules, the Independent Non-executive Directors of the Company have reviewed the continuing connected transaction and confirmed that the continuing connected transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.38 of the Listing Rules, the Board of Directors engaged the independent auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusion in respect of the above continuing connected transactions. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Confirmation of independence pursuant to the independence guidelines under the Listing Rules on the Stock Exchange has been received from each of the Independent Non-executive Directors of the Company and the Company considers all existing Independent Non-executive Directors are independent.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares at the latest practicable date prior to the issuance of the annual report.

AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

POON JING
Chairman

Hong Kong, 26th June 2014

Independent Auditor's Report

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

We have audited the consolidated financial statements of Asia Standard Hotel Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 40 to 104, which comprise the consolidated and company balance sheets as at 31st March 2014, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26th June 2014

Consolidated Profit and Loss Account

For the year ended 31st March 2014

	Note	2014 HK$'000	2013 HK$'000 (Restated)
Revenue	5	**651,433**	646,691
Cost of sales		**(181,436)**	(172,279)
Gross profit		**469,997**	474,412
Selling and administrative expenses		**(130,087)**	(144,326)
Depreciation		**(83,444)**	(84,694)
Net investment gain	6	**132,201**	217,536
Operating profit		**388,667**	462,928
Net finance costs	10	**(15,419)**	(12,646)
Profit before income tax		**373,248**	450,282
Income tax expense	11	**(24,283)**	(26,505)
Profit for the year attributable to shareholders	12	**348,965**	423,777
Dividends	13	**27,122**	15,498
Earnings per share (HK$)			
Basic	14	**0.23**	0.27
Diluted	14	**0.23**	0.27

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2014

	2014 HK$'000	2013 HK$'000
Profit for the year	**348,965**	423,777
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value (loss)/gain on available-for-sale investments	**(9,686)**	36,402
Impairment of available-for-sale investments charged to profit and loss account	**–**	395
Release of reserve upon disposal of available-for-sale investments	**–**	(535)
Currency translation differences	**(15,853)**	(3,528)
	(25,539)	32,734
Total comprehensive income for the year attributable to shareholders	**323,426**	456,511

Consolidated Balance Sheet

As at 31st March 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	*15*	**3,074,108**	3,023,706
Available-for-sale investments	*17*	**218,492**	223,923
Deferred income tax assets	*26*	**1,554**	–
		3,294,154	3,247,629
Current assets			
Inventories		**1,569**	2,218
Trade and other receivables	*20*	**136,122**	141,883
Income tax recoverable		**56**	636
Financial assets at fair value through profit or loss	*18*	**1,591,872**	1,189,406
Bank balances and cash	*21*	**113,015**	136,071
		1,842,634	1,470,214
Current liabilities			
Trade and other payables	*22*	**75,055**	63,981
Derivative financial instruments	*19*	**–**	338
Borrowings	*25*	**617,963**	332,826
Income tax payable		**18,697**	24,573
		711,715	421,718
Net current assets		**1,130,919**	1,048,496
Total assets less current liabilities		**4,425,073**	4,296,125
Non-current liabilities			
Long term borrowings	*25*	**1,175,635**	1,354,629
Deferred income tax liabilities	*26*	**45,643**	45,629
		1,221,278	1,400,258
Net assets		**3,203,795**	2,895,867
Equity			
Share capital	*23*	**30,997**	30,997
Reserves	*24*	**3,172,798**	2,864,870
		3,203,795	2,895,867

Lim Yin Cheng
Director

Woo Wei Chun, Joseph
Director

Balance Sheet

As at 31st March 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Subsidiaries	16	–	–
Current assets			
Amount due from subsidiaries	16	3,027,242	2,876,234
Prepayments		293	294
Bank balances and cash	21	724	704
		3,028,259	2,877,232
Current liabilities			
Trade and other payables		980	1,119
Borrowings	25	10,000	–
Income tax payable		162	–
		11,142	1,119
Net current assets		3,017,117	2,876,113
Net assets		3,017,117	2,876,113
Equity			
Share capital	23	30,997	30,997
Reserves	24	2,986,120	2,845,116
		3,017,117	2,876,113

Lim Yin Cheng
Director

Woo Wei Chun, Joseph
Director

Consolidated Statement of Cash Flows

For the year ended 31st March 2014

	Note	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Net cash generated from operations	*31(A)*	**77,189**	549,094
Income tax paid		**(31,100)**	(24,408)
Interest paid		**(33,275)**	(28,849)
Interest received from bank deposits and loan receivables		**2,819**	1,860
Net cash generated from operating activities		**15,633**	497,697
Cash flows from investing activities			
Proceeds from disposal of available-for-sale investments		**–**	5,547
Addition of property, plant and equipment		**(141,278)**	(218,107)
Acquisition of a subsidiary, net of cash received	*31(C)*	**–**	(288,401)
Proceeds from disposal of property, plant and equipment		**6,318**	365
Net cash used in investing activities		**(134,960)**	(500,596)
Net cash used before financing activities		**(119,327)**	(2,899)
Cash flows from financing activities			
Drawdown of long term borrowings		**7,600**	388,555
Repayment of long term borrowings		**(72,111)**	(62,873)
Net increase/(decrease) in short term borrowings		**174,637**	(320,706)
Dividends paid		**(15,498)**	–
Net cash generated from financing activities		**94,628**	4,976
Net (decrease)/increase in cash and cash equivalents		**(24,699)**	2,077
Cash and cash equivalents at the beginning of the year		**136,071**	133,710
Changes in exchange rates		**1,643**	284
Cash and cash equivalents at the end of the year		**113,015**	136,071
Analysis of the balances of cash and cash equivalents			
Bank balances and cash	*21*	**113,015**	136,071

Consolidated Statement of Changes in Equity

For the year ended 31st March 2014

	Share capital HK$'000	Other reserves HK$'000	Revenue reserve HK$'000	Total HK$'000
At 31st March 2012	30,997	2,408,164	195	2,439,356
Net fair value gain on available-for-sale investments	–	36,402	–	36,402
Impairment of available-for-sale investments charged to profit and loss account	–	395	–	395
Release of reserve upon disposal of available-for-sale investments	–	(535)	–	(535)
Currency translation differences	–	(3,528)	–	(3,528)
Profit for the year	–	–	423,777	423,777
Total comprehensive income for the year	–	32,734	423,777	456,511
At 31st March 2013	30,997	2,440,898	423,972	2,895,867
Net fair value loss on available-for-sale investments	–	(9,686)	–	(9,686)
Currency translation differences	–	(15,853)	–	(15,853)
Profit for the year	–	–	348,965	348,965
Total comprehensive income for the year	–	(25,539)	348,965	323,426
2013 final dividend	–	–	(15,498)	(15,498)
Total transactions with owners	–	–	(15,498)	(15,498)
At 31st March 2014	**30,997**	**2,415,359**	**757,439**	**3,203,795**

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda and listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

2 PRINCIPAL ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investments, financial assets at fair value through profit or loss and derivative financial instruments, which are carried at fair value, and in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(B) THE ADOPTION OF NEW/REVISED HKFRS

The accounting policies and methods of computation used in the preparation of these annual financial statements are consistent with those used in 2013.

The following new standards are relevant to the Group's operations and are mandatory for accounting periods beginning on or after 1st January 2013:

Amendment to HKAS 1	Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosures of Interest in Other Entities
HKFRS 13	Fair Value Measurement

The adoption of new standards in the current year did not have any significant effect on the annual financial statements or result in any substantial changes in the Group's significant accounting policies.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(B) THE ADOPTION OF NEW/REVISED HKFRS (Continued)

The following new standard is relevant to the Group's operation but not yet effective

HKFRS 9	Financial Instruments

HKFRS 9 establishes the principles for financial reporting of financial assets. Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

The Group has not early adopted the above new standard. The Group has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether they will have substantial change to the Group's accounting policies and presentation of the financial statements.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(C) CHANGE OF ACCOUNTING ON REVENUE RECOGNITION FOR THE GROUP'S TRAVEL OPERATION

The principal activity of the Group's travel operation is the provision of air ticket sales, hotel reservation arrangement and incentive travel tour.

During the year, the Group has reassessed its policy regarding the recognition of revenue on a gross versus a net basis in relation to its travel operation segment.

To determine whether the Group's travel operation is acting as a principal or as an agent requires judgement and consideration of all relevant facts and circumstances. The guidance from the authoritative accounting literature indicates that evaluating the relevant factors is subject to critical accounting judgement and significant subjectivity. Management has conducted a comprehensive review for this matter and determined that it is more appropriate and in line with current market practices for the revenue to be recognised as commission earned only (net basis) for the majority of the Group's travel operation revenue transactions except for certain custom-made incentive travel tours. Previously, all of the Group's travel operation revenue was presented on a gross basis. As required by HKAS 8 "Accounting Policies, Changes in Accounting Estimate and Errors", this restatement has been made retrospectively and as presented in the table below, the impact of the change in revenue recognition is to decrease revenue and corresponding cost of sales, with no impact to gross profit, profit for the year, earnings per share in the consolidated profit and loss account or to other primary statements at all.

	For the year ended 31st March 2013 (As previously presented) HK$'000	Effect of amendment to revenue recognition HK$'000	For the year ended 31st March 2013 (As restated) HK$'000
Revenue	845,942	(199,251)	646,691
Cost of sales	(371,530)	199,251	(172,279)
Gross profit	474,412	–	474,412

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(D) BASIS OF CONSOLIDATION

The consolidated financial statements of the Group include the financial statements of the Company and all its subsidiaries made up to 31st March.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interests recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the profit and loss account.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(E) SUBSIDIARIES

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date control ceases.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(F) BALANCES WITH SUBSIDIARIES

Balances with subsidiaries are split into its financial assets/liabilities and equity components at initial recognition. The financial assets/liabilities component is initially stated at fair value and subsequently carried at amortised cost. The equity component is recognised at cost.

(G) FINANCIAL ASSETS/LIABILITIES

The Group classifies its investments and other financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, available-for-sale investments and derivative financial instruments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments and other financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss and derivative financial instruments

This category represents financial assets that are either designated in this category at inception by the management or held for trading, i.e. if acquired for the purpose of selling them in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(G) FINANCIAL ASSETS/LIABILITIES (Continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

(iii) Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the balance sheet date.

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss and available-for-sale investments are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss and available-for-sale investments is recognised in the profit and loss account when the right to receive payment is established. Changes in the fair value of available-for-sale investments are recognised in other comprehensive income. When securities classified as available-for-sale investments are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as "net investment gain or loss".

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(G) FINANCIAL ASSETS/LIABILITIES (Continued)

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale investments, a significant or prolonged decline in the fair value of the securities below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale investments, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss – is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment test of receivables is described in note 2(K).

Changes in the fair value of derivative financial instruments are recognised immediately in the profit and loss account.

The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables or held-to-maturity investments out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(H) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the profit and loss account during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest become available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation of property, plant and equipment is calculated using straight-line method to allocate the cost to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Remaining lease term
Hotel and other buildings in Hong Kong	Shorter of 50 years or the remaining lease period of the land on which the buildings are located
Hotel buildings in overseas	25 years
Plant and equipment	3 – 10 years

No depreciation is provided for hotel properties under development.

Freehold land is not amortised.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The gain or loss on disposal of an asset is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(I)).

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life or are not yet available for use are not subject to depreciation or amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(J) INVENTORIES

Inventories comprise primarily food, beverages and operating supplies and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

(K) TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit and loss account within "selling and administrative expenses". When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against "selling and administrative expenses" in the profit and loss account. Trade and other receivables in the consolidated balance sheet are stated net of such provision.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(L) TRADE PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(M) PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

(N) BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the initiation of the borrowings, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account or capitalised when applicable (note 2(U)) over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(O) EMPLOYEE BENEFITS

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Retirement benefits obligations

The Group contributes to several defined contribution retirement schemes which are available to employees. The assets of the schemes are held separately from those of the Group in independently administered funds. The Group has no further payment obligations once the contributions have been paid. The Group’s contributions to these schemes are expensed as incurred.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(O) EMPLOYEE BENEFITS (Continued)

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity.

When the options are exercised, the Company will issue new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

The Group has adopted the transitional provisions under HKFRS 2 for options granted after 7th November 2002 and vested at the effective date of HKFRS 2.

(P) CURRENT AND DEFERRED INCOME TAX

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(P) CURRENT AND DEFERRED INCOME TAX (Continued)

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(Q) SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(R) SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources, assessing performance of the operating segments and making strategies decisions, is identified as the Board of Directors of the Company.

(S) REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sales of goods and services in ordinary course of the Group's activities. Revenue is recognised as follows:

Revenue from hotel and catering operations is recognised upon provision of services.

Operating lease rental income is recognised on a straight-line basis over the term of the lease.

Revenue from sale of air tickets is recognised as agency commission earned when the tickets are issued.

Revenue from incentive travel tours is recognised as gross when the service is delivered.

Revenue from hotel reservation arrangement is recognised as agency commission earned when the confirmation document is issued.

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(T) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which are the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the securities and other changes in the carrying amount of the securities. Translation differences related to changes in the amortised cost are recognised in the profit and loss account, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the profit and loss account as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting currency translation differences are recognised in other comprehensive income.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(T) FOREIGN CURRENCY TRANSLATION (Continued)

(iii) Group companies (Continued)

On consolidation, currency translation differences arising from the translation of the net investment in foreign operations, are taken to other comprehensive income. When a foreign operation is sold, all of the differences accumulated in equity are reclassified to the profit and loss account as part of the gain or loss on disposal.

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

(U) BORROWING COSTS

Borrowing costs incurred on hotel properties under development that necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of the hotel properties under development.

All other borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

(V) OPERATING LEASES

Leases in which a significant portion of risks and rewards of ownership and retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors), are charged in the profit and loss account on a straight-line basis over the period of the leases.

(W) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

(X) RELATED PARTIES

Related parties are individuals and companies, including subsidiaries, fellow subsidiaries and key management (including close members of their families), where the individual, company or group has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(Y) DIVIDEND DISTRIBUTION

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors where applicable.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(Z) SCRIP DIVIDEND

Where the Company pays its dividends in the form of shares or gives the shareholders the options to receive a dividend in either cash or ordinary shares (referred to as scrip dividend), the shares issued are recognised at fair value.

(AA) FINANCIAL GUARANTEE (INSURANCE CONTRACTS)

The Company assesses at each balance sheet date the liabilities under its financial guarantee contracts using current estimates of future cash flows. Changes in carrying amount of these liabilities are recognised in the profit and loss account.

The Company accounts for its financial guarantee contracts in respect of guarantees provided to its subsidiaries in accordance with HKFRS 4, "Insurance Contracts".

3 FINANCIAL RISK MANAGEMENT

(I) FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group's operations are mainly in Hong Kong. Entities within the Group are exposed to foreign exchange risk from future commercial transactions and monetary assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group has certain investments in foreign operations including Canada and Mainland China, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The Group currently does not have a foreign currency hedging policy. It manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider entering into forward foreign exchange contracts to reduce the exposure should the need arise.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

Currency risks as defined by HKFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency, differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

The Group is also exposed to foreign currency risk with respect to financial assets at fair value through profit or loss, bank balances and borrowings which are denominated in United States dollar, Sterling pound, Euro, Renminbi and Japanese Yen.

At 31st March 2014, the Group's entities with functional currency of Hong Kong dollar had United States dollar net monetary assets of HK$932,311,000 (2013: HK$770,827,000). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to United States dollar, management considers that there is no significant foreign exchange risk with respect to United States dollar.

If the foreign currency had strengthened/weakened by 5%, with all other variables held constant, the Group's post tax result would have the following changes:

	2014			2013		
	Net monetary assets/ (liabilities) amount	Effect on post tax result if exchange rate changes by		Net monetary assets/ (liabilities) amount	Effect on post tax result if exchange rate changes by	
		+5%	−5%		+5%	−5%
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Sterling	244,633	12,230	(12,230)	262,165	13,106	(13,106)
Euro	146,479	7,320	(7,320)	74,292	3,714	(3,714)
Renminbi	96,231	4,783	(4,783)	94,939	4,741	(4,741)
Japanese Yen	(51,071)	(2,132)	2,132	(55,962)	(2,336)	2,336

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(ii) Price risk

The Group is exposed to equity and debt securities price risk from the Group's available-for-sale investments and financial assets at fair value through profit or loss. The performance of the Group's investments are closely monitored, together with an assessment of their relevance to the Group's long term strategic plans.

The Group's listed investments in equity and debts securities of other entities (classified as "available-for-sale investments" and "financial assets at fair value through profit or loss") are traded in the Hong Kong Stock Exchange, London Stock Exchange, New York Stock Exchange, Singapore Stock Exchange and Luxembourg Stock Exchange. Gains and losses arising from changes in fair value of available-for-sale investments and financial assets at fair value through profit or loss are dealt with in other comprehensive income and the profit and loss account respectively.

For every 10% increase/decrease in the prices of financial instruments or underlying assets, with all other variables held constant, the Group's post tax result would have the following changes:

	2014				2013			
	Effect on post tax result if the price changes by		**Effect on available-for-sale investments reserve if the price changes by**		Effect on post tax result if the price changes by		Effect on available-for-sale investments reserve if the price changes by	
	+10%	**–10%**	**+10%**	**–10%**	+10%	–10%	+10%	–10%
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at fair value through profit or loss	**154,879**	**(154,879)**	**–**	**–**	116,015	(116,015)	–	–
Available-for-sale investments	**–**	**–**	**21,849**	**(21,849)**	–	–	22,392	(22,392)

(iii) Cash flow interest rate risk

Other than bank balances and deposits, financial investments with fixed coupon and loan receivables (collectively "Interest Bearing Assets"), the Group has no other significant interest bearing assets. The Group's interest rate risk also arises from borrowings ("Interest Bearing Liabilities").

Interest Bearing Assets are mostly at fixed rates. Interest Bearing Liabilities are primarily issued at variable rates which therefore expose the Group to cash flow interest rate risk.

At 31st March 2014, with all other variables held constant, if the interest rate had increased/decreased by 10 basis point, the Group's post tax profit would have been HK$1,421,000 (2013: HK$1,250,000) lower/higher.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(b) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, financial assets at fair value through profit or loss (note 18), derivative financial instruments (note 19) as well as credit exposures to trade and other receivables (note 20).

Sales are either made in cash, via major credit cards or to customers with appropriate credit history.

The Group has limited its credit exposure by restricting their selection of financial institutions. Trade and other receivables and debt securities are assessed based on the credit quality of the debtors, taking into account their financial position, past experience and other factors. Individual risk limits are set by management and the utilisation of credit limits is regularly monitored.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due. The Group closely monitors its liquidity through maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of credit facilities and compliance of financial covenants of borrowings. The Group maintains flexibility in funding by keeping credit lines available and maintaining a reasonable level of marketable securities to meet any unexpected and material cash requirements in the course of ordinary business and to provide contingency liquidity support.

The Group had a total of HK$113 million in unrestricted cash balances and bank deposits, and the unused portion of revolving credit and construction credit facilities amounted to HK$758 million and HK$132 million, respectively as at 31st March, 2014.

Subsequent to the balance sheet date, a total of HK$420 million short term loans outstanding as at 31st March 2014 was repaid and refinanced by the drawdown of long term bank facilities with maturities over 5 years.

The Group measures its liquidity using the gearing ratio, which represents the net debt against the net assets, after taking into account the fair value of hotel properties in operation. Currently it is at a relatively low level compared to the thresholds stated at the financial covenants of the bank borrowings.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

The relevant maturity groupings on the contractual undiscounted cash flow based on the remaining period at the balance sheet date to the contractual maturity date of the Group's and the Company's financial liabilities are analysed in the financial statements.

The tables below analyse the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual face value without applying discounted cash flow model based on the earliest date on which the Group is required to pay.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other borrowings is prepared based on the scheduled repayment dates.

	Group					Company		
	On demand HK$'000	Within 1 year HK$'000	Between 1 to 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flow HK$'000	On demand HK$'000	Within 1 year HK$'000	Total undiscounted cash flows HK$'000
At 31st March 2014								
Non-derivative financial liabilities								
Trade and other payables	–	75,055	–	–	75,055	–	980	980
Borrowings	431,531	212,344	1,233,761	–	1,877,636	10,000	–	10,000
	431,531	287,399	1,233,761	–	1,952,691	10,000	980	10,980
At 31st March 2013								
Non-derivative financial liabilities								
Trade and other payables	–	63,981	–	–	63,981	–	1,119	1,119
Borrowings	277,180	83,098	942,233	493,817	1,796,328	–	–	–
	277,180	147,079	942,233	493,817	1,860,309	–	1,119	1,119
Derivative financial liabilities								
Interest rate swaps								
– Outflow	–	312	–	–	312	–	–	–
	277,180	147,391	942,233	493,817	1,860,621	–	1,119	1,119

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

The table that follows summarises the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amount includes interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Within 1 year HK$'000	Between 1 to 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flows HK$'000
31st March 2014	**11,379**	**40,243**	**–**	**51,622**
31st March 2013	12,694	47,773	8,451	68,918

(II) CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio against revalued net assets. Revalued net assets ("Revalued net assets") are prepared having taken into account the fair value of hotel properties, net of relevant deferred income taxes, in addition to the net assets as shown in the consolidated balance sheet prepared in accordance with HKFRS. According to the Group's accounting policies, no properties are to be carried at valuation. Details of the valuation of the hotel properties in operation, prepared for readers' information only, are set out in note 15(a) to the financial statements.

3 FINANCIAL RISK MANAGEMENT (Continued)

(II) CAPITAL RISK MANAGEMENT (Continued)

The gearing ratio against Revalued net assets is calculated as net debt divided by Revalued net assets. Net debt is calculated as total borrowings (including current and non-current as shown in the consolidated balance sheet) less bank balances and cash.

The gearing ratios at 31st March 2014 and 2013 were as follows:

	2014	2013
	HK$'000	HK$'000
Borrowings (note 25)	**1,793,598**	1,687,455
Less: bank balances and cash (note 21)	**(113,015)**	(136,071)
Net debt	**1,680,583**	1,551,384
Revalued net assets	**9,828,000**	9,152,000
Gearing ratio against Revalued net assets	**17%**	17%

(III) 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).

3 FINANCIAL RISK MANAGEMENT (Continued)

(III) FAIR VALUE ESTIMATION (Continued)

The following table presents the Group's financial instruments that are measured at fair value at 31st March.

	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
2014			
Assets			
Financial assets at fair value through profit or loss	**1,591,872**	**–**	**1,591,872**
Available-for-sale investments	**218,492**	**–**	**218,492**
	1,810,364	**–**	**1,810,364**

There were no transfers between levels 1 and 2 during the year.

	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
2013			
Assets			
Financial assets at fair value through profit or loss	1,189,406	–	1,189,406
Available-for-sale investments	223,923	–	223,923
	1,413,329	–	1,413,329
Liabilities			
Derivative financial instruments	–	338	338

(i) Financial instruments in level 1

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. These instruments are included in level 1.

3 FINANCIAL RISK MANAGEMENT (Continued)

(III) FAIR VALUE ESTIMATION (Continued)

(ii) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (over-the-counter derivatives) is determined by using the latest available transaction price or valuation techniques. 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.

Quoted market prices or dealer quotes for similar instruments are used for long term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(A) INCOME TAXES

The Group is subject to income taxes in Hong Kong and other jurisdictions. Judgement is required in certain provision for income taxes for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

Recognition of deferred income tax assets (note 26), which principally relate to tax losses, depends on management's expectation of future taxable profits that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(B) IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

The policy for provision for impairment of receivables of the Group is based on the evaluation of collectability and aging analysis and by management judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables.

(C) IMPAIRMENT OF AVAILABLE-FOR-SALE INVESTMENTS

The Group follows the guidance of HKAS 39 to determine when an available-for-sale investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost.

(D) REVENUE RECOGNITION ON A GROSS VERSUS NET BASIS FOR TRAVEL OPERATION

Determining whether the Group is acting as a principal or as an agent requires judgement and consideration of all relevant facts and circumstances, including the factors whether (1) the Group is the primary obligor in the provision of travel related services from the perspective of the customer; (2) the Group retains the general inventory risk of air tickets or hotel room bookings before and after the customer order; (3) the Group has the latitude in establishing ticket pricing, hotel room rate or tour pricing; and (4) the Group bears the credit risk for collecting cash from customers. If the conclusion reaches that the Group acts as an agent without assuming all the risks and rewards of travel related services rendered/to be rendered, revenue recognised by the Group should only be its commission.

5 SEGMENT INFORMATION

The Group is principally engaged in hotel, travel operations and securities investment. Revenue includes revenue from hotel and travel operations, interest income and dividend income.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by the chief operating decision-maker. The Group is organised into three main operating segments, comprising hotel, travel operations and financial investments.

Hotel operation	–	hotel operation in Hong Kong and Canada
Travel operation	–	sale of air tickets and hotel reservation service in Hong Kong
Financial investments	–	Investments in financial instruments

5 SEGMENT INFORMATION (Continued)

Segment assets consist primarily of property, plant and equipment, inventories, trade and other receivables, available-for-sale investments and financial assets at fair value through profit or loss. Segment liabilities comprise mainly borrowings.

	Hotel operation HK$'000	Travel operation HK$'000	Financial investments HK$'000	Others HK$'000	Total HK$'000
2014					
Gross income	485,422	244,567	373,083	4,579	1,107,651
Segment revenue	485,422	32,194	129,238	4,579	651,433
Contribution to segment results	242,265	(385)	129,344	(6,892)	364,332
Depreciation	(82,826)	(303)	–	(315)	(83,444)
Net investment gain	–	–	132,201	–	132,201
Segment results	159,439	(688)	261,545	(7,207)	413,089
Unallocated corporate expenses					(24,422)
Operating profit					388,667
Net finance costs					(15,419)
Profit before income tax					373,248
Income tax expense					(24,283)
Profit for the year attributable to shareholders					348,965

5 SEGMENT INFORMATION (Continued)

	Hotel operation HK$'000	Travel operation HK$'000	Financial investments HK$'000	Others HK$'000	Total HK$'000
2013					
Gross income	484,292	235,200	818,534	17,717	1,555,743
Segment revenue (restated)	484,292	35,949	108,733	17,717	646,691
Contribution to segment results	252,807	109	108,733	(731)	360,918
Depreciation	(84,314)	(249)	–	(131)	(84,694)
Net investment gain	–	–	217,536	–	217,536
Segment results	168,493	(140)	326,269	(862)	493,760
Unallocated corporate expenses					(30,832)
Operating profit					462,928
Net finance costs					(12,646)
Profit before income tax					450,282
Income tax expense					(26,505)
Profit for the year attributable to shareholders					423,777

5 SEGMENT INFORMATION (Continued)

Notes:

(a) Hotel operation revenue

	2014 HK$'000	2013 HK$'000
Room rentals	**413,304**	408,565
Food and beverages	**52,968**	55,756
Ancillary services	**4,257**	4,982
Space rental	**14,893**	14,989
	485,422	484,292

(b) Management regards gross income of travel operation as gross sales proceeds from the sales of air-ticket, hotel reservation arrangement and incentive travel tours.

(c) Management regards gross income of financial investments as comprising these revenue as defined under generally accepted accounting principles together with gross consideration from disposal of financial assets at fair value through profit or loss.

5 SEGMENT INFORMATION (Continued)

	Hotel operation HK$'000	Travel operation HK$'000	Financial investments HK$'000	Others HK$'000	Total HK$'000
2014					
Segment assets	**3,114,207**	**22,969**	**1,851,613**	**33,374**	**5,022,163**
Other unallocated assets					**114,625**
					5,136,788
Segment liabilities					
Borrowings	**1,410,553**	**–**	**383,045**	**–**	**1,793,598**
Other unallocated liabilities					**139,395**
					1,932,993
Additions to non-current assets*	**153,752**	**512**	**–**	**2,158**	**156,422**
2013					
Segment assets	3,057,469	18,387	1,471,212	34,068	4,581,136
Other unallocated assets					136,707
					4,717,843
Segment liabilities					
Borrowings	1,474,202	–	213,253	–	1,687,455
Other unallocated liabilities					134,521
					1,821,976
Additions to non-current assets*	615,284	909	–	38	616,231

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

5 SEGMENT INFORMATION (Continued)

	2014 HK$'000	2013 HK$'000 (Restated)
Revenue		
Hong Kong	**481,117**	467,156
Overseas	**170,316**	179,535
	651,433	646,691
Non-current assets*		
Hong Kong	**2,883,671**	2,798,834
Overseas	**190,437**	224,872
	3,074,108	3,023,706

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

6 NET INVESTMENT GAIN

	2014 HK$'000	2013 HK$'000
Financial assets at fair value through profit or loss		
– net unrealised gain from market price movements	**87,302**	147,278
– net unrealised exchange gain/(loss)	**28,549**	(14,496)
– net realised gain (note)	**16,350**	83,488
Available-for-sale investments		
– net realised gain	**–**	1,661
– impairment	**–**	(395)
	132,201	217,536
Note:		
Net realised gain on financial assets at fair value through profit or loss		
Gross consideration	**243,845**	709,801
Cost of investments	**(205,606)**	(627,903)
Total gain	**38,239**	81,898
Net unrealised (gain)/loss recognised in prior years	**(21,889)**	1,590
Net realised gain recognised in current year	**16,350**	83,488

7 INCOME AND EXPENSES BY NATURE

	2014 HK$'000	2013 HK$'000
Income		
Operating lease rental income for hotel buildings	**14,893**	14,989
Interest income		
– Listed investments	**117,305**	96,438
– Loan receivables	**1,750**	1,796
– Bank deposits	**540**	594
Dividend income		
– Listed investments	**11,233**	12,283
Gain on disposal of property, plant and equipment	**1,249**	–
Expenses		
Auditor's remuneration	**3,517**	3,406
Cost of goods sold (restated)	**21,056**	23,646
Employee benefit expense including Director's emoluments (note 8)	**133,635**	141,796
Loss on disposal of property, plant and equipment	**–**	323
Operating lease rental expense for land and buildings	**5,532**	7,869

8 EMPLOYEE BENEFIT EXPENSE

	2014 HK$'000	2013 HK$'000
Wages and salaries	**128,703**	137,082
Retirement benefits costs (note (a))	**4,932**	4,714
	133,635	141,796

Staff costs are stated inclusive of Directors' emoluments and are included in cost of sales and selling and administrative expenses.

8 EMPLOYEE BENEFIT EXPENSE (Continued)

Notes:

(a) Retirement benefits costs

	2014 HK$'000	2013 HK$'000
Gross contributions	**4,524**	4,631
Termination benefit	**408**	83
	4,932	4,714

The Group participates in various types of defined contribution schemes for employees, namely the Mandatory Provident Fund ("MPF") Scheme and Occupational Retirement Scheme Ordinance ("ORSO") Scheme in Hong Kong, Canada Pension Plan ("CPP") in Canada and retirement plans in Mainland China.

In Hong Kong, the Group participates in defined contribution schemes under the ORSO which are available to employees joining before 1st December 2000. Under these schemes, contributions of 5% of the employee's monthly salaries are made by the employees and by the Group. The Group's contributions may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions.

The Group also participates in the MPF schemes, which are available to all employees not joining the ORSO schemes in Hong Kong and in the CPP organised by the Canadian Government for all employees in Canada. Monthly contributions to the MPF scheme and CPP are made equal to 5% (2013: 5%) or a fixed sum and 4.95% (2013: 4.95%) respectively, of the employee's relevant income in accordance with the local legislative requirements.

As at 31st March 2014, no forfeiture (2013: Nil) was available to reduce the Group's future contributions to the ORSO scheme.

8 EMPLOYEE BENEFIT EXPENSE (Continued)

(b) Share options

The Company operates share option scheme, whereby options may be granted to employees of the Group including the Executive Directors to subscribe for shares of the Company. The consideration to be paid on each grant of option is HK$1.

Details of share options held under the scheme of the Company as at 31st March 2014 are as follows:

Date of grant	Exercise price per share	Expiry date	Number of share option outstanding at 31st March 2013 and 2014
29th March 2007	HK$1.296	28th March 2017	
Director			8,000,000
Employee			8,000,000
			16,000,000
2nd April 2007	HK$1.300	1st April 2017	
Directors			16,000,000
Employees			46,999,999
			62,999,999
			78,999,999

During the year, no option was granted, exercised, cancelled or lapsed (2013: Nil).

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) The aggregate amount of emoluments paid and payable to Directors of the Company for the years ended 31st March 2014 and 2013 are set out as follows:

Name of Director	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Employer's contribution to retirement benefits scheme	Total emoluments
2014 (in HK$'000)					
Executive					
Mr. Poon Jing	–	3,855	4,400	–	8,255
Dr. Lim Yin Cheng	–	2,423	–	60	2,483
Mr. Poon Hai	–	600	2,500	15	3,115
Mr. Fung Siu To, Clement	–	–	–	–	–
Mr. Woo Wei Chun, Joseph	–	1,200	–	15	1,215
	–	8,078	6,900	90	15,068
Independent Non-executive					
Mr. Ip Chi Wai	120	–	–	–	120
Mr. Hung Yat Ming	100	–	–	–	100
Mr. Leung Wai Keung	100	–	–	–	100
	320	–	–	–	320
	320	8,078	6,900	90	15,388

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(a) (Continued)

Name of Director	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Employer's contribution to retirement benefits scheme	Total emoluments
2013 (in HK$'000)					
Executive					
Mr. Poon Jing	–	3,775	4,400	–	8,175
Dr. Lim Yin Cheng	–	2,108	2,500	60	4,668
Mr. Poon Hai (appointed on 9th July 2012)	–	340	4,000	10	4,350
Mr. Poon Tin Sau, Robert (resigned on 9th July 2012)	–	217	–	9	226
Mr. Fung Siu To, Clement	–	–	–	–	–
Mr. Woo Wei Chun, Joseph	–	1,200	250	15	1,465
	–	7,640	11,150	94	18,884
Independent Non-executive					
Mr. Ip Chi Wai	120	–	–	–	120
Mr. Hung Yat Ming	100	–	–	–	100
Mr. Leung Wai Keung	100	–	–	–	100
	320	–	–	–	320
	320	7,640	11,150	94	19,204

During the year, no emolument was paid or is payable by the Group to any of the above Directors as an inducement to join or upon joining the Group or as compensation for loss of office (2013: Nil).

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(b) The five highest paid individuals in the Group for the year include three (2013: four) Directors whose emoluments are already reflected in the analysis presented above. The emoluments payable to the remaining two (2013: one) individuals during the year are as follows:

	2014 **HK$'000**	2013 HK$'000
Basic salaries, allowances and benefits in kind	**1,403**	–
Bonus	**1,604**	2,500
	3,007	2,500

The emoluments fell within the following band:

	Number of individuals	
	2014	2013
HK$1,000,001 – HK$2,000,000	**2**	–
HK$2,000,001 – HK$3,000,000	**–**	1

(c) Senior management remuneration by band

The emoluments of the senior management fell within the following band:

	Number of individuals	
	2014	2013
HK$0 – HK$1,000,000	**3**	3
HK$1,000,001 – HK$2,000,000	**2**	1
HK$2,000,001 – HK$3,000,000	**–**	1

10 NET FINANCE COSTS

	2014 **HK$'000**	2013 HK$'000
Interest expense		
Long term bank loans	**(29,085)**	(22,271)
Short term bank loan and overdrafts	**(3,637)**	(6,953)
Interest capitalised to hotel properties under development (note)	**15,144**	4,034
	(17,578)	(25,190)
Other incidental borrowing costs	**(3,013)**	(3,220)
Net foreign exchange gain on borrowings	**4,834**	12,700
Fair value gain on interest rate swap	**338**	3,064
	(15,419)	(12,646)

10 NET FINANCE COSTS (CONTINUED)

Note:

Borrowing costs were capitalised at rates ranging from 1.43% to 3.16% (2013: 2.85% to 3.16%) per annum.

11 INCOME TAX EXPENSE

	2014 HK$'000	2013 HK$'000
Current income tax expense		
Hong Kong profits tax	**(26,182)**	(27,613)
Over provision in prior years	**377**	–
	(25,805)	(27,613)
Deferred income tax credit	**1,522**	1,108
	(24,283)	(26,505)

Hong Kong profits tax is provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year. No provision for overseas and Mainland China taxation has been made as there are no assessable profits for the year (2013: Nil).

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2014 HK$'000	2013 HK$'000
Profit before income tax	**373,248**	450,282
Calculated at a tax rate of 16.5% (2013: 16.5%)	**(61,586)**	(74,296)
Over provision in prior years	**377**	–
Effect of different tax rates in other countries	**3,291**	3,693
Income not subject to income tax	**41,239**	53,012
Expenses not deductible for tax purposes	**(4,771)**	(5,413)
Tax losses not recognised	**(4,223)**	(3,588)
Utilisation of previously unrecognised tax losses	**377**	428
Others	**1,013**	(341)
Income tax expense	**(24,283)**	(26,505)

12 PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The profit for the year attributable to shareholders is dealt with in the financial statements of the Company to the extent of HK$156,502,000 (2013: HK$120,004,000).

13 DIVIDENDS

	2014	2013
	HK$'000	HK$'000
Interim, nil (2013: Nil)	**–**	–
Final, proposed, of HK1.75 cents (2013: HK1 cent) per share	**27,122**	15,498
	27,122	15,498

At a meeting held on 26th June 2014, the Board of Directors has proposed to pay a final dividend of HK1.75 cents (2013: HK1 cent) per share with a scrip option for the year ended 31st March 2014. The proposed dividend is not reflected in the financial statements, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2015.

The amount of HK$27,122,000 is based on 1,549,842,336 issued shares as at 26th June 2014.

14 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to shareholders of the Company of HK$348,965,000 (2013: HK$423,777,000) and divided by the weighted average number of 1,549,842,336 (2013: 1,549,842,336) shares in issue during the year.

For the years ended 31st March 2014 and 2013, the Company's outstanding share options did not have a dilution effect on the earnings per share, so the basic and diluted earnings per share were equal.

15 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Plant and equipment HK$'000	Total HK$'000
Cost			
At 31st March 2012	3,147,977	450,892	3,598,869
Currency translation differences	(7,532)	(1,600)	(9,132)
Acquisition of a subsidiary (note 31(B))	394,090	–	394,090
Additions	201,910	20,231	222,141
Disposals	–	(1,119)	(1,119)
At 31st March 2013	3,736,445	468,404	4,204,849
Accumulated depreciation			
At 31st March 2012	757,389	344,811	1,102,200
Currency translation differences	(3,903)	(1,417)	(5,320)
Charge for the year	58,210	26,484	84,694
Disposals	–	(431)	(431)
At 31st March 2013	811,696	369,447	1,181,143
Net book value			
At 31st March 2013	2,924,749	98,957	3,023,706
Cost			
At 31st March 2013	3,736,445	468,404	4,204,849
Currency translation differences	(36,866)	(8,061)	(44,927)
Additions	51,377	105,045	156,422
Disposals	(3,848)	(22,588)	(26,436)
At 31st March 2014	**3,747,108**	**542,800**	**4,289,908**
Accumulated depreciation			
At 31st March 2013	811,696	369,447	1,181,143
Currency translation differences	(20,136)	(7,284)	(27,420)
Charge for the year	57,437	26,007	83,444
Disposals	(239)	(21,128)	(21,367)
At 31st March 2014	**848,758**	**367,042**	**1,215,800**
Net book value			
At 31st March 2014	**2,898,350**	**175,758**	**3,074,108**

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

(a) Total carrying values of hotel properties comprise the following:

	2014 **HK$'000**	2013 HK$'000
Land and buildings	**2,898,350**	2,921,240
Plant and equipment	**87,535**	96,816
	2,985,885	3,018,056

Supplementary information with hotel properties in operation at valuation:

The following market value of the Group's hotel properties is for the reference to the readers only and is not accounted for in the Group's consolidated balance sheet and does not constitute a disclosure requirement under HKAS 16 and HKAS 17.

The aggregate open market value, on a highest and best use basis, of the four hotel properties in Hong Kong and Canada based on valuations conducted by Vigers Appraisal & Consulting Limited ("Vigers") and CBRE Limited ("CBRE") respectively, independent professional valuers, amounted to HK$9,000,577,000 (2013: HK$8,702,579,000), is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13.

The hotel properties portfolio in Hong Kong comprised 3 hotels. Vigers used the discounted cash flow ("DCF") method, which is considered the most appropriate valuation approach for assessing the market value of the properties as it would better reflect specific characteristics of the income-producing properties such as occupancies, average room rates, potential income growth and all out-goings, subject to future economic conditions in the markets. The direct comparison method was also used as a check on the valuation arrived at from the DCF method. For the hotel property in Canada, CBRE used the direct comparison method for assessing the market value of the property taking into account of its re-development potential. This approach directly uses market comparable transactions to determine the market value. Appropriate adjustments are applied to the comparable transactions to adjust for the discrepancies between the property and the comparables. Last year, DCF method based on hotel operations was adopted. The directors believe that the change in valuation technique was reasonable to arrive at a more appropriate market value of the property.

(b) As at 31st March 2014, the aggregate net book value of hotel properties pledged as security for loans amounted to HK$2,902,616,000 (2013: HK$2,944,068,000).

(c) As at 31st March 2014, the cost of hotel properties under development amounted to HK$647,377,000 (2013: HK$596,000,000, of which HK$394,090,000 was from "acquisition of a subsidiary") and HK$51,377,000 (2013: HK$201,910,000) was additions during the year.

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

(d) The carrying amount of land and buildings is as follows:

	2014 HK$'000	2013 HK$'000
Long term leases in Hong Kong	**1,493,081**	1,500,708
Medium term leases in Hong Kong	**1,224,233**	1,211,971
Freehold in Canada	**181,036**	212,070
	2,898,350	2,924,749

16 SUBSIDIARIES

	2014 HK$'000	2013 HK$'000
Unlisted shares, at cost	**–**	–
Amount due from subsidiaries	**3,027,242**	2,876,234
	3,027,242	2,876,234

As at 31st March 2014 and 2013, the shares of certain subsidiaries are pledged to secure loan facilities granted to the Group.

Details of the principal subsidiaries are set out in note 32.

The amounts receivable are unsecured, interest free and have no fixed terms of repayment.

17 AVAILABLE-FOR-SALE INVESTMENTS

	2014 HK$'000	2013 HK$'000
Equity securities listed in Hong Kong	**218,492**	223,923

No impairment provision for available-for-sale investments was made during the year (2013: HK$395,000 impairment provision was recognised in the profit and loss account (note 6)).

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014	2013
	HK$'000	HK$'000
Equity securities		
– Listed in USA	**221,674**	206,178
– Listed in Europe	**244,452**	202,388
– Listed in Hong Kong	**19,721**	–
	485,847	408,566
Debt securities		
– Listed in Singapore	**719,022**	473,446
– Listed in Europe	**145,628**	130,085
– Listed in Hong Kong	**241,375**	177,309
	1,106,025	780,840
	1,591,872	1,189,406

Notes:

(a) The debt securities carry fixed coupon ranging from 2% to 13.875% (2013: 2% to 13.875%) per annum and their nominal values are equivalent to HK$1,228,498,000 (2013: HK$929,018,000).

(b) At 31st March 2014, financial assets at fair value through profit or loss equivalent of HK$301,305,000 (2013: HK$60,165,000) were pledged as securities for borrowings.

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

	2014	2013
	HK$'000	HK$'000
United States dollar	**1,091,036**	764,424
Sterling	**244,452**	258,630
Euro	**145,628**	73,842
Renminbi	**91,035**	92,510
Hong Kong dollar	**19,721**	–
	1,591,872	1,189,406

19 DERIVATIVE FINANCIAL INSTRUMENTS

	2014 HK$'000	2013 HK$'000
Interest rate swap		
– Hong Kong dollar	–	338

At 31st March 2013, the notional principal amount of the outstanding interest rate swap contract was HK$100,000,000. The contract expired in May 2013.

The Group's derivative financial instruments were settled on a net basis.

20 TRADE AND OTHER RECEIVABLES

	2014 HK$'000	2013 HK$'000
Trade receivables		
Fully performing	27,724	54,469
Past due but not impaired	10,812	10,621
	38,536	65,090
Loan receivables	25,000	25,000
Accrued interest and dividend receivable	41,250	32,282
Prepayments	9,133	9,487
Deposits	11,958	6,245
Other receivables	10,245	3,779
	136,122	141,883

Aging analysis of trade receivables net of provision for impairment is as follows:

	2014 HK$'000	2013 HK$'000
0 – 60 days	33,498	63,637
61 – 120 days	1,083	1,453
121 – 180 days	3,955	–
	38,536	65,090

20 TRADE AND OTHER RECEIVABLES (Continued)

The majority of past due but not impaired trade receivables are less than 60 days. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2014	2013
	HK$'000	HK$'000
0 – 60 days	**6,154**	10,621
61 – 120 days	**3,027**	–
121 – 180 days	**1,631**	–
	10,812	10,621

As at 31st March 2014, no trade receivables (2013: Nil) were impaired.

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 evaluations of customers are performed periodically.

The carrying amounts of the trade and other receivables approximate their fair values. They are denominated in the following currencies:

	2014	2013
	HK$'000	HK$'000
Hong Kong dollar	**91,402**	79,456
United States dollar	**35,034**	48,666
Canadian dollar	**7,572**	8,013
Sterling	**–**	3,324
Others	**2,114**	2,424
	136,122	141,883

Loan receivables were interest bearing at 2% (2013: 2%) above Hong Kong prime rate per annum.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

21 BANK BALANCES AND CASH

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**75,997**	89,423	**724**	704
Short term bank deposits	**37,018**	46,648	**–**	–
	113,015	136,071	**724**	704

The carrying amounts of the bank balances and cash are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**88,195**	77,702	**724**	704
Canadian dollar	**2,461**	50,999	**–**	–
Renminbi	**3,484**	5,053	**–**	–
United States dollar	**18,176**	1,989	**–**	–
Others	**699**	328	**–**	–
	113,015	136,071	**724**	704

22 TRADE AND OTHER PAYABLES

	2014	2013
	HK$'000	HK$'000
Trade payables	**15,744**	23,312
Accrued expenses	**47,568**	32,080
Construction and retention payables	**7,438**	3,596
Other payables	**4,305**	4,993
	75,055	63,981

22 TRADE AND OTHER PAYABLES (Continued)

Aging analysis of trade payables is as follows:

	2014 HK$'000	2013 HK$'000
0 – 60 days	**15,119**	23,059
61 – 120 days	**243**	119
121 – 180 days	**226**	73
More than 180 days	**156**	61
	15,744	23,312

The carrying amounts of trade and other payables approximate their fair values.

The carrying amounts of trade and other payables of the Group are denominated in the following currencies:

	2014 HK$'000	2013 HK$'000
Hong Kong dollar	**64,893**	52,482
Canadian dollar	**10,104**	11,288
Renminbi	**58**	211
	75,055	63,981

23 SHARE CAPITAL

Shares of HK$0.02 each	Number of shares	Amount
		HK$'000
Authorised:		
At 31st March 2013 and 2014	35,000,000,000	700,000

	Number of shares		Amount	
	2014	2013	**2014**	2013
			HK$'000	HK$'000
Issued and fully paid:				
At the beginning and the end of the year	**1,549,842,336**	1,549,842,336	**30,997**	30,997

No shares (2013: Nil) were issued and allotted during the year.

24 RESERVES

	Share premium HK$'000	Contributed surplus HK$'000	Available-for-sale investments reserve HK$'000	Currency translation reserve HK$'000	Share option reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
Group							
At 31st March 2012	1,112,713	1,134,752	64,739	70,680	25,280	195	2,408,359
Net fair value gain on available-for-sale investments	–	–	36,402	–	–	–	36,402
Impairment of available-for-sale investments charged to profit and loss account	–	–	395	–	–	–	395
Release of reserve upon disposal of available-for-sale investments	–	–	(535)	–	–	–	(535)
Profit for the year	–	–	–	–	–	423,777	423,777
Currency translation differences	–	–	–	(3,528)	–	–	(3,528)
At 31st March 2013	1,112,713	1,134,752	101,001	67,152	25,280	423,972	2,864,870
Representing:							
2013 final dividend proposed	–	–	–	–	–	15,498	15,498
Others	1,112,713	1,134,752	101,001	67,152	25,280	408,474	2,849,372
At 31st March 2013	1,112,713	1,134,752	101,001	67,152	25,280	423,972	2,864,870
As 31st March 2013	1,112,713	1,134,752	101,001	67,152	25,280	423,972	2,864,870
Net fair value loss on available-for-sale investments	–	–	(9,686)	–	–	–	(9,686)
Profit for the year	–	–	–	–	–	348,965	348,965
2013 final dividend	–	–	–	–	–	(15,498)	(15,498)
Currency translation differences	–	–	–	(15,853)	–	–	(15,853)
At 31st March 2014	**1,112,713**	**1,134,752**	**91,315**	**51,299**	**25,280**	**757,439**	**3,172,798**
Representing:							
2014 final dividend proposed	–	–	–	–	–	27,122	27,122
Others	1,112,713	1,134,752	91,315	51,299	25,280	730,317	3,145,676
At 31st March 2014	**1,112,713**	**1,134,752**	**91,315**	**51,299**	**25,280**	**757,439**	**3,172,798**

24 RESERVES (Continued)

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
Company					
At 31st March 2012	1,112,713	1,323,648	25,280	263,471	2,725,112
Profit for the year	–	–	–	120,004	120,004
At 31st March 2013	1,112,713	1,323,648	25,280	383,475	2,845,116
Representing:					
2013 final dividend proposed	–	–	–	15,498	15,498
Others	1,112,713	1,323,648	25,280	367,977	2,829,618
At 31st March 2013	1,112,713	1,323,648	25,280	383,475	2,845,116
At 31st March 2013	1,112,713	1,323,648	25,280	383,475	2,845,116
Profit for the year	–	–	–	156,502	156,502
2013 final dividend	–	–	–	(15,498)	(15,498)
At 31st March 2014	**1,112,713**	**1,323,648**	**25,280**	**524,479**	**2,986,120**
Representing:					
2014 final dividend proposed	–	–	–	27,122	27,122
Others	1,112,713	1,323,648	25,280	497,357	2,958,998
At 31st March 2014	**1,112,713**	**1,323,648**	**25,280**	**524,479**	**2,986,120**

The revenue reserve is distributable. Under the Companies Act of Bermuda and the Bye-Laws of the Company, the contributed surplus is also distributable.

25 BORROWINGS

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current liabilities				
Short term bank loans				
Secured	**363,045**	213,253	**–**	–
Unsecured	**20,000**	–	**10,000**	–
	383,045	213,253	**10,000**	–
Current portion of long term bank loans	**196,639**	66,764	**–**	–
Portion of long term bank loans containing a repayment on demand clause	**38,279**	52,809	**–**	–
	617,963	332,826	**10,000**	–
Non-current liabilities				
Long term bank loans, secured	**1,175,635**	1,354,629	**–**	–
	1,793,598	1,687,455	**10,000**	–

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:

	2014	2013
	HK$'000	HK$'000
Repayable within one year	**196,639**	66,764
Repayable between one and two years	**79,730**	196,844
Repayable between two to five years	**1,134,184**	713,141
Repayable after five years	**–**	497,453
	1,410,553	1,474,202
Current portion included in current liabilities	**(196,639)**	(66,764)
	1,213,914	1,407,438

25 BORROWINGS (Continued)

The carrying amounts of the borrowings are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**1,482,066**	1,523,275	**10,000**	–
United States dollar	**211,935**	44,250	**–**	–
Canadian dollar	**48,487**	63,927	**–**	–
Japanese Yen	**51,110**	56,003	**–**	–
	1,793,598	1,687,455	**10,000**	–

The interest rates of the borrowings at the balance sheet date range from 0.61% to 3.16% (2013: 0.58% to 3.16%) per annum.

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

Subsequent to the balance sheet date, a total of HK$420 million short term loans outstanding as at 31st March 2014 was repaid and refinanced by the drawdown of long term bank facilities with maturities over 5 years.

26 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets with current income tax liabilities and when the deferred income tax related to the same tax jurisdiction. The offset amounts are as follows:

	2014	2013
	HK$'000	HK$'000
Deferred income tax assets	**1,554**	–
Deferred income tax liabilities	**(45,643)**	(45,629)
	(44,089)	(45,629)

26 DEFERRED INCOME TAX (Continued)

The movement of deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

DEFERRED INCOME TAX ASSETS

	Accelerated accounting depreciation		Fair value adjustments		Tax loss		Total	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
At the beginning of the year	–	–	–	–	–	3,959	–	3,959
Addition	11	–	–	–	7	–	18	–
Recognised in profit and loss account	(11)	–	1,545	–	185	(3,959)	1,719	(3,959)
At the end of the year	–	–	1,545	–	192	–	1,737	–

DEFERRED INCOME TAX LIABILITIES

	Accelerated tax depreciation		Fair value adjustments		Total	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
At the beginning of the year	(44,526)	(43,098)	(1,103)	(7,598)	(45,629)	(50,696)
Recognised in profit and loss account	(1,300)	(1,428)	1,103	6,495	(197)	5,067
At the end of the year	(45,826)	(44,526)	–	(1,103)	(45,826)	(45,629)

Deferred income tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$17 million (2013: HK$17 million) in respect of losses amounting to HK$94 million (2013: HK$95 million) that can be carried forward against future taxable income. Except for tax losses of HK$79 million (2013: HK$76 million) which have no expiry date, the balance will expire at various dates up to and including 2029 (2013: 2029).

27 OPERATING LEASE ARRANGEMENTS

(A) LESSOR

The Group leases out certain part of its hotel properties under operating leases which typically run for lease terms between 2 and 5 years.

At 31st March 2014, the future aggregate minimum rental receipts receivable under non-cancellable operating leases were as follows:

	2014	2013
	HK$'000	HK$'000
In respect of land and buildings:		
Within one year	**9,690**	13,290
In the second to fifth years inclusive	**8,583**	15,289
	18,273	28,579

(B) LESSEE

At 31st March 2014, the future aggregate minimum lease payments payable under non-cancellable operating leases were as follows:

	2014	2013
	HK$'000	HK$'000
In respect of land and buildings:		
Within one year	**1,974**	6,368
In the second to fifth years inclusive	**2,744**	8,585
After the fifth years	**–**	793
	4,718	15,746

28 CAPITAL COMMITMENTS

Capital commitments at the balance sheet date are as follows:

	2014 HK$'000	2013 HK$'000
Property, plant and equipment		
Contracted but not provided for	42,346	14,283
Authorised but not contracted for	306,448	389,016
	348,794	403,299

29 FINANCIAL GUARANTEES

	Group		Company	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Guarantees for the banking and loan facilities of subsidiaries	–	–	1,576,826	1,646,135
Guarantees for trading facilities of a subsidiary	–	–	1,797	8,220
	–	–	1,578,623	1,654,355

30 RELATED PARTY TRANSACTIONS

The major shareholders of the Group are Asia Standard International Group Limited ("ASI") and Asia Orient Holdings Limited ("Asia Orient"), companies incorporated in Bermuda and listed in Hong Kong. Asia Orient owns effectively 73.08% of the Company's shares. The remaining 26.92% shares are widely held.

30 RELATED PARTY TRANSACTIONS (Continued)

In addition to the related party information shown elsewhere in the financial statements, the following transactions were carried out with related parties:

(A) SALES AND PURCHASES OF GOODS AND SERVICES

	2014	2013
	HK$'000	HK$'000
Income from holding companies		
Hotel services from ASI (note (a))	**331**	696
Hotel services from Asia Orient (note (a))	**6**	–
Travel agency service from ASI (note (a))	**83**	331
Income from related companies		
Travel agency service (note (a))	**423**	–
Expenses to fellow subsidiaries		
Operating lease rental expense for properties (note (b))	**(2,925)**	(2,682)
Building management service expenses (note (c))	**(406)**	(363)
Project management service expenses (note (d))	**(4,080)**	(3,780)

Notes:

(a) Hotel services income and travel agency service income are subject to mutually agreed fees.

(b) Rental expense is subject to terms agreed by the parties involved, which are at a fixed monthly fee.

(c) Building management service expenses are at a fixed monthly fee.

(d) Project management service expenses are subject to mutually agreed terms.

(e) No significant transactions have been entered with the Directors of the Company (being the key management personnel) during the year other than the emoluments paid to them as disclosed in note 9.

30 RELATED PARTY TRANSACTIONS (Continued)

(B) KEY MANAGEMENT COMPENSATION

	2014 HK$'000	2013 HK$'000
Fee	**320**	320
Salaries, allowances and benefits in kind	**20,174**	24,552
Employer's contribution to retirement benefits scheme	**173**	167
	20,667	25,039

Key management includes the Company's Directors and five (2013: five) senior management members of the Group.

31 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

(A) RECONCILIATION OF PROFIT BEFORE INCOME TAX TO NET CASH GENERATED FROM OPERATIONS

	2014 HK$'000	2013 HK$'000
Profit before income tax	**373,248**	450,282
Depreciation	**83,444**	84,694
Interest income	**(2,290)**	(2,390)
Finance costs	**13,607**	15,729
(Gain)/loss on disposal of property, plant and equipment	**(1,249)**	323
Net investment gain	**(132,201)**	(217,536)
Fair value gain on interest rate swap	**(338)**	(3,064)
Operating profit before working capital changes	**334,221**	328,038
Decrease in inventories	**649**	123
Decrease/(increase) in trade and other receivables	**959**	(39,785)
(Increase)/decrease in financial assets at fair value through profit or loss	**(270,266)**	261,418
Increase/(decrease) in trade and other payables	**11,626**	(700)
Net cash generated from operations	**77,189**	549,094

31 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(B) ACQUISITION OF A SUBSIDIARY

	2014 HK$'000	2013 HK$'000
Fair value of net assets		
Property, plant and equipment	–	394,090
Trade and other receivables	–	752
Bank balances and cash	–	94
Trade and other payables	–	(402)
Income tax payable	–	(9)
Long term borrowings	–	(106,030)
Satisfied by cash payment	–	288,495

(C) ANALYSIS OF NET CASHFLOW IN RESPECT OF ACQUISITION OF A SUBSIDIARY

	2014 HK$'000	2013 HK$'000
Cash consideration	–	288,495
Bank balances and cash acquired	–	(94)
Net cash outflow arising from acquisition	–	288,401

32 PRINCIPAL SUBSIDIARIES

Listed below are the principal subsidiaries which, in the opinion of the Directors, principally affect the results and/or net assets of the Group.

(Unless indicated otherwise, they are indirectly wholly owned by the Company and have their principal place of operations in Hong Kong)

Name	Principal activity	Issued and fully paid share capital/ registered capital
Incorporated in Hong Kong		
Asia Standard Hotel (Holdings) Limited	Investment holding	HK$2
Empire Hotel International Company Limited	Securities investment	HK$2
JBC Travel Company Limited	Travel agency	HK$2,500,000
Master Asia Enterprises Limited	Hotel investment and operation	HK$10,000
Pacific Crown Enterprises Limited	Hotel investment	HK$1
Perfect Wave Limited	Catering operation	HK$2
Stone Pole Limited	Hotel investment and operation	HK$10
Sure Luck Development Limited	Hotel investment	HK$1
Vinstar Development Limited	Hotel investment and operation	HK$2
Incorporated in the British Virgin Islands		
Asia Standard Hotel (BVI) Limited *	Investment holding	US$1
Concept Eagle Limited	Investment holding	US$1
Enrich Enterprise Ltd. #	Hotel investment	US$1
Global Gateway Corp. #	Hotel operation	US$1
Glory Ventures Enterprises Inc. #	Hotel investment	US$1
Greatime Limited	Securities investment	US$1
Onrich Enterprises Limited	Securities investment	US$1
Topshine Investment Holdings Limited	Securities investment	US$1

Operates in Canada

* *Directly wholly owned by the Company*

33 HOLDING COMPANIES

The Directors regard Asia Orient, incorporated in Bermuda and listed in Hong Kong, as being the ultimate holding company, and ASI, a company incorporated in Bermuda and listed in Hong Kong, as being the intermediate holding company.

34 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 26th June 2014.

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