



ASIA ORIENT HOLDINGS LIMITED

Stock Code: 214

Annual Report 2015



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Corporate Information

DIRECTORS

EXECUTIVE

Mr. Fung Siu To, Clement (*Chairman*)
Dr. Lim Yin Cheng (*Deputy Chairman*)
Mr. Poon Jing (*Managing Director and Chief Executive*)
Mr. Poon Hai
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas

INDEPENDENT NON-EXECUTIVE

Mr. Cheung Kwok Wah
Mr. Hung Yat Ming
Mr. Wong Chi Keung

AUDIT COMMITTEE

Mr. Hung Yat Ming (*Chairman*)
Mr. Cheung Kwok Wah
Mr. Wong Chi Keung

REMUNERATION COMMITTEE

Mr. Wong Chi Keung (*Chairman*)
Mr. Fung Siu To, Clement
Mr. Hung Yat Ming

AUTHORISED REPRESENTATIVES

Mr. Fung Siu To, Clement
Mr. Lun Pui Kan

COMPANY SECRETARY

Mr. Tung Kwok Lui

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 <http://www.asiaorient.com.hk>
E-mail aoinfo@asiastandard.com

PRINCIPAL BANKERS

HSBC
Bank of China (Hong Kong)
Hang Seng Bank
Industrial and Commercial Bank of China (Asia)
Bank of East Asia
Chiyu Banking
Chong Hing Bank
Barclays Bank
Bank Morgan Stanley
UBS
Bank Julius Baer

LEGAL ADVISERS

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

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

AUDITOR

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

SHARE REGISTRAR IN BERMUDA

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

Financial Highlights

For the year ended 31st March **2015** 2014 **Change**
(In HK\$ million, except otherwise indicated)

Consolidated profit and loss account

Revenue	1,359	1,308	+4%
Operating profit	954	1,524	-37%
Profit attributable to shareholders of the Company	513	774	-34%
Earnings per share – basic (HK\$)	0.65	1.07	-39%

Consolidated balance sheet

Total assets	27,805	25,434	+9%
Net assets	19,902	19,005	+5%
Equity attributable to shareholders of the Company	9,823	9,264	+6%
Net debt	5,311	3,948	+35%

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

Revalued total assets	31,605	28,271	+12%
Revalued net assets	24,282	22,430	+8%
Equity attributable to shareholders of the Company	11,532	10,589	+9%
Equity attributable to shareholders of the Company per share (HK\$)	14.21	14.06	+1%
Gearing – net debt to revalued net assets	22%	18%	+4%

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

The four hotel properties in Hong Kong and Canada were revalued by Vigers Appraisal & Consulting Limited and CBRE Limited respectively, independent professional valuers, on an open market value basis for both years.

Chairman's Statement

The Group is pleased to report a HK\$513 million profit attributable to shareholders for the year, and shareholders' funds (with hotels at valuation) increased to HK\$11.5 billion.

Our JV luxurious house development in Shanghai is near completion and will be launched very soon in the second half of the year.

The Group's investment properties continue to appreciate and with the expansion of the leasing portfolio, rental income increases. Income from financial investments also moves up with increase in investment size. Hotel performance is however less than last year, with decline in room rates, in part due to increase in the market's room supply and in part due to the local political turmoil. Hotel management has taken proactive measures to alleviate the situation.

Overall, the Group's recurrent income increases as compared to last year.

Management remains cautious in the face of today's uncertain global environment.

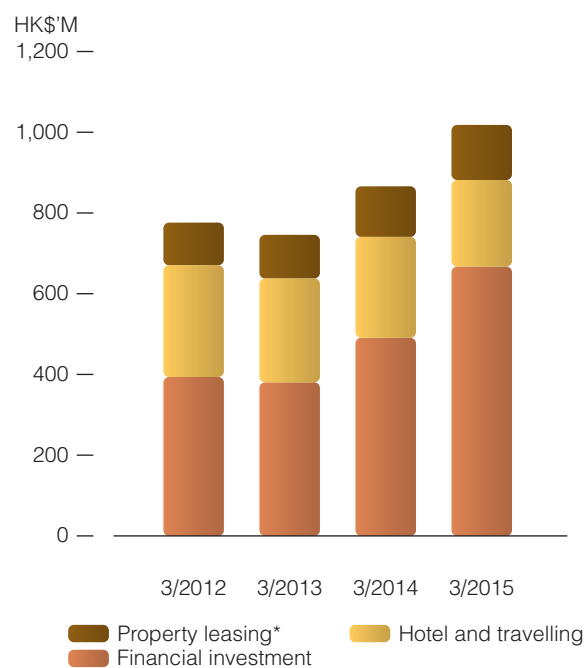
We take this opportunity to thank all our staff for their efforts extended during the year.

Fung Siu To, Clement

Chairman

Hong Kong, 24th June 2015

Recurring profit contribution



* includes share of net rental income from an associated company

Business Model and Strategies

Asia Orient has established a well-diversified business model that encompasses four main operating segments namely, property investments, hospitality and travel, financial investments and property development in Hong Kong and first tier cities in China. The Group's property investments, hospitality and travel and financial investments provide a stable recurring income source to the Group, while the property development business is the core driver for the Company's dynamic growth.

The Group's property development business in Hong Kong continues to identify and craft signature properties, leveraging on our expertise in conceiving, designing and developing luxury residential developments. The Group's approach to land banking is to invest in prime locations characterised by its transportation conveniences and connectivity. For projects in China, the Group focuses on larger-scale developments in first tier cities, whereby we aim to replicate the success we have experienced in Hong Kong into China. The Group remains confident in pursuing attractive investment opportunities in tier one cities, as we believe these cities have a sustainable and fundamental demand for housing. At present, while the Group concentrates its' business activities in Hong Kong and Mainland China, we will consider thoroughly to expand selectively elsewhere should opportunities arise.

In Hong Kong, the Group's investment properties portfolio comprises commercial and retail spaces in prime locations, namely Central, Wanchai and Causeway Bay. The Group also owns and operates three hotels in core CBDs of Hong Kong and one hotel in downtown Vancouver, Canada. Our diverse property investment portfolio reduces the adverse impact of market volatility and offset particular cyclicity of each business segments. These segments of our business provide a growing and recurring income source to the Group that enhances the Company's liquidity and complements our property development arm.

With regards to financial investments, the Group's foremost objective is to generate stable recurring income on a relatively longer-term basis. The portfolio is mainly comprised of equity and debt investments.

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

- (i) Build on our reputation and track record of premium property development in Hong Kong and China**
Our development strategy is to continue to invest primarily in Hong Kong and first-tier cities in China. The Group will continue to expand its property development business through carefully selected opportunities in premium as well as large-scale residential development. Leveraging our expertise as a premium residential developer with an international standard, we will continue to look for opportunities to increase our presence in Greater China.
- (ii) Growing recurring income from investment properties and financial investment portfolio**
The Group has a diversified property and financial investment portfolio generating a recurring and steady income source. Our investment properties comprise of a mix of commercial and retail spaces situated in core central business district in Hong Kong. The Group's financial investment portfolio provides a liquidity buffer and recurring income as well as a diversified cash flow stream, enabling us to finance existing projects and seize potential investment as opportunities arise.
- (iii) To expand and grow our hotel business in prime CBDs and to strive for excellence in management and operations**
The Group owns and operates four hotels under the "Empire" brand, three of which are in core locations of Hong Kong and one in downtown Vancouver, Canada. Our three hotels in Hong Kong are situated within central hubs 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 ensuring efficient deployment of resources for achieving maximum cost benefit. The prime locations further allow us to cater to both business visitors and tourists, which has led us to maintain a high occupancy and RevPAR at our hotels.
- (iv) 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 shareholder in the long term.

Management Discussion and Analysis



Queen's Gate in Shanghai

RESULTS

The Group's revenue for the year amounted to HK\$1,359 million (2014: HK\$1,308 million), it recorded a HK\$513 million (2014: HK\$774 million) profit attributable to shareholders. The decrease in profit is mainly due to mark-to-market valuation loss of the Group's financial investments as compared to last year's gain.

The Group's property sales, development and leasing operation is carried out through Asia Standard International, its 51.2% owned listed subsidiary.

PROPERTY SALES AND DEVELOPMENT

SALES

The Group did not contract any sale nor launch any new development during the year, while a HK\$160 million sale of the inventory in Yau Tong was recognised last year.

In Shanghai, the superstructure construction in the traditional high end and low-density residential neighborhood is near completion, providing over 300 villas and apartments with total construction floor area of approximately 1,080,000 sq. ft. Marketing and sales activities are rolling out and following the issuance of pre-sale consent, this 50% joint venture luxurious residential development will be put on market for sale in the near term.



Queen's Gate in Shanghai

DEVELOPMENT

In Hong Kong, the luxurious high rise residential joint venture redevelopment at Perkins Road, Jardine's Lookout is currently under foundation construction.

Our Hung Shui Kiu development is currently undergoing land exchange process. Approval for a development scheme under Town Planning Board was obtained. The 112,000 sq. ft. site will provide approximately 900 residential units and retail shops with an approximate total GFA of 519,000 sq. ft., which are conveniently located adjacent to a light rail station linked to the West Rail network. Another residential development at the Lam Tei station is in the process of land exchange application with the government.

In Beijing, we have obtained all the building planning permits for the approximately 2,360,000 sq. ft. floor area waterfront residential/commercial development. Land clearances and resettlement for this 50% joint venture development in Tongzhou are currently under preparation. Structural and foundation design has commenced and demolition will start once resettlement completes.

Our application for the development of the approximately 190,000 sq. ft. site in Seac Pac Van zoning outline was submitted in Macau. The application is now under process.

Shortly after the year end, the Group completed the acquisition of a 40% joint venture residential re-development project in the mid-levels, which will be another luxurious re-development.

Management Discussion and Analysis

LEASING

In October 2014, the Group acquired the ownership of a connected tower in a complex in Wanchai at the consideration of HK\$1.1 billion, adding approximately 80,000 sq. ft. to the leasing portfolio. The two buildings are structurally connected to each other, resulting in a much larger floor plate accommodation.

Rental income attributable to our 433,000 sq. ft. investment properties portfolio in Central, Wan Chai and Causeway Bay amounted to HK\$152 million (2014: HK\$134 million), an increase of 13%.

Revaluation gain (including that generated from an investment property owned by an associated company) of HK\$978 million (2014: HK\$270 million) was recorded.



Asia Orient Tower in Wanchai (including the newly acquired connected tower)



Empire Hotel Causeway Bay and the adjacent new hotel



Empire Hotel Kowloon and the adjacent new hotel development

HOTEL

The hotel and travel operation is carried out through Asia Standard Hotel, another separately listed subsidiary 70.2% owned by Asia Standard International, and 3% directly owned by the parent group.

During the year, overnight stay visitors to Hong Kong increased 4% to approximately 27 million. Growth has come from short haul markets where Mainland China continues to be the most important inbound source.

In the face of a 4% increase in total hotel room supply during the year, revenue arising from the hotel and travel segment amounted to HK\$536 million (2014: HK\$518 million). Average room rates of the 3 Hong Kong hotels dropped by 8% while average occupancies continued to exceed 95%. As a result, contribution to segment results before depreciation was approximately HK\$213 million (2014: HK\$249 million).

Foundation work of the adjacent new hotel in Causeway Bay was completed during the year and superstructure works have commenced. This will add 94 rooms upon completion in 2016. The foundation work of the other new hotel in Tsimshatsui was also completed at end of the financial year and superstructure construction will soon commence, adding another 90 rooms to the portfolio upon full completion in 2017.

FINANCIAL INVESTMENTS

At 31st March 2015, the Group's financial investment portfolio amounted to HK\$6,659 million (2014: HK\$6,382 million), of which HK\$6,079 million (2014: HK\$5,714 million) were held in the Group's two listed subsidiaries. The increase arose from a further investment of HK\$918 million and a mark-to-market valuation loss of HK\$641 million. The investment loss is partly due to devaluation of Sterling and Euros and partly due to price changes of equity and debt securities arising from slowdown in Mainland's economy and property market.

Interest and dividend income for the year from these investments amounted to HK\$661 million (2014: HK\$489 million). The increase is mostly due to the larger debt securities investment portfolio.

Our financial investments comprise 71% by listed debt securities (of which approximately 96% were issued by PRC real estate companies), and 28% by listed equity securities (of which approximately 80% were issued by large banks). They are denominated in different currencies with 69% in United States dollar, 10% in Sterling, 9% in Renminbi, 9% in Hong Kong dollar and 3% in Euro.

At 31st March 2015, an approximate value of HK\$1,600 million (2014: HK\$1,140 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

FINANCIAL REVIEW

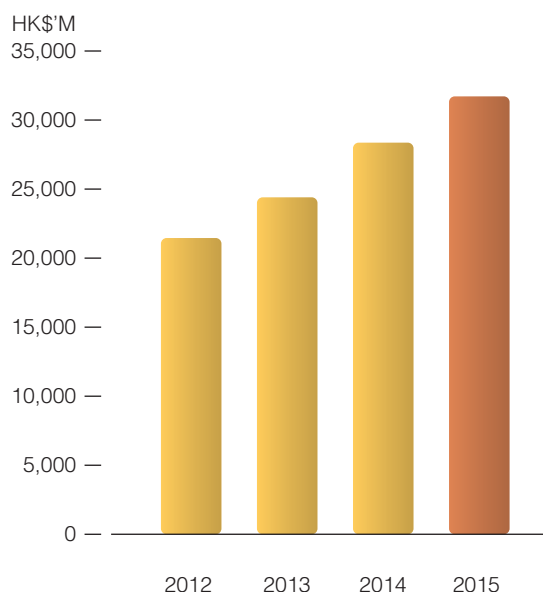
The financing and treasury activities of our three listed groups are independently administered. At 31st March 2015, the Group had over HK\$5 billion cash and undrawn banking facilities.

At 31st March 2015, the Group's total assets amounted to approximately HK\$27.8 billion (2014: HK\$25.4 billion). Net assets were HK\$19.9 billion (2014: HK\$19.0 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group would be HK\$31.6 billion (2014: HK\$28.3 billion) and HK\$24.3 billion (2014: HK\$22.4 billion).

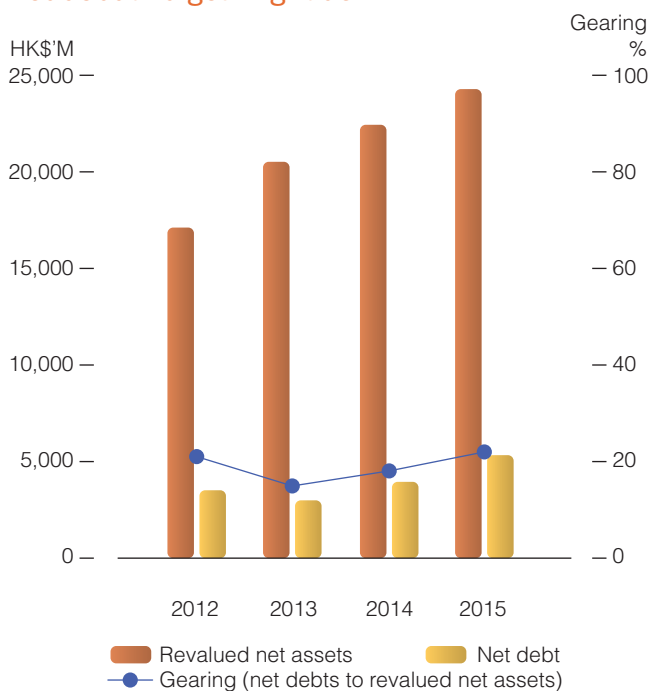
In July 2014, the Group issued HK\$100 million 5-year medium term notes out of its medium term note programme, adding to the existing RMB500 million issued in April 2013. After the year end, the Group issued further HK\$250 million 5-year floating rate medium term notes.

Net debt at 31st March 2015 was HK\$5,311 million (2014: HK\$3,948 million), of which net cash of HK\$153 million (2014: net debt of HK\$30 million) was attributable to the parent group. The increase is due to acquisition of the commercial building and further financial investments. The Group's gearing, calculated as net debt to revalued net asset, was approximately 22% (2014: 18%).

Revalued total assets



Revalued net assets, net debt and gearing ratio



77% of the debts are secured and 82% of the debts are at floating rates. As at 31st March 2015, RMB500 million cross currency swap contracts were held to hedge the repayment of Renminbi medium term notes. Total interest cost increased as a result of increased borrowings during the year.

Currently the maturities of our debts are spreading over a long period of up to 12 years. Revolving loans account for 11% and term loans secured by financial assets repayable between one to five years account for 7%. Term loans secured by property assets account for 61% with 7% repayable within 1 year, 40% repayable between one to five years and 14% repayable after five years. The remaining 21% comprise unsecured syndicated loan and medium term notes. As at 31st March 2015, the Group had net current assets of HK\$7.2 billion (2014: HK\$7.9 billion).

About 75% of the Group's borrowings are in Hong Kong dollar, 9% in Renminbi, 8% in Euro, 7% in United States dollar, and the remaining 1% in other currencies.

At 31st March 2015, an approximate HK\$17.9 billion (2014: HK\$15.8 billion) book value of property assets were pledged to banks as collateral for credit facilities granted to the Group. HK\$617 million guarantee (2014: HK\$380 million) was provided to financial institutions against credit facilities granted to joint ventures.



Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

At 31st March 2015, the Group employed approximately 590 (2014: 570) employees. Their remuneration packages, commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

FUTURE PROSPECTS

Local property market turns stable after digestion of various government interventions, being supported by the low interest rate environment. In the Mainland, the increased monetary supply and the lowering of interest rates lend support to the property market participants.

Financial investment ahead appears to be challenging as a number of major economies are pushing different agendas which influence the macro conditions of one another.

Local political turmoil is posting pressure on hotel performance. With the advantage of prime location of our hotels in city centre, management is expanding the room numbers and thus capturing more revenue upon these extensions coming into operation.

Management holds a cautious stance but remains affirmative in the Group's performance.

Five-year Financial Summary

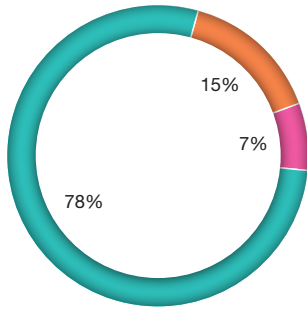
Year ended 31st March (in HK\$ million)	2015	2014	2013	2012	2011
Group results					
Revenue	1,359	1,308	1,027	1,253	194
Gross profit	1,116	978	836	877	156
Net investment (loss)/gain	(645)	694	831	(1,690)	344
Fair value gain of investment properties	866	213	1,120	898	59
Net finance costs	(92)	(91)	(45)	(22)	(17)
Share of profits less losses of Joint ventures	(11)	(3)	(5)	(6)	(5)
Associated companies	127	75	320	236	916
Gain on business combination	–	–	–	–	1,539
Profit/(loss) attributable to shareholders of the Company	513	774	1,364	(89)	2,791
Consolidated balance sheet					
Total assets	27,805	25,434	22,012	19,795	20,045
Total liabilities	(7,903)	(6,429)	(4,480)	(4,962)	(5,101)
Non-controlling interests	(10,079)	(9,741)	(9,159)	(7,853)	(7,898)
Equity attributable to shareholders of the Company	9,823	9,264	8,373	6,980	7,046

The Group's shareholdings in Asia Standard International Group Limited ("Asia Standard") increased to over 50% in end of January 2011, the status of Asia Standard thus changed from an associated company of the Group to a subsidiary from February 2011 onwards. The results were consolidated since then. Prior to that, the results of Asia Standard were equity accounted for as share of results of associated companies.

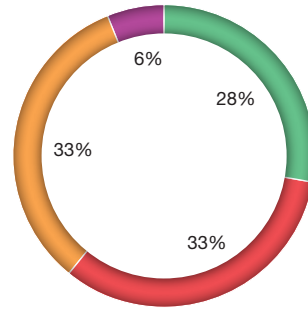
Principal Properties

As at 31st March 2015

Type of properties (by area)



Properties by geographic location (by area)



Attributable GFA (sq. ft.)

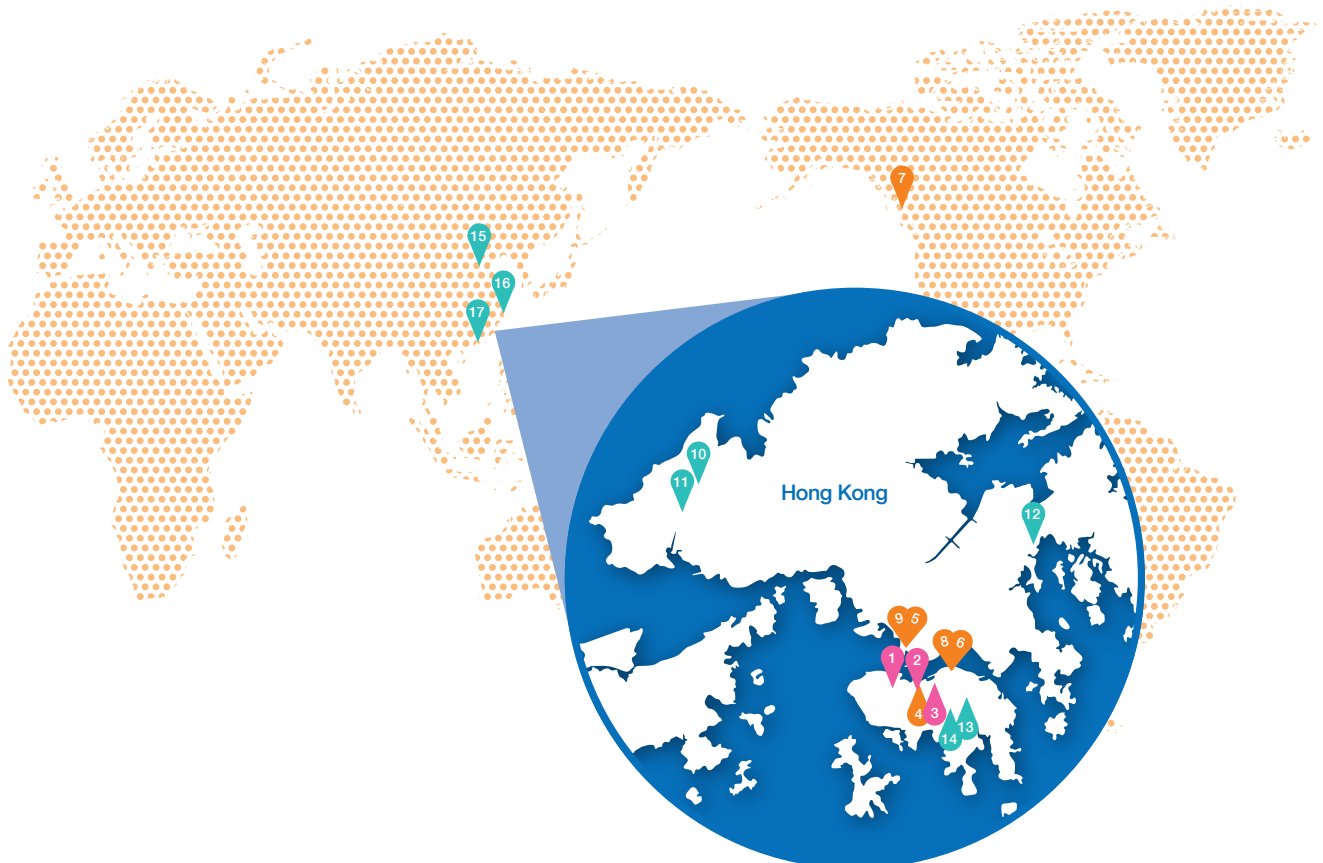
■ Properties under development for sale	2,075,000
■ Hotel properties	385,000
■ Investment properties	190,000

Total **2,650,000**

Attributable GFA (sq. ft.)

■ Hong Kong	738,000
■ Macau	871,000
■ Mainland China	881,000
■ Canada	160,000

Total **2,650,000**



Principal Properties

As at 31st March 2015

Properties	Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Type
I INVESTMENT PROPERTIES				
01 Asia Standard Tower 59-65 Queen's Road Central, Hong Kong.	51.2%	7,800	133,000	Commercial
02 Asia Orient Tower Town Place, 33 Lockhart Road, Wanchai, Hong Kong.	51.2%	7,300	202,000	Commercial
03 Goldmark 502 Hennessy Road, Causeway Bay, Hong Kong.	16.9%	6,300	106,000	Commercial
II HOTEL PROPERTIES				
04 Empire Hotel Hong Kong 33 Hennessy Road, Wanchai, Hong Kong.	39.0%	10,600	184,000 (363 rooms)	Hotel
05 Empire Hotel Kowloon 62 Kimberley Road, Tsimshatsui, Kowloon.	39.0%	11,400	220,000 (343 rooms)	Hotel
06 Empire Hotel Causeway Bay 8 Wing Hing Street, Causeway Bay, Hong Kong.	39.0%	6,200	108,000 (280 rooms)	Hotel
07 Empire Landmark Hotel 1400 Robson Street, Vancouver B.C., Canada.	39.0%	41,000	410,000 (358 rooms)	Hotel
08 New hotel (under development) 8A&B Wing Hing Street, Causeway Bay, Hong Kong.	39.0%	2,000	31,000 (94 rooms)	Hotel
09 New hotel (under development) 10-12 Kimberley Road, Tsimshatsui, Kowloon.	39.0%	2,800	34,000 (90 rooms)	Hotel

Principal Properties

As at 31st March 2015

Properties	Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Type	Stage
III PROPERTIES UNDER DEVELOPMENT FOR SALE					
10 Hung Shui Kiu Yuen Long, New Territories.	51.2%	112,000	519,000	Residential/ Commercial	Planning application
11 Lam Tei Tuen Mun, New Territories.	51.2%	18,500	66,500	Residential	Planning application
12 Sha Ha Sai Kung, New Territories.	3.8%	620,000	300,000	Residential	Planning
13 47-49 Perkins Road, Jardine's Lookout, Hong Kong	10.2%	23,000	69,000	Residential	Foundation
14 2-2A Henderson Road, Jardine's Lookout, Hong Kong	51.2%	16,000	9,600	Residential	Foundation
15 72 Yong Shun Street West, Tongzhou District, Beijing, PRC	25.6%	550,000	2,360,000	Residential/ Commercial	Preparing land clearances
16 Queen's Gate Qingpu District, Shanghai, PRC	25.6%	1,557,000	1,080,000	Residential	Superstructure
17 Seac Pai Van, Coloane, Macau	51.2%	190,000	1,700,000	Residential	Planning application

Corporate Governance Report

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 six Executive Directors and three Independent Non-executive Directors. The posts of Chairman and Chief Executive are separate and are not held by the same individual. The Chairman, Mr. Fung Siu To, Clement, is responsible for overseeing the functioning of the Board and the strategies and policies of the Group. The Chief Executive and the Managing Director, Mr. Poon Jing, 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 of the Company (the “Bye-Laws”), 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 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.

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
Fung Siu To, Clement	Chairman	4/4	1/1
Lim Yin Cheng	Deputy Chairman	4/4	1/1
Poon Jing	Managing Director and Chief Executive	3/4	0/1
Poon Hai	Executive Director	4/4	1/1
Lun Pui Kan	Executive Director	4/4	1/1
Kwan Po Lam, Phileas	Executive Director	4/4	1/1
Hung Yat Ming	Independent Non-executive Director	4/4	1/1
Cheung Kwok Wah	Independent Non-executive Director	4/4	1/1
Wong Chi Keung	Independent Non-executive Director	4/4	1/1

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. Wong Chi Keung, an Independent Non-executive Director of the Company is the Chairman of the Remuneration Committee. The Remuneration Committee currently comprises the Chairman of the Company, Mr. Fung Siu To, Clement, and two Independent Non-executive Directors, Mr. Hung Yat Ming and Mr. Wong Chi Keung. 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 comprises all the Independent Non-executive Directors, Mr. Hung Yat Ming (as the Chairman), Mr. Cheung Kwok Wah and Mr. Wong Chi Keung. 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 2015.

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. 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 2015.

CORPORATE GOVERNANCE CODE

During the year, the Company has complied with the code provisions of the Code, except the following deviations:

1. Code Provision A.4.1 of the 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; and
2. Code Provision A.5.1 of the 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, the Board may from time to time and at any time appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office until the next following annual general meeting of the Company and shall then 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 44 of this annual report.

An amount of HK\$7,781,000 (2014: HK\$7,652,000) 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\$2,008,000 (2014: HK\$1,694,000).

SHAREHOLDERS' RIGHTS

Subject to the applicable laws and regulations, the Listing Rules and the Bye-Laws as amended from time to time, 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 SHAREHOLDER 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 30/F., 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 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 SHAREHOLDER 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 30/F., 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 Directors according to the records provided by the Directors are as follows:

Directors	Type of training
Fung Siu To, Clement	B
Lim Yin Cheng	B
Poon Jing	B
Poon Hai	B
Lun Pui Kan	A, B
Kwan Po Lam, Phileas	B
Hung Yat Ming	A, B
Cheung Kwok Wah	A, B
Wong Chi Keung	A, 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

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.asiaorient.com.hk> 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 enquires and concerns to the Board in writing to the principal office of the Company in Hong Kong or by e-mail to ainfo@asiastandard.com for the attention of the Company Secretary.

CORPORATE SOCIAL RESPONSIBILITY REPORT

We are committed to contributing to the sustainability of the environment and community in which we conduct business and where our stakeholders live.

ENVIRONMENTAL PROTECTION

(a) Property management

The Group is dedicated to the adoption of green management standards to promote environmental considerations. Within our property management division, process is designed to ensure energy saving through power out in non-operating hours of building facilities (such as non-reserved club house facilities), used clothes donation campaign was carried out to provide assistance to those in need and wasted paper recycling is encouraged in office building to respond to calls for conservation. As part of our energy conservation strategy, the Group has committed to replacement of obsolete lighting fixture with environmentally friendly alternative. Electric car recharging facilities are also adopted at Jadewater, Aberdeen to facilitate the recharging of the electric cars by the residents of the building.

(b) Property development

As a responsible developer, the Group is conscious of environmental protection issues on the design and construction of our properties. Over the years, the design and construction of our properties has been in line with the green features as laid down in the Joint Practice Note Nos. 1-2 in relation to "Green and Innovative Buildings" issued jointly by the Buildings Department, Lands Department and Planning Department. The objectives of such green features mainly encompass: (a) to maximise the use of natural renewable resources and recycled/green building material; (b) to minimise the consumption of energy, in particular those non-renewable types; and (c) to reduce construction and demolition waste. For our development projects in Hung Shui Kiu, Yuen Long and Nos. 47-49 Perkins Road, Jardine's Lookout, Hong Kong, a number of green features will be designed by our consultants team and implemented in line with the latest government policy in fostering a quality and sustainably built environment, which will lead to BEAM-Plus Certification after the completion of the project. BEAM-Plus is a comprehensive environmental assessment scheme for buildings recognised by The Hong Kong Green Building Council Limited.

(c) Hotel Business

The design of our hot water system in Empire Hotel in Causeway Bay was divided in three zones for optimal gas supply and energy saving. Air-conditioning 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 latest 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. As regards to the new hotel development at our sites in Causeway Bay and Tsim Sha Tsui, Asia Standard Hotel Group Limited ("Asia Standard Hotel") has obtained the provisional certificates of BEAM-Plus (Building Environmental Assessment Method) Version 1.1 for New Buildings.

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 COMMUNITY

The Group has during the year made donations of HK\$1,248,000 to a number of charitable organisations, such as Heep Hong Society, The Hong Kong AIDS Foundation Limited, Suicide Prevention Services Limited and Hong Kong Paralympic Committee & Sports Association for the Physically Disabled.

"The Art of Caring" Community Care Program was launched in 2009 by Asia Standard Hotel 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 2014/2015, the following activities were organised:

- 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 to April 2014.

Corporate Governance Report

- Dining Etiquette Workshops in Empire's Kitchen of Empire Hotel Kowloon 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 March 2015.
- "SAHK Angels in the Realm of Empire Glory" musical performances at Empire Hotel Kowloon where school bands of three secondary schools from SAHK performed festive Christmas music in the hotel lobby on 23rd and 24th December 2014.

Other activities of "The Art of Caring" Community Care Program in the past include: OLE² (Other Learning Experiences x Opportunities for Life Enrichment), Love & Sharing Cookies Making Workshops, Charity Bazaar, Schools Outreach, and sponsorships to parents' training workshops.

Joining hands with SAHK, Asia Standard Hotel 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.

In addition, Asia Standard Hotel has been for a sixth year in a row awarded the Caring Company title 2014/2015 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.

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

FUNG Siu To, Clement

Aged 66, is the Chairman and a member of the Remuneration Committee of the Company. He is also the Chairman and an executive director and a member of the remuneration committee of the listed subsidiary, Asia Standard International Group Limited ("Asia Standard"), and an executive director of the listed subsidiary, Asia Standard Hotel Group Limited ("Asia Standard Hotel"). Mr. Fung is also a director of certain subsidiaries of the Company. 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 Company and its subsidiaries (together the "Group") in 1988 and has over 30 years of experience in project management and construction. He is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, an Executive Director and the Development Manager of the Company respectively. He is also the brother-in-law of Mr. Poon Jing and Dr. Lim Yin Cheng, the Managing Director and the Deputy Chairman of the Company respectively.

LIM Yin Cheng

Aged 70, is the Deputy Chairman of the Company. He is also the Deputy Chairman and an executive director of Asia Standard and the Deputy Chairman, Chief Executive, an executive director and a member of the remuneration committee of Asia Standard Hotel. Dr. Lim is also a director of certain subsidiaries of the Company. 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 1992. He is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, an Executive Director and the Development Manager of the Company respectively. He is also the brother-in-law of Mr. Poon Jing and Mr. Fung Siu To, Clement, the Managing Director and the Chairman of the Company respectively.

POON Jing

Aged 60, is the Chief Executive and Managing Director of the Company. He is also the Chief Executive, Managing Director and an executive director of Asia Standard, the Chairman and an executive director of Asia Standard Hotel. Mr. Poon is also a director of certain subsidiaries of the Company. He is the founder of the Group. He is the father of Mr. Poon Hai and Mr. Poon Yeung, Roderick, an Executive Director and the Development Manager of the Company respectively. He is also the brother-in-law of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman and the Deputy Chairman of the Company respectively.

POON Hai

Aged 29, is an Executive Director of the Company. He is also an executive director and a member of the remuneration committee of Asia Standard, and an executive director of Asia Standard Hotel. Mr. Poon is also a director of certain subsidiaries of the Company. 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. He is the son of Mr. Poon Jing and the brother of Mr. Poon Yeung, Roderick, the Managing Director and the Development Manager of the Company respectively. He is also the nephew of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman and the Deputy Chairman of the Company respectively. He joined the Group in 2009.

LUN Pui Kan

Aged 51, is the Finance Director of the Company and Asia Standard. Mr. Lun is also a director of certain subsidiaries of the Company. Mr. Lun has over 25 years of experience in accounting and finance. He is a holder of a Bachelor of Science (Engineering) degree and is an associate member of The Hong Kong Institute of Certified Public Accountants ("HKICPA") and a fellow member of The Association of Chartered Certified Accountants ("ACCA"). He joined the Group in 1994.

KWAN Po Lam, Phileas

Aged 56, is an Executive Director of the Company and Asia Standard. Mr. Kwan is also a director of certain subsidiaries of the Company. Mr. Kwan is a holder of a Bachelor of Business Administration degree. He joined the Group in 1986 and is responsible for property sales and leasing. He has over 30 years of experience in property sales, leasing and real estate management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

HUNG Yat Ming

Aged 63, is an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Hung 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. He 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. He is a member of The Institute of Chartered Accountants of Scotland and HKICPA. Mr. Hung is also an independent non-executive director, the chairman of the audit committee and remuneration committee of Asia Standard Hotel. He is also an independent non-executive director of Hong Kong Life Sciences and Technologies Group Limited, a company listed on the Growth Enterprise Market of the Stock Exchange. He joined the Group in September 2004.

On 20th May 2015, Mr. Hung resigned as an independent non-executive director of Sunway International Holdings Limited, a company listed on the Stock Exchange.

CHEUNG Kwok Wah

Aged 58, is an Independent Non-executive Director and a member of the Audit Committee of the Company. Mr. Cheung has over 25 years of experience in the finance field, during which he held various senior management positions with many public listed companies. He is a solicitor of Hong Kong, and is now the Chief Business Development Officer of Future Bright Holdings Limited. He joined the Group in June 1996.

WONG Chi Keung

Aged 60, is an Independent Non-executive Director, a member of the Audit Committee and the Chairman of Remuneration Committee of the Company. Mr. Wong holds a Master degree in Business Administration from The University of Adelaide in Australia. He is a fellow member of HKICPA, ACCA and CPA Australia; an associate member of The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants. Mr. Wong is also a responsible officer for asset management, advising on securities and corporate finance activities for Greater China Capital Limited under the Securities and Futures Ordinance.

Mr. Wong was an executive director, the Deputy General Manager, Group Financial Controller and Company Secretary of Yuexiu Property Company Limited (formerly known as Guangzhou Investment Company Limited) which is a company listed on the Stock Exchange, for over ten years. He is an independent non-executive director, the chairman of remuneration committee and a member of the audit committee of Asia Standard. He is also an independent non-executive director and a member of audit committee of Century City International Holdings Limited, China Nickel Resources Holdings Company Limited, China Ting Group Holdings Limited, ENM Holdings Limited, Golden Eagle Retail Group Limited, Paliburg Holdings Limited, Regal Hotels International Holdings Limited, TPV Technology Limited, Yuan Heng Gas Holdings Limited (formerly known as Ngai Lik Industrial Holdings Limited) and Zhuguang Holdings Group Company Limited, all of which are listed on the Stock Exchange. Mr. Wong has over 35 years of experience in finance, accounting and management. He joined the Group in 2004.

On 25th March 2015, Mr. Wong was appointed as an independent non-executive director, the chairman of the audit committee, a member of each of the remuneration committee and nomination committee of Changfeng Axle (China) Company Limited, a company listed on the Stock Exchange.

SENIOR MANAGEMENT

NG Siew Seng, Richard

Aged 63, is the Group General Manager of Asia Standard Hotel. Mr. Ng is also a director of a subsidiary of Asia Standard Hotel. Mr. Ng is responsible for the development and management of the hotel group's hospitality operations. With over 3 decades' 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 Asia Standard Hotel Group in September 2007.

WOO Wei Chun, Joseph

Aged 51, is an Executive Director and the Group Financial Controller of Asia Standard Hotel. Mr. Woo is also a director of certain subsidiaries of Asia Standard Hotel. Mr. Woo is qualified as a U.S. Certified Public Accountant (Illinois) and is an associate member of 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 Asia Standard Hotel Group in 2006.

WONG Hoi Yan

Aged 42, is the General Manager of Project Management Division of Asia Standard. Ms. Wong holds a Bachelor of Arts degree in Architectural Studies and Master of Architecture from The University of Hong Kong and Master of Science degree in Project Management from The Hong Kong Polytechnic University. She is a Registered Architect in Hong Kong, a Member of The Hong Kong Institute of Architects and an Authorized Person under the Buildings Ordinance. She is also a LEED Accredited Professional and BEAM Pro under the Hong Kong Green Building Council. Ms. Wong is responsible for property development and project management. She has over 16 years of experience in project planning and management. She joined Asia Standard in March 2014.

POON Yeung, Roderick

Aged 26, is the Development Manager of the Company and Asia Standard. Mr. Poon is also a director of certain subsidiaries of Asia Standard. He is responsible for the Group's project management, investment and business development. Mr. Poon is the son of Mr. Poon Jing and the brother of Mr. Poon Hai, the Managing Director and an Executive Director of the Company respectively. He is also the nephew of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman and the Deputy Chairman of the Company respectively. He joined the Group in 2012.

Note:

Messrs. Poon Jing, Fung Siu To, Clement, Poon Hai and Lun Pui Kan are directors of Teddington Holdings Limited and Heston Holdings Limited. Both companies have interests in the share capital of the Company discloseable to the Company under the provisions of Divisions 2 and 3 of the Part XV of the SFO.

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31st March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 38 to the financial statements.

The activities of the Group are mainly based in Hong Kong. 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 46.

The Company did not pay an interim dividend for the year ended 31st March 2015 (2014: Nil).

The Board recommends a final dividend of HK4 cents (2014: HK4 cents) per share with a scrip option, totaling HK\$32,456,000 (2014: HK\$30,590,000) for the year ended 31st March 2015.

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.

CONVERTIBLE BONDS

Details of the convertible bonds of the Company are set out in note 31 to the financial statements.

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 27 to the financial statements.

RESERVES

Movement in the reserves of the Group and the Company during the year are set out in note 28 to the financial statements.

PRINCIPAL PROPERTIES

Details of the principal properties of the Group are set out on pages 14 to 16.

DONATIONS

During the year, the Group made charitable and other donations of HK\$1,248,000 (2014: HK\$3,117,000).

DIRECTORS

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

Mr. Fung Siu To, Clement
Dr. Lim Yin Cheng
Mr. Poon Jing
Mr. Poon Hai
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas
Mr. Hung Yat Ming
Mr. Cheung Kwok Wah
Mr. Wong Chi Keung

Messrs. Kwan Po Lam, Phileas and Cheung Kwok Wah will retire from office by rotation in accordance with the Bye-Laws of the Company and Mr. Poon Jing will retire to comply with 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") 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 27 to 29.

DIRECTORS' INTERESTS IN AND CONTRACTS

No contracts of significance in relation to the Company's business to which the Company, its subsidiaries 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 schemes of the Company as disclosed on pages 36 to 41, and that of subsidiaries, Asia Standard International Group Limited ("Asia Standard") and Asia Standard Hotel Group Limited ("Asia Standard Hotel"), at no time during the year was the Company, its subsidiaries or its fellow subsidiaries 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 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) which (a) are required to be notified to the Company and the Stock Exchange 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 Listing Rules were as follows:

(I) LONG POSITIONS IN SHARES

(a) The Company

Director	Number of shares held			Total	Percentage of shares in issue (%)
	Personal interest	Corporate interest	Family interest		
Poon Jing	261,967,964	139,036,265	5,092,530	406,096,759	50.05
Fung Siu To, Clement	14,783,374	–	–	14,783,374	1.82
Poon Hai	10,000,000	–	–	10,000,000	1.23

(b) Associated corporations

Director	Associated corporations	Number of shares held			Total	Percentage of shares in issue (%)
		Personal interest	Corporate interest			
Poon Jing	Asia Standard	1,246,979	651,225,593 (Note 1)	652,472,572	51.32	
Poon Jing	Asia Standard Hotel	50,830	1,150,365,205 (Note 1)	1,150,416,035	73.25	
Fung Siu To, Clement	Mark Honour Limited	9	–	9	0.01	

Notes:

- By virtue of Mr. Poon Jing's controlling interest in the Company, he is deemed to be interested in shares of Asia Standard and Asia Standard Hotel held by the Company and its subsidiaries.
- By virtue of Mr. Poon Jing's interest in the Company, he is deemed to be interested in the shares of all the Company's subsidiaries and associated companies.

(II) LONG POSITIONS IN UNDERLYING SHARES**Interests in share options***(a) The Company*

Director	Outstanding as at 1st April 2014 and 31st March 2015
Fung Siu To, Clement	2,126,301
Lim Yin Cheng	2,126,301
Lun Pui Kan	2,126,301
Kwan Po Lam, Phileas	2,126,301

Notes:

- Options were granted under 2002 Share Option Scheme (as described under the heading "Share Option Scheme") on 29th March 2007 and exercisable during the period from 29th March 2007 to 28th March 2017 at exercise price of HK\$1.4315 (as adjusted) per share.
- 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 corporations

- Asia Standard

Director	Outstanding as at 1st April 2014	Lapsed during the year	Outstanding as at 31st March 2015
Fung Siu To, Clement	2,062,176	(2,062,176)	–
Lim Yin Cheng	2,062,176	(2,062,176)	–
Poon Jing	515,544	(515,544)	–
Lun Pui Kan	2,062,176	(2,062,176)	–
Kwan Po Lam, Phileas	2,062,176	(2,062,176)	–

Notes:

- Options were granted under 2004 Asia Standard Share Option Scheme (as described under the heading "Share Option Scheme") on 30th March 2005 and exercisable during the period from 30th March 2005 to 29th March 2015 at exercise price of HK\$3.15 (as adjusted) per share.
- Save as disclosed above, 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)

(b) *Associated corporations (Continued)*

– Asia Standard Hotel

Director	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2014 and 31st March 2015
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
Lun Pui Kan	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000
Kwan Po Lam, Phileas	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.

Save as disclosed above, as at 31st March 2015, none of the Directors or chief executive (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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 2015, 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 chief executive.

LONG POSITIONS IN SHARES OF THE COMPANY

Shareholder	Capacity	Number of shares held	Percentage (%)
Heston Holdings Limited ("Heston") (Note 1)	Beneficial owner	48,284,215	5.95
Teddington Holdings Limited ("Teddington") (Note 1)	Beneficial owner	58,045,375	7.15
Dalton Investments LLC ("Dalton") (Note 2)	Investment manager	135,678,237	16.72
Clearwater Insurance Company ("Clearwater Insurance") (Note 2)	Trustee	48,341,035	5.95
Daswani Rajkumar Murlidhar	Beneficial owner	49,007,674	6.03

Notes:

1. Mr. Poon Jing, his family interest and the companies wholly owned by him namely Teddington, Heston and Full Speed Investments Limited together hold 406,096,759 shares. The interest of Teddington and Heston duplicate the interest of Mr. Poon Jing disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures".
2. Dalton is the investment manager for Clearwater Insurance. The interest of Clearwater Insurance in the shares duplicate the interest of Dalton disclosed above.

Save as disclosed above, as at 31st March 2015, 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 SCHEMES

THE COMPANY

Share Option Scheme adopted on 11th November 2002 (the "2002 Share Option Scheme")

The 2002 Share Option Scheme was adopted on 11th November 2002. Under 2002 Share Option Scheme, 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 subsidiaries or any invested entity, their discretionary trust or the companies owned by them. The purpose was to provide incentives, 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 granted under 2002 Share Option Scheme must not exceed 57,857,634 shares, representing about 7.13% 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 2002 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 option granted to the same participant under 2002 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.

Under 2002 Share Option Scheme, 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 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 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 2002 Share Option Scheme was effective for 10 years from 11th November 2002 and expired on the tenth anniversary of such adoption date. Following the expiry of 2002 Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2002 Share Option Scheme and yet to be exercised shall remain valid and exercisable.

The following table discloses details of the Company's options granted under 2002 Share Option Scheme held by employees (including Directors):

Grantee	Outstanding as at 1st April 2014 and 31st March 2015
Directors (Note 1)	8,505,204
Director of a subsidiary (Note 1)	3,469,228
Employees of subsidiaries (Note 1)	24,172,684
	36,147,116

Notes:

1. These share 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, exercised, cancelled or lapsed.

Share Option Scheme adopted on 29th August 2014 (the "2014 Share Option Scheme")

The 2014 Share Option Scheme was adopted on 29th August 2014. Under 2014 Share Option Scheme, 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 subsidiaries or any invested entity, their discretionary trust or the companies owned by them. The purpose was to provide incentives, 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 2014 Share Option Scheme must not exceed 76,476,084 shares, representing about 9.43% 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 2014 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 option granted to the same participant under 2014 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.

Report of the Directors

Under 2014 Share Option Scheme, 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 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 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 2014 Share Option Scheme is effective for 10 years from 29th August 2014. No share option has been granted since the adoption of 2014 Share Option Scheme.

ASSOCIATED CORPORATIONS

– ASIA STANDARD

Share Option Scheme adopted on 27th August 2004 (the “2004 Asia Standard Share Option Scheme”)

The 2004 Asia Standard Share Option Scheme was adopted on 27th August 2004. Under 2004 Asia Standard Share Option Scheme, the board of Directors of Asia Standard may grant options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to Asia Standard, its subsidiaries or any invested entity, their discretionary trust or the companies owned by them. The purpose was to provide incentives, 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 granted under 2004 Asia Standard Share Option Scheme must not exceed 71,851,459 shares, representing about 5.65% of the Asia Standard’s 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 2004 Asia Standard Share Option Scheme and any other share option scheme must not exceed 30% of the Asia Standard’s 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 option granted to the same participant under 2004 Asia Standard Share Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the Asia Standard’s shares in issue from time to time.

Under 2004 Asia Standard Share Option Scheme, there was no requirement for a grantee to hold the Asia Standard option for a certain period before exercising the Asia Standard option unless otherwise determined by the Directors of Asia Standard. The exercise period should be any period determined by the board of Directors of Asia Standard 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 Asia Standard.

The subscription price shall be at the discretion of the board of Directors of Asia Standard 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 2004 Asia Standard Share Option Scheme was effective for 10 years from 27th August 2004 and expired on the tenth anniversary of such adoption date. Following the expiry of 2004 Asia Standard Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2004 Asia Standard Share Option Scheme and yet to be exercised shall remain valid and exercisable.

The following table discloses details of Asia Standard options granted under the 2004 Asia Standard Share Option Scheme held by employees (including Directors):

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2014	Lapsed during the year	Outstanding as at 31st March 2015
Directors	30th March 2005	3.15	30th March 2005 to 29th March 2015	8,764,248	(8,764,248)	-
Other employees	30th March 2005	3.15	30th March 2005 to 29th March 2015	2,577,717	(2,577,717)	-
	13th March 2014	2.00	10th March 2017 to 12th March 2024	1,000,000	-	1,000,000
				12,341,965	(11,341,965)	1,000,000

Note:

Save as disclosed above, during the year, no option was granted, exercised, cancelled or lapsed.

Share option scheme adopted on 29th August 2014 (the "2014 Asia Standard Share Option Scheme")

The 2014 Asia Standard Share Option Scheme was adopted on 29th August 2014. Under 2014 Asia Standard Share Option Scheme, the board of Directors of Asia Standard may grant options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to Asia Standard, its subsidiaries or any invested entity, their discretionary trust or the companies owned by them. The purpose was to provide incentives, 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 2014 Asia Standard Share Option Scheme must not exceed 125,482,152 shares, representing about 9.87% of the Asia Standard's 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 2014 Asia Standard Share Option Scheme and any other share option scheme must not exceed 30% of the Asia Standard's 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 option granted to the same participant under 2014 Asia Standard Share Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the Asia Standard's shares in issue from time to time.

Under 2014 Asia Standard Share Option Scheme, there was no requirement for a grantee to hold the Asia Standard option for a certain period before exercising the Asia Standard option unless otherwise determined by the Directors of Asia Standard. The exercise period should be any period determined by the board of Directors of Asia Standard 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 Asia Standard.

The subscription price shall be at the discretion of the board of Directors of Asia Standard 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 2014 Asia Standard Share Option Scheme is effective for 10 years from 29th August 2014. No share option has been granted since the adoption of 2014 Asia Standard Share Option Scheme.

– ASIA STANDARD HOTEL

The share option scheme of Asia Standard Hotel was adopted on 28th August 2006 (the "Asia Standard Hotel Share Option Scheme"). The board of Directors of Asia Standard Hotel may grant options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to Asia Standard Hotel, its subsidiaries 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 an ongoing relationship with the eligible participants whose contributions are or will be beneficial to the long term growth of the Asia Standard Hotel Group.

The total number of shares available for issue upon exercise of all options to be granted under Asia Standard Hotel Share Option Scheme must not exceed 125,088,061 shares, representing about 7.96% of the Asia Standard Hotel's 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 Asia Standard Hotel Share Option Scheme and any other share option scheme must not exceed 30% of the Asia Standard Hotel's 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 option granted to the same participant under Asia Standard Hotel Share Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the Asia Standard Hotel's shares in issue from time to time.

There was no requirement for a grantee to hold the Asia Standard Hotel option for a certain period before exercising the Asia Standard Hotel option unless otherwise determined by the Directors of Asia Standard Hotel. The exercise period should be any period determined by the board of Directors of Asia Standard Hotel 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 Asia Standard Hotel.

The subscription price shall be at the discretion of the board of Directors of Asia Standard Hotel 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 Asia Standard Hotel Share Option Scheme is effective for 10 years from 28th August 2006.

The following table discloses details of Asia Standard Hotel options granted under Asia Standard Hotel Share Option Scheme held by employees (including Directors):

Grantee	Date of grant	Exercise price (HK\$)	Exercise period	Outstanding as at 1st April 2014 and 31st March 2015
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	24,000,000
Director of a subsidiary	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000
Employees	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	30,999,999
				78,999,999

Note:

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

Report of the Directors

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	42.1%
Percentage of purchases attributable to the Group's five largest suppliers	69.0%
Percentage of sales attributable to the Group's largest customer	13.7%
Percentage of sales attributable to the Group's five largest customers	38.0%

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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Confirmation of independence pursuant to the independence guidelines under the Listing Rules 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 this 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

Fung Siu To, Clement

Chairman

Hong Kong, 24th June 2015

Independent Auditor's Report

To the shareholders of Asia Orient Holdings Limited

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Asia Orient Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 46 to 132, which comprise the consolidated and company balance sheets as at 31st March 2015, 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 predecessor Hong Kong Companies Ordinance (Cap. 32), and for such internal controls 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 the 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 2015, 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 predecessor Hong Kong Companies Ordinance (Cap. 32).

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 24th June 2015

Consolidated Profit and Loss Account

For the year ended 31st March 2015

	NOTE	2015 HK\$'000	2014 HK\$'000
Revenue	5	1,358,652	1,307,517
Cost of sales		(242,854)	(329,027)
Gross profit		1,115,798	978,490
Selling and administrative expenses		(213,685)	(195,792)
Depreciation		(168,741)	(164,933)
Net investment (loss)/gain	6	(645,184)	693,573
Fair value gain of investment properties		865,509	213,067
Operating profit		953,697	1,524,405
Net finance costs	10	(91,884)	(90,906)
Share of profits less losses of Joint ventures		(11,144)	(4,542)
Associated companies		127,466	74,907
Profit before income tax		978,135	1,503,864
Income tax expense	11	(1,065)	(20,514)
Profit for the year		977,070	1,483,350
Attributable to:			
Shareholders of the Company		513,254	773,883
Non-controlling interests		463,816	709,467
		977,070	1,483,350
Dividends	13	32,456	30,590
Earnings per share (HK\$)			
Basic	14	0.65	1.07
Diluted	14	0.63	0.98

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2015

	2015 HK\$'000	2014 HK\$'000
Profit for the year	977,070	1,483,350
Other comprehensive charge		
Items that have been reclassified or may be reclassified subsequently to profit or loss		
Net fair value loss on available-for-sale investments	(31,218)	(4,567)
Cash flow hedges		
– fair value (loss)/gains	(50,537)	10,427
– transfer to finance costs	(468)	3,414
Currency translation differences	(20,963)	(33,800)
Share of currency translation differences of joint ventures	310	13,033
	(102,876)	(11,493)
Total comprehensive income for the year	874,194	1,471,857
Attributable to:		
Shareholders of the Company	516,300	773,359
Non-controlling interests	357,894	698,498
	874,194	1,471,857

Consolidated Balance Sheet

As at 31st March 2015

	NOTE	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Property, plant and equipment	15	7,151,653	7,224,741
Investment properties	16	7,595,663	5,535,909
Properties under development for sale	21	797,485	–
Joint ventures and associated companies	18	2,897,663	2,718,236
Available-for-sale investments	19	216,159	241,078
Financial assets at fair value through profit or loss	23	296,187	554,844
Derivative financial instruments	24	–	10,427
Mortgage loans receivable	20	2,629	2,797
Deferred income tax assets	30	27,859	3,573
		18,985,298	16,291,605
Current assets			
Properties under development for sale	21	1,001,648	1,748,797
Completed properties held for sale	21	3,816	3,816
Hotel and restaurant inventories		1,290	1,569
Trade and other receivables	22	367,057	307,066
Income tax recoverable		12,565	5,589
Financial assets at fair value through profit or loss	23	6,147,061	5,586,317
Bank balances and cash	25	1,286,677	1,489,650
		8,820,114	9,142,804
Current liabilities			
Trade and other payables	26	196,675	167,412
Amount due to a joint venture	18(a)	71,767	37,058
Amount due to an associated company	18(b)	224,400	–
Income tax payable		17,558	37,139
Derivative financial instruments	24	–	982
Convertible bonds	31	–	48,149
Borrowings	29	1,099,470	929,483
		1,609,870	1,220,223
Net current assets		7,210,244	7,922,581
Total assets less current liabilities		26,195,542	24,214,186

Consolidated Balance Sheet

As at 31st March 2015

	<i>NOTE</i>	2015 HK\$'000	2014 HK\$'000
Non-current liabilities			
Long term borrowings	29	4,787,666	3,849,758
Medium term notes	32	711,020	609,894
Derivative financial instruments	24	40,110	–
Deferred income tax liabilities	30	754,736	749,483
		6,293,532	5,209,135
<hr style="border-top: 1px dashed #ccc;"/>			
Net assets		19,902,010	19,005,051
Equity			
Share capital	27	81,139	75,294
Reserves	28	9,742,256	9,188,928
Equity attributable to shareholders of the Company		9,823,395	9,264,222
Non-controlling interests		10,078,615	9,740,829
		19,902,010	19,005,051

Fung Siu To, Clement

Director

Lun Pui Kan

Director

Balance Sheet

As at 31st March 2015

	<i>Note</i>	2015 HK\$'000	2014 HK\$'000
Non-current assets			
Subsidiaries	17	2,927,559	2,925,619
Current assets			
Amount due from subsidiaries	17	2,428,044	2,426,795
Trade and other receivables		143	109
Bank balances and cash	25	400	185
		2,428,587	2,427,089
Current liabilities			
Trade and other payables		1,085	2,972
Convertible bonds	31	–	48,149
		1,085	51,121
Net current assets			
		2,427,502	2,375,968
Net assets			
		5,355,061	5,301,587
Equity			
Share capital	27	81,139	75,294
Reserves	28	5,273,922	5,226,293
		5,355,061	5,301,587

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Consolidated Statement of Cash Flows

For the year ended 31st March 2015

	Note	2015 HK\$'000	2014 HK\$'000
Cash flows from operating activities			
Net cash used in operations	36	(145,409)	(543,274)
Net income tax paid		(46,655)	(46,810)
Interest paid		(154,560)	(147,286)
Interest received from bank deposit and other receivables		10,125	9,152
Net cash used in operating activities		(336,499)	(728,218)
Cash flows from investing activities			
Proceeds from disposal of investment properties		6,418	–
Addition to investment properties		(1,200,182)	(287)
Proceeds from disposal of property, plant and equipment		–	9,200
Addition to property, plant and equipment		(103,963)	(148,647)
Increase in investments in associated companies and joint ventures		–	(26,518)
Advances from/(to) associated companies and joint ventures		173,213	(74,975)
Dividend received from an associated company		23,100	–
Net cash used in investing activities		(1,101,414)	(241,227)
Net cash used before financing activities		(1,437,913)	(969,445)
Cash flows from financing activities			
Drawdown of long term borrowings		1,414,200	1,432,879
Repayment of long term borrowings		(485,375)	(188,940)
Net increase in short term borrowings		219,903	184,997
Net proceeds from medium term notes		96,644	613,308
Dividends paid		(7,201)	(9,003)
Dividends paid to non-controlling interests		(20,162)	(17,254)
Net cash generated from financing activities		1,218,009	2,015,987
Net (decrease)/increase in cash and cash equivalents		(219,904)	1,046,542
Cash and cash equivalents at the beginning of the year		1,462,252	413,968
Changes in exchange rates		1,805	1,742
Cash and cash equivalents at the end of the year		1,244,153	1,462,252
Analysis of the balances of cash and cash equivalents			
Bank balances and cash (excluding restricted bank balances)	25	1,244,153	1,462,252

Consolidated Statement of Changes in Equity

For the year ended 31st March 2015

	Equity attributable to shareholders of the Company			Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Reserves HK\$'000	Total HK\$'000		
Group					
At 31st March 2013	71,416	8,301,776	8,373,192	9,159,260	17,532,452
Net fair value loss on available-for-sale investments	–	(1,141)	(1,141)	(3,426)	(4,567)
Cash flow hedges					
– fair value gains	–	5,310	5,310	5,117	10,427
– transfer to finance costs	–	1,738	1,738	1,676	3,414
Currency translation differences	–	(6,431)	(6,431)	(14,336)	(20,767)
Profit for the year	–	773,883	773,883	709,467	1,483,350
Total comprehensive income for the year	–	773,359	773,359	698,498	1,471,857
Conversion of convertible bonds	2,636	24,357	26,993	–	26,993
Share options granted by a subsidiary	–	4	4	2	6
Net increase in shareholding of subsidiaries	–	99,677	99,677	(99,677)	–
Dividends paid	1,242	(10,245)	(9,003)	(17,254)	(26,257)
Total transactions with owners	3,878	113,793	117,671	(116,929)	742
At 31st March 2014	75,294	9,188,928	9,264,222	9,740,829	19,005,051
Net fair value loss on available-for-sale investments	–	(11,802)	(11,802)	(19,416)	(31,218)
Cash flow hedges					
– fair value loss	–	(25,890)	(25,890)	(24,647)	(50,537)
– transfer to finance costs	–	(240)	(240)	(228)	(468)
Currency translation differences	–	(7,997)	(7,997)	(12,656)	(20,653)
Profit for the year	–	513,254	513,254	463,816	977,070
Total comprehensive income for the year	–	467,325	467,325	406,869	874,194
Conversion of convertible bonds	4,637	45,380	50,017	–	50,017
Share options granted by a subsidiary	–	56	56	55	111
Net increase in shareholding of subsidiaries	–	48,976	48,976	(48,976)	–
Dividends paid	1,208	(8,409)	(7,201)	(20,162)	(27,363)
Total transactions with owners	5,845	86,003	91,848	(69,083)	22,765
At 31st March 2015	81,139	9,742,256	9,823,395	10,078,615	19,902,010

Notes to the Financial Statements

1 GENERAL INFORMATION

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

2 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 investment properties, 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”).

In accordance with the transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance, the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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 AND NEW HONG KONG COMPANIES ORDINANCE (CAP. 622)

The accounting policies and methods of computation used in the preparation of these annual financial statements are consistent with those used in 2014, except for the adoption of new standards, which are relevant to the Group’s operations and are applicable to the Group’s accounting periods beginning on 1st April 2014.

The following new standards are relevant to the Group’s operations and are mandatory for accounting periods beginning on or after 1st January 2014:

Amendment to HKAS 32	Financial Instruments: Presentation
Amendment to HKAS 36	Impairment of Assets
Amendment to HKAS 39	Financial Instruments: Recognition and measurement

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(B) THE ADOPTION OF NEW/REVISED HKFRS AND NEW HONG KONG COMPANIES ORDINANCE (CAP. 622) (Continued)

Amendment to HKAS 32, "Financial instruments: Presentation" on offsetting financial assets and financial liabilities clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

Amendments to HKAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets removed certain disclosures of the recoverable amount of cash-generating units which had been included in HKAS 36 by the issue of HKFRS 13. It also enhanced the disclosures of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Amendment to HKAS 39, "Financial instruments: Recognition and measurement" on the novation of derivatives and the continuation of hedge accounting considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under HKAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria.

The adoption of the above amendments 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.

The following new/amended standards are relevant to the Group's operation but not yet effective

Amendment to HKAS 1	Presentation of Financial Statements
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from contracts with customers

Amendment to HKAS 1 clarify guidance in HKAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. Although the amendment does not require specific changes, it clarifies a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(B) THE ADOPTION OF NEW/REVISED HKFRS AND NEW HONG KONG COMPANIES ORDINANCE (CAP. 622) (Continued)

HKFRS 9, "Financial Instruments", addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKFRS 9's full impact.

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.

HKFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 "Revenue" and HKAS 11 "Construction contracts" and related interpretations.

The Group has not early adopted the above new/amended 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 changes to the Group's accounting policies and presentation of the financial statements.

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on 1st April 2015 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(C) 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 interest 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.

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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)

(D) 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.

(E) JOINT ARRANGEMENTS

Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Investments in joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in joint ventures includes advances that are equity in nature, in substance forming part of the investments, and goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its joint ventures' post-acquisition profits or losses is recognised in the profit and loss account, and its share of post-acquisition movements in other comprehensive income is recognised in the Group's other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint ventures is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and its carrying value and recognises the amount adjacent to "share of profits less losses of joint ventures" in the profit and loss account.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(F) ASSOCIATED COMPANIES

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in associated companies include advances that are equity in nature, in substance forming part of the investments, and goodwill (net of any accumulated impairment loss) identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the profit and loss account, and its share of post-acquisition movements in other comprehensive income is recognised in the Group's other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Gain or losses on dilution of equity interest in associated companies are recognised in the profit and loss account.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of profits less losses of associated companies" in the profit and loss account.

(G) BALANCES WITH SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(H) GOODWILL

Goodwill represents the excess of the cost of acquisition over the fair values of the Group's share of the net identifiable assets of the acquired subsidiaries, joint ventures and associated companies at the date of acquisition. If the Group's share of the net identifiable assets of the acquired subsidiaries, joint ventures and associated companies at the date of acquisition is more than the cost of acquisition, the excess will be recognised as a gain in the consolidated profit and loss account. Goodwill on acquisition of a foreign operation is treated as an asset of the foreign operation and translated at closing rate.

Goodwill on acquisition of a subsidiary is included in intangible assets. Goodwill on acquisitions of joint ventures and associated companies is included in investments in joint ventures and associated companies respectively. Goodwill as intangible asset is tested for impairment at least annually and whenever there is any impairment indication and carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Impairment losses recognised on goodwill are not reversed.

(I) 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 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.

(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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) FINANCIAL ASSETS/LIABILITIES (Continued)

(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 other comprehensive income are included in the profit and loss account as “net investment gain or loss”.

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(P).

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) FINANCIAL ASSETS/LIABILITIES (Continued)

Derivatives financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivative financial instruments not applying hedge accounting are recognised immediately in the profit and loss account.

The accounting policy for derivative financial instruments designated as cash flow hedges is described in note 2 (AG).

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.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

(J) 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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(J) PROPERTY, PLANT AND EQUIPMENT (Continued)

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 financ lease and depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

Leasehold land	Remaining lease term
Hotel and other building 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
Other equipment	3 to 10 years

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(K)).

(K) IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life or are not yet available for use and are not subject to depreciation or amortisation are at least 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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(L) INVESTMENT PROPERTIES

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated group, is classified as investment property. Investment property comprises land and buildings. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment properties are measured initially at its cost, including related transaction costs. After initial recognition, investment properties are carried at fair value and are valued at least annually by independent valuers. The valuations are on an open market basis, related to individual properties, and separate values are not attributed to land and buildings. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. Investment property that is being redeveloped for continuing use as investment property continues to be measured at fair value. Changes in fair values are recognised in the profit and loss account.

Subsequent expenditure is charged to the asset's carrying amount 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. All other repairs and maintenance costs are expensed in the profit and loss account during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

(M) PROPERTIES UNDER DEVELOPMENT FOR SALE

Properties under development for sale are included in current assets and comprise leasehold land, construction costs, interest and other direct costs attributable to such properties and are stated at the lower of cost and net realisable value.

(N) COMPLETED PROPERTIES HELD FOR SALE

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost comprises leasehold land, construction costs, interest and other direct expenses capitalised during the course of development. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(O) HOTEL AND RESTAURANT INVENTORIES

Hotel and restaurant inventories comprise consumables 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.

(P) 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 balance sheet are stated net of such provision.

(Q) TRADE PAYABLES

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

(R) 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.

(S) 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(Z)) 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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(T) 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.

(iii) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. 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-marketing 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 issue new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(U) 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, associated companies and joint ventures 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.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and associated companies, 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.

(V) 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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(W) 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.

(X) REVENUE RECOGNITION

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

(i) Properties

Revenue from sales of properties is recognised upon the later of completion of the properties and the sale and purchase contracts, where the risks and rewards of the properties are transferred to the purchasers. Deposits and installments received on properties sold prior to the date of revenue recognition are included under current liabilities.

(ii) Investment properties

Rental income from investment properties is recognised on a straight line basis over the terms of the respective leases.

(iii) Hotel, travel operation and management services businesses

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

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.

Management services fee income is recognised when services are rendered.

(iv) Financial investments

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)

(Y) 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, except when deferred in equity as qualifying cash flow hedges.

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 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)

(Y) FOREIGN CURRENCY TRANSLATION (Continued)

(iii) Group companies (Continued)

On consolidation, exchange currency translation 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 recognized in other comprehensive income.

(Z) BORROWING COSTS

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

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

(AA) OPERATING LEASES

Leases in which a significant portion of the 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 lease.

(AB) 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.

(AC) RELATED PARTIES

Related parties are individuals and companies, including subsidiaries, fellow subsidiaries, joint ventures and associated companies 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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(AD) 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 appropriate.

(AE) 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.

(AF) 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 and joint ventures in accordance with HKFRS 4, "Insurance Contracts".

(AG) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit and loss account within "net finance costs".

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(AG) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss account. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit and loss account.

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. The Group uses derivative financial instruments to hedge certain risk exposures.

(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, Macau 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. The Group entered into cross currencies swap contracts to reduce the foreign currency exposure of its Renminbi denominated medium term notes should the need arise.

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.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

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

At 31st March 2015, the Group's entities with functional currency of Hong Kong dollar had United States dollars net monetary assets of HK\$5,168,672,000 (2014: HK\$3,879,381,000). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to United States dollars, management considers that there is no significant foreign exchange risk with respect to United States dollars.

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

	2015			2014		
	Net monetary assets/ (liabilities) Amount HK\$'000	Increase/(decrease) in result attributable to the shareholders of the Company if exchange rate changes by		Net monetary assets/ (liabilities) amount HK\$'000	Increase/(decrease) in result attributable to the shareholders of the Company if exchange rate changes by	
		+5%	-5%		+5%	-5%
		HK\$'000	HK\$'000		HK\$'000	HK\$'000
Sterling	678,617	18,052	(18,052)	738,152	19,650	(19,650)
Renminbi	697,108	17,884	(17,884)	544,073	13,392	(13,392)
Euro	(307,100)	(6,780)	6,780	444,583	12,171	(12,171)
Japanese Yen	(43,843)	(713)	713	(51,041)	(824)	824

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, financial assets at fair value through profit or loss and derivative financial instruments. The performance of the Group's investments is 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 debt 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. The price of the Group's unlisted investments are quoted from brokers. 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 profit would have the following changes:

	2015				2014			
	Increase/(decrease) in result attributable to shareholders of the Company if price changes by +10%		Increase/(decrease) in available-for-sale investments reserve of the Company if price changes by -10%		Increase/(decrease) in result attributable to shareholders of the Company if price changes by +10%		Increase/(decrease) in available-for-sale investments reserve of the Company if price changes by -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	330,788	(330,788)	-	-	318,045	(318,045)	-	-
Available-for-sale investments	-	-	8,741	(8,741)	-	-	9,604	(9,604)

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(iii) Cash flow interest risk

Other than bank balances and deposits, financial investments with fixed coupons, mortgage loans receivable, loans receivable and advances to joint ventures (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. The Group manages this risk by limited use of floating-to-fixed interest rate swaps.

At 31st March 2015, with all other variables held constant, if the interest rate had increased/decreased by 10 basis point, the Group's post tax profit attributable to shareholders of the Company would have been HK\$1,949,000 (2014: HK\$691,000) lower/higher.

(b) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents (note 25), financial assets at fair value through profit or loss (note 23), derivative financial instruments (note 24), as well as credit exposures to mortgage loans receivable and trade and other receivables.

Sales of properties are made to customers with appropriate mortgage arrangements. Other 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 receivable, mortgage loans receivable 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 committed credit facilities and compliance of financial covenants of borrowings. The Group maintains flexibility in funding by keeping committed 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. At 31st March 2015, the unutilised credit facilities available to the Group amounted to HK\$4,073,000,000.

The relevant maturity groupings on the contractual undiscounted cash flows 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.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

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 flows HK\$'000	Within 1 year HK\$'000	Total undiscounted cash flows HK\$'000
At 31st March 2015							
Non-derivative							
Trade and other payables	-	193,345	-	-	193,345	1,085	1,085
Amount due to a joint venture	-	71,767	-	-	71,767	-	-
Amount due to an associated company	-	224,400	-	-	224,400	-	-
Medium term notes	-	45,389	842,652	-	888,041	-	-
Borrowings	218,517	1,006,761	3,615,539	1,452,135	6,292,952	-	-
	218,517	1,541,662	4,458,191	1,452,135	7,670,505	1,085	1,085
Derivative							
Cross currency swap							
- Inflow	-	(40,589)	(725,872)	-	(766,461)	-	-
- Outflow	-	34,550	713,372	-	747,922	-	-
	218,517	1,535,623	4,445,691	1,452,135	7,651,966	1,085	1,085
At 31st March 2014							
Non-derivative							
Trade and other payables	-	165,372	-	-	165,372	931	931
Amount due to a joint venture	-	37,058	-	-	37,058	-	-
Convertible bonds	-	54,836	-	-	54,836	54,836	54,836
Medium term notes	-	23,150	693,436	-	716,586	-	-
Borrowings	441,531	595,670	3,224,183	901,785	5,163,169	-	-
	441,531	876,086	3,917,619	901,785	6,137,021	55,767	55,767
Derivative							
Interest rate swap							
- Outflow	-	921	-	-	921	-	-
Cross currency swap							
- Inflow	-	(40,559)	(765,887)	-	(806,446)	-	-
- Outflow	-	34,558	748,090	-	782,648	-	-
	441,531	871,006	3,899,822	901,785	6,114,144	55,767	55,767

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

The table that follows summaries the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis above. 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	Total undiscounted cash flow HK\$'000
31st March 2015	9,630	25,334	34,964
31st March 2014	11,379	40,243	51,622

(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 shown in the consolidated balance sheet prepared in accordance with HKFRS. According to the Group's accounting policies, no properties other than investment 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), convertible bonds and medium term notes less bank balances and cash.

The gearing ratios at 31st March 2015 and 2014 were as follows:

	2015 HK\$'000	2014 HK\$'000
Borrowings (note 29)	5,887,136	4,779,241
Convertible bonds (note 31)	–	48,149
Medium term notes (note 32)	711,020	609,894
Less: bank balances and cash (note 25)	(1,286,677)	(1,489,650)
Net debt	5,311,479	3,947,634
Revalued net assets	24,282,309	22,430,963
Gearing ratio against revalued net assets	22%	18%

(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
2015			
Assets			
Financial assets at fair value through profit or loss	6,434,753	8,495	6,443,248
Available-for-sale investments	190,757	25,402	216,159
	6,625,510	33,897	6,659,407
Liabilities			
Derivative financial instruments			
– Applying hedge accounting	–	40,110	40,110

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

2014			
Assets			
Financial assets at fair value through profit or loss	6,132,297	8,864	6,141,161
Available-for-sale investments	218,492	22,586	241,078
Derivative financial instruments			
– Applying hedge accounting	–	10,427	10,427
	6,350,789	41,877	6,392,666
Liabilities			
Derivative financial instruments			
– Not applying hedge accounting	–	982	982

3 FINANCIAL RISK MANAGEMENT (Continued)

(III) FAIR VALUE ESTIMATION (Continued)

(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.

(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 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) ESTIMATE OF FAIR VALUE OF INVESTMENT PROPERTIES

At 31st March 2015, the Group had investment properties with fair value of HK\$7,595,663,000 (2014: HK\$5,535,909,000). The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the amount is determined within a range of reasonable fair value estimates. Information from a variety of sources are considered in making the judgement:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences.
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

Detail of the judgement and assumptions have been disclosed in note 16.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(B) IMPAIRMENT OF PROPERTIES UNDER DEVELOPMENT FOR SALE

The Group's properties under development for sale are stated at lower of cost and net realisable value. One of the Group's properties under development for sale is a 100% interest in a piece of land ("Property") situated in SeacPai Van, Coloane, Macau. As at 31st March 2015, the carrying amount of the Property amounts to HK\$797 million (2014: HK\$785 million) and is included under non-current assets (Note 21(a)). The land concession on the Property was originally granted for a term of 25 years in 1990, for industrial use, and is renewable for further terms until 19th December 2049. The land concession of the Property is expiring on 6th December 2015. The Group has been actively pursuing planning approval for redeveloping the Property into residential development and has also in February 2015, submitted to the government of Macau a request for renewal of the land concession.

After taking into consideration the above facts and circumstances, current status of planning application approval and discussions with the government of Macau, and together with the legal advice from external lawyer, the Directors are confident that the approval for residential redevelopment will be granted, and the land concession be renewed. The Directors have considered that the risk of resumption of the land concession upon expiry in December 2015 is highly unlikely. Accordingly, the Directors are of the opinion that no impairment provision for the Property is necessary as at 31st March 2015.

(C) 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 ageing analysis and by management judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables.

(D) 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 30), which principally relate to tax losses, depends on the management's expectations of future taxable profit 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)

(E) FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative financial instruments (note 24) that are not traded in active markets are determined by using valuation techniques. Where valuation techniques are used to determine fair values, they are periodically reviewed. To the extent practical, models use only observable data, however areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the fair values of derivative financial instruments.

(F) 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.

(G) 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 property management, development and investment, hotel, travel operation and securities investments. Revenue includes revenue from property management, property sales and leasing, hotel and travel operation, management services, 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 four main operating segments, comprising property sales, property leasing, hotel and travel and financial investments. Segment assets consist primarily of property, plant and equipment, investment properties, available-for-sale investments, other non-current assets, hotel inventories, properties, trade and other receivables and financial assets at fair value through profit or loss. Segment liabilities comprise mainly borrowings.

5 SEGMENT INFORMATION (Continued)

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
2015						
Gross income	-	128,944	726,750	2,168,868	25,322	3,049,884
Segment revenue	-	128,944	535,867	668,519	25,322	1,358,652
Contribution to segment results	6,924	115,779	213,222	666,062	17,221	1,019,208
Depreciation	-	-	(161,756)	-	(6,985)	(168,741)
Net investment loss	-	-	-	(645,184)	-	(645,184)
Fair value gain of investment properties	-	865,509	-	-	-	865,509
Share of profits less losses of Joint ventures	(3,918)	-	-	-	(7,226)	(11,144)
Associated companies	-	127,457	-	-	9	127,466
Segment results	3,006	1,108,745	51,466	20,878	3,019	1,187,114
Unallocated corporate expenses						(117,095)
Net finance costs						(91,884)
Profit before income tax						978,135

5 SEGMENT INFORMATION (Continued)

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
2014						
Gross income	160,000	110,236	729,989	2,009,299	28,979	3,038,503
Segment revenue	160,000	110,236	517,616	490,686	28,979	1,307,517
Contribution to segment results	31,592	101,671	248,747	490,202	8,209	880,421
Depreciation	–	–	(157,988)	–	(6,945)	(164,933)
Net investment gain	–	–	–	693,573	–	693,573
Fair value gain of investment properties	–	213,067	–	–	–	213,067
Share of profits less losses of Joint ventures	(3,353)	–	–	–	(1,189)	(4,542)
Associated companies	–	74,935	–	–	(28)	74,907
Segment results	28,239	389,673	90,759	1,183,775	47	1,692,493
Unallocated corporate expenses						(97,723)
Net finance costs						(90,906)
Profit before income tax						1,503,864

Notes:

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

	Business segments						Total HK\$'000
	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Unallocated HK\$'000	
	2015						
Assets	3,150,868	9,227,576	7,051,111	6,818,168	282,048	1,275,641	27,805,412
Assets include:							
Joint ventures and associated companies	1,297,643	1,574,485	-	-	1,025	24,510	2,897,663
Addition to non-current assets*	-	1,200,182	99,800	-	18,839	-	1,318,821
Liabilities							
Borrowings	1,449,808	992,651	1,625,799	1,132,003	-	686,875	5,887,136
Other unallocated liabilities							2,016,266
							7,903,402
2014							
Assets	2,968,339	7,059,892	7,075,098	6,537,159	264,499	1,529,422	25,434,409
Assets include:							
Joint ventures and associated companies	1,215,450	1,470,128	-	-	931	31,727	2,718,236
Addition to non-current assets*	36,618	287	154,264	-	9,527	26,518	227,214
Liabilities							
Borrowings	1,968,371	444,776	1,410,553	955,541	-	-	4,779,241
Other unallocated liabilities							1,650,117
							6,429,358

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

5 SEGMENT INFORMATION (Continued)

	2015 HK\$'000	2014 HK\$'000
Revenue		
Hong Kong	637,289	826,020
Overseas	721,363	481,497
	1,358,652	1,307,517
Non-current assets*		
Hong Kong	17,086,743	14,153,871
Overseas	1,355,721	1,325,015
	18,442,464	15,478,886

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

6 NET INVESTMENT (LOSS)/GAIN

	2015 HK\$'000	2014 HK\$'000
Financial assets at fair value through profit or loss		
– net unrealised (loss)/gain from market price movements	(454,415)	506,471
– net unrealised exchange (loss)/gain	(155,039)	73,312
– net realised (loss)/gain (note)	(35,730)	113,790
	(645,184)	693,573
Note:		
Net realised (loss)/gain on financial assets at fair value through profit or loss		
Gross consideration	1,500,439	1,518,613
Cost of investments	(1,346,751)	(1,287,235)
Total gain	153,688	231,378
Less: net unrealised gain recognised in prior years	(189,418)	(117,588)
Net realised (loss)/gain recognised in current year	(35,730)	113,790

7 INCOME AND EXPENSES BY NATURE

	2015 HK\$'000	2014 HK\$'000
Income		
Net rental income (note)	115,779	101,671
Interest income		
– Listed investments	620,712	452,068
– A joint venture	–	2,283
– Other receivables	3,437	3,476
– Bank deposits	6,688	5,677
Dividend income		
– Listed investments	40,098	36,809
Gain on disposal of property, plant and equipment	–	3,757
Expenses		
Auditor's remuneration	7,781	7,652
Cost of properties and goods sold	71,480	148,591
Employee benefit expense including Director's emoluments (note 8)	200,620	191,099
Loss on disposal of property, plant and equipment	10	–
Operating lease rental expense for land and buildings	1,387	3,725
Note:		
Net rental income		
Gross rental income		
Investment properties	128,894	110,189
Properties held for sale	50	47
	128,944	110,236
Outgoings	(13,165)	(8,565)
	115,779	101,671

8 EMPLOYEE BENEFIT EXPENSE

	2015 HK\$'000	2014 HK\$'000
Wages and salaries	194,792	185,035
Share option expenses	112	6
Retirement benefit costs (note (a))	5,966	6,308
	200,870	191,349
Capitalised under properties under development	(250)	(250)
	200,620	191,099

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

Notes:

(a) Retirement benefits costs

	2015 HK\$'000	2014 HK\$'000
Gross contributions	5,826	5,900
Termination benefit	140	408
Net contributions	5,966	6,308

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 several defined contribution schemes under the ORSO which are available to employees joining before 1st December 2000. Under these schemes, contribution 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.

8 EMPLOYEE BENEFIT EXPENSE (Continued)

Notes: (Continued)

(a) Retirement benefits costs (Continued)

The Group also participates in the MPF scheme, 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% (2014: 5%) or a fixed sum and 4.95% (2014: 4.95%) respectively, of the employee's relevant income in accordance with the local legislative requirements.

As at 31st March 2015, no forfeiture (2014: Nil) was available to reduce the Group's future contributions to the ORSO Scheme.

(b) Share options

The Company, Asia Standard International Group Limited ("Asia Standard") and Asia Standard Hotel Group Limited ("Asia Standard Hotel"), listed subsidiaries, operate share option schemes, whereby options may be granted to employees of the Group, including the Executive Directors, to subscribe for shares of the Company, Asia Standard and Asia Standard Hotel respectively. The consideration to be paid on each grant of option is HK\$1 for the Company, Asia Standard and Asia Standard Hotel respectively.

Company

Details of share options held under the scheme as at 31st March 2015 are as follows:

Date of grant	Exercise price per share	Expiry date	Number of share options Outstanding at 31st March 2014 and 2015
29th March 2007	HK\$1.4315 (as adjusted)	29th March 2017	
Directors			8,505,204
Employees			24,172,684
Directors of Asia Standard Hotel			3,469,228
			36,147,116

During the year, no share options were granted, exercised or cancelled. In 2014, no share option was granted, exercised or cancelled except 5,780,000 share options lapsed.

8 EMPLOYEE BENEFIT EXPENSE (Continued)

Notes: (Continued)

(b) Share options (Continued)

Asia Standard

Details of share options held under the share option scheme of Asia Standard as at 31st March 2015 are as follows:

Date of grant	Exercise price per share	Expiry date	Number of share options		
			Outstanding at 1st April 2014	Lapsed during the year	Outstanding at 31st March 2015
30th March 2005	HK\$3.15	29th March 2015			
Directors			8,764,248	(8,764,248)	–
Employees			2,577,717	(2,577,717)	–
13th March 2014					
Employee	HK\$2.00	12th March 2024	1,000,000	–	1,000,000
			12,341,965	(11,341,965)	1,000,000

During the year, no share option was exercised or cancelled. In 2014, no share option was exercised or cancelled except 1,000,000 share options granted.

8 EMPLOYEE BENEFIT EXPENSE (Continued)

Notes: (Continued)

(b) Share options (Continued)

Asia Standard Hotel

Details of share options held under the share option scheme of Asia Standard Hotel as at 31st March 2015 are as follows:

Date of grant	Exercise price per share	Expiry date	Number of share options outstanding at 31st March 2014 and 2015
29th March 2007	HK\$1.296	28th March 2017	
Directors			8,000,000
Employees			8,000,000
			16,000,000
2nd April 2007	HK\$1.300	1st April 2017	
Directors			24,000,000
Director of Asia Standard Hotel			8,000,000
Employees			30,999,999
			62,999,999
			78,999,999

During the year, no share options were granted, exercised or cancelled or lapsed (2014: 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 2015 and 2014 are set out as below.

Name of Director	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonus	Employer's contribution to retirement benefit scheme	Total emoluments (note)
2015 (in HK\$'000)					
Executive					
Mr. Fung Siu To, Clement	-	2,580	-	42	2,622
Dr. Lim Yin Cheng	-	2,137	-	60	2,197
Mr. Poon Jing	-	12,962	12,040	18	25,020
Mr. Poon Hai	-	1,950	7,000	35	8,985
Mr. Lun Pui Kan	-	2,283	600	103	2,986
Mr. Kwan Po Lam, Phileas	-	1,966	1,700	73	3,739
	-	23,878	21,340	331	45,549
Independent Non-executive					
Mr. Cheung Kwok Wah	300	-	-	-	300
Mr. Hung Yat Ming	350	-	-	-	350
Mr. Wong Chi Keung	400	-	-	-	400
	1,050	-	-	-	1,050
	1,050	23,878	21,340	331	46,599

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 benefit scheme	Total emoluments (note)
2014 (in HK\$'000)					
Executive					
Mr. Fung Siu To, Clement	-	2,504	-	42	2,546
Dr. Lim Yin Cheng	-	2,423	-	60	2,483
Mr. Poon Jing	-	13,110	12,040	15	25,165
Mr. Poon Hai	-	1,590	6,000	30	7,620
Mr. Lun Pui Kan	-	2,140	500	106	2,746
Mr. Kwan Po Lam, Phileas	-	1,682	1,592	55	3,329
	-	23,449	20,132	308	43,889
Independent Non-executive					
Mr. Cheung Kwok Wah	200	-	-	-	200
Mr. Hung Yat Ming	300	-	-	-	300
Mr. Wong Chi Keung	360	-	-	-	360
	860	-	-	-	860
	860	23,449	20,132	308	44,749

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

(a) (Continued)

Note:

Total emoluments of HK\$46,599,000 (2014: HK\$44,749,000) include HK\$39,899,000 (2014: HK\$38,149,000) paid and payable by subsidiaries of Asia Standard, which in turn include HK\$14,965,000 (2014: HK\$15,453,000) paid and payable by subsidiaries of Asia Standard Hotel.

During the year, no emolument was paid or is payable by the Group to any of the above directors or past directors as an inducement to join or upon joining the Group or as compensation for loss of office (2014: Nil).

- (b) The five highest paid individuals in the Group for the year include five (2014: five) Directors whose emoluments are already reflected in the analysis presented above.
- (c) Senior management remuneration by band

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

	Number of individuals	
	2015	2014
HK\$0 – HK\$1,000,000	–	2
HK\$1,000,001 – HK\$2,000,000	2	3
HK\$2,000,001 – HK\$3,000,000	1	–
HK\$4,000,001 – HK\$5,000,000	1	–

Notes to the Financial Statements

10 NET FINANCE COSTS

	2015 HK\$'000	2014 HK\$'000
Interest expense		
Long term bank loans	(120,495)	(86,677)
Short term bank loans and overdrafts	(2,254)	(3,838)
Convertible bonds	(2,761)	(11,106)
Medium term notes	(44,128)	(39,367)
Interest income from hedging derivative financial instruments	5,802	6,084
Interest capitalised (note)	47,012	53,023
	(116,824)	(81,881)
Other incidental borrowing costs	(20,689)	(15,569)
Net foreign exchange gain on borrowings	44,180	8,651
Fair value gain/(loss) on derivative financial instrument		
Cash flow hedge, transfer from reserve (note 28)	468	(3,414)
Not applying hedging accounting	981	1,307
	(91,884)	(90,906)

Note:

Borrowing costs were capitalised at rates ranged from 1.6% to 3.6% (2014: 1.4% to 3.5%) per annum.

11 INCOME TAX EXPENSE

	2015 HK\$'000	2014 HK\$'000
Current income tax expense		
Hong Kong profits tax	(23,925)	(51,267)
Over/(under) provision in prior years	3,827	(696)
	(20,098)	(51,963)
Deferred income tax credit	19,033	31,449
	(1,065)	(20,514)

11 INCOME TAX EXPENSE (Continued)

Hong Kong profits tax is provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year. Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the rates of tax prevailing in the countries in which the Group operates.

Share of income tax expenses of joint ventures and associated companies for the year of nil (2014: HK\$50,000) and HK\$2,741,000 (2014: HK\$4,467,000) are included in the profit and loss account as share of profits less losses of joint ventures and associated companies respectively.

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:

	2015 HK\$'000	2014 HK\$'000
Profit before income tax	978,135	1,503,864
Share of profits less losses of joint ventures and associated companies	(116,322)	(70,365)
	861,813	1,433,499
Calculated at a tax rate of 16.5% (2014: 16.5%)	(142,198)	(236,527)
Over/(under) provision in prior years	3,827	(696)
Effect of different tax rates in other countries	1,877	3,284
Income not subject to income tax	204,666	228,766
Expenses not deductible for tax purposes	(73,878)	(9,998)
Tax losses not recognised	(3,173)	(8,925)
Recognition of previously unrecognised tax losses	6,408	–
Utilisation of previously unrecognised tax losses	2,455	1,870
Others	(1,049)	1,712
Income tax expense	(1,065)	(20,514)

12 PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of HK\$10,658,000 (2014: HK\$540,467,000).

13 DIVIDENDS

	2015 HK\$'000	2014 HK\$'000
Interim, nil (2014: Nil)	–	–
Final, proposed, of HK4 cents (2014: HK4 cents) per share	32,456	30,590
	32,456	30,590

At a meeting held on 24th June 2015, the Board of Directors has proposed to pay a final dividend of HK4 cents (2014: HK4 cents) per share with a scrip option for the year ended 31st March 2015. 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 2016.

The amount of HK\$32,456,000 is based on 811,389,757 issued shares as at 24th June 2015.

14 EARNINGS PER SHARE

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

	2015	2014
	HK\$'000	HK\$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	513,254	773,883
Effect of dilutive potential shares:		
Interest expense saved on convertible bonds	2,125	9,093
Profit for calculation of diluted earnings per share	515,379	782,976
	Number of shares	
Weighted average number of shares for calculation of basic earnings per share	789,776,473	725,113,473
Effect of dilutive potential shares:		
share options of the Company assumed to be exercised	8,431,746	4,691,434
convertible bonds assumed to be converted at beginning of the year	15,290,161	67,965,129
Weighted average number of shares for calculation of diluted earnings per share	813,498,380	797,770,036

Diluted earnings per share for the years ended 31st March 2015 and 31st March 2014 did not assume the exercise of the outstanding share options of Asia Standard and Asia Standard Hotel since their exercise would have an anti-dilutive effect.

15 PROPERTY, PLANT AND EQUIPMENT

	Freehold land of a hotel in Canada HK\$'000	Leasehold land in Hong Kong HK\$'000	Hotel buildings HK\$'000	Other buildings HK\$'000	Other equipments HK\$'000	Total HK\$'000
Cost						
At 31st March 2013	249,441	5,990,928	2,205,207	68,414	57,080	8,571,070
Currency translation differences	(23,101)	–	(40,335)	–	168	(63,268)
Additions	–	33,917	34,532	2,966	91,577	162,992
Transferred from investment properties (note 16)	–	86,461	–	9,825	–	96,286
Disposals	–	–	(641)	(3,975)	(26,281)	(30,897)
At 31st March 2014	226,340	6,111,306	2,198,763	77,230	122,544	8,736,183
Accumulated depreciation						
At 31st March 2013	–	534,531	808,788	8,655	47,711	1,399,685
Currency translation differences	–	–	(27,855)	–	131	(27,724)
Charge for the year	–	83,771	75,777	1,389	3,996	164,933
Disposals	–	–	(380)	(376)	(24,696)	(25,452)
At 31st March 2014	–	618,302	856,330	9,668	27,142	1,511,442
Net book value						
At 31st March 2014	226,340	5,493,004	1,342,433	67,562	95,402	7,224,741
Cost						
At 31st March 2014	226,340	6,111,306	2,198,763	77,230	122,544	8,736,183
Currency translation differences	(9,226)	–	(56,162)	–	2	(65,386)
Additions	–	6,060	91,615	17,558	3,407	118,640
Disposals	–	–	(221)	–	–	(221)
At 31st March 2015	217,114	6,117,366	2,233,995	94,788	125,953	8,789,216
Accumulated depreciation						
At 31st March 2014	–	618,302	856,330	9,668	27,142	1,511,442
Currency translation differences	–	–	(42,409)	–	1	(42,408)
Charge for the year	–	84,146	71,181	1,504	11,910	168,741
Disposals	–	–	(212)	–	–	(212)
At 31st March 2015	–	702,448	884,890	11,172	39,053	1,637,563
Net book value						
At 31st March 2015	217,114	5,414,918	1,349,105	83,616	86,900	7,151,653

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

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

	2015 HK\$'000	2014 HK\$'000
Hotel properties		
Hotel buildings in Canada	1,349,105	1,342,433
Hotel freehold land in Hong Kong	217,114	226,340
Hotel leasehold land in Hong Kong	5,161,088	5,236,923
	6,727,307	6,805,696

Supplementary information with hotel properties in operation at valuation:

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\$9,798,616,000 (2014: HK\$9,000,577,000), 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 valuation for the current year has taken into account the development potential on the unused allowable gross floor area of Empire Hotel Hong Kong. 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.

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

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes: (Continued)

- (b) As at 31st March 2015, the aggregate net book value of property, plant and equipment pledged as security for loans amounted to HK\$6,993,708,000 (2014: HK\$7,058,282,000).
- (c) As at 31st March 2015, the cost of hotel properties under development amounted to HK\$728,640,000 (2014: HK\$641,936,000, of which HK\$388,649,000 was transferred from properties under development). The additions during the year amounted to HK\$86,704,000 (2014: HK\$51,377,000).
- (d) The carrying amount of properties is as follows:

	2015 HK\$'000	2014 HK\$'000
Freehold in Canada	317,410	356,116
Long term leases in Hong Kong	4,589,530	4,565,313
Medium term leases in Hong Kong	2,157,825	2,207,910
	7,064,765	7,129,339

16 INVESTMENT PROPERTIES

	2015 HK\$'000	2014 HK\$'000
At the beginning of the year	5,535,909	5,418,841
Addition	1,200,183	287
Disposal	(5,938)	–
Transferred to property, plant and equipment (note 15)	–	(96,286)
Fair value gain	865,509	213,067
At the end of the year	7,595,663	5,535,909

16 INVESTMENT PROPERTIES (Continued)

Investment properties are situated on long term leasehold land in Hong Kong.

The aggregate net book value of investment properties pledged as securities for loans amounted to HK\$7,595,663,000 (2014: HK\$5,535,909,000).

All of the fair value measurements of the Group's investment properties were categorised into level 3 of the fair value hierarchy. There were no transfers into or out of level 3 during the year.

Valuation techniques and process

Investment properties were revalued by Prudential Surveyors International Limited, independent professional valuers, on an open market value basis as at 31st March 2015 and 2014.

Fair value of investment properties is generally derived using the direct comparison method. Direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the property under consideration. There are no changes to the valuation techniques during the year.

Information about fair value measurements using significant unobservable inputs

	Valuation techniques	Unobservable inputs	Range of unobservable inputs	
			2015	2014
Office	Direct comparison	Adjusted market price (HK\$/square feet)	13,100-18,500	11,500-22,400
Retail – Ground floor	Direct comparison	Adjusted market price (HK\$/square feet)	40,200-182,200	29,200-160,600
Retail – others	Direct comparison	Adjusted market price (HK\$/square feet)	23,600-31,100	26,400-26,800

17 SUBSIDIARIES

	2015 HK\$'000	2014 HK\$'000
Unlisted shares, at cost	2,823,639	2,823,639
Listed shares, at cost	103,920	101,980
	2,927,559	2,925,619
Amounts due from subsidiaries less provisions	2,428,044	2,426,795
	5,355,603	5,352,414
Market value of listed shares	87,190	101,977

As at 31st March 2015 and 2014, the shares of certain subsidiaries are pledged to secure loan facilities granted to the Group.

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

Details of the principal subsidiaries are set out in note 38.

Extracts of published audited financial information of Asia Standard in which the Group has material non-controlling interest is set out in note 39.

18 JOINT VENTURES AND ASSOCIATED COMPANIES

	2015 HK\$'000	2014 HK\$'000
Joint ventures	1,319,073	1,244,158
Associated companies	1,578,590	1,474,078
	2,897,663	2,718,236

18 JOINT VENTURES AND ASSOCIATED COMPANIES (Continued)

(A) JOINT VENTURES

	2015 HK\$'000	2014 HK\$'000
Share of net assets	698,792	714,654
Advances to joint ventures	765,119	674,342
Provision for advances to joint ventures	(144,838)	(144,838)
	1,319,073	1,244,158
Amount due to a joint venture included in current liabilities	(71,767)	(37,058)
	1,247,306	1,207,100

Advances to joint ventures are equity in nature and made to finance property development projects. The advances to joint ventures are denominated in Hong Kong dollar. As at 31st March 2015, except for an amount of HK\$194,129,000 (2014: HK\$175,491,000) advance to a joint venture which is bearing interest at 1% above The Hong Kong and Shanghai Banking Corporation prime rate, the advances to joint ventures are unsecured, interest free and have no fixed terms of repayment. The carrying amounts of the advances approximate their fair values. The Group has provided financial guarantee for banking facilities granted to certain joint ventures (note 35). There are no contingent liabilities relating to the Group's interests in joint ventures.

The principal joint ventures are held under Asia Standard and their details are set out in the published consolidated financial statements of Asia Standard.

18 JOINT VENTURES AND ASSOCIATED COMPANIES (Continued)

(A) JOINT VENTURES (Continued)

The Group's share of assets and liabilities and results of joint ventures:

	2015 HK\$'000	2014 HK\$'000
Assets		
Non-current assets	910,372	893,104
Current assets	1,108,152	822,378
	2,018,524	1,715,482
Liabilities		
Non-current liabilities	737,604	440,570
Current liabilities	582,128	560,258
	1,319,732	1,000,828
Net assets	698,792	714,654
Income	–	700
Expenses	(11,144)	(5,192)
Loss before income tax	(11,144)	(4,492)
Income tax expense	–	(50)
Loss for the year	(11,144)	(4,542)

There is no joint venture as at 31st March 2015 and 2014, which in the opinion of the Directors, is individually material to the Group.

18 JOINT VENTURES AND ASSOCIATED COMPANIES (Continued)

(B) ASSOCIATED COMPANIES

	2015 HK\$'000	2014 HK\$'000
Share of net assets	1,577,410	1,473,045
Advances to associated companies	422,007	421,860
Provisions for advances to associated companies	(420,827)	(420,827)
	1,578,590	1,474,078
Amount due to an associated company included in current liabilities	(224,400)	–
	1,354,190	1,474,078

As at 31st March 2015 and 2014, the shares of an associated company are pledged to secure the loan facilities granted to the Group.

Advances to associated companies are equity in nature and made to finance property development projects. The amounts receivable and payable are unsecured, interest free and have no fixed terms of repayment. The advances to associated companies are denominated in Hong Kong dollar.

There are no contingent liabilities relating to the Group's interests in associated companies.

The principal associated companies are held under Asia Standard and their details are set out in the published consolidated financial statements of Asia Standard.

18 JOINT VENTURES AND ASSOCIATED COMPANIES (Continued)

(B) ASSOCIATED COMPANIES (Continued)

The Group's share of assets and liabilities and results of associated companies:

	2015 HK\$'000	2014 HK\$'000
Assets	1,828,428	1,521,313
Liabilities	(251,018)	(48,268)
Net assets (note i)	1,577,410	1,473,045
Revenue	23,739	23,681
Profit for the year (note ii)	127,466	74,907

Notes:

- (i) Mainly represented share of net assets of an associated company.
- (ii) Mainly represented share of fair value gain arising from the revaluation of an investment property held by associated company. The investment property was revalued by Prudential Surveyors International Limited, independent professional valuers, on an open market value basis as at 31st March 2015 and 2014 using the following significant unobservable inputs.

	Valuation techniques	Unobservable inputs	Range of unobservable inputs	
			2015	2014
Office	Direct comparison	Adjusted market price (HK\$/square feet)	9,300-14,300	10,700-13,500
Retail – Ground floor	Direct comparison	Adjusted market price (HK\$/square feet)	371,500-502,300	303,100-456,400
Retail – Others	Direct comparison	Adjusted market price (HK\$/square feet)	23,000-69,600	23,100-61,600

19 AVAILABLE-FOR-SALE INVESTMENTS

	2015 HK\$'000	2014 HK\$'000
Equity securities		
– Listed in Hong Kong	190,757	218,492
– Unlisted	25,402	22,586
	216,159	241,078

No impairment provision on available-for-sale investments was made during the year (2014: Nil).

20 MORTGAGE LOANS RECEIVABLE

	2015 HK\$'000	2014 HK\$'000
Mortgage loans receivable	3,069	3,294
Less: current portion included in current assets	(440)	(497)
	2,629	2,797

The mortgage loans receivable carry interest at rates ranged from HSBC prime rate plus 1.5% to 2% (2014: HSBC prime rate plus 1.5% to 2%) per annum. The effective interest rate at 31st March 2015 was 6.49% (2014: 6.07%) per annum. The mortgage loans receivable are denominated in Hong Kong dollar. The carrying amounts of the mortgage loans receivable approximate their fair values.

21 PROPERTIES UNDER DEVELOPMENT FOR SALE AND COMPLETED PROPERTIES HELD FOR SALE

	2015 HK\$'000	2014 HK\$'000
Properties under development for sale		
Leasehold land	810,144	1,615,429
Development costs	191,504	133,368
	1,001,648	1,748,797
Included in current assets		
	1,001,648	1,748,797
Included in non-current assets (note a)		
	797,485	–
	1,799,133	1,748,797
Completed properties held for sale		
Leasehold land	2,990	2,990
Development costs	826	826
	3,816	3,816

Notes:

- (a) The amount represents the Group's 100% interest in a piece of land ("Property") situated in Seac Pai Van, Coloane, Macau. The land concession on the Property was originally granted for industrial use for a term of 25 years up to 6th December 2015 and is renewable for further terms until 19th December 2049. The Group has been actively pursuing planning approval for redeveloping the Property into residential development and has also applied for renewal of the land concession. See Note 4(B) for details.

Given the prolonged process in obtaining the planning approval, the amount has been reclassified from current assets to non-current assets as at 31st March 2015.

- (b) At 31st March 2015, properties amounting to HK\$1,750,477,000 (2014: HK\$1,702,882,000) were pledged to banks to secure certain banking facilities of the Group.
- (c) At 31st March 2015 and 2014, all the properties under development for sale were not scheduled for completion within twelve months.

22 TRADE AND OTHER RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Trade receivables		
Fully performing	43,727	44,220
Past due but not impaired	10,079	12,665
	53,806	56,885
Accrued interest and dividend receivable	156,047	141,586
Loan receivables	55,011	55,068
Deposit for set up a joint venture	50,000	–
Deposits paid for purchase of properties	–	1,951
Prepayments	8,266	9,619
Utility and other deposits	18,455	13,891
Other receivables	25,472	28,066
	367,057	307,066

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

	2015 HK\$'000	2014 HK\$'000
0 day to 60 days	49,353	51,847
61 days to 120 days	994	1,083
More than 120 days	3,459	3,955
	53,806	56,885

22 TRADE AND OTHER RECEIVABLES (Continued)

The past due but not impaired trade receivables 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:

	2015 HK\$'000	2014 HK\$'000
0 day to 60 days	6,354	8,007
61 days to 120 days	395	3,027
More than 120 days	3,330	1,631
	10,079	12,665

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 trade and other receivables approximate their fair values.

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

	2015 HK\$'000	2014 HK\$'000
Hong Kong dollar	207,793	161,481
United States dollar	132,289	121,422
Renminbi	18,444	15,318
Canadian dollar	7,268	7,572
Others	1,263	1,273
	367,057	307,066

Loan receivables were interest bearing from HSBC prime rate to 2% above HSBC prime rate per annum (2014: same).

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.

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 HK\$'000	2014 HK\$'000
Equity securities		
– Listed in Europe	674,748	733,825
– Listed in the USA	644,197	595,964
– Listed in Hong Kong	69,726	48,854
	1,388,671	1,378,643
Debt securities		
– Listed in Singapore	3,686,058	2,475,801
– Listed in Hong Kong	851,307	1,081,121
– Listed in Europe	212,530	641,888
	4,749,895	4,198,810
Unlisted fund	8,495	8,864
Total amount included in current assets	6,147,061	5,586,317
Equity securities included in non-current assets		
– Listed in Hong Kong (note (d))	296,187	554,844
	6,443,248	6,141,161

Notes:

- (a) The debt securities carry fixed coupons ranging from 2% to 13.875% (2014: from 2% to 13.875%) per annum and their nominal values are equivalent to HK\$5,369,047,000 (2014: HK\$4,415,723,000).
- (b) At 31st March 2015, financial assets at fair value through profit or loss equivalent to HK\$1,042,600,000 (2014: HK\$1,137,619,000) were pledged as security for borrowings.

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Notes: (Continued)

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

	2015 HK\$'000	2014 HK\$'000
United States dollar	4,568,194	3,840,050
Sterling	674,748	733,825
Euro	212,530	437,788
Hong Kong dollar	365,914	603,698
Renminbi	621,862	525,800
	6,443,248	6,141,161

(d) During the year ended 31st March 2015 and 2014, the Group has decided to hold certain listed equity securities in Hong Kong for long term purpose, hence these securities were reclassified from current assets to non-current assets.

24 DERIVATIVE FINANCIAL INSTRUMENTS

	2015 HK\$'000	2014 HK\$'000
Asset		
Cross currencies swap (cash flow hedges)	–	10,427
Liability		
Cross currencies swap (cash flow hedges)	40,110	–
Interest rate swap – Hong Kong dollar (not applying hedge accounting)	–	982

The principal amounts of the outstanding Renminbi versus United States dollars and Hong Kong dollar swap contracts were RMB500,000,000 (2014: RMB500,000,000). The full fair values of these hedging derivatives are classified as non-current as the remaining maturity of the hedged items (i.e. medium term notes) is more than 12 months.

At 31st March 2014, the notional principal amounts of the outstanding Hong Kong dollar interest rate swap contracts at 31st March 2015 were HK\$50,000,000. The contract expired in March 2015.

24 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The Group's derivative financial instruments are settled on a net basis, except for the cross currency swap contracts which are settled on gross basis.

The maximum exposure to credit risk at the balance sheet date is the fair value of the derivative assets in the balance sheet.

25 BANK BALANCES AND CASH

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Cash at bank and in hand	416,505	149,500	400	185
Short term bank deposits	827,648	1,312,752	–	–
Cash and cash equivalents	1,244,153	1,462,252	400	185
Restricted bank balances	42,524	27,398	–	–
	1,286,677	1,489,650	400	185

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

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Hong Kong dollar	214,629	855,057	400	185
United States dollar	921,027	572,632	–	–
Canadian dollar	6,492	2,461	–	–
Renminbi	136,963	49,437	–	–
Sterling	3,869	4,328	–	–
Others	3,697	5,735	–	–
	1,286,677	1,489,650	400	185

26 TRADE AND OTHER PAYABLES

	2015 HK\$'000	2014 HK\$'000
Trade payables	17,148	18,112
Accrual and other payables	88,669	84,323
Building management account surplus	37,009	18,440
Rental and management fee deposits	34,311	27,804
Medium term notes interest payable	19,538	18,733
	196,675	167,412

Aging analysis of trade payables is as follows:

	2015 HK\$'000	2014 HK\$'000
0 day to 60 days	16,033	17,487
61 days to 120 days	692	243
More than 120 days	423	382
	17,148	18,112

The carrying amounts of trade and other payables approximate their fair values. Majority of trade and other payables are denominated in Hong Kong dollar.

27 SHARE CAPITAL

Shares of HK\$0.1 each	Number of shares	Amount HK\$'000
Authorised:		
At 31st March 2014 and 2015	3,000,000,000	300,000

	Number of shares		Amount	
	2015	2014	2015 HK\$'000	2014 HK\$'000
Issued and fully paid:				
At the beginning of the year	752,942,668	714,157,660	75,294	71,416
Scrip dividend (note 1 and 2)	12,083,455	12,421,373	1,208	1,242
Conversion of convertible bonds (note 3)	46,363,634	26,363,635	4,637	2,636
At the end of the year	811,389,757	752,942,668	81,139	75,294

Note:

1. In October 2014, 12,083,455 new shares were allotted and issued at HK\$2.05 per share in lieu of dividend.
2. In September 2013, 12,421,373 new shares were allotted and issued at HK\$1.69 per share in lieu of dividend.
3. During the year, 46,363,634 (2014: 26,363,635) new shares were allotted and issued at HK\$1.1 per share upon conversion.

Notes to the Financial Statements

28 RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Convertible bonds reserve HK\$'000	Share options reserve HK\$'000	Hedging reserve HK\$'000	Available-for-sale investments reserve HK\$'000	Currency translation reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
Group										
At 31st March 2013	2,100,310	398,021	60,257	18,980	11,466	-	(3,461)	15,550	5,700,653	8,301,776
Cash flow hedges										
– fair value gains	-	-	-	-	-	5,310	-	-	-	5,310
– transfer to finance costs	-	-	-	-	-	1,738	-	-	-	1,738
Net fair value loss on available-for-sale investments	-	-	-	-	-	-	(1,141)	-	-	(1,141)
Currency translation differences	-	-	-	-	-	-	-	(6,431)	-	(6,431)
Profit for the year	-	-	-	-	-	-	-	-	773,883	773,883
Share options lapsed	-	-	-	-	(1,260)	-	-	-	1,260	-
Share options granted by a subsidiary	-	-	-	-	4	-	-	-	-	4
2013 final dividend	19,750	-	-	-	-	-	-	-	(29,995)	(10,245)
Conversion of convertible bonds	24,357	-	-	(6,880)	-	-	-	-	6,880	24,357
Net increase in shareholding of subsidiaries	-	-	-	-	-	-	-	-	99,677	99,677
At 31st March 2014	2,144,417	398,021	60,257	12,100	10,210	7,048	(4,602)	9,119	6,552,358	9,188,928
Representing:										
2014 final dividend proposed	-	-	-	-	-	-	-	-	30,590	30,590
Others	2,144,417	398,021	60,257	12,100	10,210	7,048	(4,602)	9,119	6,521,768	9,158,338
At 31st March 2014	2,144,417	398,021	60,257	12,100	10,210	7,048	(4,602)	9,119	6,552,358	9,188,928
At 31st March 2014	2,144,417	398,021	60,257	12,100	10,210	7,048	(4,602)	9,119	6,552,358	9,188,928
Cash flow hedges										
– fair value loss	-	-	-	-	-	(25,890)	-	-	-	(25,890)
– transfer to finance costs	-	-	-	-	-	(240)	-	-	-	(240)
Net fair value loss on available-for-sale investments	-	-	-	-	-	-	(11,802)	-	-	(11,802)
Currency translation differences	-	-	-	-	-	-	-	(7,997)	-	(7,997)
Profit for the year	-	-	-	-	-	-	-	-	513,254	513,254
Share options granted by a subsidiary	-	-	-	-	56	-	-	-	-	56
2014 final dividend	23,563	-	-	-	-	-	-	-	(31,972)	(8,409)
Conversion of convertible bonds	45,380	-	-	(12,100)	-	-	-	-	12,100	45,380
Net increase in shareholding of subsidiaries	-	-	-	-	-	-	-	-	48,976	48,976
At 31st March 2015	2,213,360	398,021	60,257	-	10,266	(19,082)	(16,404)	1,122	7,094,716	9,742,256
Representing:										
2015 final dividend proposed	-	-	-	-	-	-	-	-	32,456	32,456
Others	2,213,360	398,021	60,257	-	10,266	(19,082)	(16,404)	1,122	7,062,260	9,709,800
At 31st March 2015	2,213,360	398,021	60,257	-	10,266	(19,082)	(16,404)	1,122	7,094,716	9,742,256

28 RESERVES (Continued)

	Share premium HK\$'000	Contributed surplus HK\$'000	Convertible bonds reserve HK\$'000	Share options reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
Company						
At 31st March 2013	2,100,310	1,895,806	18,980	11,466	645,151	4,671,713
Profit for the year	–	–	–	–	540,468	540,468
Share options lapsed	–	–	–	(1,260)	1,260	–
2013 final dividend	19,750	–	–	–	(29,995)	(10,245)
Conversion of convertible bonds	24,357	–	(6,880)	–	6,880	24,357
At 31st March 2014	2,144,417	1,895,806	12,100	10,206	1,163,764	5,226,293
Representing:						
2014 final dividend proposed	–	–	–	–	30,590	30,590
Others	2,144,417	1,895,806	12,100	10,206	1,133,174	5,195,703
At 31st March 2014	2,144,417	1,895,806	12,100	10,206	1,163,764	5,226,293
At 31st March 2014	2,144,417	1,895,806	12,100	10,206	1,163,764	5,226,293
Profit for the year	–	–	–	–	10,658	10,658
2014 final dividend	23,563	–	–	–	(31,972)	(8,409)
Conversion of convertible bonds	45,380	–	(12,100)	–	12,100	45,380
At 31st March 2015	2,213,360	1,895,806	–	10,206	1,154,550	5,273,922
Representing:						
2015 final dividend proposed	–	–	–	–	32,456	32,456
Others	2,213,360	1,895,806	–	10,206	1,122,094	5,241,466
At 31st March 2015	2,213,360	1,895,806	–	10,206	1,154,550	5,273,922

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

29 BORROWINGS

	2015 HK\$'000	2014 HK\$'000
Current liabilities		
Short term bank loans and overdrafts		
Secured	568,299	373,045
Unsecured	–	20,000
Current portion of long term bank loans	568,299	393,045
Portion of long term bank loans containing a repayment on demand clause	506,716	498,159
	24,455	38,279
Non-current liabilities	1,099,470	929,483
Long term bank loans, secured	4,787,666	3,849,758
	5,887,136	4,779,241

The maturity of the 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:

	2015 HK\$'000	2014 HK\$'000
Repayable within one year	506,716	498,159
Repayable between one and two years	1,424,904	447,870
Repayable between two and five years	2,472,237	2,604,167
Repayable after five years	914,980	836,000
	5,318,837	4,386,196
Current portion included in current liabilities	(506,716)	(498,159)
	4,812,121	3,888,037

29 BORROWINGS (Continued)

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

	2015 HK\$'000	2014 HK\$'000
Hong Kong dollar	4,820,249	4,002,260
United States dollar	465,240	677,385
Euro	524,394	–
Japanese Yen	43,906	51,110
Canadian dollar	33,347	48,486
	5,887,136	4,779,241

The interest rates of the borrowing at the balance sheet date range from 0.6% to 3.74% (2014: from 0.61% to 3.71%) per annum.

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

30 DEFERRED INCOME TAX

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

	2015 HK\$'000	2014 HK\$'000
Deferred income tax assets	27,859	3,573
Deferred income tax liabilities	(754,736)	(749,483)
	(726,877)	(745,910)

30 DEFERRED INCOME TAX (Continued)

The movement in 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		Tax loss		Difference in cost base of properties		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At the beginning of the year	–	20	2,219	1,439	56,066	58,100	58,285	59,559
Recognised in the profit and loss account	11	(20)	29,644	780	–	(2,034)	29,655	(1,274)
At the end of the year	11	–	31,863	2,219	56,066	56,066	87,940	58,285

DEFERRED INCOME TAX LIABILITIES

	Accelerated tax depreciation		Revaluation of properties		Fair value adjustments		Total	
	2015	2014	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At the beginning of the year	(64,219)	(63,558)	(677,723)	(702,618)	(62,253)	(70,742)	(804,195)	(836,918)
Recognised in the profit and loss account	(13,480)	(661)	12,415	24,895	(9,557)	8,489	(10,622)	32,723
At the end of the year	(77,699)	(64,219)	(665,308)	(677,723)	(71,810)	(62,253)	(814,817)	(804,195)

Deferred income tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK\$82 million (2014: HK\$84 million) in respect of losses amounting to HK\$498 million (2014: HK\$505 million) that can be carried forward against future taxable income. Except for tax losses of HK\$539 million (2014: HK\$488 million) which have no expiry date, the balance will expire at various dates up to and including 2029 (2014: 2029).

31 CONVERTIBLE BONDS

	2015 HK\$'000	2014 HK\$'000
At the beginning of the year	48,149	68,493
Excess of effective finance costs over interest paid	1,867	6,649
Conversion during the year	(50,016)	(26,993)
At the end of the year	–	48,149

On 14th October 2011, the Company issued the convertible bonds with principal amount of HK\$80 million which bears interest at 6.5% per annum payable semi-annually in arrears. The bondholders have the option to convert the bonds into fully paid shares at HK\$1.1 per share at any time within three years from the date of issue. Unless previously converted or purchased, the convertible bonds will be redeemed on 14th October 2014 at redemption price equal to 100% of the principal amount. During the year, all the outstanding convertible bonds with principal amount of HK\$51 million (2014: HK\$29 million) were converted into equity shares.

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

32 MEDIUM TERM NOTES

In April 2013, Asia Standard issued RMB500 million notes at coupon of 6.5% per annum for a period of 5 years under a medium term note programme. Cross currencies swap contracts into United States dollar and Hong Kong dollar were entered into simultaneously to hedge the principal repayment and interest payments. The notes are listed on The Stock Exchange of Hong Kong Limited.

In July 2014, Asia Standard issued additional HK\$100 million notes at coupon of 4.8% per annum for a period of 5 years under the medium term note programme. The notes are unlisted.

The carrying amounts of these notes approximate their fair value.

33 CAPITAL COMMITMENTS

Capital commitments at the balance sheet date are as follows:

	2015 HK\$'000	2014 HK\$'000
Contracted but not provided for		
Property, plant and equipment	276,327	53,025
Investment properties	1,697	–
Joint ventures	349,694	349,432
Authorised but not contracted for		
Property, plant and equipment	120,227	306,448
Investment properties	109,614	–
Joint ventures	–	57,650
	857,559	766,555

34 OPERATING LEASE ARRANGEMENTS

(A) LESSOR

The Group leases out certain properties under operating leases, the remaining lease terms at 31st March 2015 runs between 1 and 5 years.

At 31st March 2015, the future aggregate minimum rental receipts receivable under non-cancellable operating leases were as follows:

	2015 HK\$'000	2014 HK\$'000
In respect of land and buildings:		
Within one year	148,899	112,790
In the second to fifth year inclusive	157,575	182,749
	306,474	295,539

34 OPERATING LEASE ARRANGEMENTS (Continued)

(B) LESSEE

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

	2015 HK\$'000	2014 HK\$'000
In respect of land and buildings:		
Within one year	1,452	2,018
In the second to fifth year inclusive	925	443
	2,377	2,461

35 FINANCIAL GUARANTEES

	Group		Company	
	2015 HK\$'000	2014 HK\$'000	2015 HK\$'000	2014 HK\$'000
Guarantees for the banking and loan facilities of joint ventures	616,956	380,075	–	–

36 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

RECONCILIATION OF PROFIT BEFORE INCOME TAX TO NET CASH USED IN OPERATIONS

	2015 HK\$'000	2014 HK\$'000
Profit before income tax	978,135	1,503,864
Share of profits less losses of		
Joint ventures	11,144	4,542
Associated companies	(127,466)	(74,907)
Depreciation	168,741	164,933
Net investment loss/(gain)	645,184	(693,573)
Fair value gain of investment properties	(865,509)	(213,067)
Share option expense	111	6
Gain on disposal of investment properties	(480)	–
Loss/(gain) on disposal of property, plant and equipment	10	(3,757)
Net foreign exchange gain on borrowings	(44,648)	(5,237)
Interest income	(10,125)	(11,436)
Interest expense	116,060	80,975
Operating profit before working capital changes	871,157	752,343
Decrease in mortgage loans receivable	225	1,168
Increase in properties under development		
for sale (excluding interest expense capitalised)	(18,001)	(405,850)
Decrease in hotel and restaurant inventories	279	649
(Increase)/decrease in trade and other receivables	(65,178)	60,078
Increase in financial assets at fair value through profit or loss	(947,272)	(959,800)
Increase in restricted bank balances	(15,126)	(909)
Increase in trade and other payables	28,507	9,047
Net cash used in operations	(145,409)	(543,274)

37 RELATED PARTY TRANSACTIONS

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 PURCHASE OF GOODS AND SERVICES

	2015 HK\$'000	2014 HK\$'000
Income from joint ventures		
Interest income (note (a))	11,039	10,016

Notes:

- (a) The details of balances with joint ventures and associated companies are disclosed in notes 18.
- (b) 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.

(B) KEY MANAGEMENT COMPENSATION

	2015 HK\$'000	2014 HK\$'000
Fee	1,050	860
Salaries, allowances and benefits in kind	54,542	49,097
Employer's contribution to retirement benefit scheme	401	367
	55,993	50,324

Key management includes the Company's Directors and four (2014: five) senior management members of the Group.

38 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	Group equity interest
<i>Incorporated in the British Virgin Islands</i>			
Asia Orient Holdings (BVI) Limited ¹	Investment holding	US\$100	100%
Impetus Holdings Limited	Investment holding	US\$1	100%
Persian Limited	Investment holding	US\$49,050	100%
Sunrich Holdings Limited	Securities investment	US\$1	100%
¹ Direct subsidiary of the Company			
<i>Incorporated in Hong Kong</i>			
Asia Orient Company Limited	Investment holding	US\$126,729,833	100%
Hitako Limited	Securities investment	HK\$20	100%
Ocean Hand Investments Limited	Investment holding	HK\$2	100%
Pan Bright Investment Limited	Investment holding	HK\$20	100%
Pan Harbour Investment Limited	Investment holding	HK\$2	100%
Pan Inn Investment Limited	Investment holding	HK\$20	100%
Pan Kite Investment Limited	Investment holding	HK\$20	100%
Pan Pearl Investment Limited	Investment holding	HK\$20	100%
Pan Spring Investment Limited	Investment holding	HK\$20	100%
Prosperity Land Cleaning Service Limited	Cleaning services	HK\$100 and non-voting deferred share capital of HK\$100	100%
Prosperity Land Estate Management Limited	Property management	HK\$150 and non-voting deferred share capital of HK\$1,500,000	100%
Union Home Development Limited	Investment holding	HK\$2	100%
<i>Incorporated in Liberia</i>			
Bassindale Limited	Investment holding	US\$500	100%
<i>Incorporated in Bermuda and listed in Hong Kong</i>			
Asia Standard Hotel Group Limited ²	Investment holding	HK\$31,407,737	39.0%
Asia Standard International Group Limited ³	Investment holding	HK\$12,712,352	51.2%

² The Group directly holds 3.02%.

³ The Group directly holds 51.23%.

Their principal subsidiaries are included in their own published consolidated financial statements.

39 EXTRACTS FROM THE PUBLISHED AUDITED FINANCIAL INFORMATION OF ASIA STANDARD

Asia Standard is a principal subsidiary of the Company. It is incorporated in Bermuda and listed in Hong Kong and its subsidiaries are principally engaged in property development and investment, hotel, travel operation and securities investments.

Set out below are the summary of the audited consolidated financial statements of Asia Standard in which 49% were owned by non-controlling interests, that are material to the Group for the year ended 31st March 2015.

The information below is the amount before inter-company eliminations.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2015

	2015 HK\$'000	2014 HK\$'000
Revenue	1,256,294	1,220,319
Cost of sales	(232,772)	(243,934)
Gross profit	1,023,522	976,385
Selling and administrative expenses	(203,188)	(185,420)
Depreciation	(89,676)	(86,305)
Net investment (loss)/gain	(594,865)	639,855
Fair value gain of investment properties	865,943	214,289
Operating profit	1,001,736	1,558,804
Net finance costs	(94,252)	(78,793)
Share of profits less losses of		
Joint ventures	(11,144)	(4,542)
Associated companies	127,466	74,907
Profit before income tax	1,023,806	1,550,376
Income tax expense	(20,767)	(45,544)
Profit for the year	1,003,039	1,504,832
Profit allocated to non-controlling interests	463,816	709,467
Dividends paid to non-controlling interests	20,162	17,254
Total comprehensive income for the year	900,163	1,511,385
Total comprehensive income allocated to non-controlling interests	406,869	698,498

39 EXTRACTS FROM THE PUBLISHED AUDITED FINANCIAL INFORMATION OF ASIA STANDARD (Continued)

CONSOLIDATED BALANCE SHEET*As at 31st March 2015*

	2015 HK\$'000	2014 HK\$'000
Non-current assets		
Investment properties	7,627,318	5,567,131
Property, plant and equipment	3,175,896	3,170,244
Properties under development for sale	797,485	–
Joint ventures and associated companies	2,860,805	2,681,378
Available-for-sale investments	216,159	241,078
Financial assets at fair value through profit or loss	296,187	554,844
Derivative financial instruments	–	10,427
Mortgage loans receivable	2,629	2,797
Deferred income tax assets	20,399	3,400
	14,996,878	12,231,299
Current assets		
Properties under development for sale	990,786	1,737,935
Completed properties held for sale	3,617	3,617
Hotel and restaurant inventories	1,290	1,569
Trade and other receivables	351,178	291,972
Income tax recoverable	12,565	5,589
Financial assets at fair value through profit or loss	5,566,465	4,917,765
Bank balances and cash	1,071,537	1,461,233
	7,997,438	8,419,680

39 EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS OF ASIA STANDARD (Continued)

CONSOLIDATED BALANCE SHEET (Continued)

As at 31st March 2015

	2015 HK\$'000	2014 HK\$'000
Current liabilities		
Trade and other payables	151,672	141,936
Amount due to a joint venture	71,767	37,058
Amount due to an associated company	224,400	–
Income tax payable	17,558	37,139
Derivative financial instruments	–	982
Borrowings	1,037,613	919,483
	1,503,010	1,136,598
Net current assets	6,494,428	7,283,082
Non-current liabilities		
Long term borrowings	4,787,666	3,849,758
Medium term notes	711,020	609,894
Derivative financial instruments	40,110	–
Deferred income tax liabilities	89,428	71,760
	5,628,224	4,531,412
Net assets	15,863,082	14,982,969
Supplementary information with hotel properties in operation at valuation		
Revalued total assets	30,588,571	27,358,510
Revalued net assets	23,424,348	21,652,208

39 EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS OF ASIA STANDARD (Continued)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March 2015

	2015 HK\$'000	2014 HK\$'000
Net cash generated before working capital changes	789,669	761,085
Change in working capital	(1,243,896)	(1,484,501)
Net cash used in operating activities	(454,227)	(723,416)
Net cash used in investing activities	(1,101,088)	(241,051)
Net cash generated from financing activities	1,167,257	2,014,523
Net (decrease)/increase in cash and cash equivalents	(388,058)	1,050,056
Cash and cash equivalents at the beginning the of year	1,452,275	400,477
Changes in exchange rates	1,805	1,742
Cash and cash equivalents at the end of the year	1,066,022	1,452,275

40 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 24th June 2015.

