Asia Standard Hotel Group Limited

Annual Report 2017

HKSE Stock Code: 292

Contents

Corporate Information

DIRECTORS

Executive

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

Independent Non-executive

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Mr. Lee Tai Hay, Dominic

REGISTERED OFFICE

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

PRINCIPAL OFFICE IN HONG KONG

30th Floor, MassMutual Tower,
33 Lockhart Road, Wanchai,
Hong Kong
Telephone 2866 3336
Facsimile 2866 3772
Website www.asiastandardhotelgroup.com
E-mail info@asia-standard.com.hk

PRINCIPAL BANKERS

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

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 (in HK$ million, except otherwise indicated)	**2017**	2016	**Change**
Consolidated profit and loss account			
Revenue	**737**	677	+9%
Contribution from hotel operation	**168**	158	+6%
Contribution from financial investments	**231**	189	+22%
Net investment gain	**243**	71	+242%
Depreciation	**(116)**	(84)	+38%
Net finance costs	**(40)**	(33)	+21%
Profit for the year attributable to shareholders	**433**	251	+73%
Earnings per share – basic (HK cents)	**21.45**	12.42	+73%
Consolidated balance sheet			
Total assets	**6,374**	5,788	+10%
Net assets	**3,727**	3,455	+8%
Net debt	**2,240**	1,850	+21%

Supplementary information about valuation of the five (2016: four) hotel properties in operation (note):

Revalued total assets	**14,621**	13,263	+10%
Revalued net assets	**11,872**	10,875	+9%
Gearing – net debt to revalued net assets	**19%**	17%	+2%

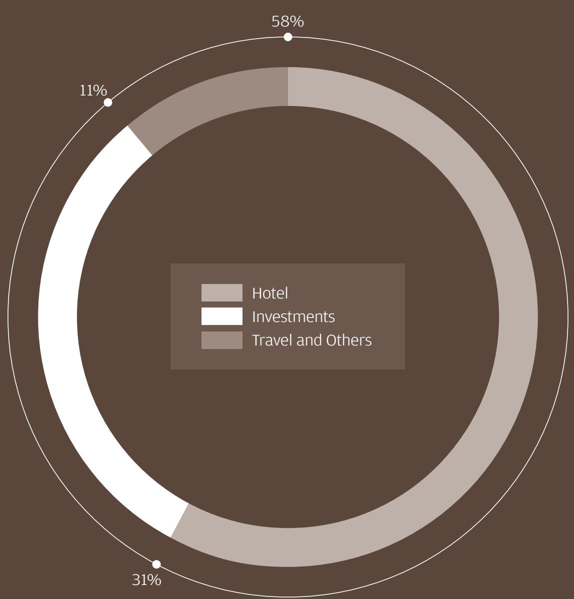
Note: According to the Group's accounting policies, the hotel properties in operation were carried at cost less accumulated depreciation. To give further information on the economic substance of its hotel properties investments, the Group hereby presents supplementary unaudited financial information 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 hotel properties in Hong Kong and Canada were revalued by Vigers Appraisal & Consulting Limited ("Vigers") and Altus Group Limited (2016: Vigers and Burgess Cawley Sullivan & Associates Ltd) respectively, independent professional valuers, on an open market value basis.

Chairman's Statement

For the year ended 31st March 2017, **the Group recorded a consolidated net profit of approximately HK$433 million** as compared to HK$251 million from the same period last year.

2017 segment revenue



Chairman's Statement

The improvement in the profit was mainly attributable to a significant increase in unrealised fair value gain on investments in financial assets as compared to last year.

Basic earnings per share during the year was HK21.45 cents (2016: HK12.42 cents (restated)).

The Group had a revalued net assets increase of 9% to HK$11.9 billion. Net gearing (net debt over the revalued net asset value) was at 19% as of the year end.

Our new hotel in Causeway Bay has commenced business in September 2016, and our new hotel development in Tsim Sha Tsui is targeted to open in the second half of 2017.

The management remains cautiously optimistic in the coming times for our hotel performance.

For the Group's property development segment, the Group is currently focused in exploring opportunities in property development in Vancouver, Canada. Due to Vancouver's citywide rezoning plans, the Group's Empire Hotel Landmark located in downtown Vancouver is permitted to be redeveloped as a mixed-use development which comprise primarily residential condominiums. In November 2016, the Group has acquired another redevelopment site within a minute's walking distance from our existing hotel. Lastly, the Group's 40% joint venture in downtown Vancouver for a premium residential development for sale has also made steady progress. This joint venture development had hosted its city-required pre-application community open house and is targeted to submit a formal rezoning application in the third quarter of 2017. The Group will continue to utilised its experience and expertise in property development to further diversify its investment and strengthen its overseas portfolio.

Residential re-development of **Empire Landmark Hotel** on Robson Street, Vancouver

The trading of the Company's shares has been resumed following a bonus issue of shares in Feb 2017 where Asia Orient Holdings Limited and Asia Standard International Group Limited has opted to receive convertible notes in lieu of bonus shares.

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

Poon, Jing
Chairman

Hong Kong, 28th June 2017

Business Model and Strategies

Business Model and Strategies

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

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

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

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

(ii) To build our reputation and track record of premium property development, initially in Vancouver, Canada

Our development strategy is to continue to invest in Vancouver, Canada. We will expand the real estate business through carefully selected opportunities in luxury as well as mass market residential development, and will continue to look for opportunities to increase our presence in different regions, leveraging our expertise as a premium hotel developer with an international standard.

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

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

(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 shareholders in the long term.

Management Discussion and Analysis

Profit attributable to shareholders increased by 73% to HK$433 million. The management remains cautiously optimistic towards the performance of the Group in the rapidly changing environment.

RESULTS

The Group's revenue for the twelve months ended 31st March 2017 amounted to HK$737 million, increased by 9% when compared with last year. Profit attributable to shareholders increased by 73% to HK$433 million, due mainly to an increase in net investment gain from financial investments when compared with last year.

BUSINESS REVIEW

Between April 2016 and March 2017, the cumulative arrivals to Hong Kong for all visitors and those who stayed overnight reached 57 million and 27 million, respectively, the former had a 1% decrease but the latter had a 2% increase. Although Mainland China dominated the overnight visitor arrivals with a 76% of the total share, this market registered a 2% drop from the same period of last year. Reasons for the decline include but not limited to the continued strengthening of the Hong Kong dollar as well as relaxation of visa policies of other popular tourist destinations (e.g. Europe, Japan, etc.).

On the hotel supply front, there were a total supply of about 75,900 hotel rooms as of March 2017, an increase of about 3% over the preceding year.

The new **Empire Prestige** and the adjacent **Empire Hotel Causeway Bay**

In Hong Kong, our new 94-room Empire Prestige Causeway Bay ("Empire Prestige") located adjacent to the Group's existing hotel in Causeway Bay has achieved over 90% occupancy during the first 6 months of operations since its opening in late September 2016. Our other three Empire hotels in Hong Kong have achieved a 96% occupancy, although average room rate retreated by 3% from that of last year.

Our Empire Landmark Hotel in Vancouver, Canada operated at 73% occupancy and achieved an increase of 2% in average room rate from last year.

270 degree of views from the balconies of the re-developed **Empire Landmark** residential units to English Bay and Stanley Park, Vancouver

DEVELOPMENT PROJECTS

The exterior façade and interior fitting works of our site located adjacent to the Group's existing hotels in Tsim Sha Tsui is in progress; this new 90-room hotel is anticipated to open in the second half of 2017.

In response to community rezoning plans of the City of Vancouver, the Group intends to redevelop its Empire Landmark Hotel into a mixed-use, primarily for residential, development for sale. The Vancouver City Council has already accepted our redevelopment application, and the closure date for the hotel is set for September 2017, after which demolition will commence.

In addition, the Group has completed in January 2017 its acquisition of another development opportunity located in the vicinity of our Empire Landmark Hotel in Vancouver. The Group intends to redevelop these land and buildings into residential units for sale.

TRAVEL

Revenue for the travel operations during the twelve months ended 31st March 2017 amounted to HK$75 million (2016: HK$81 million).

FINANCIAL INVESTMENTS

As at 31st March 2017, the Group's financial investment portfolio that consisted entirely of listed securities amounted to HK$2,410 million (2016: HK$1,962 million). The increase largely arose from mark to market fair value gain of HK$266 million and a further net investment of HK$182 million.

Approximately 75% of our investment portfolio comprised listed debt securities (of which approximately 92% were issued by PRC-based real estate companies), and approximately 25% comprised listed equity securities issued by major banks. They were denominated in Hong Kong dollars 8%, United States dollars 83%, Sterling 5% and Euro 4%.

During the year, a total of HK$228 million (2016: HK$186 million) in interest and dividend income were generated from the investment portfolio. The increase in interest and dividend income was mostly due to the recognition of a one-off coupon income from debt securities of a PRC-based real estate company during the year.

The investment portfolio also generated a net investment gain of HK$243 million (2016: HK$71 million), which was mainly due to unrealised fair value gain. The unrealised gain was largely made up of mark to market valuation gain from an equity security listed in the US, and listed debt securities issued by the PRC-based real estate companies following the rapid sales and price growth of China's housing market and the liberalisation of the domestic bond market in 2016.

JOINT VENTURES

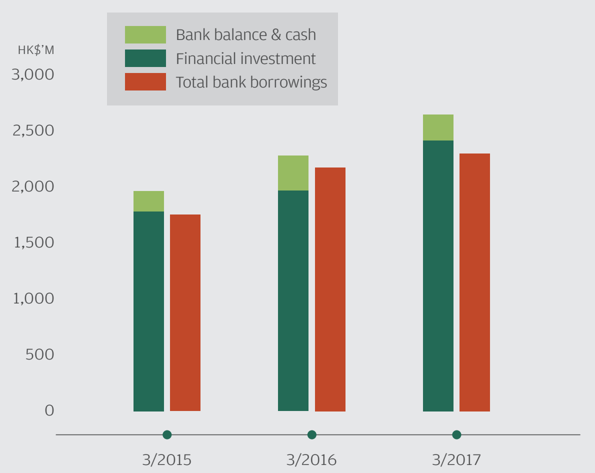
The Group's 40% joint venture in Vancouver is in the midst of discussion with the local authority in preparation for the re-zoning and development application for the acquired land to be re-developed into a high-end residential development for sale.

FINANCIAL REVIEW

The financing and treasury activities of the Group are centrally managed and controlled at the corporate level. At 31st March 2017, the Group had over HK$2 billion cash and undrawn banking facilities.

The Group's total assets per book amounted to HK$6,374 million (2016: HK$5,788 million). Based on independent valuation, the total revalued amount of our hotel properties in operation as at 31st March 2017 was HK$10,726 million, increased by 11% when compared with that as at 31st March 2016. The increase was mainly due to (i) the revaluation of our new 94-room Empire Prestige in Causeway Bay following its commencement of operation in September 2016, and (ii) appreciation in value of the re-development site of our existing Empire Landmark Hotel as a result of the strong growth in the Vancouver's real estate market during the year under review, particularly in the downtown area where our hotel is located. The revalued total assets of the Group with hotel properties in operation at market value would be HK$14,621 million (2016: HK$13,263 million).

Ample liquidity & cash reserves



Revalued net assets, net debt and gearing ratio

Management Discussion and Analysis

The shareholders' funds per book amounted to HK$3,727 million (2016: HK$3,455 million), of which the increase was mainly due to profit for the year. Taking into account the market value of the hotel properties in operation, the revalued net asset value of the Group would be HK$11,872 million (2016: HK$10,875 million).

The consolidated net debt (total debt less cash balance) was HK$2,240 million (2016: HK$1,850 million). The total debt comprised HK$2,293 million of bank borrowings and HK$176 million of convertible notes. 94% of the gross bank borrowings or HK$2,157 million was denominated in Hong Kong dollars, and the remaining 6% or to the equivalent of HK$136 million were in foreign currencies incurred in operations and investment in financial assets overseas. During the year, all the bank borrowings are at floating interest rates and no instrument was adopted to hedge our borrowings.

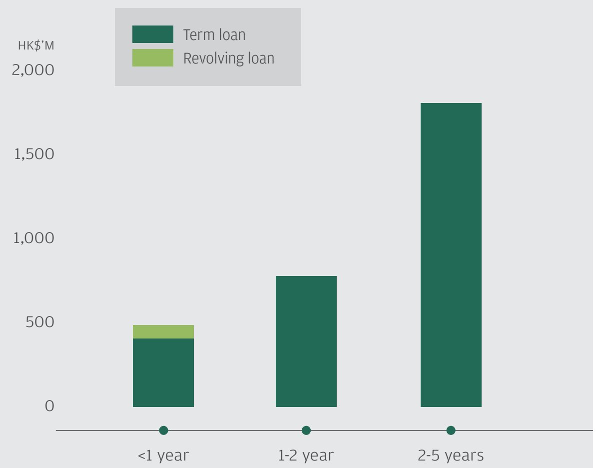
The maturity of our bank borrowings spread over a period of up to 5 years. 3% of total borrowings were from revolving credit facilities secured by hotel properties. Term loan secured by hotel properties and property under development for sale account for 97% with 13% repayable within 1 year, 25% repayable between 1-2 years, 59% repayable within 3-5 years. Convertible notes, accounting for 7% of total debt, is unsecured and repayable in February 2047. At 31st March 2017, the Group had net current assets of HK$2,211 million (2016: HK$1,901 million).

In March 2017, the Company has established a medium term note programme under which it may issue notes in series of aggregate principal amount up to US$1 billion (or its equivalent in other currencies). At 31st March 2017, no note was issued under the programme.

The Group's gearing ratio, expressed as a percentage of net debt over the revalued net asset value, was 19% (2016: 17%).

The aggregate net book value of hotel properties and property under development for sale pledged as collateral for banking facilities of the Group as at 31st March 2017 amounted to HK$3,179 million (2016: HK$2,961 million).

Debt maturity



PUBLIC FLOAT

In order to restore the 25% minimum public float requirement of the listing rule, the Company conducted a bonus issue of new shares where the existing shareholders were entitled to two bonus shares for one existing share unless they elect to receive convertible notes. Asia Standard International Group Limited and Asia Orient Holdings Limited, and their wholly owned subsidiaries elected to receive the convertible notes. Immediately upon the completion of the bonus issue in February 2017, the Company issued approximately 448 million bonus shares and approximately 2,693 million convertible notes, and the percentage of shares held by the public increased from 14.276% to 33.283% as a result.

HUMAN RESOURCES

As at 31st March 2017, the total number of full-time employees of the Company and its subsidiaries was approximately 390 (2016: 380). In addition to salary payment, the Group provides other benefits including insurance, share options, medical scheme and retirement plans and others to its employees.

OUTLOOK

The general market conditions of the tourist and hotel industries in Hong Kong have gradually regained some momentum with overnight visitor arrivals between October 2016 and March 2017 showing a 4.2% increase from the same period of last year. This compared favourably to the decrease of 3.4% in the same period of 2015/16 over that of 2014/15. The long-term prospects of the Hong Kong hospitality industry should remain positive when more tourism and infrastructure projects are completed, and the new initiatives to promote tourism diversity by the government and the Hong Kong Tourism Board continued, which further support Hong Kong as a major MICE (Meetings, Incentives, Conferences, and Events) and leisure destination in the world. We will continue to pursue different short, medium and long-term measures to cope with the changing circumstances, and will devote efforts, leveraging our financial position and operations in Hong Kong, to plan and exercise asset enhancement initiatives to bring long term growth in hotel room numbers and revenue to the Group.

In respect of general outlook for the property market, the housing market in Vancouver, Canada witnessed a strong growth in the year 2016, with a relatively low interest rates and a strong economy in the British Columbia province. On the other hand, the PRC property market is supported by (i) the urbanisation process laid down by the PRC government in The 13th Five Year Plan for economic and social development of the PRC (2016-2020); (ii) the expansion of urban residency permits; and (iii) long term population growth.

While the changing administration in the US is bringing forth changing policies affecting both financial and monetary landscape, possibly resulting in a more volatile interest rate environment, equity securities market continues to be volatile, affected by locality specific events.

The management remains cautiously optimistic towards the performance of the Group in the rapidly changing environment.

Five-year Financial Summary

Year ended 31st March (in HK$ million)	**2017**	2016	2015	2014	2013
Results					
Revenue	**737**	677	700	651	647
Gross profit	**498**	445	473	470	474
Depreciation	**(116)**	(84)	(87)	(83)	(85)
Net investment gain/(loss)	**243**	71	(105)	132	218
Net finance costs	**(40)**	(33)	(10)	(15)	(13)
Profit for the year attributable to shareholders	**433**	251	120	349	424
Assets and liabilities					
Total assets	**6,374**	5,788	5,159	5,137	4,718
Total liabilities	**(2,647)**	(2,333)	(1,894)	(1,933)	(1,822)
Equity attributable to shareholders of the Company	**3,727**	3,455	3,265	3,204	2,896

Supplementary information about valuation of the five (2013 to 2016: four) hotel properties in operation:

Revalued total assets	**14,621**	13,263	12,709	11,799	10,998
Revalued net assets	**11,872**	10,875	10,782	9,828	9,152

Principal Properties

		Group's interest	Approx. site area (sq.ft.)	Approx. gross floor area (sq.ft.)
HOTEL PROPERTIES				
01	**Empire Hotel Hong Kong** 33 Hennessy Road, Wanchai, Hong Kong	100%	10,600	184,000 (363 rooms)
02	**Empire Hotel Kowloon** 62 Kimberley Road, Tsim Sha Tsui, Kowloon	100%	11,400	220,000 (343 rooms)
03	**Empire Hotel Causeway Bay** 8 Wing Hing Street, Causeway Bay, Hong Kong	100%	6,200	108,000 (280 rooms)
04	**Empire Landmark Hotel** 1400 Robson Street, Vancouver B. C., Canada	100%	41,000	410,000 (358 rooms)
05	**Empire Prestige Causeway Bay** 8A Wing Hing Street, Causeway Bay, Hong Kong	100%	2,000	31,000 (94 rooms)
06	**New Hotel** (expect completion in the second half of 2017) 10-12 Kimberley Street, Tsim Sha Tsui, Kowloon	100%	2,800	34,000 (90 rooms)

		Group's interest	Approx. site area (sq.ft.)	Approx. gross floor area (sq.ft.)	Type	Stage
PROPERTIES UNDER DEVELOPMENT FOR SALE						
07	1394 Robson Street Vancouver, B.C., Canada	100%	8,600	75,000	Residential	Planning
08	1444 Alberni Street and 740 Nicola Street Vancouver, B.C., Canada	40%	43,230	649,000	Residential/ Commercial	Planning

REPORTING STANDARD AND SCOPE

This ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT covers the financial year ended 31st March 2017 (the "reporting year") and addresses all the General Disclosures under each Aspect of the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Group shall aim to collect data to address material Key Performance Indicators ("KPIs") in our next report.

ENVIRONMENTAL PROTECTION

A1 EMISSIONS

The Group did not generate significant greenhouse gas emissions as the emissions are indirectly and principally resulting from consuming electricity and gases at the workplace, vehicles and business travels by employees.

The Group did not generate hazardous waste during its business operation, discharge of water and non-hazardous waste were divided into recyclable or non-recyclable waste and handled in an environmentally responsible manner in line with the applicable environmental protection laws and regulations whenever practicable.

During the reporting year, the Group was not subject to any environmental penalty.

A2 USE OF RESOURCES

In the hotel operation, air conditioning and lighting are the main contributors to the Group's carbon footprint. In recent years, the Group has stepped up its efforts in environmental initiatives to maximise energy conservation, by promoting efficient use of resources, energy saving and emission.

The design of our hot water system in Empire Hotel 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 in 2012, which is environmental friendly and has greater energy efficiency, better controllability, and longer life. In our Empire Hotel Kowloon, replacement of air cool chiller system by a water cool chiller system is in progress and scheduled to be completed in 2017. As regards to the new hotel development at our sites in Causeway Bay and Tsim Sha Tsui, the Group 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.

A3 THE ENVIRONMENT AND NATURAL RESOURCES

The Group incorporated various environmental initiatives in its hotel operation to minimise waste generation. For instance, water consumption is reduced through our green programme for guestroom linens. We have placed green cards in our guestrooms, informing guests that the hotel will change towels and bedsheets upon request.

To reduce paper consumption, we maximise the use of electronic communications and file storage systems for general office work, guest logs and daily reports and whenever possible we use e-confirmations for guest reservations. In addition, the Group encourages use of recycled paper for printing and copying, double-sided printing and copying, reduce energy consumption by switching off idle lightings, air conditioning and electrical appliances.

The Group's operational activities do not have significant impacts on the environment and natural resources, and the Company shall ensure compliance with all applicable environmental related legislations and regulations.

SOCIAL ASPECT

B1 EMPLOYMENT

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.

B2 HEALTH AND SAFETY

The Group values the health and wellbeing of staff. In order to provide employees with health coverage, staff are entitled to benefits including medical insurance and other competitive fringe benefits.

Fire hazards pose significant threats, and all our staff are thoroughly briefed on our Fire Safety Guidelines. Newly joined employees also receive comprehensive orientation on the work safety procedures of the Group.

The Group complied with all the relevant laws and regulations that have a significant impact on the Group relating to health and safety during the year ended 31st March 2017.

B3 DEVELOPMENT AND TRAINING

Various training courses are regularly conducted to promote occupational safety, personal and food hygiene, fire and emergency response, first aid and customer serving skills.

In addition, our staff is eligible to apply for Educational Sponsorships to pursue external professional courses.

B4 LABOUR STANDARD

The Group has complied with all the relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labour.

B5 SUPPLY CHAIN MANAGEMENT

The Group appreciates the importance of maintaining a good relationship with its suppliers to meet its immediate and long-term business goals. Most of the Group's procurements have undergone a tender process. The Group implements a just and fair tender process to ensure adequate competition and adopts a series of assessment methods in relation to supplier management to ensure the quality of its supplied products and services during performance process.

Hospitality

The Group works closely with a number of suppliers in providing a range of hospitality goods, including guestroom consumables, tableware, furniture, and foods and beverages. The Group assures their performance for delivering quality sustainable products and services through supplier approval process and by spot checks on the delivered goods.

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.

Property Development

The Group has adopted high standards for all building materials in our premises construction, and will continue to review options to purchase more products from environmentally superior products, as well as local or regional companies to reduce the environmental impact of their manufacture and transportation.

B6 PRODUCT RESPONSIBILITY

Our catering operations adhere to all relevant legislations, including but not limited to nutritional and food allergy labelling. The quality and hygiene of our cuisines are effectively managed under an extensive food safety manual. Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, which have significant impact on the Group.

During the reporting year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Data Privacy

We only collect personal data for operational needs and clearly inform all customers or persons about the intended use of the data and their rights to review and revise their information. All collected personal data is treated as confidential and kept securely, accessible by designated personnel only.

During the reporting year, there was no substantiated complaints received concerning breaches of customer privacy and losses of customer data.

B7 ANTI-CORRUPTION

We do not tolerate any form of corruption or malpractice such as bribery, money laundering, extortion and fraud. Expected professional conduct at the workplace is outlined in the employee handbook.

During the reporting year, there was no reported cases of corruption and non-compliance with any rules and regulations as regards anti-corruption such as the Prevention of Bribery Ordinance.

B8 COMMUNITY INVESTMENT

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

With the help of our employees, we have organised various events during the year to give back to our community.

B8 COMMUNITY INVESTMENT (Continued)

Caring for Society

"The Art of Caring" Community Care Program

"The Art of Caring" Community Care Program (the "Program") was launched in 2009 by the Empire Hotels in conjunction with SAHK, a rehabilitation service organisation. Since then, the Program has been giving support to local children and youth with special needs in their education and rehabilitation through the creation of art pieces and a series of educational workshops, learning events and life enriching activities. During 2016/2017, the following activities were organised:

Dining Etiquettes classes were offered to more than 30 SAHK secondary school students on 14th, 21st and 28th February 2017.

SAHK Angels in the Realm of Empire Glory musical performances at Empire Hotel Kowloon • Tsim Sha Tsui where school bands of three secondary schools from SAHK performed festive Christmas music in the hotel lobby on 19th and 20th December 2016.

OLE² Program (Other Learning Experiences x Opportunities for Life Enrichment) giving five about-to graduate secondary school students an opportunity to real-life work experience at hotel industry. They were assigned to Corporate Sales and Accounting offices, working as Office Assistant and Accounts Trainee, respectively during May – June 2017.

Prizes sponsorship of 10 sets of dinner buffets for two to a SAHK's parenting program "Slogan Competition on Harmonious Family".

From Left in the back: Mr Fong Cheung Fat, Chief Executive Officer of SAHK, Professor Leung Nai Kong, Chairman of SAHK, Mr David Leung, Commissioner for Rehabilitation of Labour and Welfare Bureau of the HKSAR Government, Mr Joseph Woo, Executive Director of Asia Standard Hotel Group Ltd and five participating students from SAHK B.M. Kotewall Memorial School and SAHK Ko Fook Lu Memorial School in the joint OLE² job-shadowing project

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

SAHK Angels in the Realm of Empire Glory -- Students of SAHK Jockey Club Elaine Field School were playing brass band Christmas music in the hotel lobby of Empire Hotel Kowloon

Charity Activities

The Group has during the reporting year made donations of HK$4,382,000 to a number of charitable organisations, such as Hong Kong Spinal Cord Injury Fund Limited, Sai Kung Tseung Kwan O Environmental Association Limited, Hong Kong Breast Cancer Foundation Ltd, Suicide Prevention Services Limited, St. Stephen's Foundation Limited, and Hong Kong Paralympic Committee & Sports Association for the Physically Disabled.

Community Recognition

The Group has been for an eighth year in a row awarded the Caring Company title 2016/17 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.

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 individuals. The Chairman, Mr. Poon Jing is responsible for overseeing the functioning of the Board and the strategies and policies of the Group. The Chief Executive and Deputy Chairman, Dr. Lim Yin Cheng, is responsible for managing the Group's business. The biographical details and relationship of the Directors are disclosed in the biography of Directors set out in the Directors and Senior Management section.

According to the bye-laws 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.

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

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

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

Director	Title	Number of meetings attended/ Number of meetings held	
		Board meeting	General meeting
Mr. Poon Jing	Chairman	3/4	0/1
Dr. Lim Yin Cheng	Deputy Chairman and Chief Executive	4/4	1/1
Mr. Poon Hai	Executive Director	4/4	1/1
Mr. Poon Yeung, Roderick	Executive Director	3/4	1/1
Mr. Fung Siu To, Clement	Executive Director	4/4	1/1
Mr. Woo Wei Chun, Joseph	Executive Director	4/4	1/1
Mr. Ip Chi Wai	Independent Non-executive Director	4/4	1/1
Mr. Leung Wai Keung	Independent Non-executive Director	3/4	1/1
Mr. Hung Yat Ming	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. Hung Yat Ming, an Independent Non-executive Director of the Company is the Chairman of the Remuneration Committee. The Remuneration Committee currently comprises the Deputy Chairman and Chief Executive of the Company, Dr. Lim Yin Cheng, and two Independent Non-executive Directors, Mr. Ip Chi Wai and Mr. Hung Yat Ming. The terms of reference were revised and adopted by the Board in compliance with the Code. The duties of the Remuneration 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 Remuneration 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. Leung Wai Keung and Mr. Ip Chi Wai. The terms of reference were revised and adopted by the Board in compliance with the Code. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process, risk management 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 risk management and internal controls. All the members had attended the meetings. The Audit Committee has reviewed the annual financial statements for the year ended 31st March 2017.

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 as set out in the Model Code throughout the year ended 31st March 2017.

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;

(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 to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. Any director so appointed shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting;

(3) Code Provision E.1.2 of the Code provides that the chairman of the board of the company should attend the annual general meetings. Mr. Poon Jing, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 8th September 2016 due to his other engagements at the relevant time; and

(4) Code Provision C.2.5 of the Code provides that the issuers should have an internal audit function. The Company's internal audit function was carried out by the internal auditor who has resigned and left the Company in September 2016. A new internal auditor has been recruited and reported to duty in June 2017.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Group has its risk management structure and allocated responsibilities in order to achieve the Group's business objectives:

RISK MANAGEMENT

The Board has the overall responsibilities of establishing, maintaining and operating sound and effective risk management and internal control systems. The Audit Committee, acting on behalf of the Board, reviews the effectiveness of the Company's risk management and internal control systems on an on-going basis and reports to the Board. The management is responsible for designing, implementing and monitoring of the Group's risk management framework and internal control system. The internal audit function facilitates improvement in the risk management process by assessing the effectiveness of the internal control system and reports audit results together with the results of the periodic compliance checking to the Audit Committee on an ongoing basis.

INTERNAL CONTROL

The Group's internal control system comprises a well-established organisational structure, comprehensive budgeting, reporting, policies and procedures, aiming to identify and manage risks that could adversely hinder the achievement of business objectives of the Group, provide reasonable, but not absolute, assurance against failure in operational system, material error, loss or fraud to the Group. Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Regular reviews and internal audits are carried out for an independent appraisal of the adequacy and effectiveness of the systems and the compliance with applicable laws and regulations.

A discussion on the principal risks and uncertainties encountered by the Group are set out on pages 44 to 45 in Report of the Directors.

Unauthorised access and use of inside information are strictly prohibited. Any potential inside information identified by senior management will be assessed, and where appropriate, will be escalated for the attention of the Board to resolve on further actions. The Board assesses the likely impact of any unexpected and significant event and decides whether the relevant information is considered inside information and needs to be disclosed as soon as reasonably practicable pursuant to Rules 13.09 and 13.10 of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Future Ordinance.

2017 EFFECTIVENESS OF THE COMPANY'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

For the Financial year under review, two Audit Committee meetings with senior management and the Group's external auditors were held. The Audit Committee has not identified any significant control failings or weaknesses and it concurred with the management's confirmation. The Board is of the view that the system of risk management and internal control in place for the financial year under review and up to the date of issuance of the annual report and financial statements is sound and is sufficient to safeguard the interests of shareholders, customers and employees, and the Group's assets.

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 pages 49 to 53 of this annual report.

For the year ended 31st March 2017, the amounts of HK$4,212,000 (2016: HK$3,081,000) 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$1,222,000 (2016: HK$408,000).

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

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

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

(II) PROCEDURE FOR SHAREHOLDERS TO CONVENE SPECIAL GENERAL MEETING

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

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 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:-

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

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

INVESTOR RELATIONSHIP

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

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

PROCEDURE FOR RAISING ENQUIRIES

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

Directors and Senior Management

EXECUTIVE DIRECTORS

POON JING

Aged 62, is the Chairman and an Executive Director of the Company. He is also the Chief Executive, the Managing Director and an Executive Director of Asia Standard International Group Limited ("ASI") and Asia Orient Holdings Limited ("Asia Orient"). He is also a Director of certain subsidiaries of the Company. He is the founder of the Group. Mr. Poon is the father of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors of the Company. He is also the brother-in-law of Dr. Lim Yin Cheng and Mr. Fung Siu To, Clement, the Deputy Chairman and an Executive Director of the Company respectively.

LIM YIN CHENG

Aged 72, is the Deputy Chairman, the Chief Executive, an Executive Director and a member of the Remuneration Committee of the Company. He 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 1994. Dr. Lim is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors of the Company. He is also the brother-in-law of Mr. Poon Jing, the Chairman of the Company.

POON HAI

Aged 31, is an Executive Director of the Company and Asia Orient. He is also an Executive Director and a member of the Remuneration Committee of ASI. He is also a Director of certain subsidiaries of the Company. Mr. Poon holds a Bachelor of Commerce degree from the University of British Columbia. He is responsible for the business development and the project management of the Group. Mr. Poon is the son of Mr. Poon Jing and the brother of Mr. Poon Yeung, Roderick, the Chairman and an Executive Director of the Company respectively. He is also the nephew of Dr. Lim Yin Cheng and Mr. Fung Siu To, Clement, the Deputy Chairman and Chief Executive and an Executive Director of the Company respectively. He joined the Group in 2009.

POON YEUNG, RODERICK

Aged 28, is an Executive Director of the Company, ASI and Asia Orient. He is also a Director of certain subsidiaries of the Company. Mr. Poon holds a Bachelor of Commerce degree with a major in Real Estate from the University of British Columbia. 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 Chairman and an Executive Director of the Company respectively. He is also the nephew of Dr. Lim Yin Cheng and Mr. Fung Siu To, Clement, the Deputy Chairman and Chief Executive and an Executive Director of the Company respectively. He joined the Group in 2012.

FUNG SIU TO, CLEMENT

Aged 68, is an Executive Director of the Company. He is also the Chairman, an Executive Director and a member of the Remuneration Committee of ASI and Asia Orient. He 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 Group in 1994 and has over 30 years of experience in project management and construction. Mr. Fung is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are the Executive Directors of the Company. He is also the brother-in-law of Mr. Poon Jing, the Chairman of the Company.

WOO WEI CHUN, JOSEPH

Aged 53, is an Executive Director and the Group Financial Controller of the Company. He is also a Director of certain subsidiaries of the Company. Mr. Woo is qualified as a U.S. Certified Public Accountant (Illinois) and is an associate member of The Hong Kong Institute of Certified Public Accountants ("HKICPA"). He holds a bachelor degree in Accounting with Computing and a master degree in Business Administration. Mr. Woo has over 25 years of experience in accounting and finance. He joined the Group in 2006.

INDEPENDENT NON-EXECUTIVE DIRECTORS

IP CHI WAI

Aged 49. Mr. Ip graduated from The University of Hong Kong with a Degree of a Bachelor of Laws. He is a qualified solicitor in Hong Kong and has more than 20 years of experience in the legal profession. Mr. Ip is an Independent Non-executive Director and a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Ip is also as an Independent Non-executive Director and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of Dingyi Group Investment Limited (stock code: 508), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He joined the Group in 2003.

On 19th June 2017, Mr. Ip was appointed as an Independent Non-executive Director and a member of the Audit Committee, the Nomination Committee and the Remuneration Committee of Wealthy Way Group Limited (stock code: 3848), a company expected to be listed on or about 21st July 2017 on the Main Board of the Stock Exchange.

LEUNG WAI KEUNG

Aged 54, is an Independent Non-executive Director and a member of the Audit Committee of the Company. Mr. Leung is currently a Barrister-at-Law. He has about 10 years of experience in accounting and financial management in several firms and thereafter been practicing as a barrister since 1996. He is also an Independent Non-executive Director, a member of the Audit Committee and the Remuneration Committee of ASI. Mr. Leung is a member of HKICPA, The Hong Kong Institute of Chartered Secretaries ("HKICS"), The Association of Chartered Certified Accountants, The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Arbitrators. He was admitted to the High Court of Hong Kong as a barrister in 1994. He holds a master degree in Accounting and Finance from University of Lancaster and obtained a bachelor of laws from Manchester Metropolitan University. He was the President of HKICS in 2006. In 2007, Mr. Leung was appointed by the Government to sit on various statutory tribunals such as the Guardianship Board, the Registration of Persons Tribunal, the Board of Review and others. Currently, Mr. Leung also holds the position as the Chairman of the Appeal Board for the Hotel and Guesthouse Accommodation, the Clubs (Safety of Premises) and Bedspace Apartments. Mr. Leung joined the Group in 2004.

HUNG YAT MING

Aged 65. Mr. Hung has over 30 years of experience in audit, accounting and financial management in several firms in Sydney and Hong Kong and is a financial controller of a Hong Kong listed company. Mr. Hung is a member of The Institute of Chartered Accountants of Scotland and HKICPA. He graduated from The University of Hong Kong with a bachelor degree in Mathematics and obtained a post-graduate diploma in Accountancy from University of Strathclyde, Scotland. Mr. Hung is an Independent Non-executive Director and the Chairman of the Audit Committee and the Remuneration Committee of the Company. He is also an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of Asia Orient. He is also an Independent Non-executive Director of Hong Kong Life Sciences and Technologies Group Limited, a company listed on the Growth Enterprise Market of the Stock Exchange. He joined the Group in 2004.

SENIOR MANAGEMENT

NG SIEW SENG, RICHARD

Aged 65, is the Group General Manager of the Company. He is also a Director of a subsidiary of the Company. Mr. Ng is responsible for the development and management of the Group's hospitality operations. With over 3 decade's extensive experience in hotel and travel industry for both local and overseas markets, Mr. Ng has held senior marketing and operational positions in a number of major international chain hotels and travel agents in Hong Kong and Macau. He joined the Group in 2007.

POON TIN SAU, ROBERT

Aged 71. He is currently a Director of a subsidiary of the Company and is responsible for the catering operation of the Group. Mr. Poon was a restaurant entrepreneur in the U.S.A. during the period from 1970 to 1996 and joined the Group in 1996. He is a brother of Mr. Poon Jing, the Chairman of the Company.

TAI YUN LAM

Aged 60. Mr. Tai is the General Manager of the Group's travel agency operation. Mr. Tai has over 40 years experience in the travel industry and held senior positions in international airlines and travel agency companies. He joined the Group in 2009.

KWAN PO LAM, PHILEAS

Aged 58, is a Director of certain subsidiaries of the Company. He is also an Executive Director of ASI and Asia Orient. Mr. Kwan is a holder of a Bachelor of Business Administration degree. He joined the Group in 1994 and is responsible for hotel development projects and leasing.

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31st March 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 33 to the financial statements.

The activities of the Group are mainly based in Hong Kong and Canada. Analysis 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 54.

The Company did not pay an interim dividend for the year ended 31st March 2017 (2016: Nil).

The Board of Directors (the "Board") recommends the payment of a final dividend of HK0.64 cents (2016: HK1.25 cents) per share, totaling HK$12,915,000 (2016: HK$19,630,000) for the year ended 31st March 2017.

In addition, subject to the approval of the shareholders at the Annual General Meeting for the proposed final dividend, pursuant to the deed poll of the convertible notes, the Company will pay to the noteholders HK0.6355 cents (2016: Nil) per convertible note, totaling HK$17,116,000 (2016: Nil) for the year ended 31st March 2017.

FINANCIAL SUMMARY

A five-year financial summary of the results and of the assets and liabilities of the Group is set out on page 14.

EQUITY LINKED AGREEMENTS

Save as disclosed in the section "Share Option Schemes" on pages 41 to 43 and in the section "Convertible Notes" on pages 43 to 44 and as set out in note 25 to the financial statements, no equity linked agreements were entered into during the year or subsisted at the end of the year.

SHARES ISSUED IN THE YEAR

Details of shares of the Company issued in the year ended 31st March 2017 are set out in note 22 to the financial statements.

DEBENTURES ISSUED DURING THE YEAR

Details of the convertible notes of the Company issued during the year are set out in Management Discussion and Analysis, note 25 to the financial statements and pages 43 to 44.

PRINCIPAL PROPERTIES

Details of the principal properties of the Group are set out on page 15.

DONATIONS

During the year, the Group made charitable and other donations of HK$4,382,000 (2016: HK$4,713,000).

DIRECTORS

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

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set out on pages 30 to 32.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACTS

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

PERMITTED INDEMNITY PROVISIONS

Subject to the Bermuda Companies Act 1981, the Bye-Laws and other relevant statutes, the Directors for the time being acting in relation to any of the affair of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses, which they shall or may incur or sustain in the execution of their office. The Company has arranged appropriate Directors' and Officers' Liability Insurance Coverage for the Directors and officers of the Group.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the share option schemes of the Company as disclosed on pages 41 to 43, and that of its ultimate holding company, Asia Orient Holdings Limited ("Asia Orient"), and Asia Standard International Group Limited ("ASI"), its intermediate holding company, at no time during the year were the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31st March 2017, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) which (a) are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange were as follows:

(I) LONG POSITIONS IN SHARES

(a) The Company

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

Note:

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

(I) LONG POSITIONS IN SHARES (Continued)

(b) Associated corporations

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

Notes:

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

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

(II) LONG POSITIONS IN UNDERLYING SHARES

Interests in share options

(a) The Company

As at 31st March 2017, details of the share options granted to Directors under the share option scheme of the Company adopted on 28th August 2006 (the "2006 Share Option Scheme") are as follows:

				Number of share options held			
Director	Date of grant	Exercise price (adjusted) HK$	Exercise period	outstanding as at 1st April 2016	Adjustment (note 1)	lapsed during the year	outstanding as at 31st March 2017
Fung Siu To, Clement	29th March 2007	0.432 (note 1(i))	29th March 2007 to 28th March 2017	8,000,000	16,000,000	(24,000,000)	-
Lim Yin Cheng	2nd April 2007	0.433 (note 1(ii))	2nd April 2007 to 1st April 2017	8,000,000	16,000,000	-	24,000,000
Woo Wei Chun, Joseph	2nd April 2007	0.433 (note 1(ii))	2nd April 2007 to 1st April 2017	8,000,000	16,000,000	-	24,000,000
Poon Hai	11th December 2015	0.343 (note 1(iii))	11th December 2015 to 10th December 2025	4,800,000	9,600,000	-	14,400,000
Poon Yeung, Roderick	11th December 2015	0.343 (note 1(iii))	11th December 2015 to 10th December 2025	4,800,000	9,600,000	-	14,400,000

Notes:

(1) Subsequent to the completion of the bonus issue of the Company on the basis of two bonus shares for every one existing share held by the shareholders as of 27th January 2017, the exercise price and the number of options have been adjusted from 28th January 2017 as below:

(i) the exercise price of the options has been adjusted from HK$1.296 to HK$0.432 per share and the number of options has also adjusted from 8,000,000 options to 24,000,000 options respectively;

(ii) the exercise price of the options has been adjusted from HK$1.300 to HK$0.433 per share and the number of options has also adjusted from 16,000,000 options to 48,000,000 options respectively; and

(iii) the exercise price of the options has been adjusted from HK$1.030 to HK$0.343 per share and the number of options has also adjusted from 9,600,000 options to 28,800,000 options respectively.

(2) 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.

(3) The adjustment to the exercise price and the number of options under note (1) above were made pursuant to the relevant rules of the 2006 Share Option Scheme, the provision of Rule 17.03(13) of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5th September 2005. For details, please refer to the circular of the Company dated 27th January 2017.

(II) LONG POSITIONS IN UNDERLYING SHARES (Continued)

Interests in share options (Continued)

(b) Associated corporation – Asia Orient

	Number of share options held		
Director	outstanding as at 1st April 2016	lapsed during the year	outstanding as at 31st March 2017
Lim Yin Cheng (note 1)	2,126,301	(2,126,301)	–
Fung Siu To, Clement (note 1)	2,126,301	(2,126,301)	–
Woo Wei Chun, Joseph (note 1)	3,469,228	(3,469,228)	–
Poon Hai (note 2)	3,500,000	–	3,500,000
Poon Yeung, Roderick (note 2)	3,500,000	–	3,500,000

Notes:

(1) Options were granted on 29th March 2007 under a share option scheme adopted by Asia Orient on 11th November 2002 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) Options were granted on 11th December 2015 under a share option scheme adopted by Asia Orient on 29th August 2014 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK$1.42 per share.

(3) 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.

(c) Associated corporation – ASI

	Number of share options held
Director	outstanding as at 1st April 2016 and 31st March 2017
Poon Hai (note 1)	3,500,000
Poon Yeung, Roderick (note 1)	3,500,000

(II) LONG POSITIONS IN UNDERLYING SHARES (Continued)

Interests in share options (Continued)

(c) Associated corporation – ASI (Continued)

Notes:

(1) Options were granted on 11th December 2015 under a share option scheme adopted by ASI on 29th August 2014 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK$1.38 per share.

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

(III) LONG POSITIONS IN UNDERLYING SHARES AND DEBENTURES

Interests in convertible notes

The Company

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

Note:

By virtue of Mr. Poon Jing's controlling interest in Asia Orient, he is deemed to be interested in the convertible notes held by Asia Orient and its subsidiaries which are convertible into 2,692,316,098 shares of the Company. The convertible notes are convertible during the period from 24th February 2017 and up to and including the date falling the 10th business date prior to 23rd February 2047 at the redemption value of HK$0.453 per convertible note. Please refer to the section "Convertible Notes" on pages 43 to 44 for details of the convertible notes.

Save as disclosed above, as at 31st March 2017, none of the Directors or the Chief Executive (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31st March 2017, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and the Chief Executive.

LONG POSITIONS IN SHARES OF THE COMPANY

Shareholder	Number of shares held	Percentage (%)
The Sai Group Limited ("Sai Group")	1,298,709,227	64.35
ASI (note 1)	1,298,709,227	64.35
Persian Limited ("Persian")	47,448,822	2.35
Asia Orient Holdings (BVI) Limited (notes 2 & 3)	1,346,158,049	66.71
Asia Orient (note 4)	1,346,158,049	66.71
Wong Kwok Fong	183,148,366	9.08

Notes:

(1) Sai Group is the wholly owned subsidiary of ASI. ASI is deemed to be interested in and duplicate the interest held by Sai Group.

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

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

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

Save as disclosed above, as at 31st March 2017, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEME

SHARE OPTION SCHEME ADOPTED ON 28TH AUGUST 2006 (THE "2006 SHARE OPTION SCHEME")

The 2006 Share Option Scheme was adopted on 28th August 2006. Under the 2006 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, 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 Group.

The total number of shares available for issue upon exercise of all options to be granted under the 2006 Share Option Scheme must not exceed 125,088,061 shares, representing about 6.19% of the shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the 2006 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 the 2006 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 the 2006 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 of the Company. The exercise period should be any period determined by the Board of the Directors of the Company but in any event the exercise period should not be later than 10 years from the date of grant. The grantee has to accept an option within 21 days from the date of offer by making a non-refundable payment of HK$1 to the Company.

The subscription price shall be at the discretion of the Board of the Directors of the Company 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 2006 Share Option Scheme was effective for 10 years from 28th August 2006 and expired on the tenth anniversary of such adoption date. Following the expiry of 2006 Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2006 Share Option Scheme and yet to be exercised shall remain valid and exercisable.

SHARE OPTION SCHEME ADOPTED ON 28TH AUGUST 2006 (THE "2006 SHARE OPTION SCHEME") (Continued)

The following table discloses details of Company's share options granted under the 2006 Share Option Scheme held by employees (including Directors):

				Number of share options held			
Grantee	**Date of grant**	**Exercise price (adjusted)** (HK$)	**Exercise period**	**outstanding as at 1st April 2016**	**adjustment** (note 1)	**lapsed during the year**	**outstanding as at 31st March 2017**
Directors	29th March 2007	0.432 (note 1(i))	29th March 2007 to 28th March 2017	8,000,000	16,000,000	(24,000,000)	-
	2nd April 2007	0.433 (note 1(ii))	2nd April 2007 to 1st April 2017	16,000,000	32,000,000	-	48,000,000
	11th December 2015	0.343 (note 1(iii))	11th December 2015 to 10th December 2025	9,600,000	19,200,000	-	28,800,000
Directors of holding companies	2nd April 2007	0.433 (note 1(ii))	2nd April 2007 to 1st April 2017	16,000,000	32,000,000	-	48,000,000
Employees of holding companies	2nd April 2007	0.433 (note 1(ii))	2nd April 2007 to 1st April 2017	23,000,000	46,000,000	-	69,000,000
Employees of a subsidiary	29th March 2007	0.432 (note 1(i))	29th March 2007 to 28th March 2017	8,000,000	16,000,000	(24,000,000)	-
Employee of subsidiaries	2nd April 2007	0.433 (note 1(ii))	2nd April 2007 to 1st April 2017	7,999,999	15,999,998	-	23,999,997
				88,599,999	177,199,998	(48,000,000)	217,799,997

Notes:

(1) Subsequent to the completion of the bonus issue of the Company on the basis of two bonus shares for every one existing share held by the shareholders as of 27th January 2017, the exercise price and the number of options have been adjusted from 28th January 2017 as below:

(i) the exercise price of the options has been adjusted from HK$1.296 to HK$0.432 per share and the number of options has also adjusted from 16,000,000 options to 48,000,000 options respectively;

(ii) the exercise price of the options has been adjusted from HK$1.300 to HK$0.433 per share and the number of options has also adjusted from 62,999,999 options to 188,999,997 options respectively; and

(iii) the exercise price of the options has been adjusted from HK$1.030 to HK$0.343 per share and the number of options has also adjusted from 9,600,000 options to 28,800,000 options respectively.

(2) 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.

(3) The adjustment to the exercise price and the number of options under note (1) above were made pursuant to the relevant rules of the 2006 Share Option Scheme, the provision of Rule 17.03(13) of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5th September 2005. For details, please refer to the circular of the Company dated 27th January 2017.

SHARE OPTION SCHEME ADOPTED ON 8TH SEPTEMBER 2016 (THE "2016 SHARE OPTION SCHEME")

The 2006 Share Option Scheme was adopted by the Company on 28th August 2006. Under the terms of the 2006 Share Option Scheme, the 2006 Share Option Scheme would remain in force for a period of 10 years from the date of its adoption and was expired on 27th August 2016. The 2016 Share Option Scheme was adopted on 8th September 2016. Under the 2016 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, 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 Group.

The total number of shares available for issue upon exercise of all options to be granted under the 2016 Share Option Scheme must not exceed 157,038,682 shares, representing about 7.78% of the shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the 2016 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 the 2016 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 the 2016 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 of the Company. The exercise period should be any period determined by the Board of the Directors of the Company but in any event the exercise period should not be later than 10 years from the date of grant. The grantee has to accept an option within 21 days from the date of offer by making a non-refundable payment of HK$1 to the Company.

The subscription price shall be at the discretion of the Board of the Directors of the Company 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 2016 Share Option Scheme is effective for 10 years from 8th September 2016. No share option has been granted since the adoption of the 2016 Share Option Scheme.

CONVERTIBLE NOTES

On 23rd February 2017, the Company issued a total of 2,693,204,266 convertible notes (the "Note(s)") with principal amount of HK$1,220 million (a redemption value of HK$0.453 per Note) which bears interest at 0.1% per annum and have dividend entitlement in order to fulfill the public float requirement under the Listing Rules. The Notes were unsecured and redeemable, and were issued under the issue of bonus shares by way of capitalisation issue by the Company (the "Bonus Shares") on the basis of two bonus shares for every one existing share held by the shareholders of the Company, which each shareholder was given an option to elect to receive the Notes in lieu of all (but not part of) their entitlements to the Bonus Shares. Where a final dividend on the shares has not been declared and paid in any particular year, the 0.1% coupon will be deferred until the next dividend payment (if previously unpaid) and the accumulated deferred coupon would be paid on maturity date.

Each noteholder has the option to convert the Notes into fully paid ordinary share on a one to one basis (subject to adjustment to certain corporate actions) at any time from the first business day immediately following the date of issue of the Notes up to and including the date falling on the 10th business day prior to the thirtieth anniversary of the date of issue of the Notes, provided that no conversions will be permitted if they were to result in the Company failing to meet the public float requirement under the Listing Rules. Unless previously converted, the Notes will be redeemed on the thirtieth anniversary of the date of issue of the Notes at redemption price equal to 100% of the principal amount.

During the year, 84,256 Notes were converted into 84,256 ordinary shares of the Company by public shareholders of the Company.

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.

BUSINESS REVIEW

A fair review of business of the Group, particulars of important events affecting the Group that have occurred since the end of the financial year, if any, an analysis using financial key performance indicators and indication of likely future development of the Group are set out in the section "Management Discussion and Analysis" on pages 8 to 13. Discussion on environmental policies and performance of the Group is set out in the sections "Environmental, Social and Governance Report" on pages 16 to 21 and "Report of the Directors" on pages 33 to 48.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with laws and regulations. Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group.

The Group has been allocating resources to ensure ongoing compliance with rules and regulations and any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company believes that the factors described below represent the principal risks and uncertainties which may potentially affect the Group's business, financial conditions, operations and future prospect of the business. The Company does not represent that the factors described below are exhaustive.

Risks pertaining to Hotel and Travel Operations

The Group's hotel and travel agency business may be significantly affected by factors outside our control such as government regulation, changes in market conditions, competition in the industry, excess hotel supply or reduced international or local demand for hotel rooms and associated services, foreign exchange fluctuations, the interest rate environment, and other natural and social factors which may affect the level of global travel and business activity.

As four of the Group's hotels are located in Hong Kong, the revenue from this business is sensitive to changes in the tourism industry in Hong Kong, which is greatly influenced by the attractiveness of Hong Kong as a destination for tourists, business travellers and conferences, particular for those from the PRC which comprised over 65% of the total overnight visitor arrivals to Hong Kong, and is the major source of business for our hotels.

The Group reviews and optimises its asset portfolio to ensure that it is sufficiently cost effective and efficient. The risk of adverse economic conditions is managed by ensuring proper monitoring of the business performance, and constant assessment of economic conditions and the appropriateness of the prevailing investment and business strategy.

Risks pertaining to Hotel or Property Developments

The Group engages external contractors to provide various services, including the construction of hotel expansions, hotel and property development projects. Completion of these projects is subject to the performance of external contractors, including the pre-agreed schedule for completion. Any delay in obtaining or failure to obtain the relevant government approvals or permits also affects completion. Furthermore, the government may re-enter the land if we fail to comply with the land grant conditions.

Risks pertaining to Financing

The Group requires funding to support the operations, working capital, and capital expenditure requirements of its hotels in operations, and of any property development in the future. The overall level and pace of future development of the Group may be impacted by factors such as the availability of capital, increase in costs of funding and currency fluctuation.

The Group maintains an open and proactive relationship with the banking community, arranging different terms of loan facilities from different sources with different tenures and ensures continuous assessment of counterparty risks.

Risks pertaining to Financial Investments

The Group's financial performance is exposed to financial and capital market risks, including changes in interest rates, foreign exchange rates, credit spreads, equity prices, the performance of the economy in general and other factors outside our control. For further details of such risks and relevant management policies, please refer to note 3 to the financial statements from pages 77 to 84.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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.

The Group appreciates the importance of maintaining a good relationship with its customers and suppliers to meet its immediate and long-term business goals. The Group values the feedback from customers through daily communication, and address customers' concern in a timely manner. For the suppliers, the Group assures their performance for delivering quality sustainable products and services through supplier approval process and by spot checks on the delivered goods.

During the year ended 31st March 2017, there is no circumstance of any event between the Group and its employees, customers and suppliers which will have a significant impact on the Group's business and on which the Group's success depends.

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	38.65%
Percentage of purchases attributable to the Group's five largest suppliers	70.74%
Percentage of sales attributable to the Group's largest customer	16.59%
Percentage of sales attributable to the Group's five largest customers	36.26%

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.

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken during the year are disclosed in note 31 to the financial statements. Save as disclosed below, these related party transactions either (i) do not constitute connected or continuing connected transactions or (ii) fall under the definition of a connected or continuing connected transaction, but are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

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

JBC TENANCY AGREEMENT

Pursuant to the tenancy agreement dated 27th August 2013 entered into between JBC Travel Company Limited ("JBC"), the Company's wholly owned subsidiary, and Tilpifa Company Limited ("Tilpifa"), a subsidiary of ASI, JBC has been leasing an office situated in 12th Floor, MassMutual Tower (formerly named Asia Orient Tower, Town Place), 33 Lockhart Road, Wanchai, Hong Kong (the "JBC Tenancy Agreement") from Tilpifa for a period of three years commencing from 1st September 2013 to 31st August 2016 at a monthly rental of HK$171,500. The annual cap in respect of the amount of annual rent and related expense is not exceeding HK$2,500,000, HK$2,500,000 and HK$1,100,000 for the years ended 31st March 2015, 2016 and 2017 respectively.

During the year ended 31st March 2017, a total rent and related expense of HK$928,000 (2016: HK$2,244,000) was paid by JBC to Tilpifa for the JBC Tenancy Agreement.

ASHHL TENANCY AGREEMENT

Pursuant to the tenancy agreement dated 29th July 2016 entered into between Asia Standard Hotel (Holdings) Limited ("ASHHL"), the Company's wholly owned subsidiary, and Tilpifa, ASHHL has been leasing an office situated in 29th Floor, MassMutual Tower, 33 Lockhart Road, Wanchai, Hong Kong (the "ASHHL Tenancy Agreement") from Tilpifa for a period of two years commencing from 1st August 2016 to 31st July 2018 at a monthly rental of HK$413,580. The annual cap in respect of the amount of annual rent and related expense is not exceeding HK$3,900,000, HK$5,900,000 and HK$2,000,000 for the years ended 31st March 2017 and years ending 31st March 2018 and 2019 (from 1st April 2018 to 31st July 2018) respectively.

During the year ended 31st March 2017, a total rent and related expense of HK$3,441,000 (2016: Nil) was paid by ASHHL to Tilpifa for the ASHHL Tenancy Agreement.

PROJECT MANAGEMENT SERVICES AGREEMENT

Pursuant to a master agreement dated 31st March 2015 entered into between the Company and Winfast Engineering Limited ("Winfast"), a subsidiary of ASI, Winfast provides the project management services to the member(s) of the Group in connection with the regular building maintenance services, fitting-out works, improvement works and/or other works incidental thereto at the hotels owned and operated by and the properties owned by the Group (the "Project Management Services") for a period of three years commencing from 1st April 2015 to 31st March 2018. The annual cap in respect of the amount of project management fees is not exceeding HK$5,000,000, HK$5,700,000 and HK$6,500,000 for the years ended 31st March 2016 and 2017 and the year ending 31st March 2018 respectively.

During the year ended 31st March 2017, a total project management fees of HK$4,500,000 (2016: HK$4,500,000) was paid by the subsidiaries of the Company to Winfast for the aforesaid project management services agreement.

Tilpifa and Winfast are the indirect wholly owned subsidiaries of ASI, which is in turn a substantial shareholder of the Company holding approximately 64.35% of the issued share capital of the Company. Tilpifa, Winfast and ASI are regarded as connected persons of the Company under the Listing Rules. Accordingly, the aforesaid tenancy agreements and project management service agreement constitute continuing connected transactions of the Company for the purpose of the Listing Rules.

Pursuant to Rule 14A.55 of the Listing Rules, the Independent Non-executive Directors of the Company have reviewed the continuing connected transactions and confirmed that the continuing connected transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Board of Directors engaged the independent auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusion in respect of the above continuing connected transactions. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

SUBSEQUENT EVENTS

Details of the subsequent events are disclosed in note 34 to the financial statements.

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

Reference is made to the circular of the Company dated 27th January 2017 in relation to the proposed bonus issue of shares (the "Bonus Issue") to fulfill the public float requirement.

Following the Bonus Issue, a total of 447,569,392 bonus shares were issued raising the public ownership of the Company from 14.276% to 33.283%, and a total of 2,693,204,266 convertible notes were elected, of which approximately 99.67% were elected by the wholly owned subsidiaries of ASI and Asia Orient in lieu of the bonus shares.

Based on the information that is publicly available to and within the knowledge of the Director, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares as 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

Poon, Jing
Chairman

Hong Kong, 28th June 2017

Independent Auditor's Report

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

OPINION

WHAT WE HAVE AUDITED

The consolidated financial statements ("Consolidated Financial Statements") of Asia Standard Hotel Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 54 to 128, which comprise:

- the consolidated balance sheet as at 31 March 2017;
- the consolidated profit and loss account for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the Consolidated Financial Statements, which include a summary of significant accounting policies.

OUR OPINION

In our opinion, the Consolidated Financial Statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

INDEPENDENCE

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Appropriateness of the capitalisation of costs for hotel properties under development and properties under development for sale
- Accounting treatment for convertible notes

Key Audit Matter	How our audit addressed the Key Audit Matter
Appropriateness of the capitalisation of costs for hotel properties under development and properties under development for sale *Refer to notes 4, 14, 15 and 18* The Group has several hotel properties under development and properties under development for sale held by subsidiaries and joint ventures. Costs capitalised during the year ended 31 March 2017 comprised acquired land, legal and professional fees and the interest expense on general and specific bank borrowings used to finance the developments and other directly attributable costs. Management performed an assessment which involved significant judgement as to determine whether such costs were eligible for capitalisation and when capitalisation should cease.	Our audit procedures in relation to assessing the appropriateness of the capitalisation of costs of hotel properties under development and properties under development for sale included: • Testing key controls of the property development cycle including, but not limited to, controls over cost budgeting and interest capitalisation calculations; • Agreeing capitalised costs during the year, on a sample basis, to underlying supporting documents including land acquisition contracts, construction contracts, and supplier or consultant invoices to ensure the existence and accuracy of the expenditures and their eligibility for capitalisation; • Evaluating and reperforming management's calculation of the capitalisation of interest expense on relevant general and specific bank borrowings. We found the costs capitalised to the hotel properties under development and properties under development for sale were supported by the available evidence.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting treatment for convertible notes *Refer to notes 4, 23 and 25* On 23 February 2017, the Company issued convertible notes through a bonus issue scheme. The convertible notes are compound instruments which comprise liability and equity components. Accounting for convertible notes is complex and the valuation of each component at issuance date involved significant judgement.	Our audit procedures in relation to the accounting for convertible notes included: • Assessing the subscription agreement to understand the terms and conditions of the convertible notes and evaluate management's assessment on the classification and accounting of the convertible notes as a compound instrument; • Involving our in-house valuation experts to evaluate management's assessment of the fair value of the liability and equity components at issuance date by comparing the market inputs including discount rate, share volatility, estimated dividend yield and the Company's share price as at the valuation date to our independent expectations. We found management's accounting for the convertible notes was supported by the available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the Consolidated Financial Statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We 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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tse Ming Yee.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 June 2017

Consolidated Profit and Loss Account

For the year ended 31st March 2017

	Note	**2017 HK$'000**	2016 HK$'000
Revenue	*5*	**736,601**	676,989
Cost of sales		**(238,655)**	(231,618)
Gross profit		**497,946**	445,371
Selling and administrative expenses		**(151,766)**	(138,540)
Depreciation		**(116,169)**	(84,153)
Net investment gain	*6*	**243,046**	70,579
Operating profit		**473,057**	293,257
Net finance costs	*10*	**(40,061)**	(33,237)
Share of profits/(losses) of joint ventures		**3,651**	(140)
Profit before income tax		**436,647**	259,880
Income tax expense	*11*	**(3,798)**	(9,268)
Profit for the year attributable to shareholders		**432,849**	250,612
Earnings per share (comparative restated) (HK cents)			
Basic	*13*	**21.45**	12.42
Diluted	*13*	**18.47**	12.42

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2017

	2017 HK$'000	2016 HK$'000
Profit for the year	**432,849**	250,612
Other comprehensive income/(charge)		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Fair value gain/(loss) on available-for-sale investments	**44,711**	(53,883)
Currency translation differences	**(4,846)**	5,359
Share of currency translation differences of joint ventures	**(5,676)**	-
	34,189	(48,524)
Total comprehensive income for the year attributable to shareholders	**467,038**	202,088

Consolidated Balance Sheet

As at 31st March 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current assets			
Property, plant and equipment	*14*	**3,172,910**	3,131,745
Joint ventures	*15*	**227,529**	221,124
Available-for-sale investments	*16*	**192,933**	143,587
Deferred income tax assets	*26*	**3,883**	3,364
		3,597,255	3,499,820
Current assets			
Properties under development for sale	*18*	**211,076**	-
Inventories		**15,351**	15,342
Trade and other receivables	*19*	**100,785**	135,864
Income tax recoverable		**3,956**	1,949
Financial assets at fair value through profit or loss	*17*	**2,216,885**	1,817,819
Bank balances and cash	*20*	**228,508**	316,981
		2,776,561	2,287,955
Current liabilities			
Trade and other payables	*21*	**113,135**	103,920
Borrowings	*24*	**442,092**	268,331
Income tax payable		**10,793**	14,918
		566,020	387,169
Net current assets		**2,210,541**	1,900,786

Consolidated Balance Sheet

As at 31st March 2017

	Note	2017 HK$'000	2016 HK$'000
Non-current liabilities			
Long term borrowings	*24*	**1,850,483**	1,898,481
Convertible notes	*25*	**176,331**	-
Deferred income tax liabilities	*26*	**54,244**	47,584
		2,081,058	1,946,065
Net assets		**3,726,738**	3,454,541
Equity			
Share capital	*22*	**40,361**	31,408
Reserves	*23*	**3,686,377**	3,423,133
		3,726,738	3,454,541

Lim Yin Cheng
Director

Woo Wei Chun, Joseph
Director

Consolidated Statement of Cash Flows

For the year ended 31st March 2017

	Note	2017 HK$'000	2016 HK$'000
Cash flows from operating activities			
Net cash generated from operations	30	**12,908**	140,125
Income tax paid		**(3,789)**	(9,368)
Interest paid		**(44,245)**	(36,313)
Interest received from bank deposits and loan receivables		**2,600**	1,378
Net cash (used in)/generated from operating activities		**(32,526)**	95,822
Cash flows from investing activities			
Addition of property, plant and equipment		**(148,637)**	(142,103)
Proceeds from disposal of property, plant and equipment		**–**	857
Increase in investment in joint ventures		**(1,775)**	(44,031)
Advances to joint ventures		**(6,656)**	(168,403)
Net cash used in investing activities		**(157,068)**	(353,680)
Net cash used before financing activities		**(189,594)**	(257,858)
Cash flows from financing activities			
Drawdown of long term borrowings		**321,406**	996,120
Repayment of long term borrowings		**(208,542)**	(503,250)
Net increase/(decrease) in short term borrowings		**10,000**	(84,861)
Dividend paid		**(19,630)**	(15,704)
Net cash generated from financing activities		**103,234**	392,305
Net (decrease)/increase in cash and cash equivalents		**(86,360)**	134,447
Cash and cash equivalents at the beginning of the year		**316,981**	182,388
Changes in exchange rates		**(2,113)**	146
Cash and cash equivalents at the end of the year		**228,508**	316,981
Analysis of the balances of cash and cash equivalents			
Bank balances and cash	20	**228,508**	316,981

Consolidated Statement of Changes in Equity

For the year ended 31st March 2017

	Share capital HK$'000	Other reserves HK$'000	Revenue reserve HK$'000	Total HK$'000
At 31st March 2015	31,408	2,382,948	850,378	3,264,734
Fair value loss on available-for-sale investments	-	(53,883)	-	(53,883)
Currency translation differences	-	5,359	-	5,359
Profit for the year	-	-	250,612	250,612
Total comprehensive income for the year	-	(48,524)	250,612	202,088
Share options granted	-	3,423	-	3,423
2015 final dividend	-	-	(15,704)	(15,704)
Total transactions with owners	-	3,423	(15,704)	(12,281)
At 31st March 2016	31,408	2,337,847	1,085,286	3,454,541
Fair value gain on available-for-sale investments	-	44,711	-	44,711
Currency translation differences	-	(4,846)	-	(4,846)
Share of currency translation differences of joint ventures	-	(5,676)	-	(5,676)
Profit for the year	-	-	432,849	432,849
Total comprehensive income for the year	-	34,189	432,849	467,038
Share options lapsed	-	(5,120)	5,120	-
Bonus issue	8,951	(76,226)	(107,942)	(175,217)
Conversion of convertible notes	2	4	-	6
2016 final dividend	-	-	(19,630)	(19,630)
Total transactions with owners	8,953	(81,342)	(122,452)	(194,841)
At 31st March 2017	**40,361**	**2,290,694**	**1,395,683**	**3,726,738**

Notes to the Financial Statements

1 GENERAL INFORMATION

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

2 PRINCIPAL ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

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

The principal accounting policies applied by the Company and its subsidiaries (collectively, the "Group") 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.

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.

(B) THE ADOPTION OF NEW/REVISED HKFRS

The accounting policies and methods of computation used in the preparation of these annual financial statements are consistent with those used in 2016, except for the adoption of the following new standards that is effective for the first time for this year which is relevant to the Group's operations and is mandatory for accounting periods beginning on or after 1st January 2016:

Amendment to HKAS 1	Presentation of Financial Statements

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.

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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

Effective for accounting periods beginning on or after:

1st January 2017	
Amendments to HKAS 7	Statement of Cash Flows
1st January 2018	
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
1st January 2019	
HKFRS 16	Leases

Amendment to HKAS 7, "Statement of Cash Flows" introduces an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities such as drawdowns and repayments of borrowings and other non-cash changes.

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 profit or loss. 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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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.

HKFRS 16, "Leases" addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replace HKAS 17 "Leases", and related interpretations.

The Group has not early adopted the above new standards. 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.

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(C) BASIS OF CONSOLIDATION (Continued)

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

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

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

(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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(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 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 losses of joint ventures" in the profit and loss account.

(F) BALANCES WITH SUBSIDIARIES AND JOINT VENTURES

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(G) FINANCIAL ASSETS/LIABILITIES

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

(i) Financial assets at fair value through profit or loss

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. 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.

(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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(G) FINANCIAL ASSETS/LIABILITIES (Continued)

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

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

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(L).

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(G) FINANCIAL ASSETS/LIABILITIES (Continued)

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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(H) PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(H) PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In prior years, depreciation of hotel buildings in Canada was calculated to write-off their cost on a straight line basis over their estimated useful lives of 25 years. With effect from 1st October 2016, depreciation of hotel buildings in Canada is calculated to write-off their cost over their estimated useful lives based on remaining operating period of the hotel. This represents a change in accounting estimate and is accounted for prospectively. As a result of this change, the net book value of property, plant and equipment as at 31st March 2017 and the profit before income tax for the year ended 31st March 2017 have been decreased by approximately HK$27,392,000.

No depreciation is provided for hotel properties under development.

Freehold land is not amortised.

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

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

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

(I) IMPAIRMENT OF NON-FINANCIAL ASSETS

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(J) PROPERTIES UNDER DEVELOPMENT FOR SALE

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

(K) INVENTORIES

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

(L) TRADE AND OTHER RECEIVABLES

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(M) TRADE PAYABLES

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

(N) 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.

(O) 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(W)) 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.

(P) CONVERTIBLE NOTES

The convertible notes issued by the Group that contain both liability component and conversion equity component are classified separately on initial recognition. The conversion option that will be settled by the exchange of a fixed number of the Company's own equity instruments is classified as an equity instrument. On initial recognition, the fair value of the convertible notes as a whole was determined and the fair value of the liability component was determined using cash flow discounted at a prevailing market interest rate. The residual amount, representing the value of equity component, is credited to a convertible notes redemption reserve under equity attributable to the Company's shareholders.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method. The equity component is not re-measured subsequent to initial recognition except on conversion or expiry of the convertible notes.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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

(R) 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, its subsidiaries 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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(R) CURRENT AND DEFERRED INCOME TAX (Continued)

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 and joint ventures, 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.

(S) 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.

(T) 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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(U) REVENUE RECOGNITION

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

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

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

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

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

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

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

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

(V) 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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(V) FOREIGN CURRENCY TRANSLATION (Continued)

(ii) Transactions and balances (Continued)

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

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

(iii) Group companies

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

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

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

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(W) 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.

(X) 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.

(Y) 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.

(Z) RELATED PARTIES

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

(AA) 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.

(AB) 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".

3 FINANCIAL RISK MANAGEMENT

(I) FINANCIAL RISK FACTORS

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

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

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

At 31st March 2017, the Group's entities with functional currency of Hong Kong dollar had United States dollar net monetary assets of HK$2,207,680,000 (2016: HK$1,653,948,000). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to United States dollar, management considers that there is no significant foreign exchange risk with respect to United States dollar.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

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

	2017			2016		
	Net monetary assets/ (liabilities) amount	**Effect on post tax result if exchange rate changes by**		Net monetary assets/ (liabilities) amount	Effect on post tax result if exchange rate changes by	
		+5%	**–5%**		+5%	–5%
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Sterling	**131,714**	**6,585**	**(6,585)**	138,614	6,929	(6,929)
Euro	**86,997**	**4,345**	**(4,345)**	79,956	3,993	(3,993)
Renminbi	**738**	**31**	**(31)**	6,909	339	(339)
Japanese Yen	**(47,406)**	**(1,979)**	**1,979**	(43,869)	(1,832)	1,832

(ii) Price risk

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

The Group's listed investments in equity and 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. 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.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

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

	2017				2016			
	Effect on post tax result if the price changes by		**Effect on available-for-sale investments reserve if the price changes by**		Effect on post tax result if the price changes by		Effect on available-for-sale investments reserve if the price changes by	
	+10%	**-10%**	**+10%**	**-10%**	+10%	-10%	+10%	-10%
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at fair value through profit or loss	**218,706**	**(218,706)**	**-**	**-**	179,889	(179,889)	-	-
Available-for-sale investments	**-**	**-**	**(19,293)**	**19,293**	-	(10,960)	14,359	(3,399)

(iii) Cash flow interest rate risk

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

Interest Bearing Assets are mostly at fixed rates. Convertible notes are at fixed rate, while borrowings are primarily issued at variable rates which therefore expose the Group to cash flow interest rate risk.

At 31st March 2017, with all other variables held constant, if the interest rate had increased/decreased by 10 basis point, the Group's post tax profit would have been HK$1,787,000 (2016: HK$1,778,000) lower/higher.

(b) Credit risk

The credit risk of the Group mainly arises from bank balances and cash (note 20), financial assets at fair value through profit or loss (note 17) as well as credit exposures to trade and other receivables (note 19).

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(b) Credit risk (Continued)

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

(c) Liquidity risk

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

The Group had a total of HK$229 million in unrestricted cash balances, and the unused portion of revolving credit and construction credit facilities amounted to HK$1,291 million and HK$183 million, respectively as at 31st March 2017.

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

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.

	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
At 31st March 2017					
Non-derivative financial liabilities					
Trade and other payables	-	113,136	-	-	113,136
Borrowings	145,211	334,731	1,922,090	-	2,402,032
Convertible notes	-	-	-	1,256,583	1,256,583
	145,211	447,867	1,922,090	1,256,583	3,771,751
At 31st March 2016					
Non-derivative financial liabilities					
Trade and other payables	-	103,920	-	-	103,920
Borrowings	70,816	234,372	1,902,036	87,746	2,294,970
	70,816	338,292	1,902,036	87,746	2,398,890

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

	Within 1 year HK$'000	Between 1 to 5 years HK$'000	Total undiscounted cash flow HK$'000
31st March 2017	10,870	82,499	93,369
31st March 2016	9,168	15,561	24,729

3 FINANCIAL RISK MANAGEMENT (Continued)

(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 (note 3(II)(a)). Revalued net assets are prepared having taken into account the fair value of hotel properties, net of relevant deferred income taxes, in addition to the net assets as shown in the consolidated balance sheet prepared in accordance with HKFRS. According to the Group's accounting policies, no properties are to be carried at valuation. Details of the valuation of the hotel properties in operation, prepared for readers' information only, are set out in note 14(a) to the financial statements.

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

The gearing ratios at 31st March 2017 and 2016 were as follows:

	2017 **HK$'000**	2016 HK$'000
Borrowings (note 24)	**2,292,575**	2,166,812
Convertible notes (note 25)	**176,331**	-
Less: bank balances and cash (note 20)	**(228,508)**	(316,981)
Net debt	**2,240,398**	1,849,831
Revalued net assets (note (a))	**11,872,000**	10,875,000
Gearing ratio against revalued net assets	**19%**	17%

Note:

(a) "Revalued net assets" and "Revalued total assets" are not measures of financial performance under generally accepted accounting principles in Hong Kong. The revalued net assets measures and revalued total assets measures used by the Group may not be comparable to other similarly titled measures of other companies and should not necessarily be construed as an alternative to net assets and total assets as determined in accordance with HKFRS.

3 FINANCIAL RISK MANAGEMENT (Continued)

(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).

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
2017			
Assets			
Financial assets at fair value through profit or loss	**410,672**	**1,806,213**	**2,216,885**
Available-for-sale investments	**192,933**	**–**	**192,933**
	603,605	**1,806,213**	**2,409,818**
There were no transfers between levels 1 and 2 during the year.			
2016			
Assets			
Financial assets at fair value through profit or loss	332,849	1,484,970	1,817,819
Available-for-sale investments	143,587	–	143,587
	476,436	1,484,970	1,961,406

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 investments and derivatives) is determined by using latest available transaction price or valuation techniques. Judgements as to whether there is an active market may include, but not restricted to, consideration of factors such as the magnitude and frequency of trading activities, the availability of prices and the sizes of bid/offer spreads. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(A) IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

The identification of impairment of receivables requires the use of estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of receivables and provision for impairment losses in the period in which such estimate has been changed. 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.

(B) INCOME TAXES

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

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

(C) CONVERTIBLE NOTES

In February 2017, the Company has issued convertible notes through a bonus issue scheme. On initial recognition, fair value of the convertible notes and the respective components have to be determined. The best evidence of fair value is the current prices in an active market for similar instruments. In the absence of such information, the fair value is determined by management within a range of reasonable fair value estimates. Key assumptions, including the estimated Company's stock price in the absence of a quoted price at issuance date, share volatility, expected dividend yield and discount rate were estimated based on management's judgement.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(D) CAPITALISATION OF COSTS FOR HOTEL PROPERTIES UNDER DEVELOPMENT AND PROPERTIES UNDER DEVELOPMENT FOR SALE

Hotel properties under development are stated at historical cost less impairment losses, while properties under development for sale are stated at the lower of cost and net realisable value. Management judgement is required as to determine whether the respective costs should be capitalised by assessing: (i) whether these costs are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; (ii) when the capitalisation of these costs shall cease (the time when the construction activities necessary to prepare the asset for its intended use are completed).

5 SEGMENT INFORMATION

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

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by the chief operating decision-maker.

The Group is organised into four main reportable operating segments comprising hotel operation, property development, travel operation and financial investments.

Hotel operation	-	hotel operation in Hong Kong and Canada
Property development	-	property development in Hong Kong and Canada (including hotel development and properties under development for sale)
Travel operation	-	sale of air tickets, arrange of tour and package and hotel reservation service in Hong Kong
Financial investments	-	investments in financial instruments

5 SEGMENT INFORMATION (Continued)

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

	Hotel operation HK$'000	Property development HK$'000	Travel operation HK$'000	Financial investments HK$'000	Others HK$'000	Total HK$'000
2017						
Gross income	427,417	–	211,109	893,647	2,654	1,534,827
Segment revenue	427,417	–	75,040	231,490	2,654	736,601
Contribution to segment results	168,092	(1,486)	(175)	230,891	1,087	398,409
Depreciation	(114,961)	–	(326)	–	(882)	(116,169)
Net investment gain	–	–	–	243,046	–	243,046
Share of profits of joint ventures	–	3,651	–	–	–	3,651
Segment results	53,131	2,165	(501)	473,937	205	528,937
Unallocated corporate expenses						(52,229)
Net finance costs						(40,061)
Profit before income tax						436,647

5 SEGMENT INFORMATION (Continued)

	Hotel operation HK$'000	Property development HK$'000	Travel operation HK$'000	Financial investments HK$'000	Others HK$'000	Total HK$'000
2016 (restated)						
Gross income	404,049	-	247,895	596,310	2,773	1,251,027
Segment revenue	404,049	-	80,784	189,383	2,773	676,989
Contribution to segment results	158,311	(133)	342	189,058	1,095	348,673
Depreciation	(83,113)	-	(341)	-	(699)	(84,153)
Net investment gain	-	-	-	70,579	-	70,579
Share of losses of joint ventures	-	(140)	-	-	-	(140)
Segment results	75,198	(273)	1	259,637	396	334,959
Unallocated corporate expenses						(41,842)
Net finance costs						(33,237)
Profit before income tax						259,880

Notes:

(a) Hotel operation revenue

	2017 HK$'000	2016 HK$'000
Room rentals	**359,272**	338,081
Food and beverages	**49,005**	47,453
Ancillary services	**3,997**	4,037
Space rental	**15,143**	14,478
	427,417	404,049

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

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

5 SEGMENT INFORMATION (Continued)

	Business segments						
	Hotel operation HK$'000	Property development HK$'000	Travel operation HK$'000	Financial investments HK$'000	Others HK$'000	Unallocated HK$'000	Total HK$'000
2017							
Assets	**2,581,526**	**1,066,243**	**26,504**	**2,449,544**	**4,025**	**245,974**	**6,373,816**
Assets include:							
Joint ventures	**-**	**227,529**	**-**	**-**	**-**	**-**	**227,529**
Addition to non-current assets*	**45,768**	**124,672**	**932**	**-**	**-**	**5,980**	**177,352**
Liabilities							
Borrowings	**1,202,087**	**820,355**	**-**	**127,440**	**-**	**142,693**	**2,292,575**
Other unallocated liabilities							**354,503**
							2,647,078
2016 (restated)							
Assets	2,301,844	1,100,130	24,694	2,000,416	4,172	356,519	5,787,775
Assets include:							
Joint ventures	-	221,124	-	-	-	-	221,124
Addition to non-current assets*	16,148	185,502	22	-	-	236	201,908
Liabilities							
Borrowings	1,065,834	841,389	-	126,896	-	132,693	2,166,812
Other unallocated liabilities							166,422
							2,333,234

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

Comparative information of property development segment has been re-presented to be consistent with current year presentation. This related to certain assets and liabilities previously in "other" segment being reallocated to the "property development" segment.

5 SEGMENT INFORMATION (Continued)

	2017 HK$'000	2016 HK$'000
Revenue		
Hong Kong	422,988	406,593
Overseas	313,613	270,396
	736,601	676,989
Non-current assets*		
Hong Kong	3,077,916	2,994,294
Overseas	322,523	358,575
	3,400,439	3,352,869

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

6 NET INVESTMENT GAIN

	2017 HK$'000	2016 HK$'000
Financial assets at fair value through profit or loss		
– net realised gain (note)	**21,457**	32,007
– net unrealised gain from market price movements	**241,471**	39,948
– net unrealised exchange loss	**(19,882)**	(1,376)
	243,046	70,579

Note:

	2017 HK$'000	2016 HK$'000
Net realised gain on financial assets at fair value through profit or loss		
Gross consideration	**662,157**	406,927
Cost of investments	**(589,506)**	(371,332)
Total gain	**72,651**	35,595
Less: net unrealised gain recognised in prior years	**(51,194)**	(3,588)
Net realised gain recognised in current year	**21,457**	32,007

Supplementary information of net investment gain on financial assets at fair value through profit or loss:

During the year, the Group had disposed of 11 debt securities. Listed below are securities disposed/redeemed that contributed to the majority of realised gain:

	Coupon rate	Nominal value	Realised gain/(loss) in this year HK$'000	% to realised gain
Kaisa Group Holdings Limited ("Kaisa")	8.875%	US$16,000,000	7,926	37%
Kaisa	12.875%	US$11,000,000	4,085	19%
Kaisa	10.250%	US$6,000,000	3,507	16%
Kaisa	9.000%	US$2,500,000	1,420	7%
Xinyuan Real Estate Company Limited ("Xinyuan")	13.250%	US$19,090,000	5,058	24%
Others			(539)	-3%
			21,457	100%

6 NET INVESTMENT GAIN (Continued)

Kaisa is principally engaged in the property development, property investment, property management and hotel and catering operation in the PRC. Its shares are listed on the Stock Exchange of Hong Kong Limited ("HKEX") (stock code: 1638). The notes derecognised were not rated and were listed on the Singapore Stock Exchange ("SGX-ST"). The above Kaisa notes plus accrued interest were derecognised at its fair value of HK$234,703,000 and exchanged to new high yield notes upon the completion of the debt restructuring scheme undertaken by Kaisa in July 2016.

Xinyuan is principally involved in property development, property investment and the provision of property management services in the PRC. Its shares are listed in the New York Stock Exchange (stock code: XIN). The notes redeemed were rated "B-" by S&P and listed on the SGX-ST.

The unrealised gain/(loss) for the year was generated from the fair value changes of the financial assets at fair value through profit or loss that comprised 40 listed securities as at 31st March 2017. Please refer to note 17 for the details.

Summary of unrealised gain/(loss) for the year:

	2017 **HK$'000**	2016 HK$'000
Equity securities	**77,824**	(125,060)
Debt securities	**143,765**	163,632
	221,589	38,572

7 INCOME AND EXPENSES BY NATURE

	2017 HK$'000	2016 HK$'000
Income		
Operating lease rental income for hotel buildings	15,143	14,478
Interest income		
– Listed investments	214,402	173,594
– Loan receivables	538	1,875
– Bank deposits	1,140	67
Dividend income		
– Listed investments	13,634	12,305
Expenses		
Auditor's remuneration		
– Audit services	4,212	3,081
– Non-audit services	1,222	408
Cost of goods sold	72,453	76,741
Employee benefit expense including Director's emoluments (note 8)	148,720	144,417
Loss on disposal of property, plant and equipment	63	1,721
Provision for impairment of trade and other receivables	2,386	–
Operating lease rental expense for land and buildings	4,865	2,862

8 EMPLOYEE BENEFIT EXPENSE

	2017	2016
	HK$'000	HK$'000
Wages and salaries	**143,819**	136,107
Share option expenses	**–**	3,423
Retirement benefits costs (note (a))	**4,901**	4,887
	148,720	144,417

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

Notes:

(a) Retirement benefits cost

	2017	2016
	HK$'000	HK$'000
Gross contributions	**4,816**	4,559
Termination benefit	**85**	328
	4,901	4,887

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.

In Hong Kong, the Group participates in defined contribution schemes under the ORSO which are available to employees joining before 1st December 2000. Under these schemes, 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.

The Group also participates in the MPF schemes, which are available to all employees not joining the ORSO schemes in Hong Kong and in the CPP organised by the Canadian Government for all employees in Canada. Monthly contributions to the MPF scheme and CPP are made equal to 5% (2016: 5%) and 4.95% (2016: 4.95%) respectively, or a fixed sum of the employee's relevant income in accordance with the local legislative requirements.

As at 31st March 2017, no forfeiture (2016: Nil) was available to reduce the Group's future contributions to the ORSO scheme.

8 EMPLOYEE BENEFIT EXPENSE (Continued)

(b) Share options

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

Details of share options held under the share option scheme of the Company as at 31st March 2017 are as follows:

			Number of share options held			
Date of grant	Exercise price per share (adjusted)	Expiry date	outstanding as at 1st April 2016	adjustment (note 1)	lapsed during the year	outstanding as at 31st March 2017
29th March 2007	HK$0.432 (note 1(i))	28th March 2017				
Director			8,000,000	16,000,000	(24,000,000)	-
Employee			8,000,000	16,000,000	(24,000,000)	-
2nd April 2007	HK$0.433 (note 1(ii))	1st April 2017				
Directors			16,000,000	32,000,000	-	48,000,000
Employees			46,999,999	93,999,998	-	140,999,997
11th December 2015	HK$0.343 (note 1(iii))	10th December 2025				
Directors			9,600,000	19,200,000	-	28,800,000
			88,599,999	177,199,998	(48,000,000)	217,799,997

Notes:

(1) Subsequent to the completion of the bonus issue of the Company on the basis of two bonus shares for every one existing share held by the shareholders as of 27th January 2017, the exercise price and the number of options have been adjusted from 28th January 2017 as below:

(i) the exercise price of the options has been adjusted from HK$1.296 to HK$0.432 per share and the number of options has also adjusted from 16,000,000 options to 48,000,000 options respectively;

(ii) the exercise price of the options has been adjusted from HK$1.300 to HK$0.433 per share and the number of options has also adjusted from 62,999,999 options to 188,999,997 options respectively; and

(iii) the exercise price of the options has been adjusted from HK$1.030 to HK$0.343 per share and the number of options has also adjusted from 9,600,000 options to 28,800,000 options respectively.

(2) During the year, no options were exercised or cancelled.

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 2017 and 2016 are set out as follows:

Name of Director	Fees	Salaries	Discretionary Bonuses	Housing and other allowances	Estimated money value of other benefits	Employer's contribution to retirement benefits scheme	Total emoluments
2017 (in HK$'000)							
Executive							
Mr. Poon Jing	–	–	4,400	3,651	–	–	8,051
Dr. Lim Yin Cheng	–	1,200	–	1,081	–	60	2,341
Mr. Poon Hai	–	600	4,000	–	–	18	4,618
Mr. Poon Yeung, Roderick	–	–	3,000	–	–	–	3,000
Mr. Fung Siu To, Clement	–	–	–	–	–	–	–
Mr. Woo Wei Chun, Joseph	–	1,200	100	–	–	18	1,318
	–	3,000	11,500	4,732	–	96	19,328
Independent Non-executive							
Mr. Ip Chi Wai	200	–	–	–	–	–	200
Mr. Hung Yat Ming	150	–	–	–	–	–	150
Mr. Leung Wai Keung	150	–	–	–	–	–	150
	500	–	–	–	–	–	500
	500	3,000	11,500	4,732	–	96	19,828

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

(a) The aggregate amount of emoluments paid and payable to Directors of the Company for the years ended 31st March 2017 and 2016 are set out as follows: (Continued)

Name of Director	Fees	Salaries	Discretionary Bonuses	Housing and other allowances	Estimated money value of other benefits (note a(i))	Employer's contribution to retirement benefits scheme	Total emoluments
2016 (in HK$'000)							
Executive							
Mr. Poon Jing	-	-	4,400	3,655	-	-	8,055
Dr. Lim Yin Cheng	-	1,200	-	982	-	60	2,242
Mr. Poon Hai	-	600	4,000	-	1,712	18	6,330
Mr. Poon Yeung, Roderick (appointed on 11th December 2015)	-	-	-	-	1,712	-	1,712
Mr. Fung Siu To, Clement	-	-	-	-	-	-	-
Mr. Woo Wei Chun, Joseph	-	1,200	150	-	-	18	1,368
	-	3,000	8,550	4,637	3,424	96	19,707
Independent Non-executive							
Mr. Ip Chi Wai	200	-	-	-	-	-	200
Mr. Hung Yat Ming	150	-	-	-	-	-	150
Mr. Leung Wai Keung	150	-	-	-	-	-	150
	500	-	-	-	-	-	500
	500	3,000	8,550	4,637	3,424	96	20,207

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

(a) Notes:

(i) For the year ended 31st March 2016, other benefits represent fair value of share options amounting to HK$3,424,000, which was determined by using binomial pricing model and credited to share options reserve at the grant of share options.

(ii) During the year, no emolument was paid or is payable by the Group to any of the above Directors in respect of accepting office as a director or as compensation for loss of office (2016: Nil).

(iii) No transactions, arrangement and contracts of significance in relation to the Company's business to which its subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director of the Company and his connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2016: Nil).

(b) The five highest paid individuals in the Group for the year include four (2016: four) Directors whose emoluments are already reflected in the analysis presented above. The emoluments payable to the remaining one (2016: one) individual during the year are as follows:

	2017 **HK$'000**	2016 HK$'000
Basic salaries, allowances and benefits in kind	**1,811**	1,818
Bonus	**150**	225
	1,961	2,043

The emoluments fell within the following band:

	Number of individuals	
	2017	2016
HK$1,000,001 – HK$2,000,000	**1**	-
HK$2,000,001 – HK$3,000,000	**–**	1

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

(c) Senior management remuneration by band

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

	Number of individuals	
	2017	2016
Less than HK$1,000,000	**2**	3
HK$1,000,001 - HK$2,000,000	**2**	1
HK$2,000,001 - HK$3,000,000	**–**	1

10 NET FINANCE COSTS

	2017	2016
	HK$'000	HK$'000
Interest expense		
Long term bank loans	**(43,194)**	(31,824)
Short term bank loan and overdrafts	**(1,042)**	(4,227)
Convertible notes	**(1,120)**	-
Interest capitalised (note)	**12,321**	15,774
	(33,035)	(20,277)
Other incidental borrowing costs	**(6,482)**	(4,515)
Net foreign exchange loss on borrowings	**(544)**	(8,445)
	(40,061)	(33,237)

Note:

Borrowing costs were capitalised at rates ranging from 1.84% to 3.21% (2016: 1.87% to 3.17%) per annum.

11 INCOME TAX EXPENSE

	2017 HK$'000	2016 HK$'000
Current income tax expense		
Hong Kong profits tax	**(5,991)**	(11,161)
Over provision in prior years	**8,334**	4,805
	2,343	(6,356)
Deferred income tax expense	**(6,141)**	(2,912)
	(3,798)	(9,268)

Hong Kong profits tax is provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year. No provision for overseas taxation has been made as there are no assessable profits for the year (2016: Nil).

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

	2017 HK$'000	2016 HK$'000
Profit before income tax	**436,647**	259,880
Share of (profits)/losses of joint ventures	**(3,651)**	140
	432,996	260,020
Calculated at a tax rate of 16.5% (2016: 16.5%)	**(71,444)**	(42,903)
Over provision in prior years	**8,334**	4,805
Effect of different tax rates in other countries	**1,237**	(321)
Recognition of previously unrecognised tax losses	**–**	1,450
Income not subject to income tax	**73,379**	40,722
Expenses not deductible for tax purposes	**(5,951)**	(13,574)
Tax losses not recognised	**(5,208)**	(7,227)
Utilisation of previously unrecognised tax losses	**–**	1,973
Others	**(4,145)**	5,807
Income tax expense	**(3,798)**	(9,268)

12 DIVIDENDS

	2017 HK$'000	2016 HK$'000
Dividend:		
- Interim, Nil (2016: Nil)	–	–
- Final, proposed, of HK0.64 cents (2016: HK1.25 cents) per share to shareholders (note (a))	12,915	19,630
Coupon of HK0.6355 cents (2016: Nil) per note to convertible note holders (note (b))	17,116	–
	30,031	19,630

At a meeting held on 28th June 2017, the Board has proposed to pay a final dividend to shareholders for the year ended 31st March 2017. The proposed final dividend and the corresponding coupon on the convertible notes are not reflected in the financial statements, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2018.

Notes:

(a) The amount of HK$12,915,000 (2016: HK$19,630,000) is based on 2,018,040,477 (2016: 1,570,386,829) issued shares as at 28th June 2017.

(b) According to the deed poll of the convertible notes, the holders of convertible notes are also entitled to receive any dividend pari passu with holders of the ordinary shares (on an as converted basis) by way of a coupon payment. Such coupon to the noteholders equals to the dividend to the holders of the ordinary shares less the 0.1% fixed coupon of redemption value of the convertible notes for that period. The amount of HK$17,116,000 (2016: Nil) is based on 2,693,120,010 (2016: Nil) convertible notes outstanding as at 28th June 2017 less the 0.1% coupon accrued from date of issuance to 31st March 2017.

13 EARNINGS PER SHARE

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

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

	2017 **HK$'000**	2016 HK$'000
Profit attributable to shareholders of the Company	**432,849**	250,612
Effect of dilutive potential shares:		
Interest expense saved on convertible notes	**1,120**	-
Profit for calculation of diluted earnings per share	**433,969**	250,612

	Number of shares	
Weighted average number of shares for calculation of basic earnings per share	**2,017,963,377**	2,017,956,221
Effect of dilutive potential shares:		
Share options of the Company assumed to be exercised	**7,423,101**	441,598
Convertible notes assumed to be converted at the date of issuance	**324,653,084**	-
Weighted average number of shares for calculation of diluted earnings per share	**2,350,039,562**	2,018,397,819

The weighted average number of shares used in the calculation of earnings per share have been adjusted for the bonus shares issued in February 2017 and the prior year comparative has been restated to reflect such effect.

14 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Plant and equipment HK$'000	Total HK$'000
Cost			
At 31st March 2015	3,780,533	544,290	4,324,823
Currency translation differences	(7,873)	(1,947)	(9,820)
Additions	139,675	18,202	157,877
Disposals	(827)	(4,372)	(5,199)
At 31st March 2016	3,911,508	556,173	4,467,681
Accumulated depreciation			
At 31st March 2015	873,786	386,820	1,260,606
Currency translation differences	(4,567)	(1,635)	(6,202)
Charge for the year	54,604	29,549	84,153
Disposals	(113)	(2,508)	(2,621)
At 31st March 2016	923,710	412,226	1,335,936
Net book value			
At 31st March 2016	2,987,798	143,947	3,131,745
Cost			
At 31st March 2016	3,911,508	556,173	4,467,681
Currency translation differences	(8,625)	(2,035)	(10,660)
Additions	124,095	36,518	160,613
Disposals	-	(605)	(605)
At 31st March 2017	**4,026,978**	**590,051**	**4,617,029**
Accumulated depreciation			
At 31st March 2016	923,710	412,226	1,335,936
Currency translation differences	(5,544)	(1,900)	(7,444)
Charge for the year	83,680	32,489	116,169
Disposals	-	(542)	(542)
At 31st March 2017	**1,001,846**	**442,273**	**1,444,119**
Net book value			
At 31st March 2017	**3,025,132**	**147,778**	**3,172,910**

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

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

	2017 HK$'000	2016 HK$'000
Land and buildings	3,025,132	2,987,798
Plant and equipment	77,909	71,381
	3,103,041	3,059,179

Supplementary information with hotel properties in operation at valuation:

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

The aggregate open market value, on a highest and best use basis, of the five (2016: four) hotel properties in Hong Kong and Canada based on valuations conducted by Vigers Appraisal & Consulting Limited ("Vigers") and Altus Group Limited ("Altus") (2016: Vigers and Burgess Cawley Sullivan & Associates Ltd ("BCS")) respectively, independent professional valuers, amounted to HK$10,725,852,000 (2016: HK$9,658,292,000), is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13.

The hotel properties portfolio in Hong Kong comprised 4 (2016: 3) hotels. Vigers used the discounted cash flow ("DCF") method, which is considered the most appropriate valuation approach for assessing the market value of the properties as it would better reflect specific characteristics of the income-producing properties such as occupancies, average room rates, potential income growth and all out-goings, subject to future economic conditions in the markets. The direct comparison method was also used as a check on the valuation arrived at from the DCF method. For the hotel property in Canada, Altus (2016: BCS) 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.

(b) As at 31st March 2017, the aggregate net book value of hotel properties pledged as security for loans amounted to HK$3,011,198,000 (2016: HK$2,961,063,000).

(c) As at 31st March 2017, the cost of hotel properties under development amounted to HK$624,101,000 (2016: HK$875,548,000) and HK$107,934,000 (2016: HK$141,466,000) was additions during the year.

15 JOINT VENTURES

	2017 HK$'000	2016 HK$'000
Share of net assets	**50,675**	46,442
Advances to joint ventures	**176,854**	174,682
	227,529	221,124

Advances to joint ventures are made to finance a property development project in Canada. The advances to joint ventures are denominated in Canadian dollar. The advances are bearing interest at 15% per annum, unsecured and repayable earlier of (a) 1st March 2022 with an option by the joint ventures to extend the original term for up to 2 years; or (b) dissolution of the joint ventures. The interest amounted to HK$28,649,000 (2016: Nil). The carrying amounts of the advances approximate their fair values.

During the year, bank loans of Canadian dollar 85,000,000 (equivalent to approximately HK$495,867,000) were drawn by the joint ventures and were guaranteed by the joint venture partners, for which the Group shared 40% of such guarantee. There is no contingent liabilities relating to the Group's interests in joint ventures (2016: Nil).

Details of the principal joint ventures are set out in note 33.

Set out below is the aggregate information of the Group's joint ventures that are not individually material:

	2017 HK$'000	2016 HK$'000
Profit/(loss) before income tax	**3,651**	(140)
Income tax expense	**–**	-
Profit/(loss) for the year	**3,651**	(140)
Other comprehensive charge	**(5,676)**	-
Total comprehensive charge for the year	**(2,025)**	(140)

There is no joint venture as at 31st March 2017 and 2016, which in the opinion of the Directors, is individually material to the Group.

16 AVAILABLE-FOR-SALE INVESTMENTS

	2017 HK$'000	2016 HK$'000
Equity securities listed in Hong Kong	192,933	143,587

No impairment provision for available-for-sale investments was made during the year (2016: Nil).

17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017 HK$'000	2016 HK$'000
Equity securities		
- Listed in the USA	279,078	194,381
- Listed in Europe	131,594	138,468
	410,672	332,849
Debt securities		
- Listed in Singapore	1,539,455	1,291,285
- Listed in Hong Kong	180,741	114,723
- Listed in Europe	86,017	78,962
	1,806,213	1,484,970
	2,216,885	1,817,819

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

Financial assets at fair value through profit or loss are denominated in the following currency:

	2017	2016
	HK$'000	HK$'000
United States dollar	**1,999,274**	1,594,421
Sterling	**131,594**	138,468
Euro	**86,017**	78,962
Renminbi	**–**	5,968
	2,216,885	1,817,819

Supplementary information of financial assets at fair value through profit or loss:

EQUITY SECURITIES

As at 31st March 2017, the Group held 2 (2016: 2) listed equity securities. The summary of equity securities portfolio of financial assets at fair value through profit or loss as at 31st March 2017 and 2016 and their corresponding unrealised gain/(loss) and dividend income for the year are as follows:

	Market value as at 31st March		**Unrealised gain/(loss)**		**Dividend income**	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Citigroup Inc. ("Citigroup")	**279,078**	194,381	**84,698**	(45,441)	**1 ,728**	652
Royal Bank of Scotland ("RBS")	**131,594**	138,468	**(6,874)**	(79,619)	**-**	-
	410,672	332,849	**77,824**	(125,060)	**1 ,728**	652

Citigroup is a global bank that provides financial services, and its shares are listed on the New York Stock Exchange (stock code: C) with a "BBB+" rated by S&P. As at 31st March 2017, a total of 600,325 shares representing 0.02% shareholding of Citigroup was held by the Group.

RBS is a global bank that provides financial services, and its shares are listed on London Stock Exchange (stock code: RBS) with a "BBB-" rated by S&P. As at 31st March 2017, a total of 5,578,903 shares representing 0.05% shareholding of RBS was held by the Group.

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

DEBT SECURITIES

As at 31st March 2017, the Group held 38 (2016: 41) debt securities that are all listed securities, 13 of them are listed in Singapore, 3 in Hong Kong and 22 in Europe. Approximately 92% (2016: 95%) of the mark to market valuation comprising 15 (2016: 19) debt securities were issued by PRC-based real estate companies, which are all listed in Hong Kong with the exception of 1 that is listed in the United States.

The summary of debt securities of financial assets at fair value through profit or loss as at 31st March 2017 and 2016 and their corresponding unrealised gain and interest income for the year are as follows:

	As at 31st March 2017			As at 31st March 2016		
	Issued by PRC-based real estate companies HK$'000	Others HK$'000	Total HK$'000	Issued by PRC-based real estate companies HK$'000	Others HK$'000	Total HK$'000
Principal amount of notes	1,622,943	186,777	1,809,720	1,449,925	141,180	1,591,105
Investment cost	1,513,750	97,592	1,611,342	1,338,795	43,876	1,382,671
Market value	1,668,245	137,968	1,806,213	1,406,008	78,962	1,484,970
Coupon	5.61% to 13.75%	3% to 6%	3% to 13.75%	7.875% to 13.875%	3% to 6%	3% to 13.875%
Maturity	Sep 2017 – Dec 2021	Oct 2021 – Oct 2042 & 1 Perpetual	Sep 2017 – Oct 2042 & 1 Perpetual	May 2016 – Feb 2020	Feb 2023 – Oct 2042 & 1 Perpetual	May 2016 – Oct 2042 & 1 Perpetual
Rating	NR to B+	NR to B-	NR to B+	NR to B+	NR to B-	NR to B+

	For the year ended 31st March					
	2017			2016		
	Issued by PRC-based real estate companies HK$'000	Others HK$'000	Total HK$'000	Issued by PRC-based real estate companies HK$'000	Others HK$'000	Total HK$'000
Interest income	209,505	4,897	214,402	168,970	4,624	173,594
Unrealised gain	138,474	5,291	143,765	144,698	18,934	163,632

As at 31st March 2017, the 38 (2016: 41) listed debt securities of financial assets at fair value through profit or loss gave rise to a net unrealised fair value gain of HK$143.8 million (2016: HK$163.6 million) for the year. A total of 35 (2016: 38) debt securities have recorded unrealised fair value gain, with the remaining 3 (2016: 3) debt securities that recorded unrealised fair value losses.

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

DEBT SECURITIES (Continued)

As at 31st March 2017, the mark to market valuation of the largest single debt securities within the Group's financial assets at fair value through profit or loss represents approximately 1.8% (2016: 1.4%) of the Group's revalued total assets (note 3 (II)(a)), and the mark to market valuation of the five largest debt securities held represents approximately 7.3% (2016: 5.5%). The remaining 33 debt securities represent 5.1% of the Group's revalued total assets, with each of them less than 0.6%.

The five largest debt securities held at 31st March 2017 are listed below:

	Market value							
	31st March 2017 HK$'000	**% of the debt securities portfolio**	31st March 2016 HK$'000	% of the debt securities portfolio	**Unrealised gain/(loss) HK$'000**	Unrealised gain/(loss) HK$'000	**Interest income HK$'000**	Interest income HK$'000
Kaisa senior D notes	**269,212**	**15%**	-	-	**25,090**	-	**7,104**	-
Kaisa senior C notes	**235,995**	**13%**	-	-	**21,817**	-	**5,244**	-
Wuzhou 13.75%	**219,326**	**12%**	190,620	13%	**28,705**	(10,064)	**28,286**	22,694
Kaisa senior E notes	**210,778**	**12%**	-	-	**21,645**	-	**6,576**	-
Evergrande 12%	**129,684**	**7%**	126,663	9%	**3,021**	9,988	**13,966**	12,620

"Kaisa senior D notes", issued by Kaisa and carries variable coupon rates from 5.61% per annum to 9.96% per annum. It is denominated in United State dollar ("US$") and matures on 30th June 2021. The notes are listed on the SGX-ST and non-rated.

"Kaisa senior C notes", issued by Kaisa and carries variable coupon rates from 5.61% per annum to 9.16% per annum. It is denominated in US$ and matures on 31st December 2020. The notes are listed on the SGX-ST and non-rated.

"Wuzhou 13.75% notes", issued by Wuzhou International Holdings Limited ("Wuzhou") and carries fixed coupon rate of 13.75% per annum. It is denominated in US$ and matures on 26th September 2018. The notes are rated "Caa2" by Moody's and listed on the SGX-ST. Wuzhou is principally engaged in property development, property investment and provision of property management services in the PRC. Its shares are listed on the HKEX (stock code: 1369).

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

DEBT SECURITIES (Continued)

"Kaisa senior E notes", issued by Kaisa and carries variable coupon rates from 5.61% per annum to 10.46% per annum. It is denominated in US$ and matures on 31st December 2021. The notes are listed on the SGX-ST and non-rated.

"Evergrande 12% notes", issued by China Evergrande Group ("Evergrande") and carries fixed coupon rate of 12% per annum. It is denominated in US$ and matures on 17th February 2020. The notes are rated "CCC+" by S&P and listed on the SGX-ST. Evergrande, previously known as Evergrande Real Estate Group Limited, is principally engaged in property development, property investment, property management, property construction, hotel operations, finance business, internet business, health industry business and fast consuming product business in the PRC. Its shares are listed on the HKEX (stock code: 3333).

18 PROPERTIES UNDER DEVELOPMENT FOR SALE

	2017	2016
	HK$'000	HK$'000
Freehold land	**165,927**	–
Development costs	**45,149**	–
	211,076	–

As at 31st March 2017, the aggregate carrying value of properties under development for sale pledged as security for loan amounted to HK$167,743,000. The amount of properties under development for sale expected to be completed and recovered after more than one year is HK$211,076,000.

19 TRADE AND OTHER RECEIVABLES

	2017 HK$'000	2016 HK$'000
Trade receivables		
Fully performing	15,365	18,305
Past due but not impaired	4,356	5,608
Impaired and provided for	2,279	-
	22,000	23,913
Less: Impaired and provided for	(2,279)	-
	19,721	23,913
Loan receivables	–	27,000
Accrued interest and dividend receivable	39,717	39,010
Prepayments	13,028	18,808
Deposits	24,494	17,668
Other receivables	3,825	9,465
	100,785	135,864

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

	2017 HK$'000	2016 HK$'000
0 month to 6 months	18,882	20,673
More than 12 months	839	3,240
	19,721	23,913

19 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:

	2017 HK$'000	2016 HK$'000
0 month to 6 months	3,517	2,368
More than 12 months	839	3,240
	4,356	5,608

Movements on allowance for impairment of trade receivable are as follows:

	2017 HK$'000	2016 HK$'000
At the beginning of the year	–	–
Provision for impairment	2,386	–
Written off during the year	(107)	–
At the end of the year	2,279	–

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically.

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

	2017 HK$'000	2016 HK$'000
Hong Kong dollar	54,733	92,539
United States dollar	34,392	33,639
Canadian dollar	11,300	9,147
Others	360	539
	100,785	135,864

19 TRADE AND OTHER RECEIVABLES (Continued)

At 31st March 2016, loan receivables were interest bearing at 2% above Hong Kong prime rate to 9% per annum. The balances were fully collected during the year.

The creation and release of provision for impaired receivables have been included in "selling and administrative expenses" in the profit and loss account. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

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.

20 BANK BALANCES AND CASH

	2017 **HK$'000**	2016 HK$'000
Cash at bank and in hand	**87,108**	316,981
Short term bank deposits	**141,400**	-
	228,508	316,981

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

	2017 **HK$'000**	2016 HK$'000
Hong Kong dollar	**115,981**	279,528
United States dollar	**90,314**	25,888
Canadian dollar	**20,676**	6,969
Japanese Yen	**33**	3,027
Renminbi	**738**	779
Others	**766**	790
	228,508	316,981

21 TRADE AND OTHER PAYABLES

	2017 HK$'000	2016 HK$'000
Trade payables	**12,565**	13,713
Accrued expenses	**77,011**	64,587
Construction and retention payables	**17,827**	21,751
Other payables	**5,732**	3,869
	113,135	103,920

Aging analysis of trade payables is as follows:

	2017 HK$'000	2016 HK$'000
0 day to 60 days	**11,684**	13,163
61 days to 120 days	**412**	141
More than 120 days	**469**	409
	12,565	13,713

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

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

	2017 HK$'000	2016 HK$'000
Hong Kong dollar	**99,822**	94,301
Canadian dollar	**13,313**	9,619
	113,135	103,920

22 SHARE CAPITAL

Shares of HK$0.02 each	Number of shares	Amount
		HK$'000
Authorised:		
At 31st March 2016 and 2017	35,000,000,000	700,000

	Number of shares		Amount	
	2017	2016	**2017**	2016
			HK$'000	HK$'000
Issued and fully paid:				
At the beginning of the year	**1,570,386,829**	1,570,386,829	**31,408**	31,408
Bonus shares issued (note)	**447,569,392**	-	**8,951**	-
Conversion of convertible notes (note)	**84,256**	-	**2**	-
At the end of the year	**2,018,040,477**	1,570,386,829	**40,361**	31,408

Note:

In February 2017, 447,569,392 new shares were allotted and issued at HK$0.02 per share upon the completion of bonus issue for two bonus shares for every one existing share held.

In March 2017, 84,256 new shares were allotted and issued at HK$0.02 per share upon the conversion of convertible notes (note 25).

For the year ended 31st March 2016, no share was allotted and issued.

23 RESERVES

	Share premium HK$'000	Contributed surplus HK$'000	Convertible note redemption reserve HK$'000	Available-for-sale investments reserve HK$'000	Currency translation reserve HK$'000	Share option reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
At 31st March 2015	1,135,311	1,134,752	-	57,281	30,324	25,280	850,378	3,233,326
Fair value loss on available-for-sale investments	-	-	-	(53,883)	-	-	-	(53,883)
Currency translation differences	-	-	-	-	5,359	-	-	5,359
Profit for the year	-	-	-	-	-	-	250,612	250,612
Share options granted	-	-	-	-	-	3,423	-	3,423
2015 final dividend	-	-	-	-	-	-	(15,704)	(15,704)
At 31st March 2016	1,135,311	1,134,752	-	3,398	35,683	28,703	1,085,286	3,423,133
Representing:								
2016 proposed final dividend	-	-	-	-	-	-	19,630	19,630
Others	1,135,311	1,134,752	-	3,398	35,683	28,703	1,065,656	3,403,503
At 31st March 2016	1,135,311	1,134,752	-	3,398	35,683	28,703	1,085,286	3,423,133
As 31st March 2016	1,135,311	1,134,752	-	3,398	35,683	28,703	1,085,286	3,423,133
Fair value gain on available-for-sale investments	-	-	-	44,711	-	-	-	44,711
Currency translation differences	-	-	-	-	(4,846)	-	-	(4,846)
Share of currency translation of joint ventures	-	-	-	-	(5,676)	-	-	(5,676)
Profit for the year	-	-	-	-	-	-	432,849	432,849
Issuance of bonus shares and convertible notes	(8,951)	(1,134,752)	1,067,477	-	-	-	(107,942)	(184,168)
Conversion of convertible notes	-	37	(33)	-	-	-	-	4
Share option lapsed	-	-	-	-	-	(5,120)	5,120	-
2016 final dividend	-	-	-	-	-	-	(19,630)	(19,630)
At 31st March 2017	**1,126,360**	**37**	**1,067,444**	**48,109**	**25,161**	**23,583**	**1,395,683**	**3,686,377**
Representing:								
2017 proposed final dividend and coupon to convertible note holders	-	-	-	-	-	-	30,031	30,031
Others	1,126,360	37	1,067,444	48,109	25,161	23,583	1,365,652	3,656,346
At 31st March 2017	**1,126,360**	**37**	**1,067,444**	**48,109**	**25,161**	**23,583**	**1,395,683**	**3,686,377**

24 BORROWINGS

	2017 HK$'000	2016 HK$'000
Current liabilities		
Short term bank loans, secured	57,440	46,896
Current portion of long term bank loans	305,366	206,213
Portion of long term bank loans containing a repayment on demand clause	79,286	15,222
	442,092	268,331
Non-current liabilities		
Long term bank loans, secured	1,850,483	1,898,481
	2,292,575	2,166,812

The maturities of long term bank loans, based on the scheduled repayment dates set out in the loan agreements and ignoring the effect of any repayment on demand clause, are as follows:

	2017 HK$'000	2016 HK$'000
Repayable within one year	305,366	206,213
Repayable between one and two years	580,998	128,840
Repayable between two to five years	1,348,771	1,697,865
Repayable after five years	–	86,998
	2,235,135	2,119,916
Current portion included in current liabilities	(305,366)	(206,213)
	1,929,769	1,913,703

24 BORROWINGS (Continued)

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

	2017 **HK$'000**	2016 HK$'000
Hong Kong dollar	**2,157,364**	2,095,995
Japanese Yen	**47,440**	46,896
Canadian dollar	**87,771**	23,921
	2,292,575	2,166,812

The interest rates of the borrowings at the balance sheet date range from 1.52% to 3.2% (2016: 1.41% to 3.17%) per annum.

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

25 CONVERTIBLE NOTES

	2017 **HK$'000**
At the beginning of the year	**–**
Issuance of convertible notes	**175,217**
Interest expense	**1,120**
Conversion during the year (note 22)	**(6)**
At the end of the year	**176,331**

The Company issued a total of 2,693,204,266 convertible notes (under bonus issue scheme) on 23rd February 2017. The convertible notes bear interest at 0.1% per annum on the redemption value of HK$0.453 per note and have dividend entitlement. Where a final dividend on the shares has not been declared and paid in any particular year, the 0.1% coupon will be deferred until the next dividend payment (if previously unpaid) and the accumulated deferred coupon would be paid on maturity date on 23rd February 2047.

25 CONVERTIBLE NOTES (Continued)

Each noteholder has the option to convert the notes into fully paid ordinary shares on a one to one basis (subject to anti-dilutive adjustment due to certain corporate actions) at any time within thirty years from the date of issuance. Unless previously converted, the convertible notes will be redeemed on 23rd February 2047 at HK$0.453 each.

Save as disclosed above, the terms and conditions of the convertible notes are set out in the respective subscription agreements and disclosed in the Company's circular dated 27th January 2017.

The fair value of the liability component of approximately HK$175 million and the equity component of approximately HK$1,067 million (note 23) were determined at the issuance of the convertible notes. The fair value of the liability component was calculated using cash flows discounted at a market interest rate. The residual amount, representing the value of equity component, is credited to a convertible note redemption reserve under equity attributable to the Company's shareholders.

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

26 DEFERRED INCOME TAX

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

	2017 **HK$'000**	2016 HK$'000
Deferred income tax assets	**3,883**	3,364
Deferred income tax liabilities	**(54,244)**	(47,584)
	(50,361)	(44,220)

26 DEFERRED INCOME TAX (Continued)

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

DEFERRED INCOME TAX ASSETS

	Accelerated accounting depreciation		Fair value adjustments		Tax loss		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**34**	-	**949**	5,030	**11,123**	9,223	**12,106**	14,253
Recognised in profit and loss account	**28**	34	**(949)**	(4,081)	**4,013**	1,900	**3,092**	(2,147)
At the end of the year	**62**	34	**-**	949	**15,136**	11,123	**15,198**	12,106

DEFERRED INCOME TAX LIABILITIES

	Accelerated tax depreciation		Fair value adjustments		Total	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**(56,326)**	(55,561)	**-**	-	**(56,326)**	(55,561)
Recognised in profit and loss account	**(2,930)**	(765)	**(6,303)**	-	**(9,233)**	(765)
At the end of the year	**(59,256)**	(56,326)	**(6,303)**	-	**(65,559)**	(56,326)

Deferred income tax assets are recognised for tax loss carried forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$12 million (2016: HK$13 million) in respect of losses amounting to HK$61 million (2016: HK$71 million) that can be carried forward against future taxable income. As at 31st March 2017, the tax losses have no expiry date (2016: HK$3 million expiring at various dates up to and including 2029).

27 CAPITAL COMMITMENTS

Capital commitments at the balance sheet date are as follows:

	2017 HK$'000	2016 HK$'000
Contracted but not provided for		
Property, plant and equipment	67,255	182,322
Joint ventures	–	203,563
	67,255	385,885

28 OPERATING LEASE ARRANGEMENTS

(A) LESSOR

At 31st March 2017, the future aggregate minimum rental receipts receivable under non-cancellable operating leases were as follows:

	2017 HK$'000	2016 HK$'000
In respect of land and buildings:		
Within one year	6,152	10,276
In the second to fifth year inclusive	155	4,476
	6,307	14,752

28 OPERATING LEASE ARRANGEMENTS (Continued)

(B) LESSEE

At 31st March 2017, the future aggregate minimum lease payments payable under non-cancellable operating leases were as follows:

	2017 HK$'000	2016 HK$'000
In respect of land and buildings:		
Within one year	**8,734**	1,782
In the second to fifth year inclusive	**3,750**	55
	12,484	1,837

29 FINANCIAL GUARANTEES

	2017 HK$'000	2016 HK$'000
Guarantees for the bank loans of joint ventures	**198,347**	–

30 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2017 HK$'000	2016 HK$'000
Profit before income tax	436,647	259,880
Depreciation	116,169	84,153
Interest income	(52,027)	(1,942)
Impairment of trade receivable	2,386	-
Finance costs	36,419	29,968
Loss on disposal of property, plant and equipment	63	1,721
Net investment gain	(243,046)	(70,579)
Share of (profits)/losses of joint ventures	(3,651)	140
Share option expenses	–	3,423
Operating profit before working capital changes	292,960	306,764
Increase in properties under development for sale (excluding interest expense capitalised)	(210,732)	-
Increase in inventories	(9)	(14,052)
Decrease/(increase) in trade and other receivables	15,694	(14,996)
Increase in financial assets at fair value through profit or loss	(94,229)	(160,847)
Increase in trade and other payables	9,224	23,256
Net cash generated from operations	12,908	140,125

31 RELATED PARTY TRANSACTIONS

The major shareholders of the Group are Asia Standard International Group Limited ("ASI") and Asia Orient Holdings Limited ("Asia Orient"), companies incorporated in Bermuda and listed in Hong Kong. As at 31st March 2017, Asia Orient owns effectively 66.7% of the Company's shares. The remaining 33.3% shares are widely held.

31 RELATED PARTY TRANSACTIONS (Continued)

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

(A) SALES AND PURCHASES OF GOODS AND SERVICES

	2017 HK$'000	2016 HK$'000
Income from/(expense to) subsidiaries of Asia Orient		
Hotel and travel services (note (i))	451	664
Operating lease rental and management services (note (ii))	(4,921)	(2,622)
Project management service (note (iii))	(4,500)	(4,500)
Travel agency service income from related companies (note (i))	642	414

Notes:

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

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

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

(B) KEY MANAGEMENT COMPENSATION

	2017 HK$'000	2016 HK$'000
Fee	500	500
Salaries, allowances and benefits in kind	22,794	24,036
Employer's contribution to retirement benefits scheme	160	173
	23,454	24,709

Key management includes the Company's Directors and four (2016: five) senior management members of the Group. 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.

32 BALANCE SHEET OF THE COMPANY

	2017 HK$'000	2016 HK$'000
Non-current assets		
Subsidiaries (note (a))	–	-
Current assets		
Amount due from subsidiaries	3,721,223	3,440,774
Trade and other receivables	360	291
Income tax recoverable	172	-
Bank balances and cash	1,099	887
	3,722,854	3,441,952
Current liabilities		
Trade and other payables	2,109	1,567
Income tax payable	–	52
	2,109	1,619
Net current assets	3,720,745	3,440,333
Non-current liabilities		
Convertible notes	176,331	-
Net assets	3,544,414	3,440,333
Equity		
Share capital	40,361	31,408
Reserves (note (b))	3,504,053	3,408,925
	3,544,414	3,440,333

Lim Yin Cheng
Director

Woo Wei Chun, Joseph
Director

32 BALANCE SHEET OF THE COMPANY (Continued)

Notes:

(a) As at 31st March 2017 and 2016, the shares of certain subsidiaries are pledged to secure loan facilities granted to the Group.

Details of the principal subsidiaries are set out in note 33.

(b) Reserve movement of the Company

	Share premium HK$'000	Contributed surplus HK$'000	Convertible note redemption reserve HK$'000	Share option reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
At 31st March 2015	1,135,311	1,323,648	-	25,280	718,900	3,203,139
Profit for the year	-	-	-	-	218,067	218,067
Share options granted	-	-	-	3,423	-	3,423
2015 final dividend	-	-	-	-	(15,704)	(15,704)
At 31st March 2016	1,135,311	1,323,648	-	28,703	921,263	3,408,925
At 31st March 2016	1,135,311	1,323,648	-	28,703	921,263	3,408,925
Profit for the year	-	-	-	-	298,922	298,922
Issuance of bonus shares and convertible notes	(8,951)	(1,242,694)	1,067,477	-	-	(184,168)
Conversion of convertible notes	-	37	(33)	-	-	4
Share options lapsed	-	-	-	(5,120)	5,120	-
2016 final dividend	-	-	-	-	(19,630)	(19,630)
At 31st March 2017	**1,126,360**	**80,991**	**1,067,444**	**23,583**	**1,205,675**	**3,504,053**

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

33 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES

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

(A) SUBSIDIARIES

(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/ Paid-up capital
Incorporated in Hong Kong		
Asia Standard Hotel (Holdings) Limited	Investment holding	HK$2
Empire Hotel International Company Limited	Securities investment	HK$2
JBC Travel Company Limited	Travel agency	HK$2,500,000
Master Asia Enterprises Limited	Hotel investment and operation	HK$10,000
Pacific Crown Enterprises Limited	Hotel investment	HK$1
Perfect Wave Limited	Catering operation	HK$2
Stone Pole Limited	Hotel investment and operation	HK$10
Sure Luck Development Limited	Hotel investment and operation	HK$1
Vinstar Development Limited	Hotel investment and operation	HK$2
Incorporated in the British Virgin Islands		
Asia Standard Hotel (BVI) Limited (i)	Investment holding	US$1
Assets Century Global Limited	Investment holding	US$1
Concept Eagle Limited	Investment holding	US$1
Enrich Enterprise Ltd. (ii)	Hotel investment	US$1
Global Gateway Corp. (ii)	Hotel operation	US$1
Glory Ventures Enterprises Inc. (ii)	Hotel investment	US$1
Greatime Limited	Securities investment	US$1
Onrich Enterprises Limited	Securities investment	US$1
Incorporated in Canada		
ASNA Alberni Holdings Limited	Investment holding	CAD$100
ASNA Robson Landmark Holdings Limited (ii)	Property development	CAD$100
ASNA Robson Landmark Developments Limited (ii)	Property development	CAD$100
AS 1388 Robson Holdings Limited (ii)	General partner	CAD$100
AS 1388 Robson Limited Partnership (ii)	Property development	CAD$6,627,100
Asia Standard Americas Limited (ii)	Property development management	CAD$100

33 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (Continued)

(B) JOINT VENTURES

Name	Principal activity	Issued and fully paid/ paid-up capital	Group equity interest
Incorporated in Canada			
1488 Alberni Holdings Limited (ii)	General partner	CAD$100	40%
1488 Alberni Development Holdings Limited Partnership (ii)	Property development	CAD$19,200,000	40%
1488 Alberni Investment Limited Partnership (ii)	Property development	CAD$1,010,527	40%

Notes:

(i) Directly wholly owned by the Company

(ii) Operates in Canada

34 SUBSEQUENT EVENT

On 5th June 2017, a wholly-owned subsidiary of the Company entered into a bank facility agreement of HK$2,000 million at interest rate of 1.9% over Hibor per annum for a period of 5 years. The Group intends to use the proceeds from this facility for our expansion strategies and general working capital purpose.

35 HOLDING COMPANIES

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

36 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 28th June 2017.