Asia Standard International Group Limited

Annual Report 2019

HKSE Stock Code: 129

Contents

Corporate Information

DIRECTORS

Executive

Mr. Fung Siu To, Clement *(Chairman)*
Mr. Poon Jing *(Managing Director and Chief Executive)*
Mr. Poon Hai
Mr. Poon Yeung, Roderick
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas

Independent Non-executive

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Mr. Wong Chi Keung *(Chairman)*
Mr. Fung Siu To, Clement
Mr. Poon Hai
Mr. Koon Bok Ming, Alan
Mr. Leung Wai Keung, *JP*

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Mr. Tung Kwok Lui

REGISTERED OFFICE

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Bermuda

PRINCIPAL OFFICE IN HONG KONG

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PRINCIPAL BANKERS

HSBC
Bank of China (Hong Kong)
Industrial and Commercial Bank of China (Asia)
Hang Seng Bank
United Overseas Bank
Chiyu Banking Corporation
The Bank of East Asia
Chong Hing Bank
Shanghai Commercial Bank
UBS
Bank of Singapore
Bank Morgan Stanley
Credit Suisse AG
Bank Julius Baer

LEGAL ADVISERS

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AUDITOR

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

SHARE REGISTRAR IN BERMUDA

MUFG Fund Services (Bermuda) Limited
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Hamilton HM 12,
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

Financial Highlights

For the year ended 31st March (In HK$ million, except otherwise indicated)	**2019**	2018	**Change**
Consolidated profit and loss account			
Revenue	**2,207**	1,749	+26%
Operating profit	**1,900**	1,704	+12%
Profit attributable to shareholders of the Company	**1,389**	1,463	-5%
Earnings per share – basic (HK$)	**1.05**	1.11	-5%
Consolidated balance sheet			
Total assets	**37,913**	32,485	+17%
Net assets	**20,432**	19,364	+6%
Equity attributable to shareholders of the Company	**19,691**	18,669	+5%
Net debt	**15,711**	11,468	+37%

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

Revalued total assets	**47,265**	40,834	+16%
Revalued net assets	**29,784**	27,713	+7%
Equity attributable to shareholders of the Company	**27,425**	25,573	+7%
Gearing – net debt to revalued net assets	**53%**	41%	+12%

Note: According to the Group's accounting policies, 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 tax on Hong Kong properties as Hong Kong tax jurisdiction does not include capital gain tax.

The hotel properties in Hong Kong were revalued by Vigers Appraisal & Consulting Limited, independent professional valuers, on an open market value basis.

Chairman's Statement

The Group is pleased to report a profit attributable to shareholders of HK$1,389 million for the year, and increased its equity attributable to shareholders (with hotels at valuation) by 7% to HK$27.4 billion.

Recurring income (Gross revenue)

* includes share of rental income form an associated company

Sales and experience center of **Tongzhou project ("北京•東灣")**

The Group's development pipeline continues to progress during the year with 3 joint venture real estate developments ready for launch in the coming financial year. In Tongzhou Beijing, the 2.3 million sq. ft. GFA waterfront commercial/residential joint venture development is in foundation stage and had completed the construction of its sales and experience center. We expect to obtain the presale consent of the development shortly and will commence sales in second half 2019. In Shanghai, the Group had obtained presales consent of the third phase of the completed Queen's Gate, a luxurious villas and apartments development in Hongqiao Shanghai. The Group also expects to commence its sales effort in second half 2019. In Hong Kong, marketing efforts of the ultra-luxurious residential development Dukes Place in Jardine's Lookout has commenced and the Group expects favorable returns from this project.

Hotel performance continues to improve with the newly operational high speed railway station in Kowloon, and operation further expanded with the introduction of an additional 90 hotel rooms of Empire Prestige Tsimshatsui in December 2018.

The Group's asset management business continues to improve its leasing income and had benefited from the repositioned tenant mix of its Wanchai commercial asset. The Group's investment property portfolio achieved satisfactory capital appreciation during the year.

Income from financial investments grew by 50% and remains a strong pillar of the Group's recurring income and liquid assets.

The Sino-US trade war and other geopolitical events impose a significant threat to the global economy, and management stays cautious and prudent in the challenges and uncertainties it faces. On the other hand, the adequate liquidity places the Group in a strong financial position to capture any development and investment opportunity that may arise.

Management takes this opportunity to thank all our staff for their efforts contributed in keeping the Group growing and moving forward.

Fung Siu To, Clement
Chairman

Hong Kong, 27th June 2019

Business Model and Strategies

Business Model and Strategies

The Group is principally engaged in developing and investing properties in prime location in Hong Kong, first-tier cities in China and Vancouver, Canada, and has established a well diversified business model across four main operating segments – property development, property leasing, hotel and travel, and financial investments. While our property development arm acts as the core drive for the Company's growth, rental income from our prime investment properties, earnings from our hotels and dividend/coupon payments from our financial investment portfolio provide us with a stable, reliable and recurring income source to the Group. Our business diversification also reduces the adverse impact of market volatility and offset the impact of cyclicality to which some of our businesses are exposed.

The Group will stay focus on enhancing the performance of its core business and will continuously generate value to the shareholders by exploring investment opportunities in line with the following strategies:

(i) Build on our reputation and track record of premium property development in Greater China

Our development strategy is to continue to invest primarily in Hong Kong and first-tier cities in China. We will continue to expand the real estate business through carefully selected opportunities in luxury as well as mass market residential development. Leveraging our expertise as a premium residential developer with an international standard, we will continue to look for opportunities to increase our presence in Greater China.

(ii) Growing recurring income from investment properties and financial investment portfolio

The Group has a diversified properties and financial investment portfolio generating a recurring and steady income stream. Our investment properties comprise of a mix of commercial and retail spaces situated in core central business district in Hong Kong. The Group's financial investment portfolio provides a liquidity buffer and recurring income as well as a diversified cash flow stream, enabling us to finance existing projects and seize potential investment as opportunities arise.

(iii) To expand and grow our hotel business in prime CBDs and to strive for excellence in management and operations

The Group owns and operates 5 hotels under the "Empire" branding, all of which are in Hong Kong. Our hotels in Hong Kong are situated within central hubs and are targeted at business travelers as well as visitors from the PRC. Our hospitality chain has a centralised management team for optimising revenue generation and ensuring efficient deployment of resources for achieving maximum cost benefit. The prime locations allow us to cater to both business visitors and tourists, which together with our competitive pricing has led to a high occupancy level at our hotels.

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

As the Group operates in a capital intensive business, we adopt a comprehensive risk management framework to monitor risk and manage debt exposures in a conservative and prudent manner, seeking to maintain the strength of our balance sheet with reasonable level of gearing. We will continuously maintain a strong financial position with a healthy level of liquidity.

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

Management Discussion and Analysis

RESULTS

The Group recorded revenue of HK$2,207 million (2018: HK$1,749 million) for the financial year with profit attributable to shareholders of the Company at HK$1,389 million (2018: HK$1,463 million). The increase in revenue is due to higher investment income through reinvestment of received coupons and further investment in debt securities. This was offset by higher net investment loss and increased finance cost, resulting in a slight decrease in profit attributable to shareholders.

Queen's Gate in Shanghai

PROPERTIES SALES, DEVELOPMENT AND LEASING

SALES AND DEVELOPMENT

The Group's development projects pipeline in Hong Kong, mainland China and Canada are progressing during the year.

Mainland China

In Tongzhou Beijing, foundation works and basement excavation is well in progress of our 2.3 million sq. ft. GFA joint venture residential and commercial development. Presale consent for phase I of the residential units is under application. Sales & Experience Center has been completed and the Group expects to launch the sales campaign of the development in second half 2019.

In Hongqiao Shanghai, the Group has completed refurbishment of new show flats of Queen's Gate, a high-end joint venture villas and apartments development. Sales permit of the third phase has just been obtained and the Group expects sales efforts to commence in second half 2019.

Hong Kong

In Jardine's Lookout, the Group had completed construction for its ultra-luxurious joint venture residential development Dukes Place at the end of June 2018. The Group had since focused its efforts in renovating 4 show flats of the development. Sales and marketing of the project had just commenced and the Group expects favorable return from this development.

On Po Shan Road, foundation works of another luxurious joint venture residential development had completed and superstructure works is due to commence. The development continues to progress accordingly.

In Hung Shui Kiu Yuen Long, the land exchange process for the commercial and residential development is ongoing. Provisional basic terms were concluded and the exchange is in the course of premium assessment. The residential development will provide approximately 520,000 sq. ft. of GFA. Another 67,000 sq. ft. GFA residential development at Lam Tei station nearby is also in the process of land exchange application with the government.

YF Life Tower in Wanchai

In August 2018, a 25% joint venture of the Group completed the acquisition of Octa Tower, a commercial building in Kowloon Bay of approximately 800,000 sq. ft. marketable GFA. The commercial asset is being repositioned with an introduction of a major multi-national corporation ("MNC") as an anchor tenant and renovation of its common areas had just commenced and is expected to be completed by June 2020.

Canada (development through hotel subsidiary group)

Redevelopment of our Empire Landmark Hotel had commenced in the second half of last financial year and will be redeveloped into an approximately 400,000 sq. ft. GFA mixed-use development with two residential towers ("Landmark on Robson") upon completion. Since the launch of presale in January 2018, the development had achieved a contracted sales of CAD140 million up to 31st March 2019.

Approval for land re-zoning of joint venture redevelopment of another high-end residential complex of approximate 649,000 sq. ft. GFA in Alberni Street, downtown Vancouver was granted in September 2018 during a public hearing. Development permit application was submitted in December 2018 with Urban Design Panel approving the application in April 2019.

In April 2018, the Group, through another 40% equity interest joint venture, completed the acquisition of another development also located in Alberni Street, within close proximity to the aforementioned existing joint venture project, for redevelopment into premium residential units for sale.

LEASING

Leasing income of MassMutual Tower (renamed to YF Life Tower on 1 June 2019), 33 Lockhart Road in Wanchai had increased by approximately 26% compared with last year, following the gradual filled up of vacancies in the second half of last financial year, after introduction of new MNC tenants and the completion of extensive renovation works.

Leasing income from Asia Standard Tower in Central decreased slightly upon a rent consolidation of an anchor tenant and that of Goldmark in Causeway Bay also decreased.

Overall attributable leasing income increased by 7% from HK$220 million to HK$235 million. Net revaluation gain (taking into account our share from the investment property owned by an associated company) of HK$894 million (2018: HK$733 million) was recorded.

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

HOTEL

During the year, overnight stay visitors to Hong Kong increased 6% to approximately 30 million. Mainland visitors dominated this segment with 69% share, and their arrival increased 10% from last year. Total hotel rooms in Hong Kong are approximately 83,000 rooms, an increase of 5% over last year.

Revenue arising from the hotel and travel segment for the year amounted to HK$543 million (2018: HK$530 million). Average occupancies for our hotels in Hong Kong were approximately 93% (2018: 95%) while average room rates increased 10%. Overall, contribution to segment results before depreciation increased from HK$203 million to HK$210 million.

Our new 90-rooms hotel, Empire Prestige Tsimshatsui adjacent to our existing Empire Hotel Kowloon, commenced operation in December 2018. It achieved over 90% occupancy during the 4 months of operations since its launch.

FINANCIAL INVESTMENTS

The Group has adopted the new accounting standard HKFRS9 with effect from 1st April 2018. This is a new classification and measurement approach for financial assets with changes in fair value of certain securities (consisted mostly listed debt securities) recognised through reserve, while expected credit losses and impairment would be assessed at each reporting date and the changes to be reported in profit and loss account. This differed from the previous practice for recognising fair value changes through profit and loss account with impairment charges made when incurred. For further details of the nature and effect of the changes to previous accounting policies please refer to note 2(B) of the notes to the financial statements.

At 31st March 2019, the Group held financial investments of approximately HK$15,601 million (2018: HK$12,050 million), with HK$6,987 million (2018: HK$4,936 million) held by the listed hotel subsidiary group. The investment portfolio comprised of 88% listed debt securities (mostly issued by PRC-based real estate companies), 11% by listed equity securities (of which approximately 69% were issued by major banks) and 1% unlisted funds and securities. They are denominated in different currencies with 94% in United States dollar, 4% in Hong Kong dollar and 2% in Sterling.

The portfolio's increase was largely due to further net investment of HK$4,211 million and a mark-to-market valuation net loss of HK$660 million, of which a net investment loss of HK$484 million was charged to profit and loss while the remaining were recognised in the investment reserve account pursuant to HKFRS9. The net investment loss comprised net fair value losses of listed equity securities, exchange losses, and provisions for expected credit loss and impairment charges, compensated by realised gain upon partial disposal/ redemption of the securities. The drop in market price is mainly due to a rising interest rate environment during the year, the market correction following uncertainties over the Sino-US trade conflict, and the various austerity measures over the PRC property market.

Income from these investment portfolio amounted to HK$1,424 million (2018: HK$920 million). The increase resulted from further investment in debt securities.

At 31st March 2019, an approximate value of HK$1,910 million (2018: HK$1,930 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

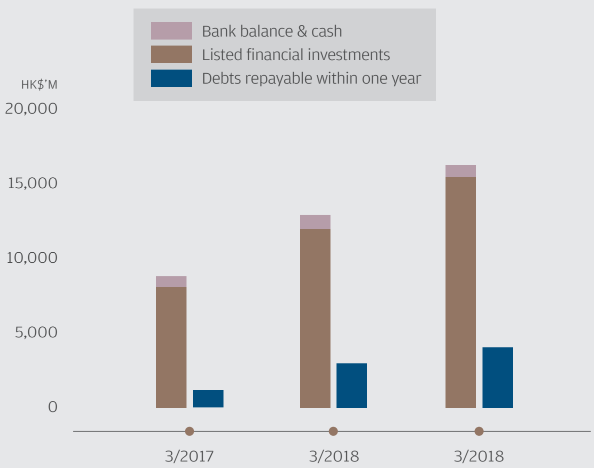
FINANCIAL REVIEW

Save for that of the listed hotel subsidiary group, which is independently administered, the Group's financing and treasury activities are centrally managed and controlled at the corporate level. At 31st March 2019, it had over HK$7.3 billion (2018: HK$6.1 billion) cash and undrawn banking facilities.

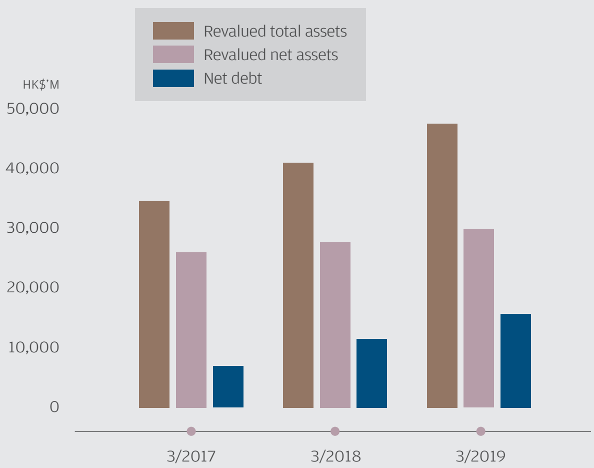
At 31st March 2019, the Group's total assets were approximately HK$37.9 billion (2018: HK$32.5 billion), the net assets were HK$20.4 billion (2018: HK$19.4 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group were HK$47.3 billion and HK$29.8 billion, an increase of 16% and 7% compared to HK$40.8 billion and HK$27.7 billion respectively at 2018.

Net debt was HK$15.7 billion (2018: HK$11.5 billion), including HK$6.6 billion (2018: HK$4.7 billion) which belonged to the separately listed hotel subsidiary group. Total interest cost increased as a result of increased borrowings together with several market interest rate hikes. Currently, the Group's net gearing ratio (net debt to revalued net asset value) is approximately 53% (2018:

Liquidity & cash reserves



Revalued total assets, revalued net assets and net debt



41%). As at 31st March 2019, the Group had net current assets of HK$13.0 billion (2018: HK$10.3 billion) and the HK$16.4 billion aggregate amount of marketable securities and cash together represented 4.1 times of the HK$4.0 billion current debt repayable within 12 months.

65% of the debts are secured and 99% of the debts are at floating rates. The maturities of our debts spread over a long period of up to 8 years, with 5% repayable after 5 years and 75% repayable between one to five years. The remaining 20% comprise overdraft, revolving and short term loans and are repayable within 1 year.

About 99% of the Group's borrowings are in Hong Kong dollar and the remaining 1% in United States dollar and Canadian dollar.

As at 31st March 2019, property assets with an aggregate net book value of HK$16.5 billion (2018: HK$14.9 billion) were pledged to secure banking facilities of the Group. HK$2,733 million (2018: HK$897 million) guarantees were provided to financial institutions and third parties against outstanding loans of joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

At 31st March 2019, the Group employed approximately 350 (2018: 340) employees. The remuneration packages including basic salary, annual bonus, share options, retirement and other benefits are commensurate with their job nature and level of experience.

FUTURE PROSPECTS

The demand in the Hong Kong property market remains strong regardless of the haze overcast by the Sino-US trade conflict upon the local economy, with the asset price heading north again after a short period of softening during Federal Reserve's rate hikes and that of local prime rate in 2018. Local government continue its policy to increase land supply by every means, but the effect has yet to be manifested in the physical market.

Central government started to relax the stringent austerity measures on property sector with the escalation of the Sino-US trade dispute, with the view to counteract the possible unstable and negative effect, in order to maintain a stable and healthy operating environment.

Hotel operation performances have maintained momentum during the financial year. With the completion of major infrastructure projects in particular the High Speed Rail Link and the Hong Kong-Zhuhai-Macau Bridge, we are expecting the continuous gradual increment of visitors staying overnight. Coupled with the relaxation of outbound tourism restrictions by the Mainland, we remain positive over the long-term prospects of our hospitality industry.

Financial market continues to be volatile, especially amongst the environment of trade disputes between various territories with the United States and the political tension brought by the United States administration. Our investment in listed fixed income securities provides a strong and stable income stream and liquidity and enables us to capitalise on any other investment and development opportunities should they arise.

The Group have successfully repositioned its tenant mix and improved the rental performance following the upgrading and renovating of the Wanchai headquarter commercial asset. Retail space segment is becoming stable after a period of consolidation. We expect to upkeep our performance in the leasing activities.

Management remain cautious and prudent in the rapidly changing environment and is affirmative with the Group's performance.

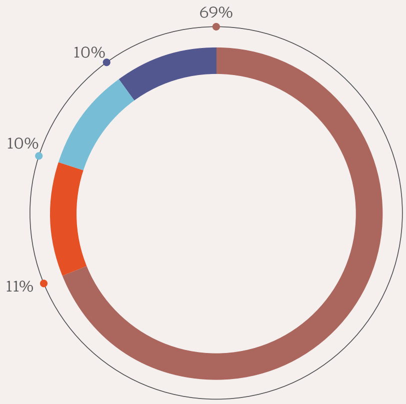
As at 31st March 2019

Principal Properties

Principal Properties

As at 31st March 2019

Type of principal properties (by area)



Attributable GFA (sq.ft.)	
Properties under development for sale	2,519,000
Hotel properties	405,000
Investment properties	370,000
Completed properties held for sale	360,000
Total	3,654,000

		Group's interest	Approx. site area (sq.ft.)	Approx. gross floor area (sq.ft.)	Type	Stage/ Estimated completion year
01	**Asia Standard Tower** 59-65 Queen's Road Central, Hong Kong	100%	7,800	133,000	C	Completed
02	**MassMutual Tower (renamed as YF Life Tower on 1 June 2019)** 33 Lockhart Road, Wanchai, Hong Kong	100%	12,600	202,000	C	Completed
03	**Goldmark** 502 Hennessy Road, Causeway Bay, Hong Kong	33%	6,300	106,000	C	Completed
04	**Empire Hotel Hong Kong** 33 Hennessy Road, Wanchai, Hong Kong	82.7%	10,600	184,000 (363 rooms)	H	Completed
05	**Empire Hotel Kowloon** 62 Kimberley Road, Tsimshatsui, Kowloon	82.7%	11,400	220,000 (343 rooms)	H	Completed
06	**Empire Hotel Causeway Bay** 8 Wing Hing Street, Causeway Bay, Hong Kong	82.7%	6,200	108,000 (280 rooms)	H	Completed
07	**Empire Prestige Causeway Bay** 8A Wing Hing Street, Causeway Bay, Hong Kong	82.7%	2,000	31,000 (94 rooms)	H	Completed
08	**Empire Prestige Tsim Sha Tsui** (Opened in December 2018) 8, Kimberley Street, Tsimshatsui, Kowloon	82.7%	2,800	34,000 (90 rooms)	H	Completed

Principal Properties

As at 31st March 2019

		Group's interest	Approx. site area (sq.ft.)	Approx. gross floor area (sq.ft.)	Type	Stage/estimated completion year
9	**Queen's Gate** 228, Zhu Guang Road, Qingpu District Shanghai, PRC	50%	1,557,000	293,000	R	Completed
10	**北京•東灣** 72 Yong Shun Street West, Tongzhou District, Beijing, PRC	50%	550,000	2,360,000	R/C	Foundation/2022
11	**Dukes Place** 47-49 Perkins Road, Jardine's Lookout, Hong Kong	20%	23,000	69,000	R	Completed
12	23 Po Shan Road, Hong Kong	40%	15,000	81,000	R	Foundation/2021
13	Hung Shui Kiu Yuen Long, New Territories	100%	112,000	519,000	R/C	Planning application/2022
14	Lam Tei Tuen Mun, New Territories	100%	18,500	66,500	R	Planning application/-
15	Sha Ha Sai Kung, New Territories	7.5%	620,000	300,000	R	Planning/-
16	6 Goldsmith Road, Jardine's Lookout, Hong Kong	100%	10,500	6,300	R	Planning/-
17	**Octa Tower** 8 Lam Chak Street, Kowloon Bay, Kowloon	25%	70,400	800,000	C	Completed
18	**Landmark on Robson** 1400 Robson Street Vancouver, B.C., Canada	82.7%	41,000	400,000	R/C	Demolition/2023
19	1394 Robson Street Vancouver, B.C., Canada	82.7%	8,600	75,000	R	Planning/-
20	1468 Alberni Street Vancouver, B.C., Canada	33.1%	43,300	627,000	R/C	Planning/-
21	1650 Alberni Street Vancouver, B.C., Canada	33.1%	17,300	276,000	R/C	Planning/-

Note:
R: Residential
C: Commercial
H: Hotel

Five-year Financial Summary

Year ended 31st March (in HK$ million)	2019	2018	2017	2016	2015
Results					
Revenue	**2,207**	1,749	1,686	1,337	1,273
Gross profit	**1,919**	1,438	1,384	1,070	1,022
Operating profit	**1,900**	1,704	1,726	1,134	1,002
Profit attributable to shareholders of the Company	**1,389**	1,463	1,451	721	967
Assets and liabilities					
Total assets	**37,913**	32,485	26,179	24,609	22,994
Total liabilities	**(17,481)**	(13,121)	(8,480)	(8,043)	(7,131)
Non-controlling interests	**(741)**	(695)	(662)	(1,002)	(945)
Equity attributable to shareholders of the Company	**19,691**	18,669	17,037	15,564	14,918

Supplementary information with hotel properties in operation at valuation:

Revalued total assets	**47,265**	40,834	34,467	32,126	30,589
Revalued net assets	**29,784**	27,713	25,886	24,028	23,424
Equity attributable to shareholders of the Company	**27,425**	25,573	23,808	20,805	20,228

REPORTING STANDARD AND SCOPE

This environmental, social and governance report covers the financial year ended 31st March 2019 (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.

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.

We encourage employee to pay due attention to energy saving measures and explore new ideas on energy saving while performing their duties.

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

		2019	2018
A1.1	Air emissions		
	- NO_x (i)	**74 kg**	74 kg
	- SO_x (i)	**0.9 kg**	0.7 kg
	- PM (ii)	**3 kg**	3 kg
A1.2	Greenhouse gas emissions in total		
	Scope 1 – Direct emission or removal from sources	**200 tonnes**	200 tonnes
	Scope 2 – Energy indirect emissions	**13,783 tonnes**	14,846 tonnes
	Scope 3 – Other indirect emissions	**100 tonnes**	113 tonnes
A1.3	Total non-hazardous waste produced		
	Construction and demolition waste	**4,749 tonnes**	1,664 tonnes
	Recycled waste		
	- Construction material	**1,120 tonnes**	545 tonnes
	- Paper	**28 tonnes**	27 tonnes
	- Cartridge	**238 pieces**	439 pieces
	- Cooking oil	**6,336 litres**	3,951 litres

(i) The data includes emission from gaseous fuel consumption and vehicular emissions.

(ii) The data only includes vehicular emissions.

A2 USE OF RESOURCES

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 air cool chiller systems of Empire Hotel Hong Kong and Empire Hotel Kowloon had been replaced by water cool chiller system in 2012 and 2017, respectively, which is environmental friendly and have greater energy efficiency and better controllability. 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.

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.

		2019	2018
A2.1	Direct and indirect energy consumption		
	Electricity ('000 kWh)	**19,386**	20,177
	Fuel ('000 MJ)	**8,860**	9,434
A2.2	Water consumption	**237,193 m^3**	194,811 m^3
A2.3	Construction materials used		
	Concrete	**13,657 m^3**	5,269 m^3
	Steel	**2,071 tonnes**	1,033 tonnes

A3 THE ENVIRONMENT AND NATURAL RESOURCES

Property development

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

Hotel business

Asia Standard Hotel incorporated various environmental initiatives in its hotel operation to minimise waste generation through working with employees, guests and contractors to reuse and recycle waste whenever economically practicable. 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. We have appointed contractors to handle used cooking-oil from our restaurants.

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 we 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, staffs 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 2019.

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 STANDARDS

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

Asia Standard Hotel works closely with a number of suppliers in providing a range of hospitality goods, including guestroom consumables, tableware, furniture, and foods and beverages. Asia Standard Hotel 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.

During the reporting year, there was no circumstance of any event between the Group and its suppliers which had a significant impact on the Group's business and on which the Group's success depends.

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 with laws and regulations

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 were 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 were 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

The Group is 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.

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 (owned and managed by Asia Standard Hotel Group Ltd) 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. With ten years of unrelenting, concerted efforts with SAHK, in 2019, the Empire Hotels has been awarded the "10 Years + Caring Company Logo" by the Hong Kong Council of Social Service (HKCSS) to recognise its contribution to the community. To celebrate the 10th anniversary milestone and commitment of the Hotel Group in the field of Corporate Social Responsibility, ten activities were organised during 2018-2019 with aims to enhance students' self-confidence, polish their interpersonal skills, communications abilities and also to promote social inclusion so as to richen their life experiences.

SAHK Angels in the Realm of Empire Glory musical performances at Empire Hotel Kowloon • Tsim Sha Tsui where school bands of three SAHK special schools performed festive Christmas music in the hotel lobby on the 20th and 21st December 2018.

Four hotel's representatives acting as corporate volunteers interacted with children who are diagnosed with Developmental Disorders to celebrate their birthday and to learn more about their developmental problems at the Birthday Party & Play outreach at the Parent Resources Centre in Shek Wai Kok on 28th December 2018.

A job interview technique workshop at Empire Hotel Hong Kong • Wan Chai where Suki Cheung, Group Director of Human Resources & Administration of Empire Hotels shared interview skills and tips to SAHK secondary students on 22nd February 2019.

Dining etiquette classes were organised on 26th February, 5th and 12th March 2019 for the students of three SAHK secondary schools to learn and practise good table manners in an experiential dining setting.

In celebration of Lunar New Year and Easter in 2019, two handicraft workshops were organised in Empire Hotel Hong Kong • Wan Chai on 15th January and 9th April respectively when a total of 24 pairs of SAHK pre-school students with their parents created together hand-made lai-see packets and handicrafts and enjoyed a wonderful afternoon.

Quality parenting time in hand-making lai-see packets at the festive handicraft workshop

Closing ceremony guests and the 10th Anniversary Logo Design Competition first prize winner's artwork and other prizes of merit

A special 10th Anniversary Logo Design Competition was launched in April inviting pre-school students and their parents to participate and engage in a creative parenting activity to showcase their creativity.

OLE² Program (Other Learning Experiences x Opportunities for Life Enrichment) giving four about-to graduate secondary school students an opportunity to real-life work experience in hotel industry. They were assigned to Sales & Marketing and Housekeeping departments, working as trainees for two weeks during May – June 2019.

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 as well as their families.

OLE² Program student participants receiving their pay cheques for the two-week job shadowing work from officiating guests: (from left) Mr. Eddie Suen, CEO of SAHK, (second from left) Mr. Joseph Woo, Executive Director & Group Financial Controller of Asia Standard Hotel Group Ltd, (second from right) Ms. Pang Kit Ling, Assistant Director (Family and Child Welfare) of the Social Welfare Department and (from right) Mrs. Josephine Tsui, MH, Chairperson of SAHK at the closing ceremony on 4 July 2019.

Charity activities

The Group has during the reporting year made donations of HK$1,107,000 to a number of charitable organisations, such as Friends of Caritas, Hong Kong Hereditary Breast Cancer Family Registry Limited, Hong Kong Paralympic Committee & Sports Association for the Physically Disabled, Suicide Prevention Services Limited, Child's Dream Foundation Limited and Enlighten Hong Kong Limited.

Community Recognition

In 2019, Asia Standard Hotel has been awarded the "10 Years + Caring Company Logo" by the HKCSS to recognise 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 individual. The Chairman, Mr. Fung Siu To, Clement, is responsible for overseeing the functioning of the Board and the strategies and policies of the Group. The Chief Executive and the Managing Director, Mr. Poon Jing, is responsible for managing the Group's business. The biographical details and relationship of the Directors are disclosed in the biography of Directors set out in the Directors and Senior Management section.

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

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

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

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, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

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

Director	Title	Number of meetings attended/ Number of meetings held	
		Board meeting	General meeting
Fung Siu To, Clement	Chairman	4/4	1/1
Poon Jing	Managing Director and Chief Executive	2/4	0/1
Poon Hai	Executive Director	3/4	0/1
Poon Yeung, Roderick	Executive Director	3/4	1/1
Lun Pui Kan	Executive Director	4/4	1/1
Kwan Po Lam, Phileas	Executive Director	4/4	1/1
Koon Bok Ming, Alan	Independent Non-executive Director	4/4	1/1
Leung Wai Keung	Independent Non-executive Director	4/4	1/1
Wong Chi Keung	Independent Non-executive Director	4/4	1/1

BOARD DIVERSITY POLICY AND NOMINATION 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, but not limited to gender, age, cultural and education background, industry experience, qualifications, skills, knowledge, and professional ethics. During the year, the Board reviewed the composition and diversity of the Board with reference to the Directors' age, qualifications and industry experience as well as their familiarity with the Group's business and contributions to the Group.

The Board has specific procedures for identifying, assessing and nominating suitable candidates for appointment as a new director of the Company in addition to the incumbents or to fill a vacancy. Nomination shall be based on merit and consideration of objective criteria of the candidates' potential contributions to the Board and the Company, having due regard for the benefits of diversity on the Board. Selected individuals shall be evaluated against the desired criteria with consideration of factors, such as gender, age, cultural and education background, industry experience, qualifications, skills, knowledge, and professional ethics of the candidates.

During the year, the Board reviewed the overall contribution and service to the Company, expertise and professional qualifications of the retiring Directors and recommended them to be re-elected at the Company's forthcoming annual general meeting.

REMUNERATION COMMITTEE

Mr. Wong Chi Keung, an Independent Non-executive Director of the Company is the Chairman of the Remuneration Committee. The Remuneration Committee currently comprises the Chairman of the Company, Mr. Fung Siu To, Clement, an Executive Director, Mr. Poon Hai and all the three Independent Non-executive Directors. 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. Koon Bok Ming, Alan (as the Chairman), Mr. Wong Chi Keung and Mr. Leung Wai Keung. The terms of reference were revised and adopted by the Board in compliance with the Code. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process, 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 held during the year except Mr. Leung Wai Keung had attended one meeting. The Audit Committee has reviewed the annual financial statements for the year ended 31st March 2019.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year, and they all confirmed that they have fully complied with the required standard set out in the Model Code throughout the year ended 31st March 2019.

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 at any time, and from time to time, appoint any person as a Director, either to fill a casual vacancy, or as an addition to the Board. Any Director so appointed shall retire at the next annual general meeting but shall then be eligible for re-election at the meeting; and

(3) 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 August 2018. A new internal auditor has been recruited and reported to duty in June 2019.

RISK MANAGEMENT AND INTERNAL CONTROL

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 which includes financial, operational and compliance controls. 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.

INTERNAL AUDIT FUNCTIONS

Internal audit functions was in place during in the financial year under review to assist the Audit Committee to review and evaluate the adequacy and effectiveness of the risk management and internal control systems of the Group and to manage the risks inherent in the achievement of business objective of the Company. Internal Audit function adopts risk-based audit approach which focuses on the high risk areas of the Group's activities. Internal audit review covers key issues in relation to the accounting practices and material controls. The review findings or irregularities and also the recommended steps and actions to enhance the internal control of the Group are reported to the senior management.

A discussion on the principal risks and uncertainties encountered by the Group are set out on pages 49 to 50 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 Futures Ordinance.

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 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 53 to 60 of this annual report.

An amount of HK$8,337,000 (2018: HK$8,403,000) was charged to the financial statements of the Group for their audit services. Taxation services, review on interim results and other services provided by PricewaterhouseCoopers to the Group amounted to HK$1,582,000 (2018: HK$1,947,000).

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

A copy of the Requisition, or two or more copies which between them contain the signatures of all the Requisitionists, shall be lodged at the Company's registered office in Bermuda at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda, which came into effect on 15th July 2019 (formerly located 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, YF Life 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 weeks or less after the deposit of the Requisition, in which case the Requisition will be deemed to have been properly deposited; or (ii) not less than one (1) week before the relevant general meeting in the case of any other Requisition.

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

(II) PROCEDURE FOR SHAREHOLDER TO CONVENE SPECIAL GENERAL MEETINGS

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 the Company's registered office in Bermuda at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda, which came into effect on 15th July 2019 (formerly located 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, YF Life 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 manner:

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

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

PROFESSIONAL DEVELOPMENT

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

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

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

Directors	Type of training
Mr. Fung Siu To, Clement	B
Mr. Poon Jing	B
Mr. Poon Hai	B
Mr. Poon Yeung, Roderick	B
Mr. Lun Pui Kan	A,B
Mr. Kwan Po Lam, Phileas	B
Mr. Koon Bok Ming, Alan	B
Mr. Leung Wai Keung	A,B,C
Mr. Wong Chi Keung	A,B

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

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

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

DIVIDEND POLICY

A dividend policy ("Dividend Policy") was adopted by the Company during the year. The Company intends to provide Shareholders with interim and final dividends, and to declare special dividends from time to time. In deciding whether to propose a dividend and in determining the dividend amount, the Board takes into account the Group's earnings performance, financial position, investment requirements and future prospects. Whilst the Dividend Policy reflects the Board's current views on the financial and cash flow position of the Group, such Dividend Policy will continue to be reviewed from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period. The payment of dividend is also subject to any restrictions under the Laws of Hong Kong and the Bye-Laws.

CONSTITUTIONAL DOCUMENTS

There was no change in the Bye-Laws during the year.

Directors and Senior Management

EXECUTIVE DIRECTORS

FUNG SIU TO, CLEMENT

Aged 70, is the Chairman and a member of the Remuneration Committee of the Company. He is also the Chairman, an executive director and a member of remuneration committee of Asia Orient Holdings Limited, a substantial shareholder of the Company within the meaning of Part XV of the Securities and Future Ordinance (the "SFO") ("Asia Orient"), and an executive director of its listed subsidiary, Asia Standard Hotel Group Limited ("Asia Standard Hotel"). Mr. Fung is also a director of certain subsidiaries of the Company. Mr. Fung is a holder of a Bachelor of Applied Science (Civil Engineering) degree and is also a fellow member of the Hong Kong Institution of Engineers. He joined the Company and its subsidiaries (together the "Group") in 1988 and has over 35 years of experience in project management and construction. He 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 and Dr. Lim Yin Cheng, the Managing Director of the Company and the Deputy Chairman of Asia Standard Hotel respectively.

POON JING

Aged 64, is the Chief Executive and Managing Director of the Company. He is also the Chief Executive, Managing Director and an executive director of Asia Orient and the Chairman and an executive director of Asia Standard Hotel. Mr. Poon is also a director of certain subsidiaries of the Company. He is the founder of the Group. He is the father of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors of the Company. He is also the brother-in-law of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman of the Company and the Deputy Chairman of Asia Standard Hotel respectively.

POON HAI

Aged 33, is an Executive Director and a member of the Remuneration Committee of the Company. He is also an executive director of Asia Orient and Asia Standard Hotel. Mr. Poon 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. He is the son of Mr. Poon Jing and the brother of Mr. Poon Yeung, Roderick, the Managing Director and an Executive Director of the Company respectively. He is also the nephew of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman of the Company and the Deputy Chairman of Asia Standard Hotel respectively. He joined the Group in 2009.

POON YEUNG, RODERICK

Aged 30, is an Executive Director of the Company, Asia Orient and Asia Standard Hotel. Mr. Poon 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. He is the son of Mr. Poon Jing and the brother of Mr. Poon Hai, the Managing Director and an Executive Director of the Company respectively. He is also the nephew of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman of the Company and the Deputy Chairman of Asia Standard Hotel respectively. He joined the Group in 2012.

LUN PUI KAN

Aged 55, is the Finance Director of the Company and Asia Orient. Mr. Lun is also a director of certain subsidiaries of the Company. Mr. Lun has over 30 years of experience in accounting and finance. He is a holder of a Bachelor of Science (Engineering) degree and is an associate member of The Hong Kong Institute of Certified Public Accountants ("HKICPA") and a fellow member of The Association of Chartered Certified Accountants ("ACCA"). He joined the Group in 1994.

KWAN PO LAM, PHILEAS

Aged 60, is an Executive Director of the Company and Asia Orient. Mr. Kwan is also a director of certain subsidiaries of the Company. Mr. Kwan is a holder of a Bachelor of Business Administration degree. He joined the Group in 1986 and is responsible for property sales and leasing. He has over 30 years of experience in property sales, leasing and real estate management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

KOON BOK MING, ALAN

Aged 78, is an Independent Non-executive Director, a member of the Remuneration Committee and the Chairman of the Audit Committee of the Company. Mr. Koon is the Chief Executive Officer of a financial advisory firm and has over 30 years of experience in international banking and project and structured finance. He holds a Bachelor degree in Economics and a Master degree in Business Administration. He joined the Group in 1999.

LEUNG WAI KEUNG, *JP*

Aged 56, is an Independent Non-executive Director, a member of the Remuneration Committee and the Audit Committee of the Company. Mr. Leung is currently a Barrister-at-Law. He has about 9 years of experience in accounting and financial management in several firms and thereafter practicing as a barrister since 1996. He is also an independent non-executive director and a member of the Audit Committee of Asia Standard Hotel. Mr. Leung is a member of HKICPA, The Hong Kong Institute of Chartered Secretaries ("HKICS"), ACCA, Institute of Chartered Secretaries and Administrators ("ICSA") 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 of the Hong Kong Special Administrative Region (the "Government") to sit on various statutory tribunals such as the Guardianship Board, the Registration of Persons Tribunal, the Board of Review and others. From 21st April 2012 to 20th April 2018, Mr. Leung held the position as the Chairman of the Appeal Board for the Hotel and Guesthouse Accommodation, the Clubs (Safety of Premises) and Bedspace Apartments. On 1st July 2018, Mr. Leung was appointed as a Justice of the Peace by the Government. Mr. Leung joined the Group in 2004.

WONG CHI KEUNG

Aged 64, is an Independent Non-executive Director, a member of the Audit Committee and the Chairman of the Remuneration Committee of the Company. Mr. Wong holds a Master degree in Business Administration from The University of Adelaide in Australia. He is a fellow member of HKICPA, ACCA and CPA Australia; an associate member of ICSA and The Chartered Institute of Management Accountants. Mr. Wong is also a responsible officer for asset management and advising on securities for CASDAQ International Capital Market (HK) Company Limited under the SFO.

Mr. Wong was an executive director, the Deputy General Manager, Group Financial Controller and Company Secretary of Yuexiu Property Company Limited (formerly known as Guangzhou Investment Company Limited) which is a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), for over ten years. He is an independent non-executive director, the chairman of the remuneration committee and a member of the audit committee of Asia Orient. He is also an independent non-executive director and a member of audit committee of Century City International Holdings Limited, China Ting Group Holdings Limited, Fortunet e-Commerce Group Limited, Golden Eagle Retail Group Limited, Nickel Resources International Holdings Company Limited, Paliburg Holdings Limited, Regal Hotels International Holdings Limited, TPV Technology Limited, Yuan Heng Gas Holdings Limited and Zhuguang Holdings Group Company Limited, all of which are listed on the Stock Exchange. Mr. Wong has over 40 years of experience in finance, accounting and management. He joined the Group in 2004.

SENIOR MANAGEMENT

LIM YIN CHENG

Aged 74, is the Deputy Chairman, Chief Executive, an executive director and a member of the remuneration committee of Asia Standard Hotel. Dr. Lim is also a director of certain subsidiaries of the Company. Dr. Lim is a holder of a Bachelor of Science (Chemical Engineering) and Doctor of Philosophy degrees. He has over 35 years of experience in engineering, project management and administration. He joined the Group in 1992. He is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors the Company. He is also the brother-in-law of Mr. Poon Jing and Mr. Fung Siu To, Clement, the Managing Director and the Chairman of the Company respectively.

NG SIEW SENG, RICHARD

Aged 67, is the Group General Manager of Asia Standard Hotel. Mr. Ng is also a director of a subsidiary of Asia Standard Hotel. Mr. Ng is responsible for the development and management of the hotel group's hospitality operations. With over 4 decades' extensive experience in hotel and travel industry for both local and overseas markets, Mr. Ng has held senior marketing and operational positions in a number of major international chain hotels and travel agents in Hong Kong and Macau. He joined Asia Standard Hotel Group in September 2007.

WOO WEI CHUN, JOSEPH

Aged 55, is an executive director and the Group Financial Controller of Asia Standard Hotel. Mr. Woo is also a director of certain subsidiaries of Asia Standard Hotel. Mr. Woo is qualified as an U.S. Certified Public Accountant (Illinois) and is an associate member of HKICPA. He holds a Bachelor degree in Accounting with Computing and a Master degree in Business Administration. Mr. Woo has over 25 years of experience in accounting and finance. He joined Asia Standard Hotel Group in 2006.

WONG HOI YAN

Aged 46, is the General Manager of Project Management Division of the Company. Ms. Wong holds a Bachelor of Arts degree in Architectural Studies and Master of Architecture from The University of Hong Kong and Master of Science degree in Project Management from The Hong Kong Polytechnic University. She is a Registered Architect in Hong Kong, a member of The Hong Kong Institute of Architects and an Authorised Person under the Buildings Ordinance. She is also a BEAM Pro under the Hong Kong Green Building Council. Ms. Wong is responsible for property development and project management. She has over 20 years of experience in project planning and management. She joined the Group in March 2014.

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31st March 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 36 to the financial statements.

The activities of the Group are mainly based in Hong Kong. Analysis of the Group's revenue 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 61.

The Company did not pay an interim dividend (2018: Nil) for the year ended 31st March 2019.

The Board recommends the payment of a final dividend of HK2.7 cents per share (2018: HK3.0 cents per share), totaling HK$35,634,000 (2018: HK$39,593,000) for the year ended 31st March 2019.

FINANCIAL SUMMARY

A five-year financial summary of the results and of the assets and liabilities of the Group is set on page 17.

EQUITY LINKED AGREEMENTS

Save as disclosed in the section "Share Option Schemes" on pages 44 to 48 and "Convertible Notes" on page 48, no equity linked agreements were entered into during the year or subsisted at the end of the year.

SHARE ISSUED IN THE YEAR

Details of shares of the Company issued in the year ended 31st March 2019 are set out in note 28 to the financial statements.

PRINCIPAL PROPERTIES

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

DONATIONS

During the year, the Group made charitable and other donations of HK$1,107,000 (2018: HK$7,561,000).

DIRECTORS

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

Mr. Fung Siu To, Clement
Mr. Poon Jing
Mr. Poon Hai
Mr. Poon Yeung, Roderick
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas
Mr. Koon Bok Ming, Alan
Mr. Leung Wai Keung
Mr. Wong Chi Keung

Messrs. Lun Pui Kan and Leung Wai Keung will retire from office by rotation in accordance with the Bye- Laws of the Company (the "Bye-Laws") and Mr. Poon Jing will retire to comply with Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set out on pages 34 to 36.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACTS

No transactions, arrangement and contracts of significance in relation to the Company's business to which the Company, 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.

PERMITTED INDEMNITY PROVISIONS

Subject to the Bermuda Companies Act 1981, the Bye-Laws and other relevant statutes, the Directors shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in or about the execution of his office or otherwise in relation thereto. 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 44 to 48, and that of a subsidiary, Asia Standard Hotel Group Limited ("Asia Standard Hotel"), at no time during the year was the Company, its subsidiaries or its fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31st March 2019, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

(I) LONG POSITIONS IN SHARES

(a) The Company

Director	Number of shares held			Percentage of shares in issue (%)
	Personal interest	Corporate interest	Total	
Poon Jing	1,308,884	683,556,392	684,865,276	51.89

Note:

By virtue of Mr. Poon Jing's controlling interest (50.44%) in Asia Orient Holdings Limited ("Asia Orient"), he is deemed to be interested in the shares of the Company held by Asia Orient as disclosed under the heading "Substantial shareholders and other persons' interests and short positions in shares and underlying shares" below.

(I) LONG POSITIONS IN SHARES (Continued)

(b) Associated corporations

		Number of shares held				
Director	**Associated corporation**	**Personal interest**	**Family interest**	**Corporate interest**	**Total**	**Percentage of shares in issue (%)**
Poon Jing	Asia Orient	273,607,688	5,318,799	145,213,900 (Notes)	424,140,387	50.44
	Asia Standard Hotel	152,490	-	1,346,158,049 (Notes)	1,346,310,539	66.71
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
	Mark Honour Limited	9	-	-	9	0.01

Notes:

1. By virtue of Mr. Poon Jing's controlling interest in Asia Orient, he is deemed to be interested in the shares of Asia Standard Hotel held by Asia Orient and the Company.

2. By virtue of Mr. Poon Jing's interest in the Company through Asia Orient, he is deemed to be interested in the shares of all the Company's subsidiaries and associated corporations.

(II) LONG POSITIONS IN UNDERLYING SHARES

Interests in share options

(a) The Company

Director	**Outstanding as at 1st April 2018 and 31st March 2019**
Poon Hai	3,500,000
Poon Yeung, Roderick	3,500,000

Notes:

1. Options were granted under 2014 Share Option Scheme (as described under the heading "Share Option Schemes") on 11th December 2015 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.

(II) LONG POSITIONS IN UNDERLYING SHARES (Continued)

Interests in share options (Continued)

(b) Associated corporations – Asia Orient

Director	Outstanding as at 1st April 2018 and 31st March 2019
Poon Hai	3,500,000
Poon Yeung, Roderick	3,500,000

Notes:

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

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

(c) Associated corporations – Asia Standard Hotel

Director	Outstanding as at 1st April 2018 and 31st March 2019
Poon Hai	14,400,000
Poon Yeung, Roderick	14,400,000

Notes:

1. Options were granted under 2006 Asia Standard Hotel Share Option Scheme (as described under heading "Share Option Schemes") on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK$0.343 (as adjusted) per share.

2. During the 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

Associated corporations – Asia Standard Hotel

Director	Nature of interest	Amount of convertible note held (HK$)	Number of underlying share held
Poon Jing	Corporate	1,219,619,192	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 (the "ASH Convertible Notes") held by Asia Orient and its subsidiaries which are convertible into 2,692,316,098 shares of Asia Standard Hotel. ASH Convertible Notes are redeemable at the redemption value of HK$0.453 per note. Please refer to the section "Convertible Notes" on page 48 for details of ASH Convertible Notes issued by Asia Standard Hotel.

Save as disclosed above, as at 31st March 2019, none of the Directors or Chief Executive (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31st March 2019, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executive.

LONG POSITIONS IN SHARES OF THE COMPANY

Shareholder	Capacity	Number of shares held	Total	Percentage (%)
Asia Orient (Note 1)	Beneficial Owner Interests in controlled corporation	51,705,509 631,850,883	683,556,392	51.79
Asia Orient Holdings (BVI) Limited ("Asia Orient BVI") (Note 1)	Interests in controlled corporation	631,850,883	631,850,883	47.87
Asia Orient Company Limited ("AOCL") (Note 2)	Beneficial Owner Interests in controlled corporation	304,361,730 2,459,153	306,820, 883	23.24
Kingfisher Inc. and Lipton Investment Limited ("Kingfisher and Lipton") (Note 2)	Interests in controlled corporation	284,376,649	284,376,649	21.54

Notes:

1. Asia Orient BVI is a wholly-owned subsidiary of Asia Orient. Accordingly, Asia Orient is deemed to have interest and duplicate the interest in the same 631,850,883 shares held by Asia Orient BVI.

2. AOCL, companies controlled by AOCL, Kingfisher and Lipton are wholly-owned subsidiaries of Asia Orient BVI. Asia Orient BVI is deemed to be interested in and duplicate the interest held by AOCL, Kingfisher and Lipton.

Save as disclosed above, as at 31st March 2019, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept under Section 336 of the SFO.

SHARE OPTION SCHEMES

THE COMPANY

Share option scheme adopted on 27th August 2004 (the "2004 Share Option Scheme")

The 2004 Share Option Scheme was adopted on 27th August 2004. Under 2004 Share Option Scheme, the board of Directors of the Company may grant options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to the Company, its subsidiaries or any invested entity, their discretionary trust or the companies owned by them. The purpose was to provide incentives, acknowledge the contributions of, motivate and maintain relationship with the eligible participants.

The total number of shares available for issue upon exercise of all options granted under 2004 Share Option Scheme must not exceed 71,851,459 shares, representing about 5.44% 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 2004 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 2004 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 2004 Share Option Scheme, there was no requirement for a grantee to hold the option for a certain period before exercising the option unless otherwise determined by the Directors. The exercise period should be any period determined by the board of Directors but in any event the exercise period should not be later than 10 years from the date of grant. The grantee has to accept an option within 21 days from the date of offer by making a non-refundable payment of HK$1 to the Company.

The subscription price shall be at the discretion of the board of Directors provided that it shall be not less than the highest of (i) the closing price of a share on the relevant date of grant; (ii) the average of the closing prices of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share. The 2004 Share Option Scheme was effective for 10 years from 27th August 2004 and expired on the tenth anniversary of such adoption date. Following the expiry of 2004 Share Option Scheme, no further share option can be granted thereafter but all outstanding share options granted under 2004 Share Option Scheme and yet to be executed shall remain valid and exercisable.

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

Grantee	Outstanding as at 1st April 2018 and 31st March 2019
Other employee	1,000,000

Notes:

1. Options were granted on 13th March 2014 and exercisable during the period from 10th March 2017 to 12th March 2024 at an exercise price of HK$2.00 per share.

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

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

The 2014 Share Option Scheme was adopted on 29th August 2014. Under 2014 Share Option Scheme, the board of Directors of the Company may grant options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to the Company, its subsidiaries or any invested entity, their discretionary trust or the companies owned by them. The purpose was to provide incentives, acknowledge the contributions of, motivate and maintain relationship with the eligible participants.

The total number of shares available for issue upon exercise of all options to be granted under 2014 Share Option Scheme must not exceed 125,482,152 shares, representing about 9.50% of the shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under 2014 Share Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised, outstanding and cancelled options) under any option granted to the same participant under 2014 Share Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the shares in issue from time to time.

Under 2014 Share Option Scheme, there was no requirement for a grantee to hold the option for a certain period before exercising the option unless otherwise determined by the Directors. The exercise period should be any period determined by the board of Directors but in any event the exercise period should not be later than 10 years from the date of grant. The grantee has to accept an option within 21 days from the date of offer by making a non-refundable payment of HK$1 to the Company.

The subscription price shall be at the discretion of the board of Directors provided that it shall be not less than the highest of (i) the closing price of a share on the relevant date of grant; (ii) the average of the closing prices of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share. The 2014 Share Option Scheme is effective for 10 years from 29th August 2014.

The following table discloses details of the Company's options granted under 2014 Share Option Scheme held by employees (including Directors):

Grantee	Outstanding as at 1st April 2018 and 31st March 2019
Directors	7,000,000

Notes:

1. Options were granted on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK$1.38 per share.

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

SUBSIDIARIES – ASIA STANDARD HOTEL

Share option scheme adoption on 28th August 2006 (the "2006 Asia Standard Hotel Share Option Scheme")

The 2006 Asia Standard Hotel Share Option Scheme was adopted on 28th August 2006. Under 2006 Asia Standard Hotel Share Option Scheme, the board of Directors of Asia Standard Hotel may grant options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to Asia Standard Hotel, its subsidiaries or any invested entities, their discretionary trust or the companies owned by them. The purpose was to provide incentives, recognise and acknowledge the contributions of, motivate and maintain an ongoing relationship with the eligible participants whose contributions are or will be beneficial to the long term growth of the Asia Standard Hotel Group.

The total number of shares available for issue upon exercise of all options to be granted under 2006 Asia Standard Hotel Share Option Scheme must not exceed 125,088,061 shares, representing about 6.19% of the Asia Standard Hotel's shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under 2006 Asia Standard Hotel Share Option Scheme and any other share option scheme must not exceed 30% of the Asia Standard Hotel's shares in issue from time to time. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised, outstanding and cancelled options) under any option granted to the same participant under 2006 Asia Standard Hotel Share Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the Asia Standard Hotel's shares in issue from time to time.

Under 2006 Asia Standard Hotel Share Option Scheme, there was no requirement for a grantee to hold the Asia Standard Hotel option for a certain period before exercising the Asia Standard Hotel option unless otherwise determined by the Directors of Asia Standard Hotel. The exercise period should be any period determined by the board of Directors of Asia Standard Hotel but in any event the exercise period should not be later than 10 years from the date of grant. The grantee has to accept an option within 21 days from the date of offer by making a non-refundable payment of HK$1 to Asia Standard Hotel.

The subscription price shall be at the discretion of the board of Directors of Asia Standard Hotel provided that it shall be not less than the highest of (i) the closing price of a share on the relevant date of grant; (ii) the average of the closing prices of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share. The 2006 Asia Standard Hotel 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 Asia Standard Hotel Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2006 Asia Standard Hotel Share Option Scheme and yet to be exercised shall remain valid and exercisable.

The following table discloses details of Asia Standard Hotel options granted under 2006 Asia Standard Hotel Share Option Scheme held by employees (including Directors):

Grantee	Outstanding as at 1st April 2018 and 31st March 2019
Directors	28,800,000

Notes:

1. Options were granted on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK$0.343 (as adjusted) per share.

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

Share option scheme adopted on 8th September 2016 (the "2016 Asia Standard Hotel Share Option Scheme")

The 2016 Asia Standard Hotel Share Option Scheme was adopted on 8th September 2016. Under 2016 Asia Standard Hotel Share Option Scheme, the board of Directors of Asia Standard Hotel may grant options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to Asia Standard Hotel, its subsidiaries or any invested entity, their discretionary trust or the companies owned by them. The purpose was to provide incentives, recognise and acknowledge the contributions of, motivate and maintain an ongoing relationship with the eligible participants whose contributions are or will be beneficial to the long term growth of the Asia Standard Hotel Group.

The total number of shares available for issue upon exercise of all options to be granted under 2016 Asia Standard Hotel Share Option Scheme must not exceed, in aggregate, 10% of the issued ordinary shares of Asia Standard Hotel as at the date of adoption of 2016 Asia Standard Hotel Share Option Scheme or the date of shareholders' approval of a refreshment of such limit in a general meeting of Asia Standard Hotel (the "Scheme Limit"). The Scheme Limit was refreshed pursuant to an ordinary resolution passed by the shareholders at the annual general meeting of Asia Standard Hotel held on 30th August 2017 and the Scheme Limit as refreshed is 201,804,047 shares, representing about 10% of the Asia Standard Hotel's shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under 2016 Asia Standard Hotel Share Option Scheme and any other share option scheme must not exceed 30% of the Asia Standard Hotel's shares in issue from time to time. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised, outstanding and cancelled options) under any option granted to the same participant under 2016 Asia Standard Hotel Share Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the Asia Standard Hotel's shares in issue from time to time.

Under 2016 Asia Standard Hotel Share Option Scheme, there was no requirement for a grantee to hold the Asia Standard Hotel option for a certain period before exercising the Asia Standard Hotel option unless otherwise determined by the Directors of Asia Standard Hotel. The exercise period should be any period determined by the board of Directors of Asia Standard Hotel but in any event the exercise period should not be later than 10 years from the date of grant. The grantee has to accept an option within 21 days from the date of offer by making a non-refundable payment of HK$1 to Asia Standard Hotel.

The subscription price shall be at the discretion of the board of Directors of Asia Standard Hotel provided that it shall be not less than the highest of (i) the closing price of a share on the relevant date of grant; (ii) the average of the closing prices of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share. The 2016 Asia Standard Hotel Share Option Scheme is effective for 10 years from 8th September 2016. No share option has been granted since the adoption of 2016 Asia Standard Hotel Share Option Scheme.

CONVERTIBLE NOTES

On 23rd February 2017, Asia Standard Hotel issued a total of 2,693,204,266 ASH Convertible Notes with principal amount of HK$1,220 million 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 ASH Convertible Notes were unsecured and redeemable. Principal terms of the ASH Convertible Notes are set out in note 26 to the financial statements.

During the year, no ASH Convertible Note (2018: Nil) was converted into ordinary share of Asia Standard Hotel.

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 and the account of the key relationships with its stakeholders are set out in the sections "Environmental, Social and Governance Report" on pages 18 to 24.

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

Risks pertaining to property sales & leasing

The Group's property sales may be influenced by fluctuations of supply and demand in the real estate market, government policies to curb surging property prices such as double and special stamp duty dampen the demand, lowering the mortgage ratio raise the hurdle of financing and hence adversely affect demand. Demand is also sensitive to changes in interest rates.

Economic slowdown would hit retail market and cast downward pressure on property rental and occupancies.

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 five 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 approximately 69% 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 95 to 106.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group appreciates the importance of maintaining a good relationship with its customers 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.

During the year ended 31st March 2019, there is no circumstance of any event between the Group and its customers which will have a significant impact on the Group's business and on which the Group's success depends. The account of key relationship with employees and suppliers on which the Group's success depends are set out in the section "Environmental, Social and Governance Report" on pages 18 to 24.

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	71.0%
Percentage of purchases attributable to the Group's five largest suppliers	86.7%
Percentage of sales attributable to the Group's largest customer	39.1%
Percentage of sales attributable to the Group's five largest customers	56.5%

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.

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined balance sheet of affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31st March 2019 are as follow:

	Proforma combined balance sheet HK$'000	Group's attributable interest HK$'000
Non-current assets	12,630,190	3,676,472
Current assets	9,668,970	4,271,473
Current liabilities	(4,770,385)	(1,346,998)
Non-current liabilities	(7,383,441)	(2,388,623)
	10,145,334	4,212,324

The proforma combined balance sheet of the affiliated companies is prepared by combining their balance sheet, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the balance sheet as at 31st March 2019.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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

On behalf of the Board

Fung Siu To, Clement
Chairman

Hong Kong, 27th June 2019

Independent Auditor's Report

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

OPINION

WHAT WE HAVE AUDITED

The consolidated financial statements of Asia Standard International Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 61 to 160, which comprise:

- the consolidated balance sheet as at 31st March 2019;
- 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 31st March 2019, 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.

The key audit matters identified in our audit are summarised as follows:

- Impairment assessment of listed debt securities which are classified as financial assets at fair value through other comprehensive income and the related accrued interest
- Valuation of investment properties
- Recoverability of properties under development for sale and impairment of property held for development for sale

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of listed debt securities which are classified as financial assets at fair value through other comprehensive income and the related accrued interest	
Refer to notes 4, 6 and 20 to the consolidated financial statements	The procedures we performed included:
As at 31st March 2019, the Group has a substantial portfolio of listed debt securities which are classified as financial assets at fair value through other comprehensive income. The related charge in expected credit losses ("ECL") for the year is accounted for in the consolidated profit and loss account. The Group adopts a "three-stage" model for impairment assessment based on changes in credit quality since initial recognition to estimate the expected credit losses for individual debt securities and related accrued interest.	- Testing the key controls of the Group's over ECL, including the controls over model selection and staging determination to assess any significant increase in credit risk, forecasts of expected cash flows per contract as compared to under default situation, benchmarking analysis of credit worthiness, etc. - With the assistance of our internal valuation/ modelling specialists, we performed the following procedures: • Evaluating whether the ECL models were built appropriately to assess the Group's financial assets at fair value through other comprehensive income and the related accrued interest. • Evaluating the reasonableness of staging determination against the Group's historical credit loss experience, the circumstances concerning the business and financial affairs of the underlying companies at the time of initial recognition as well as at the end of the reporting period, industry information and expected outlook.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of listed debt securities which are classified as financial assets at fair value through other comprehensive income and the related accrued interest (Continued)	
We identified impairment assessment under HKFRS 9 as a key audit matter, as it is complex and significant management judgments have been involved in: 1) Staging determination 2) Application of model assumptions 3) Forward-looking adjustment	• Evaluating the detailed application of key ECL model assumptions, which includes possibility of default, loss given default, exposure at default, discount rate, etc., and assessed the reasonableness of key management's judgements involved by performing the following: • Evaluating the management's assessment on the expected forward-looking view of the industry of the underlying companies by considering the relevance of the macro-economic factors and their correlation impacting the ability to pay. • Testing the accuracy of ECL data inputs during the period on a sampling basis, by reviewing the counterparties' credit information such as credit exposure, credit risk ratings, loss rates, overdue status, underlying assets and other relevant information. • Testing the accuracy of the calculation of ECL charge to check whether it is consistent with the Group's ECL model methodologies on a sampling basis. Based on the work performed, the methodologies, assumptions and inputs adopted in impairment assessment by the Group for the financial assets at fair value through other comprehensive income and the related accrued interest were considered supportable.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
Refer to notes 4, 14 and 16 to the consolidated financial statements As at 31st March 2019, the Group's investment properties portfolio included investment properties held by subsidiaries and an associated company. Management engaged an independent valuer to estimate the fair value of investment properties of the Group and the associated company as at 31st March 2019 based on the direct comparison method. The key assumptions used in the independent valuation of investment properties require significant judgement and estimation and therefore this matter is our audit focus.	Our audit procedures in relation to the valuation of investment properties included: • Evaluating the independent valuers' competence, capabilities and objectivity; • Obtaining the valuation reports and holding meetings with the independent valuer, together with our own experts in property valuation, to discuss and evaluate the valuation methodology and key assumptions adopted, focusing on market comparables; • Assessing the market comparables used by the independent valuer by benchmarking these against recent transactions for similar properties and locations. We found the methodology used in the valuation of investment properties were appropriate and key assumptions used were supported by the available evidence.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of properties under development for sale and impairment of property held for development for sale	
Refer to notes 4, 16 and 18 to the consolidated financial statements The Group has a number of properties under development for sale and property held for development for sale ("property development projects") held by subsidiaries and joint ventures. Management assessed the recoverability of properties under development for sale based on estimates of the net realisable values of the underlying properties for each project and concluded no provision is necessary as at 31st March 2019. This involved the estimation of construction costs to be incurred to complete the properties under development based on existing plans and forecast of future sales. The estimation of net realisable values depends on key assumptions that require significant management judgement, including selling price per square foot and budgeted costs of construction. The property held for development for sale represents a piece of land in Macau ("Macau Project"). The provisional 25 year lease has expired in December 2015. In February 2017, the Macau Government issued a Declaration of Expiry of Land Concession based on Article 48 of the Land Law ("Declared Expiry"). The Group lodged a judicial appeal against the Declared Expiry in March 2017 which is pending a decision by the Second Instance Court of Macau. Based on an assessment of the available facts and circumstances, the Group considered the full write-down against the Macau Project made in prior year continues to be appropriate as at 31st March 2019. We focused on the net realisable value assessment of the above items as it involved significant judgement.	Our audit procedures in relation to evaluating management's assessment of recoverability of property development projects included: • Comparing the expected future sales prices to current market prices of comparable properties; • Meetings with project managers for major properties under development for sale to understand the progress of development and challenge the assumptions for forecast development costs to complete; • Corroborating the cost estimates provided by management and project managers to latest approved budgets and approved development plans; • Benchmarking estimated construction costs to external industry data; • Performing independent legal title searches and site visits of major projects; • In respect of the Macau Project, we inspected correspondence with the Macau Government and relevant departments and obtained the Group's external legal counsel opinion. We also held discussions with the Group's external legal counsel to understand the Declared Expiry process and their legal interpretation of this matter, the merits of the judicial appeal and any further actions that might be undertaken by the Group to claim for compensation and for damages. We found management's assessment of recoverability of property under development for sale and write-down were 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.

- 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.

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

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 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 Liao Weining.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27th June 2019

Consolidated Profit and Loss Account

For the year ended 31st March 2019

	Note	2019 HK$'000	2018 HK$'000
Sales of goods and services, leasing and other revenue		**807,714**	836,084
Interest revenue		**1,399,766**	912,807
Total revenue	*5*	**2,207,480**	1,748,891
Cost of sales		**(288,543)**	(311,254)
Gross profit		**1,918,937**	1,437,637
Selling and administrative expenses		**(270,120)**	(255,886)
Depreciation		**(118,282)**	(127,873)
Net investment loss	*6*		
Net realised and unrealised loss		**(84,047)**	(69,379)
Changes in expected credit losses and other credit impairment charges		**(398,203)**	-
Fair value gain of investment properties		**852,158**	719,396
Operating profit		**1,900,443**	1,703,895
Net finance costs	*10*	**(484,975)**	(282,396)
Share of profits less losses of			
Joint ventures		**16,750**	73,198
Associated companies		**54,593**	29,204
Profit before income tax		**1,486,811**	1,523,901
Income tax expense	*11*	**(38,722)**	(30,875)
Profit for the year		**1,448,089**	1,493,026
Attributable to:			
Shareholders of the Company		**1,388,728**	1,463,061
Non-controlling interests		**59,361**	29,965
		1,448,089	1,493,026
Earnings per share (HK$)			
Basic	*13*	**1.05**	1.11
Diluted	*13*	**1.05**	1.11

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2019

	2019 HK$'000	2018 HK$'000
Profit for the year	**1,448,089**	1,493,026
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value loss on debt securities at fair value through other comprehensive income	**(81,031)**	-
Net fair value gain on available-for-sale investments	**-**	40,240
Cash flow hedges		
- fair value gain	**1,796**	37,435
- transfer to finance costs	**(3,660)**	(27,537)
- realised loss	**(446)**	-
Currency translation differences	**(15,696)**	11,058
Share of currency translation differences of joint ventures	**(130,908)**	155,887
Items that will not be reclassified to profit or loss:		
Net fair value loss on equity securities at fair value through other comprehensive income	**(105,568)**	-
	(335,513)	217,083
Total comprehensive income for the year	**1,112,576**	1,710,109
Attributable to:		
Shareholders of the Company	**1,061,520**	1,671,467
Non-controlling interests	**51,056**	38,642
	1,112,576	1,710,109

Consolidated Balance Sheet

As at 31st March 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Investment properties	14	**9,869,038**	9,006,185
Property, plant and equipment	15	**4,070,568**	4,091,590
Joint ventures and associated companies	16	**5,435,417**	4,753,273
Loan receivables	17	**1,411**	2,054
Financial investments	20	**586,982**	684,383
Deferred income tax assets	27	**58,615**	38,128
		20,022,031	18,575,613
Current assets			
Properties under development for sale	18	**1,583,618**	767,405
Completed properties held for sale	18	**3,481**	3,501
Hotel and restaurant inventories		**21,615**	14,091
Trade and other receivables	19	**504,755**	497,662
Loan receivables	17	**166**	340,966
Income tax recoverable		**3,553**	2,776
Financial investments	20	**15,014,101**	11,366,000
Bank balances and cash	21	**759,358**	917,399
		17,890,647	13,909,800
Current liabilities			
Trade and other payables	22	**168,438**	305,092
Contract liabilities	23	**199,405**	-
Amount due to joint ventures	16	**199,855**	61,659
Amount due to an associated company	16	**224,400**	224,400
Amount due to non-controlling interests		**39,225**	-
Income tax payable		**61,714**	33,224
Derivative financial instruments		**–**	3,522
Borrowings	24	**3,934,536**	2,634,572
Medium term notes	25	**99,820**	315,868
		4,927,393	3,578,337
Net current assets		**12,963,254**	10,331,463

Consolidated Balance Sheet

As at 31st March 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Long term borrowings	*24*	**12,180,255**	9,081,222
Medium term notes	*25*	**249,035**	347,291
Convertible notes	*26*	**7,078**	6,655
Deferred income tax liabilities	*27*	**117,080**	107,761
		12,553,448	9,542,929
Net assets		**20,431,837**	19,364,147
Equity			
Share capital	*28*	**13,197**	13,197
Reserves	*29*	**19,677,761**	18,655,834
Equity attributable to shareholders of the Company		**19,690,958**	18,669,031
Non-controlling interests		**740,879**	695,116
		20,431,837	19,364,147

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Consolidated Statement of Cash Flows

For the year ended 31st March 2019

	Note	**2019** **HK$'000**	2018 HK$'000
Cash flows from operating activities			
Net cash used in operations	*33*	**(3,435,519)**	(3,029,210)
Net income tax paid		**(23,865)**	(16,024)
Interest paid		**(489,943)**	(265,258)
Interest received from bank deposit and other receivables		**87,048**	13,876
Net cash used in operating activities		**(3,862,279)**	(3,296,616)
Cash flows from investing activities			
Purchase of financial investments		**(8,148)**	(8,036)
Addition to investment properties		**(10,695)**	(13,635)
Addition to property, plant and equipment		**(96,114)**	(140,302)
Repayment of loan by a joint venture partner		**280,000**	-
Decrease/(increase) in investment in joint ventures		**30,882**	(684,812)
Advance to associated companies and joint ventures		**(634,396)**	(320,330)
Net cash used in investing activities		**(438,471)**	(1,167,115)
Net cash used before financing activities		**(4,300,750)**	(4,463,731)
Cash flows from financing activities			
Drawdown of long term borrowings		**5,662,000**	4,103,263
Repayment of long term borrowings		**(2,373,621)**	(549,877)
Net increase in short term borrowings		**1,135,287**	1,078,804
Redemption of medium term notes		**(319,528)**	-
Contribution from non-controlling interests		**39,225**	-
Dividend paid		**(39,593)**	(39,593)
Dividend paid to non-controlling interests		**(4,604)**	(4,604)
Coupon of convertible notes to non-controlling interests		**(689)**	(492)
Net cash generated from financing activities		**4,098,477**	4,587,501
Net (decrease)/increase in cash and cash equivalents		**(202,273)**	123,770
Cash and cash equivalents at the beginning of the year		**777,040**	647,213
Changes in exchange rates		**(3,812)**	6,057
Cash and cash equivalents at the end of the year		**570,955**	777,040
Analysis of the balances of cash and cash equivalents			
Bank balances and cash (excluding restricted bank balances)	*21*	**570,955**	777,040

Consolidated Statement of Changes in Equity

For the year ended 31st March 2019

	Equity attributable to shareholders of the Company				
	Share capital HK$'000	Reserves HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 31st March 2017	13,197	17,023,960	17,037,157	661,570	17,698,727
Net fair value gain on available-for-sale investments	-	34,590	34,590	5,650	40,240
Cash flow hedges					
- fair value gain	-	37,435	37,435	-	37,435
- transfer to finance costs	-	(27,537)	(27,537)	-	(27,537)
Currency translation differences	-	163,918	163,918	3,027	166,945
Profit for the year	-	1,463,061	1,463,061	29,965	1,493,026
Total comprehensive income for the year	-	1,671,467	1,671,467	38,642	1,710,109
2017 final dividend	-	(39,593)	(39,593)	(4,604)	(44,197)
Coupon to convertible noteholders	-	-	-	(492)	(492)
Total transactions with owners	-	(39,593)	(39,593)	(5,096)	(44,689)
At 31st March 2018	13,197	18,655,834	18,669,031	695,116	19,364,147
Net fair value loss on financial assets at FVOCI	-	(185,971)	(185,971)	(628)	(186,599)
Cash flow hedges					
- fair value gain	-	1,796	1,796	-	1,796
- transfer to finance costs	-	(3,660)	(3,660)	-	(3,660)
- realised loss	-	(446)	(446)	-	(446)
Currency translation differences	-	(138,927)	(138,927)	(7,677)	(146,604)
Profit for the year	-	1,388,728	1,388,728	59,361	1,448,089
Total comprehensive income for the year	-	1,061,520	1,061,520	51,056	1,112,576
2018 final dividend	-	(39,593)	(39,593)	(4,604)	(44,197)
Coupon to convertible noteholders	-	-	-	(689)	(689)
Total transactions with owners	-	(39,593)	(39,593)	(5,293)	(44,886)
At 31st March 2019	**13,197**	**19,677,761**	**19,690,958**	**740,879**	**20,431,837**

1 GENERAL INFORMATION

Asia Standard International Group Limited (the "Company") is a limited liability company incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited ("HKEX"). The address of its principal office is 30th Floor, MassMutual Tower (renamed as YF Life Tower on 1st June 2019), 33 Lockhart Road, Wanchai, Hong Kong.

2 PRINCIPAL ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, available-for-sale ("AFS") investments, financial assets at fair value through profit or loss ("FVPL"), financial assets at fair value through other comprehensive income ("FVOCI") and derivative financial instruments, which are carried at fair value, and in accordance with all applicable Hong Kong Financial Reporting Standards ("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 STANDARDS, AMENDMENTS AND IMPROVEMENTS TO STANDARDS

The accounting policies and methods of computation used in the preparation of these annual financial statements are consistent with those used in 2018, except adoption of the following new or revised standards, amendments and improvement to standards and interpretations of HKFRS that are effective for the first time for this year which are relevant to the Group's operation and are mandatory for accounting periods beginning on or after 1st January 2018:

Annual improvements	Annual improvements 2014 – 2016 cycle
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from contracts with customers
HK (IFRIC) – Interpretation 22	Foreign currency transactions and advance consideration

Except for HKFRS 9 and HKFRS 15, the adoption of the other new or revised standards, amendments and improvement to standards and interpretations of HKFRS stated above did not have significant impact to the consolidated financial statements in the current and prior years.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(B) THE ADOPTION OF NEW/REVISED STANDARDS, AMENDMENTS AND IMPROVEMENTS TO STANDARDS (Continued)

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

HKFRS 9 Financial Instruments

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

Equity investments that were previously classified as financial assets at FVPL at 31 March 2018 are continued to be classified as financial assets at FVPL, except for financial assets at FVPL previously included in non-current assets to be classified as financial assets at FVOCI, on 1 April 2018. There is no change in the measurement of fair value and realised gains or losses.

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

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

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(B) THE ADOPTION OF NEW/REVISED STANDARDS, AMENDMENTS AND IMPROVEMENTS TO STANDARDS (Continued)

HKFRS 9 Financial Instruments (Continued)

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

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

HKFRS 15 Revenue from Contracts With Customers

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

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

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(B) THE ADOPTION OF NEW/REVISED STANDARDS, AMENDMENTS AND IMPROVEMENTS TO STANDARDS (Continued)

HKFRS 15 Revenue from Contracts With Customers (Continued)

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

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

Effects on adoption of new HKFRS are as follows:

HKFRS 9

Consolidated balance sheet (extracted)

	As at 1st April 2018		
	As presented under previous accounting policies HK$'000	Effect of adoption of HKFRS 9 HK$'000	As presented under new accounting policies HK$'000
Non-current assets			
Financial investments			
AFS investments	273,575	(273,575)	-
Financial assets at FVPL	410,808	(410,808)	-
Financial assets at FVOCI	-	684,383	684,383
	684,383	-	684,383
Current assets			
Financial investments			
Financial assets at FVPL	11,366,000	(9,802,252)	1,563,748
Financial assets at FVOCI	-	9,802,252	9,802,252
	11,366,000	-	11,366,000
Reserves			
Investment revaluation reserve (previously named as "AFS investment reserve")	86,062	(52,806)	33,256
Revenue reserve	13,448,095	52,806	13,500,901

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(B) THE ADOPTION OF NEW/REVISED STANDARDS, AMENDMENTS AND IMPROVEMENTS TO STANDARDS (Continued)

HKFRS 9 (Continued)

	As at 31st March 2019		
	As presented under previous accounting policies HK$'000	Effect of adoption of HKFRS 9 HK$'000	As presented under new accounting policies HK$'000
Non-current assets			
Financial investments			
AFS investments	253,873	(253,873)	–
Financial assets at FVPL	333,109	(316,865)	16,244
Financial assets at FVOCI	–	570,738	570,738
	586,982	–	586,982
Current assets			
Financial investments			
Financial assets at FVPL	15,014,101	(13,744,598)	1,269,503
Financial assets at FVOCI	–	13,744,598	13,744,598
	15,014,101	–	15,014,101
Reserves			
Investment revaluation reserve (previously named as "AFS investment reserve")	78,491	(231,206)	(152,715)
Revenue reserve	14,618,830	231,206	14,850,036

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(B) THE ADOPTION OF NEW/REVISED STANDARDS, AMENDMENTS AND IMPROVEMENTS TO STANDARDS (Continued)

HKFRS 9 (Continued)

	For the year ended 31st March 2019		
	As presented under previous accounting policies HK$'000	**Effect of adoption of HKFRS 9** HK$'000	**As presented under new accounting policies** HK$'000
Consolidated profit and loss account (extracted)			
Revenue	2,132,476	75,004	2,207,480
Net investment loss	(564,308)	82,058	(482,250)
Income tax expense	(40,409)	1,687	(38,722)
Profit for the period attributable to:			
Shareholders of the Company	1,225,279	163,449	1,388,728
Non-controlling interests	64,061	(4,700)	59,361
	1,289,340	158,749	1,448,089
Basic earnings per share	0.93	0.12	1.05
Consolidated statement of comprehensive income (extracted)			
Other comprehensive income			
Fair value loss on financial assets at FVOCI			
- Debt securities	-	(81,031)	(81,031)
- Equity securities	-	(105,568)	(105,568)
Fair value loss on AFS investments	(27,850)	27,850	-
Total comprehensive income attributable to:			
Shareholders of the Company	1,061,520	-	1,061,520
Non-controlling interests	51,056	-	51,056
	1,112,576	-	1,112,576

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(B) THE ADOPTION OF NEW/REVISED STANDARDS, AMENDMENTS AND IMPROVEMENTS TO STANDARDS (Continued)

HKFRS 15

Consolidated balance sheet (extracted)

	As at 1st April 2018		
	As presented under previous accounting policies HK$'000	Effect of adoption of HKFRS 15 HK$'000	As presented under new accounting policies HK$'000
Current liabilities			
Trade and other payables	305,092	(56,833)	248,259
Contract liabilities	-	56,833	56,833

	As at 31st March 2019		
	As presented under previous accounting policies HK$'000	**Effect of adoption of HKFRS 15** HK$'000	**As presented under new accounting policies** HK$'000
Current assets			
Trade and other receivables	**514,521**	**(9,766)**	**504,755**
Current liabilities			
Trade and other payables	**377,609**	**(209,171)**	**168,438**
Contract liabilities	**-**	**199,405**	**199,405**

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(B) THE ADOPTION OF NEW/REVISED STANDARDS, AMENDMENTS AND IMPROVEMENTS TO STANDARDS (Continued)

The following new/revised standards, amendments and improvements are relevant to the Group's operation but not yet effective

Effective for accounting period beginning on or after:

1st January 2019	
Annual Improvement	Annual improvements 2015 - 2017 cycle
Amendments to HKAS 28	Long-term interests in associates and joint ventures
HK (IFRIC) - Interpretation 23	Uncertainty over income tax treatments
HKFRS 16	Leases
1st January 2020	
Amendments to HKFRS 3	Definition of a business
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting
To be determined	
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture

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 replaces HKAS 17 "Leases", and related interpretations. Some of the commitments maybe covered by the exception for short-term and low-value leases under HKFRS 16. The standard will affect primarily the accounting for the Group's operating leases. The Group does not expect significant impact on application of the standard.

Date of adoption by Group

The new standard is mandatory for the Group from financial year commencing on 1st April 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

Other than HKFRS 16, the Group is in the process of making an assessment of the impact of these new/revised standards, amendments and improvements to standards and is not yet in a position to state whether they would have a significant impact on the Group's results and financial position.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(C) BASIS OF CONSOLIDATION

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

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

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

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(D) SUBSIDIARIES

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

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

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

(E) JOINT ARRANGEMENT

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 consolidated 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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(E) JOINT ARRANGEMENT (Continued)

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

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

(F) ASSOCIATED COMPANIES

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost.

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(F) ASSOCIATED COMPANIES (Continued)

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

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

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

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

(H) GOODWILL

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) FINANCIAL INVESTMENTS/DERIVATIVE FINANCIAL INSTRUMENTS

(i) Classification

From 1st April 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) FINANCIAL INVESTMENTS/DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(iii) Measurement (Continued)

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest revenue using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "net investment gain/(loss)" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated profit and loss account.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised other comprehensive income is reclassified from equity to profit or loss and recognised in "net investment gain/(loss)". Interest income from these financial assets is included in interest revenue using the effective interest rate method. Foreign exchange gains and losses are presented in "net investment gain/(loss)" and impairment expenses are presented as separate line item in the consolidated profit and loss account.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "net investment gain/(loss)" in the period in which it arises.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) FINANCIAL INVESTMENTS/DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(iii) Measurement (Continued)

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as "sales of goods and services, leasing and other revenue" when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "net investment gain/(loss)" in the consolidated profit and loss account as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

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

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 4(c) for further details.

(iv) Accounting policies applied until 31st March 2018

The Group did not applied HKFRS 9 retrospectively as permitted under the new standard. Comparative information for prior periods with respect to classification and measurement (including impairment) changes is not restated.

Until 31st March 2018, the Group classifies its investments and other financial assets in the following categories: FVPL, loans and receivables, AFS investments and derivative financial instruments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments and other financial assets at initial recognition.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) FINANCIAL INVESTMENTS/DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(iv) Accounting policies applied until 31st March 2018 (Continued)

(a) *Reclassification*

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

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

(b) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets 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.

When securities classified as AFS are sold or impaired, the accumulated fair value adjustments previously recognised in investment revaluation reserve are included in the consolidated profit and loss account.

(c) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) FINANCIAL INVESTMENTS/DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(iv) Accounting policies applied until 31st March 2018 (Continued)

(c) Measurement (Continued)

AFS investment and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at FVPL' – in "net investment gain/(loss)"
- for AFS investments that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security were recognised in profit or loss and other changes in the carrying amount were recognised in other comprehensive income
- for other monetary and non-monetary securities classified as AFS – in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 20.

(d) Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in profit or loss. If a loan or held-to-maturity investment had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Group could measure impairment on the basis of an instrument's fair value using an observable market price.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) FINANCIAL INVESTMENTS/DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

(iv) Accounting policies applied until 31st March 2018 (Continued)

(d) Impairment (Continued)

Assets carried at amortised cost (Continued)

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss was recognised in profit or loss.

Assets classified as AFS

If there was objective evidence of impairment for AFS 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 profit or loss – was removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss were not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as AFS increased in a subsequent period and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed through profit or loss.

(v) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Company currently has 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 Company has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(J) PROPERTY, PLANT AND EQUIPMENT

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

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

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

Leasehold land 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
Other equipment	3 to 10 years

No depreciation is provided for buildings 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 consolidated profit and loss account.

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(K) 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.

(L) INVESTMENT PROPERTIES

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

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

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated profit and loss account during the financial period in which they are incurred.

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(M) PROPERTIES UNDER DEVELOPMENT FOR SALE AND PROPERTY HELD FOR DEVELOPMENT FOR SALE

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

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

(N) COMPLETED PROPERTIES HELD FOR SALE

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

(O) HOTEL AND RESTAURANT INVENTORIES

Hotel inventories comprise consumables and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

(P) TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value.

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. See note 19 for further information about the Group's accounting for trade receivables and note 4(C) for a description of the Group's impairment polices.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(Q) TRADE PAYABLES

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

(R) PROVISIONS

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

(S) BORROWINGS

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

(T) EMPLOYEE BENEFITS

(i) Employee leave entitlements

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

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

(ii) Retirement benefit obligations

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(T) EMPLOYEE BENEFITS (Continued)

(iii) Share-based compensation

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

(U) CURRENT AND DEFERRED INCOME TAX

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(U) CURRENT AND DEFERRED INCOME TAX (Continued)

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

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

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

(V) SHARE CAPITAL

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

(W) SEGMENT REPORTING

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

(X) REVENUE RECOGNITION

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

(i) Properties

Revenue from pre-sales of properties under development is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and laws that apply to the contract, control of the properties under development may transfer over time or at a point in time. Control of the properties under development is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(X) REVENUE RECOGNITION (Continued)

(ii) Investment properties

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

(iii) Hotel, travel agency and management services businesses

Revenue from hotel room rental is recognised over time during the period of stay for the hotel guests.

Revenue from hotel food and beverage sales and other ancillary services is generally recognised at the point in time when the services are rendered.

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

Revenue from sale of air tickets and hotel reservation arrangements are recognised at a point in time and as agency commission earned when the tickets and the confirmation documents are issued, respectively.

Management service fee income is recognised when services are rendered.

(iv) Financial investments

Interest income is recognised on a time proportion basis using the effective interest method. Dividend income is recognised when the right to receive payment is established.

(Y) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(Y) FOREIGN CURRENCY TRANSLATION (Continued)

(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 consolidated profit and loss account, except when deferred in equity as qualifying cash flow hedges.

Changes in the fair value of monetary securities denominated in foreign currency classified as financial assets at FVOCI 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 consolidated 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 FVPL are recognised in the consolidated 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 financial assets at FVOCI 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 and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(Y) FOREIGN CURRENCY TRANSLATION (Continued)

(iii) Group companies (Continued)

On consolidation, 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 consolidated 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.

(Z) BORROWING COSTS

Borrowing costs incurred on properties under development that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of the properties under development. Capitalisation of borrowing costs is suspended during the extended periods in which the Group suspends active development of properties under development.

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

(AA) OPERATING LEASES

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

(AB) CASH AND CASH EQUIVALENTS

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

(AC) RELATED PARTIES

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(AD) DIVIDEND DISTRIBUTION

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

(AE) SCRIP DIVIDEND

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

(AF) FINANCIAL GUARANTEE (INSURANCE CONTRACTS)

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

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

(AG) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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

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

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

3 FINANCIAL RISK MANAGEMENT

(I) FINANCIAL RISK FACTORS

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

(a) Market risk

(i) Foreign exchange risk

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

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

The Group currently does not have a foreign currency hedging policy. It manages its foreign currency risk by closely monitoring the movement of the foreign currency rates. The Group entered into cross currencies swap contracts to reduce the foreign currency exposure of its Renminbi denominated medium term notes.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

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

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

At 31st March 2019, the Group's entities with functional currency of Hong Kong dollar had United States dollar net monetary assets of HK$15.1 billion (2018: HK$10.7 billion). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to United States dollar, management considers that there is no significant foreign exchange risk with respect to United States dollar.

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

	2019			2018		
	Net monetary assets amount	**Increase/(decrease) in result attributable to the shareholders of the Company if exchange rate changes by**		Net monetary assets/ (liabilities) amount	Increase/(decrease) in result attributable to the shareholders of the Company if exchange rate changes by	
		+5%	**-5%**		+5%	-5%
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Sterling	**253,806**	**10,595**	**(10,595)**	448,121	20,969	(20,969)
Euro	**2,552**	**89**	**(89)**	4,328	183	(183)
Renminbi	**12,809**	**534**	**(534)**	109,847	5,048	(5,048)
Japanese Yen	**33**	**1**	**(1)**	(50,396)	(1,740)	1,740

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(ii) Price risk

The Group is exposed to equity and debt securities price risk from the Group's financial investments and derivative financial instruments. 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 "AFS investments", "financial assets at FVPL" and "financial assets at FVOCI") are traded in the HKEX, London Stock Exchange ("LSE"), New York Stock Exchange ("NYSE"), Singapore Stock Exchange ("SGX-XT") and Frankfurt Stock Exchange. The price of the Group's unlisted investments are quoted from brokers. Gains and losses arising from changes in fair value are dealt with in other comprehensive income and the profit and loss account respectively.

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

	2019				2018			
	Increase/(decrease) in result attributable to shareholders of the Company if price changes by		**Increase/(decrease) in investment revaluation reserve of the Company if price changes by**		Increase/(decrease) in result attributable to shareholders of the Company if price changes by		Increase/(decrease) in investment revaluation reserve of the Company if 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 FVPL	**119,491**	**(119,491)**	**-**	**-**	1,092,816	(1,092,816)	-	-
Financial assets at FVOCI	**-**	**-**	**1,314,285**	**(1,314,285)**	-	-	-	-
AFS investments	**-**	**-**	**-**	**-**	-	-	23,316	(22,687)

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(iii) Cash flow interest rate risk

Other than bank balances and deposits, financial investments with fixed coupons, mortgage loans receivable, loans receivable and advances to a joint ventures (collectively "Interest Bearing Assets"), the Group has no other significant interest bearing assets. The Group's interest rate risk also arises from borrowings ("Interest Bearing Liabilities").

Interest Bearing Assets are mostly at fixed rates. Interest Bearing Liabilities are primarily issued at variable rates which therefore expose the Group to cash flow interest rate risk. The Group manages this risk by limited use of floating-to-fixed interest rate swaps.

At 31st March 2019, with all other variables held constant, if the interest rate had increased/decreased by 10 basis point, the Group's post tax profit attributable to shareholders of the Company would have been HK$11,990,000 (2018: HK$8,345,000) lower/higher.

(b) Credit risk

The credit risk of the Group mainly arises from bank balances and cash (note 21), financial investments (note 20), as well as credit exposures to loans receivables, trade and other receivables.

Sales of properties are made to customers with appropriate mortgage arrangements. Other sales are either made in cash, via major credit cards or to customers with appropriate credit history.

The Group has limited its credit exposure by restricting their selection of financial institutions. Trade and other receivable, loan 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.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(b) Credit risk (Continued)

Measurement of expected credit losses

(i) Segmentation of financial instrument

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

The key definition of the three stages are summarised below:

Stage 1: For financial instruments with no significant increase in credit risk after initial recognition or that have low credit risk at the reporting date, 12 months expected credit losses are recognised;

Stage 2: For financial instruments with significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date), but there are no objective evidence of impairment, lifetime expected credit losses are recognised and interest revenue is calculated on the gross carrying amount of the asset;

Stage 3: For financial instruments show objective evidence of impairment at the end of the reporting period, lifetime expected credit losses are recognised and interest revenue is calculated on the net carrying amount of the asset.

(ii) Significant change in credit risk

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(b) Credit risk (Continued)

(iii) Definition of default and credit-impaired assets

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

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

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

(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. At 31st March 2019, the unutilised credit facilities available to the Group amounted to HK$6,938,000,000.

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

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

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

	Group				
	On demand HK$'000	Within 1 year HK$'000	Between 1 to 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flow HK$'000
At 31st March 2019					
Non-derivative					
Trade and other payables	**-**	**168,438**	**-**	**-**	**168,438**
Amount due to joint ventures	**-**	**199,855**	**-**	**-**	**199,855**
Amount due to an associated company	**-**	**224,400**	**-**	**-**	**224,400**
Borrowings	**1,046,181**	**3,398,588**	**12,454,290**	**869,574**	**17,768,633**
Medium term notes	**-**	**113,193**	**250,718**	**-**	**363,911**
Convertible notes	**-**	**-**	**-**	**44,610**	**44,610**
	1,046,181	**4,104,474**	**12,705,008**	**914,184**	**18,769,847**
At 31st March 2018					
Non-derivative					
Trade and other payables	-	305,092	-	-	305,092
Amount due to joint ventures	-	61,659	-	-	61,659
Amount due to an associated company	-	224,400	-	-	224,400
Borrowings	1,220,303	1,721,863	8,743,080	955,347	12,640,593
Medium term notes	-	329,060	365,517	-	694,577
Convertible notes	-	-	-	44,653	44,653
Derivative	1,220,303	2,642,074	9,108,597	1,000,000	13,970,974
Cross currency swap					
- inflow	-	(621,223)	-	-	(621,223)
- Outflow	-	632,481	-	-	632,481
	1,220,303	2,653,332	9,108,597	1,000,000	13,982,232

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

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

	Within 1 year HK$'000	Between 1 to 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flow HK$'000
31st March 2019	**73,491**	**–**	**–**	**73,491**
31st March 2018	2,664	77,032	–	79,696

(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 shown in the consolidated balance sheet prepared in accordance with HKFRS. According to the Group's accounting policies, no properties other than investment properties are to be carried at valuation. Details of the valuation of the hotel properties, prepared for readers' information only, are set out in note 15(a) to the financial statements.

3 FINANCIAL RISK MANAGEMENT (Continued)

(II) CAPITAL RISK MANAGEMENT (Continued)

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

The gearing ratios at 31st March 2019 and 2018 were as follows:

	2019 **HK$'000**	2018 HK$'000
Borrowings (note 24)	**16,114,791**	11,715,794
Medium term notes (note 25)	**348,855**	663,159
Convertible notes (note 26)	**7,078**	6,655
Less: bank balances and cash (note 21)	**(759,358)**	(917,399)
Net debt	**15,711,366**	11,468,209
Revalued net assets (note (a))	**29,784,000**	27,713,000
Gearing ratio against revalued net assets	**53%**	41%

Note:

(a) "Revalued net assets" and "Revalued total assets" are not measures of financial performance under generally accepted accounting principles in Hong Kong and 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.

(III) FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 FINANCIAL RISK MANAGEMENT (Continued)

(III) FAIR VALUE ESTIMATION (Continued)

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

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
2019			
Assets			
Financial investments			
Financial assets at FVPL	**1,126,673**	**61,967**	**97,108**
Financial assets at FVOCI	**527,871**	**13,744,598**	**42,867**
	1,654,544	**13,806,565**	**139,975**

There were no transfers between level 1, level 2 and level 3 during the year.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
2018			
Assets			
Financial investments			
Financial assets at FVPL	1,905,685	9,871,123	-
AFS investments	225,546	-	48,029
	2,131,231	9,871,123	48,029
Liabilities			
Derivative financial instruments	-	3,522	-

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

(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 nor restricted to, consideration of factors such as the magnitude and frequency or trading activities, the availability of prices and the size 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.

(iii) Financial instruments in level 3

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

Level 3 instruments comprised unlisted equity securities and unlisted fund which are not traded in an active market. Fair values of these instruments have been determined using appropriate valuation techniques with references including quoted prices and asset-based value from financial institutions and other prices observed in recent transactions.

3 FINANCIAL RISK MANAGEMENT (Continued)

(III) FAIR VALUE ESTIMATION (Continued)

(iii) Financial instruments in level 3 (Continued)

The following table presents the changes in level 3 financial investments of the Group for the year ended 31st March 2018 and 2019:

	AFS Investments HK$'000	Financial assets at FVOCI HK$'000	Financial assets at FVPL HK$'000
At 31 March 2017	32,366	–	–
Addition	8,036	–	–
Fair value gain recognised in other comprehensive income	7,627	–	–
At 31 March 2018	48,029	–	–
Reclassify from AFS investments to financial assets at FVOCI and FVPL under the adoption of HKFRS 9	(48,029)	39,945	8,084
At 31 March 2018 (Restated)	**–**	**39,945**	**8,084**
Addition	**–**	**–**	**88,960**
Fair value gain recognised in other comprehensive income	**–**	**2,914**	**–**
Fair value gain recognised in profit or loss	**–**	**8**	**64**
At 31 March 2019	**–**	**42,867**	**97,108**

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing this consolidated financial statements, except for the below mentioned amendment, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st March 2018.

The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are set out below.

(A) ESTIMATE OF FAIR VALUE OF INVESTMENT PROPERTIES

At 31st March 2019, the Group had investment properties with fair value of HK$9,869,038,000 (2018: HK$9,006,185,000). The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the amount is determined within a range of reasonable fair value estimates. Information from a variety of sources is considered in making the judgement:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; and

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

The Group assessed the fair value of its investment properties based on valuation determined by independent and professional qualified valuers.

Details of the judgement and assumptions has been disclosed in note 14.

(B) RECOVERABILITY OF PROPERTIES UNDER DEVELOPMENT FOR SALE AND IMPAIRMENT OF PROPERTY HELD FOR DEVELOPMENT FOR SALE

The Group assesses the carrying amounts of properties under development and properties held for sale according to their estimated net realisable value based on the realisability of these properties, taking into account construction costs to completion based on the existing development plans and the estimation of selling prices of the properties of comparable locations and conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be fully realised. The assessment requires the use of significant estimates.

The Group's property held for development for sale is stated at lower of cost and net realisable value. The amount represents a 100% interest in a piece of land ("Property" or "Land") situated in Seac Pai Van, Coloane, Macau.

In February 2017, Macau government has officially declared expiry of the land concession and reclaimed the land. An appeal against such declaration of expiry was lodged in March 2017 before the Macau Second Instance Court. The case is now pending at the court.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(B) RECOVERABILITY OF PROPERTIES UNDER DEVELOPMENT FOR SALE AND IMPAIRMENT OF PROPERTY HELD FOR DEVELOPMENT FOR SALE (Continued)

Since the land concession was officially declared as expired, full provision for the Property was made. Management have performed an updated assessment and consider the provision still applicable. The Directors will review the provision from time to time according to the development of the circumstances surrounding this case.

(C) IMPAIRMENT OF TRADE AND OTHER RECEIVABLES AND LOAN RECEIVABLE

The Group measures the loss allowance using a lifetime expected loss for trade receivables. To measure the expected credit losses, trade receivables assets have been grouped based on shared credit risk characteristics and the days past due. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. Impairment losses on trade and other receivables are recognised in the profit and loss account within "selling and administrative expenses". Trade and other receivables are written off (either partially or in full) when there is no reasonable expectation of recovery.

(D) INCOME TAXES

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

Recognition of deferred income tax assets (note 27), which principally relate to tax losses, depends on the management's expectations of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

(E) EXPECTED CREDIT LOSS AND IMPAIRMENT FOR FINANCIAL INVESTMENTS

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

5 SEGMENT INFORMATION

The Group is principally engaged in property development and investment, hotel, travel operation and securities investments. Revenue includes revenue from property sales and leasing, hotel and travel operation, management services, interest income and dividend income.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by the chief operating decision-maker. The Group is organised into four main operating segments, comprising property sales, property leasing, hotel and travel and financial investments. Segment assets consist primarily of property, plant and equipment, investment properties, financial investments, other non-current assets, hotel inventories, properties under development/held for sale, trade and other receivables. Segment liabilities comprise mainly borrowings, trade and other payables and contract liabilities.

	Property sales HK$'000	Property leasing HK$'000	Hotel and travel HK$'000	Financial investments HK$'000	Others HK$'000	Total HK$'000
2019						
Segment revenue	1,350	211,858	543,367	1,424,275	26,630	2,207,480
Contribution to segment results	(22,102)	173,160	209,779	1,420,916	26,599	1,808,352
Depreciation	(18,310)	-	(90,859)	-	(9,113)	(118,282)
Net investment loss	-	-	-	(482,250)	-	(482,250)
Fair value gain of investment properties	-	852,158	-	-	-	852,158
Share of profits less losses of						
Joint ventures	10,647	-	-	-	6,103	16,750
Associated companies	-	55,062	-	-	(469)	54,593
Segment results	(29,765)	1,080,380	118,920	938,666	23,120	2,131,321
Unallocated corporate expenses						(159,535)
Net finance costs						(484,975)
Profit before income tax						1,486,811

5 SEGMENT INFORMATION (Continued)

	Property sales HK$'000	Property leasing HK$'000	Hotel and travel HK$'000	Financial investments HK$'000	Others HK$'000	Total HK$'000
2018						
Segment revenue	-	194,107	529,960	919,771	105,053	1,748,891
Contribution to segment results	(11,897)	153,843	203,441	918,149	71,095	1,334,631
Depreciation	(3,125)	-	(115,261)	-	(9,487)	(127,873)
Net investment loss	-	-	-	(69,379)	-	(69,379)
Fair value gain of investment properties	-	719,396	-	-	-	719,396
Share of profits less losses of						
Joint ventures	66,282	-	-	-	6,916	73,198
Associated companies	-	29,255	-	-	(51)	29,204
Segment results	51,260	902,494	88,180	848,770	68,473	1,959,177
Unallocated corporate expenses						(152,880)
Net finance costs						(282,396)
Profit before income tax						1,523,901

5 SEGMENT INFORMATION (Continued)

	Business segments						
	Property sales HK$'000	Property leasing HK$'000	Hotel and travel HK$'000	Financial investments HK$'000	Others HK$'000	Unallocated HK$'000	Total HK$'000
2019							
Assets	**5,676,357**	**11,407,759**	**3,071,791**	**15,983,221**	**61,528**	**1,712,022**	**37,912,678**
Assets include:							
Joint ventures and associated companies	**3,902,089**	**1,495,579**	**-**	**-**	**34,668**	**3,081**	**5,435,417**
Addition to non-current assets*	**79,338**	**10,695**	**58,062**	**-**	**12,343**	**-**	**160,438**
Liabilities							
Borrowings	**3,216,658**	**1,049,841**	**3,407,533**	**1,171,545**	**-**	**7,269,214**	**16,114,791**
Other liabilities							**1,366,050**
							17,480,841
2018							
Assets	4,011,428	10,598,094	3,276,687	12,387,185	471,681	1,740,338	32,485,413
Assets include:							
Joint ventures and associated companies	3,184,009	1,554,483	-	-	11,230	3,551	4,753,273
Addition to non-current assets*	616,137	127,602	78,406	-	2,247	-	824,392
Liabilities							
Borrowings	2,453,469	1,048,628	1,737,356	2,269,011	280,000	3,927,330	11,715,794
Other liabilities							1,405,472
							13,121,266

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

5 SEGMENT INFORMATION (Continued)

	2019 HK$'000	2018 HK$'000
Revenue		
Hong Kong	**785,693**	701,157
Overseas	**1,421,787**	1,047,734
	2,207,480	1,748,891
Non-current assets*		
Hong Kong	**16,686,302**	15,481,174
Overseas	**2,688,721**	2,369,874
	19,375,023	17,851,048

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

Note:

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

	2019 HK$'000	2018 HK$'000
Recognised at a point in time	**42,141**	54,354
Recognised over time	**522,868**	558,303
Other sources	**242,705**	223,427
	807,714	836,084

6 NET INVESTMENT LOSS

	2019 HK$'000	2018 HK$'000
Financial assets at FVPL		
- net unrealised loss from market price movements	(113,459)	(291,990)
- net unrealised exchange (loss)/gain	(20,386)	117,734
- net realised (loss)/gain (note (a))	(4,827)	68,910
Financial assets at FVOCI		
- net unrealised exchange gain	4,084	-
- net realised gain (note (b))	48,815	-
- change in expected credit losses and other credit impairment charges (note (c))	(398,203)	-
Derivative financial instrument		
- net unrealised gain	–	35,967
- net realised gain	1,726	-
	(482,250)	(69,379)

Notes:

	2019 HK$'000	2018 HK$'000
(a) Net realised (loss)/gain on financial assets at FVPL		
Gross consideration	271,373	4,714,716
Cost of investments	(421,631)	(4,102,423)
Total (loss)/gain	(150,258)	612,293
Less: net unrealised loss/(gain) recognised in prior years	145,431	(543,383)
Net realised (loss)/gain recognised in current year	(4,827)	68,910
(b) Net realised gain on financial assets at FVOCI		
Gross consideration	3,948,906	-
Cost of investments	(3,868,131)	-
Total gain	80,775	-
Less: net unrealised gain recognised in prior years	(31,960)	-
Net realised gain recognised in current year	48,815	-

6 NET INVESTMENT LOSS (Continued)

(c) During the year, the following loss allowances were recognised in profit and loss account in relation to the Group's debt investments at FVOCI. This allowance was reconciled to the opening loss allowance on 1st April 2018 and to the closing loss allowance as at 31st March 2019 as follows:

	HK$'000
Loss allowances as at 31st March 2018	-
Amount restated through opening revenue reserve	(127,828)
Opening loss allowance as at 1st April 2018	(127,828)
Increase in loss allowance recognised in profit and loss account	(398,203)
Closing loss allowance ad at 31st March 2019	(526,031)

Except for an impaired debt security where the issuer had defaulted on redemption at maturity, all of the Group's other debt investments at FVOCI are considered to have low risk of default in the near term, and the loss allowance recognised during the year would be therefore limited to 12 months expected losses.

For the impaired debt security, the impairment loss was estimated based on management's assessment on the eventual shortfall of cash recoverable using a lifetime expected credit loss model. The impairment assessment used key inputs based on financial information extracted from the most recent available audited financial statements of the issuer and other forward looking factors taking into account the latest developments of the issuer.

Supplementary information of net investment gain on financial investments:

During the year, 10 debt securities and 6 equity securities had been disposed of/redeemed. Listed below are the securities disposed, redeemed or exchanged that contributed to the majority of realised gain:

	Realised gain/ (loss) in this year HK$'000
Debt Securities	
Ronshine China Holdings Limited ("Ronshine") 8.25% notes	38,437
Hydoo International Holding Limited ("Hydoo") 13.75% notes	6,079
Zhenro Properties Group Limited ("Zhenro") 8.5% notes	4,204
Others	126
Equity Securities	
Royal Bank of Scotland ("RBS")	(15,215)
Orient Overseas (International) Limited ("OOIL")	11,109
Others	(752)
	43,988

6 NET INVESTMENT LOSS (Continued)

Ronshine is principally engaged in property development business in the PRC. Its shares are listed on HKEX (stock code: 3301). The notes derecognised were listed on SGX-ST.

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

Zhenro is principally engaged in the property development, property leasing and commercial property management in the PRC. Its shares are listed on HKEX (stock code: 6158). The notes derecognised were listed on SGX-ST.

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

OOIL is principally engaged in container transport and logistics, and its shares are listed on HKEX (stock code: 316).

The unrealised loss for the year was generated from the fair value changes of the financial investments that comprised 56 (2018: 36) securities as at 31st March 2019. Please refer to note 20 for the details.

Summary of unrealised loss for the year ended 31st March:

	2019 **HK$'000**	2018 HK$'000
Equity securities	**(128,914)**	252,371
Debt securities	**427**	(426,819)
Unlisted fund	**(1,274)**	192
	(129,761)	(174,256)

7 INCOME AND EXPENSES BY NATURE

	2019 HK$'000	2018 HK$'000
Income		
Net rental income (note)	**173,160**	153,843
Interest income from financial assets at FVOCI/FVPL		
- Listed investments	**1,374,172**	873,689
Interest income from financial assets that are measured at amortised cost		
- Loan receivables	**9,848**	36,509
- Joint ventures	**11,303**	-
- Bank deposits	**4,443**	2,609
Dividend income		
- Listed investments	**47,159**	38,329
Expenses		
Auditor's remuneration		
- Audit services	**8,337**	8,403
- Non-audit services	**1,582**	1,947
Cost of properties and goods sold	**89,788**	76,554
Employee benefit expense including Director's emoluments (note 8)	**211,007**	212,420
Loss on disposal of property, plant and equipment	**1,455**	355
Operating lease rental expense for land and buildings	**3,416**	2,037
Note:		
Gross rental income		
Investment properties	**211,420**	192,497
Properties held for sale	**438**	1,610
	211,858	194,107
Outgoings	**(38,698)**	(40,264)
Net rental income	**173,160**	153,843

8 EMPLOYEE BENEFIT EXPENSE

	2019 HK$'000	2018 HK$'000
Wages and salaries	**208,651**	206,924
Retirement benefits costs (note (a))	**5,458**	7,740
	214,109	214,664
Capitalised under properties under development for sale	**(3,102)**	(2,244)
	211,007	212,420

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

Notes:

(a) Retirement benefits costs

	2019 HK$'000	2018 HK$'000
Gross contributions	**5,441**	6,115
Termination benefit	**17**	1,625
Net contributions	**5,458**	7,740

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

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

8 EMPLOYEE BENEFIT EXPENSE (Continued)

Notes: (Continued)

(a) Retirement benefits costs (Continued)

The Group also participates in the MPF scheme, which are available to all employees not joining the ORSO schemes in Hong Kong and in the CPP organised by the Canadian Government for all employees in Canada. Monthly contributions to the MPF scheme and CPP are made equal to 5% (2018: 5%) or a fixed sum and 4.95% (2018: 4.95%) respectively, of the employee's relevant income in accordance with the local legislative requirements.

As at 31st March 2019, no forfeiture (2018: Nil) was available to reduce the Group's future contributions to the ORSO Scheme.

(b) Share options

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

Company

Details of share options held under the share option scheme of the Company are as follows:

Date of grant	Exercise price per share	Expiry date	Number of share options outstanding at 1st April 2018 and 31st March 2019
13th March 2014 Employee	HK$2.00	12th March 2024	1,000,000
11th December 2015 Directors	HK$1.38	10th December 2025	7,000,000
			8,000,000

No options were granted, exercised, cancelled or lapsed for both years.

Asia Standard Hotel

Details of share options held under the share option scheme of Asia Standard Hotel as at 31st March 2019 are as follows:

Date of grant	Exercise price per share	Expiry date	Number of share options outstanding as at 1st April 2018 and 31st March 2019
11th December 2015 Directors	HK$0.343	10th December 2025	28,800,000

Save as disclosed above, no options were granted, exercised, cancelled or lapsed for the year.

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 2019 and 2018 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 benefit scheme	Total emoluments
2019 (in HK$'000)							
Executive							
Mr. Fung Siu To, Clement	–	1,239	200	1,262	188	42	2,931
Mr. Poon Jing	–	2,271	11,400	9,551	–	18	23,240
Mr. Poon Hai	–	3,465	11,680	–	–	36	15,181
Mr. Poon Yeung, Roderick	–	1,821	10,615	–	–	36	12,472
Mr. Lun Pui Kan	–	1,564	800	1,044	–	130	3,538
Mr. Kwan Po Lam, Phileas	–	2,213	2,000	–	432	105	4,750
	–	12,573	36,695	11,857	620	367	62,112
Independent Non-executive							
Mr. Koon Bok Ming, Alan	250	–	–	–	–	–	250
Mr. Leung Wai Keung	350	–	–	–	–	–	350
Mr. Wong Chi Keung	200	–	–	–	–	–	200
	800	–	–	–	–	–	800
	800	12,573	36,695	11,857	620	367	62,912

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 2019 and 2018 are set out as follows: (Continued)

Name of Director	Fees	Salaries	Discretionary bonuses	Housing and other allowances	Estimated money value of other benefits	Employer's contribution to retirement benefit scheme	Total emoluments
2018 (in HK$'000)							
Executive							
Mr. Fung Siu To, Clement	-	1,239	-	1,336	169	42	2,786
Mr. Poon Jing	-	1,303	11,400	9,368	-	18	22,089
Mr. Poon Hai	-	2,760	11,000	-	-	36	13,796
Mr. Poon Yeung, Roderick	-	1,450	10,000	-	-	21	11,471
Mr. Lun Pui Kan	-	1,523	400	1,044	-	127	3,094
Mr. Kwan Po Lam, Phileas	-	2,161	170	-	432	102	2,865
	-	10,436	32,970	11,748	601	346	56,101
Independent Non-executive							
Mr. Koon Bok Ming, Alan	250	-	-	-	-	-	250
Mr. Leung Wai Keung	350	-	-	-	-	-	350
Mr. Wong Chi Keung	200	-	-	-	-	-	200
	800	-	-	-	-	-	800
	800	10,436	32,970	11,748	601	346	56,901

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 2019 and 2018 are set out as follows: (Continued)

Notes:

(i) During the year, HK$18,301,000 (2018: HK$17,456,000) out of the total emoluments was paid and payable by Asia Standard Hotel.

(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 (2018: 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 (2018: Nil).

(b) The five highest paid individuals in the Group for the year include five (2018: five) Directors whose emoluments are already reflected in the analysis presented above.

(c) Senior management remuneration by band

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

	Number of individuals	
	2019	2018
HK$1,000,001 – HK$2,000,000	**1**	1
HK$2,000,001 – HK$3,000,000	**3**	3

10 NET FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest expense		
Long term bank loans	**(408,748)**	(232,137)
Short term bank loans and overdrafts	**(42,753)**	(9,694)
Medium term notes	**(17,845)**	(34,330)
Interest income from hedging derivative financial instruments	**740**	3,573
Interest capitalised (note)	**32,361**	40,630
	(436,245)	(231,958)
Other incidental borrowing costs	**(48,215)**	(42,302)
Net foreign exchange loss on borrowings	**(4,175)**	(35,673)
Fair value gain on derivative financial instruments		
– Cash flow hedge, transfer from reserve	**3,660**	27,537
	(484,975)	(282,396)

Note:

Borrowing costs were capitalised at rates ranging from 2.21% to 3.87% (2018: 1.9% to 3.26%) per annum.

11 INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Current income tax expense		
Hong Kong profits tax	**(46,914)**	(35,888)
Overseas profits tax	**(6,659)**	(6,230)
Over provision in prior years	**1,996**	2,026
	(51,577)	(40,092)
Deferred income tax credit	**12,855**	9,217
	(38,722)	(30,875)

11 INCOME TAX EXPENSE (Continued)

Hong Kong profits tax is provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the year. Overseas profits tax has been calculated on the estimated assessable profit for the year at the rate prevailing in the countries in which the Group operates.

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:

	2019 **HK$'000**	2018 HK$'000
Profit before income tax	**1,486,811**	1,523,901
Less:		
Share of profits less losses of joint ventures and associated companies	**(71,343)**	(102,402)
	1,415,468	1,421,499
Calculated at a tax rate of 16.5% (2018: 16.5%)	**(233,552)**	(234,547)
Over provision in prior years	**1,996**	2,026
Effect of different tax rates in other countries	**1,577**	597
Income not subject to income tax	**378,824**	278,643
Expenses not deductible for tax purposes	**(154,751)**	(58,797)
Tax losses not recognised	**(28,141)**	(17,847)
Utilisation of previously unrecognised tax losses	**303**	246
Recognition of previously unrecognised tax losses	**–**	3
Others	**(4,978)**	(1,199)
Income tax expense	**(38,722)**	(30,875)

12 DIVIDENDS

	2019 **HK$'000**	2018 HK$'000
Interim, nil (2018: Nil)	**–**	–
Final, proposed, of HK2.7 cents (2018: HK3.0 cents) per share	**35,634**	39,593
	35,634	39,593

12 DIVIDENDS (Continued)

At a meeting held on 27th June 2019, the Board of Directors has proposed to pay a final dividend for the year ended 31st March 2019 of HK2.7 cents per share (2018: HK3.0 cents per share). The proposed dividend is not reflected in the financial statements, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2020.

The amount of HK$35,634,000 is based on 1,319,782,288 issued shares as at 27th June 2019.

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:

	2019 **HK$'000**	2018 HK$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	**1,388,728**	1,463,061
Effect of dilutive potential shares:		
A portion of share options of the Company's listed subsidiary assume to be exercised	**(206)**	(49)
Profit for calculation of diluted earnings per share	**1,388,522**	1,463,012

	Number of shares	
Weighted average number of shares for calculation of basic earnings per share	**1,319,782,288**	1,319,782,288
Effect of dilutive potential shares:		
A portion of share options of the Company assume to be exercised	**1,145,165**	2,694,510
Weighted average number of shares for calculation of diluted earnings per share	**1,320,927,453**	1,322,476,798

14 INVESTMENT PROPERTIES

	2019 HK$'000	2018 HK$'000
At the beginning of the year	**9,006,185**	8,273,154
Addition	**10,695**	13,635
Fair value gain	**852,158**	719,396
At the end of the year	**9,869,038**	9,006,185

As at 31st March 2019, the aggregate net book value of investment properties pledged as securities for loans amounted to HK$9,869,038,000 (2018: HK$9,006,185,000).

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

VALUATION TECHNIQUES AND PROCESS

Investment properties were revalued by Prudential Surveyors (Hong Kong) Limited, independent professional valuers, on an open market value basis as at 31st March 2019 and 31st March 2018.

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

INFORMATION ABOUT FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS

	Valuation techniques	unobservable inputs	Range of Unobservable inputs 2019	2018
Office	Direct comparison	Adjusted market price (HK$/square feet)	**22,400-34,600**	20,000-25,400
Retail - Ground floor	Direct comparison	Adjusted market price (HK$/square feet)	**47,300-134,900**	43,200-136,200
Retail - others	Direct comparison	Adjusted market price (HK$/square feet)	**16,300-32,700**	15,200-30,500

15 PROPERTY, PLANT AND EQUIPMENT

	Freehold land of a hotel in Canada HK$'000	Leasehold land in Hong Kong HK$'000	Hotel buildings HK$'000	Other buildings HK$'000	Other equipments HK$'000	Total HK$'000
Cost						
At 31st March 2017	59,530	3,327,367	1,816,990	253,175	127,942	5,585,004
Currency translation differences	2,449	-	13,587	-	268	16,304
Additions	-	10,753	67,321	53,035	49,823	180,932
Transferred to properties under development for sale	(61,979)	-	-	-	-	(61,979)
Disposals/written off	-	-	(379,796)	-	-	(379,796)
At 31st March 2018	-	3,338,120	1,518,102	306,210	178,033	5,340,465
Accumulated depreciation						
At 31st March 2017	-	521,598	905,271	11,708	49,324	1,487,901
Currency translation differences	-	-	12,383	-	159	12,542
Charge for the year	-	32,944	75,959	2,549	16,421	127,873
Disposals/written off	-	-	(379,441)	-	-	(379,441)
At 31st March 2018	-	554,542	614,172	14,257	65,904	1,248,875
Net book value						
At 31st March 2018	-	2,783,578	903,930	291,953	112,129	4,091,590
Cost						
At 31st March 2018	-	3,338,120	1,518,102	306,210	178,033	5,340,465
Currency translation differences	-	-	-	-	(1,685)	(1,685)
Additions	-	2,110	56,384	27,784	13,592	99,870
Disposals	-	-	(978)	-	(1,787)	(2,765)
At 31st March 2019	**-**	**3,340,230**	**1,573,508**	**333,994**	**188,153**	**5,435,885**
Accumulated depreciation						
At 31st March 2018	-	554,542	614,172	14,257	65,904	1,248,875
Currency translation differences	-	-	-	-	(531)	(531)
Charge for the year	-	37,197	45,506	2,769	32,810	118,282
Disposals	-	-	(575)	-	(734)	(1,309)
At 31st March 2019	**-**	**591,739**	**659,103**	**17,026**	**97,449**	**1,365,317**
Net book value						
At 31st March 2019	**-**	**2,748,491**	**914,405**	**316,968**	**90,704**	**4,070,568**

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

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

	2019 HK$'000	2018 HK$'000
Hotel properties		
Hotel buildings	**914,405**	903,930
Hotel leasehold land	**2,031,447**	2,065,785
	2,945,852	2,969,715

Supplementary information with hotel properties in operation at valuation:

The aggregate open market value, on a highest and best use basis, of the five (2018: four) completed hotel properties in Hong Kong based on valuations conducted by Vigers Appraisal & Consulting Limited ("Vigers") (2018: Vigers), independent professional valuers, is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13. The four hotel properties in Hong Kong amounted to HK$12,297,900,000 (2018: HK$10,653,700,000).

The hotel properties portfolio in Hong Kong comprised 5 (2018: 4) 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.

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

(b) As at 31st March 2019, the aggregate net book value of property, plant and equipment pledged as security for loans amounted to HK$3,908,807,000 (2018: HK$3,908,404,000).

(c) As at 31st March 2018, the cost of hotel properties under development amounted to HK$664,375,000. The development was completed in June 2018.

16 JOINT VENTURES AND ASSOCIATED COMPANIES

	2019 **HK$'000**	2018 HK$'000
Joint ventures	**3,935,594**	3,308,047
Associated companies	**1,499,823**	1,445,226
	5,435,417	4,753,273

(A) JOINT VENTURES

	2019 **HK$'000**	2018 HK$'000
Share of net assets	**2,713,664**	2,694,236
Advance to joint ventures	**1,366,694**	758,575
Provision on advances to joint ventures	**(144,764)**	(144,764)
	3,935,594	3,308,047
Amount due to joint ventures included in current liabilities	**(199,855)**	(61,659)
	3,735,739	3,246,388

Advances to joint ventures are made to finance property development projects. The advances to joint ventures are denominated in Hong Kong dollar and Canadian dollar. As at 31st March 2019, except for an amount of HK$253,499,000 (2018: HK$258,258,000) and HK$317,800,000 (2018: HK$196,599,000) advance to joint ventures which is bearing interest at 1% (2018: 1%) above The Hong Kong and Shanghai Banking Corporation ("HSBC") prime rate per annum and 15% (2018: 15%) per annum respectively, the advances to joint ventures are unsecured, interest free and have no fixed terms of repayment. The interest amounted to HK$60,071,000 (2018: HK$41,060,000). The carrying amounts of the advances approximate their fair values. The Group has provided financial guarantee for banking facilities granted to certain joint ventures (note 32). There are no contingent liabilities relating to the Group's interests in joint ventures.

Details of the principal joint ventures are set out in note 36.

16 JOINT VENTURES AND ASSOCIATED COMPANIES (Continued)

(A) JOINT VENTURES (Continued)

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

	2019 HK$'000	2018 HK$'000
Profit before income tax	**38,527**	109,144
Income tax expense	**(21,777)**	(35,946)
Profit for the year	**16,750**	73,198
Other comprehensive (charge)/income	**(130,908)**	155,887
Total comprehensive (charge)/income for the year	**(114,158)**	229,085

There is no joint venture as at 31st March 2019 and 2018, which in the opinion of the Directors, is individually material to the Group.

(B) ASSOCIATED COMPANIES

	2019 HK$'000	2018 HK$'000
Share of net assets (note (a))	**1,498,660**	1,444,068
Advance to associated companies	**421,990**	421,985
Provision for advances to associated companies	**(420,827)**	(420,827)
	1,499,823	1,445,226
Amount due to an associated company included in current liabilities	**(224,400)**	(224,400)
	1,275,423	1,220,826

16 JOINT VENTURES AND ASSOCIATED COMPANIES (Continued)

(B) ASSOCIATED COMPANIES (Continued)

As at 31st March 2019 and 2018, the shares in an associated company are pledged to secure the loan facilities granted to the Group.

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

Details of the principal associated companies are set out in note 36.

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

Aggregate information for the Group's associated companies that are not individually material:

	2019 **HK$'000**	2018 HK$'000
Profit before income tax (note (b))	**57,227**	32,346
Income tax expenses	**(2,634)**	(3,142)
Profit and total comprehensive income for the year	**54,593**	29,204

Notes:

(a) Mainly represented share of net assets of an associated company holding an investment property.

(b) Mainly represented share of fair value gain arising from the revaluation of an investment property held by an associated company. The investment property was revalued by Prudential Surveyors (Hong Kong) Limited, independent professional valuers, on an open market value basis as at 31st March 2019 and 31st March 2018.

16 JOINT VENTURES AND ASSOCIATED COMPANIES (Continued)

(B) ASSOCIATED COMPANIES (Continued)

The significant unobservable inputs used are as follows:

	Valuation techniques	Unobservable inputs	Range of Unobservable inputs 2019	2018
Office	Direct comparison	Adjusted market price (HK$/square feet)	**18,000-20,100**	13,500-20,900
Retail-Ground floor	Direct comparison	Adjusted market price (HK$/square feet)	**223,100-632,500**	225,400-644,800
Retail-Others	Direct comparison	Adjusted market price (HK$/square feet)	**17,100-61,000**	17,400-61,500

17 LOAN RECEIVABLES

	2019 HK$'000	2018 HK$'000
Loan to a joint venture partner	**–**	340,765
Mortgage loans receivable	**1,577**	2,255
Less: current portion included in current assets	**(166)**	(340,966)
	1,411	2,054

The loan receivables carry interest at HSBC prime rate plus 1.5% (2018: HSBC prime rate plus 1.5% to fixed rate 8%) per annum. The loan receivables are denominated in Hong Kong dollar. The carrying amounts of the loan receivables approximate their fair values.

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

	2019	2018
	HK$'000	HK$'000
Properties under development for sale		
Leasehold land	**1,269,071**	599,460
Development costs	**314,547**	167,945
	1,583,618	767,405
Completed properties held for sale		
Leasehold land	**2,751**	2,771
Development costs	**730**	730
	3,481	3,501

Notes:

(a) As at 31st March 2019, properties amounting to HK$1,531,195,000 (2018: HK$551,369,000) were pledged to banks to secure certain banking facilities of the Group.

(b) As at 31st March 2019 and 2018, all the properties under development for sale were not scheduled for completion within twelve months.

19 TRADE AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables	**65,544**	75,299
Less: loss allowance	**(7,340)**	(3,098)
	58,204	72,201
Accrued interest and dividend receivable	**382,137**	277,857
Loan receivables	**–**	61,935
Prepayments	**13,637**	20,870
Utility and other deposits	**10,412**	27,909
Other receivables	**40,365**	36,890
	504,755	497,662

Aging analysis of trade receivables net of loss allowance is as follows:

	2019 HK$'000	2018 HK$'000
0 month to 6 months	**55,644**	71,045
7 months to 12 months	**1,588**	1,126
More than 12 months	**972**	30
	58,204	72,201

19 TRADE AND OTHER RECEIVABLES (Continued)

Movement on loss allowance trade receivable are as follows:

	2019 HK$'000	2018 HK$'000
At the beginning of the year	3,098	2,279
Loss allowance	4,242	819
At the end of the year	7,340	3,098

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

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

	2019 HK$'000	2018 HK$'000
Hong Kong dollar	102,544	113,055
United States dollar	382,137	272,658
Renminbi	387	93,811
Canadian dollar	19,687	18,138
	504,755	497,662

As at 31st March 2018, unsecured loans to third parties of HK$61,935,000 were bearing interest at 10% per annum.

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

20 FINANCIAL INVESTMENTS

	2019 HK$'000	2018 HK$'000
Non-current assets		
Equity securities		
- Listed in Hong Kong	**527,871**	636,354
- Unlisted	**42,867**	39,945
Unlisted fund	**16,244**	8,084
	586,982	684,383
Current assets		
Equity securities		
- Listed in the USA	**784,841**	851,440
- Listed in Europe	**252,610**	443,809
- Listed in Hong Kong	**89,221**	199,628
	1,126,672	1,494,877
Debt securities		
- Listed in Singapore	**12,516,387**	9,063,688
- Listed in Europe	**1,018,553**	709,934
- Listed in Hong Kong	**211,047**	32,198
- Unlisted	**51,479**	54,866
	13,797,466	9,860,686
Unlisted fund	**89,963**	10,437
	15,014,101	11,366,000
	15,601,083	12,050,383

20 FINANCIAL INVESTMENTS (Continued)

	2019 HK$'000	2018 HK$'000
Non-current assets		
Financial assets at FVOCI	**570,738**	-
Financial assets at FVPL	**16,244**	410,808
AFS investments	**–**	273,575
	586,982	684,383
Current assets		
Financial assets at FVOCI	**13,744,598**	-
Financial assets at FVPL	**1,269,503**	11,366,000
	15,014,101	11,366,000
	15,601,083	12,050,383

Financial investments are denominated in the following currencies:

	2019 HK$'000	2018 HK$'000
United States dollar	**14,678,513**	10,712,158
Hong Kong dollar	**668,571**	890,847
Sterling	**252,610**	443,809
Euro	**1,389**	3,569
	15,601,083	12,050,383

At 31st March 2019, financial investments equivalent to HK$1,900,911,000 (2018: HK$1,932,027,000) were pledged as security for borrowings.

20 FINANCIAL INVESTMENTS (Continued)

Supplementary information of financial investments:

EQUITY SECURITIES

As at 31st March 2019, the Group held 24 (2018: 20) listed equity securities and 1 (2018: 1) unlisted equity securities. The summary of equity securities portfolio of financial investments as at 31st March 2019 and 2018 and their corresponding unrealised gain/(loss) and dividend income for the year ended 31st March 2019 and 2018 are as follows:

	Market value as at 31st March		Unrealised gain/(loss)		Dividend income	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Citigroup Inc. ("Citigroup")	**781,642**	847,810	**(66,168)**	103,852	**20,964**	11,380
MGM China ("MGM")	**333,109**	410,808	**(77,698)**	82,162	**3,266**	5,599
HSBC Holdings PLC ("HSBC")	**194,762**	225,546	**(30,784)**	32,613	**12,196**	12,155
Lloyds Banking Group ("Lloyds")	**133,300**	149,704	**(16,404)**	13,984	**6,789**	6,844
Royal Bank of Scotland ("RBS")	**119,311**	294,104	**(15,613)**	51,652	**975**	-
Orient Overseas (International) Limited ("OOIL")	**-**	111,222	**-**	(3,202)	**-**	262
Others	**135,287**	131,982	**(27,815)**	11,501	**2,969**	2,089
	1,697,411	2,171,176	**(234,482)**	292,562	**47,159**	38,329

Citigroup is a global bank that provides financial services, and its shares are listed on the NYSE (stock code: C) with a "BBB+" rated by S&P. As at 31st March 2019, a total of 0.06% shareholding of Citigroup was held by the Group.

MGM is a company principally engaged in development and operation of casino game and related hotel and resort facilities in Macau, and its shares are listed on the HKEX (stock code: 2282). As at 31st March 2019, a total of 0.5% shareholding of MGM was held by the Group.

HSBC is the banking and financial services company. It operates across various geographical regions, and its shares are listed on HKEX (stock code: 5), with an "A" rated by S&P. As at 31st March 2019, a total of 0.02% shareholding of HSBC was held by the Group.

Lloyds is a global bank that provides financial services, and its shares are listed on LSE (stock code: LLOY) with a "BBB+" rated by S&P. As at 31st March 2019, a total of 0.03% shareholding of Lloyds was held by the Group.

RBS is a global bank that provides financial services, and its shares are listed on LSE (stock code: RBS) with a "BBB-" rated by S&P. As at 31st March 2019, a total of 0.04% shareholding of RBS was held by the Group.

OOIL is principally engaged in container transport and logistics, and its shares are listed on the HKEX (stock code: 316).

20 FINANCIAL INVESTMENTS (Continued)

DEBT SECURITIES

As at 31st March 2019, the Group held 27 (2018: 17) debt securities, 21 of them are listed in Singapore, 2 in Hong Kong, 3 in Europe and 1 is unlisted. Approximately 99% (2018: 99%) of the mark to market valuation comprising 25 (2018: 14) debt securities were issued by PRC-based real estate companies, the shares of which are all listed in Hong Kong with the exception of 1 that is listed in the United States.

The summary of debt securities of financial investments as at 31st March 2019 and 2018 and their corresponding unrealised (loss)/gain and interest income for the year ended 31st March 2019 and 2018 are as follows:

	As at 31st March	
	2019	2018
	HK$'000	HK$'000
Principal amount of notes	**14,960,762**	10,271,181
Investment cost	**14,545,604**	9,790,383
Market value	**13,797,466**	9,860,686
Coupon	**7.75% to 15.5%**	6% to 13.75%
Maturity	**Sep 2018 – Oct 2042**	May 2018 – Oct 2042 & 1 perpetual
Rating	**NR to B**	NR to B+

	For the year ended 31st March	
	2019	2018
	HK$'000	HK$'000
Interest income	**1,086,091**	860,255
Unrealised gain/(loss)		
– to profit and loss account	**427**	(426,819)
– to other comprehensive income	**(425,262)**	-

As at 31st March 2019, the 27 (2018: 17) debt securities of financial investments gave rise to a net unrealised fair value loss of HK$424.8 million (2018: loss of HK$426.8 million) for the year ended 31st March 2019. A total of 16 (2018: 7) debt securities have recorded unrealised fair value gain, with the remaining 11 debt securities (2018: 9) that recorded unrealised fair value losses.

20 FINANCIAL INVESTMENTS (Continued)

DEBT SECURITIES (Continued)

As at 31st March 2019, the mark to market valuation of the largest single debt securities within the Group's financial investments represents approximately 9.1% (2018: 8.9%) of the Group's revalued total assets, and the mark to market valuation of the five largest debt securities held represents approximately 18.4% (2018: 17.4%). The remaining 22 debt securities represent 11.2% of the Group's revalued total assets, with each of them less than 1.7%.

The five largest debt securities held at 31st March 2019, are as follows:

	Market value				Unrealised (loss)/gain		Interest income	
	31st March 2019 HK$'000	% of the debt securities portfolio	31st March 2018 HK$'000	% of the debt securities portfolio	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Kaisa 9.375% notes	4,268,175	31%	3,677,817	37%	(106,781)	(250,653)	448,427	277,069
Ronshine 11.25% notes	1,248,225	9%	-	-	65,299	-	14,198	-
Modern Land 15.5% notes	1,102,140	8%	-	-	32,268	-	23,982	-
Evergrande 8.75% notes	1,023,748	7%	1,086,330	11%	(62,582)	921	95,720	71,360
Mingfa 11% notes due 2020	936,254	7%	948,413	10%	(12,159)	14,451	103,472	89,743

"Kaisa 9.375% notes", issued by Kaisa Group Holdings Limited ("Kaisa") and carries fixed coupon rate of 9.375% per annum. It is denominated in United States dollar ("US$") and matures on 30th June 2024. The notes are listed on the SGX-ST and not rated. Kaisa is principally engaged in the property development, property investment, property management and hotel and catering operation in the PRC. Its shares are listed on HKEX (stock code: 1638).

"Ronshine 11.25% notes", issued by Ronshine and carried fixed coupon rate of 11.25% per annum. It is denominated in US$ and matures on 22th August 2021. The notes are listed on SGX-ST.

"Modern Land 15.5% notes", issued by Modern Land (China) Co., Limited ("Modern Land") and carries fixed coupon rate of 15.5% per annum. It is denominated in US$ and matures on 2nd July 2020. The notes are rated "B3" by Moody's and listed on SGX-ST. Modern Land is principally engaged in real estate development, property development, hotel operation, project management, real estate agency services in the PRC. Its shares are listed on HKEX (stock code: 1107).

"Evergrande 8.75% notes", issued by China Evergrande Group ("Evergrande") and carries fixed coupon rate of 8.75% per annum. It is denominated in US$ and matures on 28th June 2028. The notes are rated "B-" by S&P and listed on the SGX-ST. Evergrande is principally engaged in the property development, property investment, property management, property construction, hotel operations, finance business, internet business and health industry business in the PRC. Its shares are listed on HKEX (stock code: 3333).

"Mingfa 11% notes due 2020", issued by Mingfa Group (International) Company Limited ("Mingfa") and carries fixed coupon rate of 11% per annum. It is denominated in US$ and matures on 18th May 2020. The notes are listed on the SGX-ST. Mingfa is principally engaged in property development, property investment and hotel operation in the PRC. Its shares are listed on the HKEX (stock code: 846).

21 BANK BALANCES AND CASH

	2019 HK$'000	2018 HK$'000
Cash at bank and in hand	**194,455**	301,960
Short term bank deposits	**376,500**	475,080
Cash and cash equivalents	**570,955**	777,040
Restricted bank balances	**188,403**	140,359
	759,358	917,399

Restricted bank balances mainly included bank balances pledged as security for borrowing and proceeds from pre-sales of property under development that are held in escrow, over which the Group has legal ownership, but is restricted by law as to its availability and intended use.

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

	2019 HK$'000	2018 HK$'000
Hong Kong dollar	**474,407**	562,894
United States dollar	**91,825**	216,271
Canadian dollar	**176,929**	79,843
Renminbi	**12,255**	53,122
Sterling	**1,196**	4,312
Others	**2,746**	957
	759,358	917,399

22 TRADE AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables	**21,357**	58,099
Accrual and other payables	**92,991**	131,749
Deposits received from sale of properties	**–**	56,833
Rental and management fee deposits	**50,730**	46,003
Medium term notes interest payable	**3,360**	12,408
	168,438	305,092

Aging analysis of trade payables is as follows:

	2019 HK$'000	2018 HK$'000
0 month to 6 months	**20,563**	57,288
7 months to 12 months	**206**	342
More than 12 months	**588**	469
	21,357	58,099

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

23 CONTRACT LIABILITIES

	As at 31st March 2019 HK$'000	As at 1st April 2018 HK$'000
Deposit receipts in advances from customers	**199,405**	56,833

	HK$'000
Balance at 1st April 2018	56,833
Net increase for transactions during the current year	144,391
Exchange differences	(1,819)
Balance at 31st March 2019	199,405

Contract liabilities comprise mostly deposit receipts in advance from properties buyers.

24 BORROWINGS

	2019 **HK$'000**	2018 HK$'000
Current liabilities		
Short term bank loans		
Secured	**1,713,181**	1,064,430
Unsecured	**567,000**	79,950
Current portion of long term bank loans		
Secured	**1,022,512**	1,194,275
Unsecured	**631,843**	219,994
Portion of long term bank loans containing a repayment on demand clause, secured	**–**	75,923
	3,934,536	2,634,572
Non-current liabilities		
Long term bank loans		
Secured	**8,038,349**	4,307,473
Unsecured	**4,141,906**	4,773,749
	12,180,255	9,081,222
	16,114,791	11,715,794

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

	2019 **HK$'000**	2018 HK$'000
Repayable within one year	**1,654,355**	1,414,269
Repayable between one and two years	**2,578,580**	2,456,078
Repayable between two to five years	**8,771,875**	5,797,067
Repayable after five years	**829,800**	904,000
	13,834,610	10,571,414
Current portion included in current liabilities	**(1,654,355)**	(1,414,269)
	12,180,255	9,157,145

24 BORROWINGS (Continued)

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

	2019 HK$'000	2018 HK$'000
Hong Kong dollar	**15,954,950**	11,197,016
United States dollar	**86,350**	392,425
Japanese Yen	**–**	50,430
Canadian dollar	**73,491**	75,923
	16,114,791	11,715,794

The interest rates of the borrowings at the balance sheet date range from 2.73% to 4.51% (2018: 1.68% to 4.09%) per annum.

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

25 MEDIUM TERM NOTES

	2019 HK$'000	2018 HK$'000
Listed in Hong Kong		
RMB255 million at coupon of 6.5% per annum due April 2018 (note (a) & (b))	**–**	315,868
Unlisted		
Notes at coupon of 4.8% per annum due July 2019	**100,000**	100,000
Notes at coupon of 3% above HIBOR per annum due April 2020	**250,000**	250,000
	350,000	665,868
Less: deferred issue expenses	**(1,145)**	(2,709)
Included in current liabilities	**348,855**	663,159
RMB255 million at coupon of 6.5% per annum due April 2018	**–**	(315,868)
Notes at coupon 4.8% per annum due July 2019 (net of related deferred issue expenses)	**(99,820)**	-
	249,035	347,291

25 MEDIUM TERM NOTES (Continued)

Notes:

(a) Cross currencies swap contracts of RMB255 million (2018: RMB255 million) versus United States dollar and Hong Kong dollar were entered into simultaneously to hedge the principal amount repayment and interest payments.

(b) The RMB255 million medium term notes were fully redeemed in April 2018.

(c) The carrying amounts of these notes approximate their fair values.

26 CONVERTIBLE NOTES

On 23rd February 2017, the Company's listed subsidiary, Asia Standard Hotel, issued a total of 2,693,204,266 convertible notes (under bonus issue scheme) 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. 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. The amount represents liability component of the convertible notes held by parent group and non-controlling interest.

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 convertible 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 convertible notes. Unless previously converted, the convertible notes will be redeemed on the thirtieth anniversary of the date of issue of the convertible notes at redemption price equal to 100% of the principal amount. For details, please refer to the Bonus Issue Circular.

27 DEFERRED INCOME TAX

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

	2019 HK$'000	2018 HK$'000
Deferred income tax assets	**58,615**	38,128
Deferred income tax liabilities	**(117,080)**	(107,761)
	(58,465)	(69,633)

27 DEFERRED INCOME TAX (Continued)

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

DEFERRED INCOME TAX ASSETS

	Tax loss		Difference in cost base of properties		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**53,053**	52,072	**56,264**	56,264	**109,317**	108,336
Recognised in the profit and loss account	**17,801**	981	**-**	-	**17,801**	981
At the end of the year	**70,854**	53,053	**56,264**	56,264	**127,118**	109,317

DEFERRED INCOME TAX LIABILITIES

	Accelerated tax depreciation		Fair value adjustments		Total	
	2019	2018	**2019**	2018	**2019**	2018
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**(96,805)**	(88,709)	**(82,145)**	(98,477)	**(178,950)**	(187,186)
Recognised in other comprehensive income	**-**	-	**(1,687)**	-	**(1,687)**	-
Recognised in the profit and loss account	**(4,665)**	(8,096)	**(281)**	16,332	**(4,946)**	8,236
At the end of the year	**(101,470)**	(96,805)	**(84,113)**	(82,145)	**(185,583)**	(178,950)

Deferred income tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$78 million (2018: HK$65 million) in respect of losses amounting to HK$444 million (2018: HK$386 million) that can be carried forward against future taxable income. As at 31st March 2019, except for tax losses of HK$418 million which have no expiry date (2018: HK$386 million), the balance will expire at various dates up to and including 2039.

28 SHARE CAPITAL

Shares of HK$0.01 each	**Number of shares**	**Amount**
		HK$'000
Authorised:		
At 31st March 2018 and 2019	400,000,000,000	4,000,000

	Number of shares		Amount	
	2019	2018	**2019**	2018
			HK$'000	HK$'000
Issued and fully paid:				
At the beginning and the end of the year	**1,319,782,288**	1,319,782,288	**13,197**	13,197

29 RESERVES

	Share premium HK$'000	Capital redemption reserve HK$'000	Share option reserve HK$'000	Investment revaluation reserve HK$'000	Contributed surplus HK$'000	Hedging reserve HK$'000	Currency translation reserve HK$'000	Revenue reserve HK$'000	Property revaluation reserve HK$'000	Total HK$'000
At 31st March 2018	2,175,239	44,190	18,784	51,472	2,782,836	(7,588)	(76,924)	12,011,060	24,891	17,023,960
Net fair value gain on available-for-sale investments	-	-	-	34,590	-	-	-	-	-	34,590
Cash flow hedges:										
- fair value changes	-	-	-	-	-	37,435	-	-	-	37,435
- transfer to finance costs	-	-	-	-	-	(27,537)	-	-	-	(27,537)
Currency translation differences	-	-	-	-	-	-	163,918	-	-	163,918
Profit for the year	-	-	-	-	-	-	-	1,463,061	-	1,463,061
2018 final dividend	-	-	-	-	-	-	-	(39,593)	-	(39,593)
Share option lapsed	-	-	(13,567)	-	-	-	-	13,567	-	-
At 31st March 2018	2,175,239	44,190	5,217	86,062	2,782,836	2,310	86,994	13,448,095	24,891	18,655,834
Representing:										
2018 final dividend proposed	-	-	-	-	-	-	-	39,593	-	39,593
Others	2,175,239	44,190	5,217	86,062	2,782,836	2,310	86,994	13,408,502	24,891	18,616,241
At 31st March 2018	2,175,239	44,190	5,217	86,062	2,782,836	2,310	86,994	13,448,095	24,891	18,655,834
At 31st March 2018	2,175,239	44,190	5,217	86,062	2,782,836	2,310	86,994	13,448,095	24,891	18,655,834
Adoption of HKFRS 9	-	-	-	(52,806)	-	-	-	52,806	-	-
At 31 March 2018 (restated)	2,175,239	44,190	5,217	33,256	2,782,836	2,310	86,994	13,500,901	24,891	18,655,834
Net fair value loss on financial assets at FVOCI	-	-	-	(185,971)	-	-	-	-	-	(185,971)
Cash flow hedges:										
- fair value changes	-	-	-	--	-	1,796	-	-	-	1,796
- transfer to finance costs	-	-	-	-	-	(3,660)	-	-	-	(3,660)
- realised loss	-	-	-	-	-	(446)	-	-	-	(446)
Currency translation differences	-	-	-	-	-	-	(138,927)	-	-	(138,927)
Profit for the year	-	-	-	-	-	-	-	1,388,728	-	1,388,728
2018 final dividend	-	-	-	-	-	-	-	(39,593)	-	(39,593)
At 31st March 2019	**2,175,239**	**44,190**	**5,217**	**(152,715)**	**2,782,836**	**-**	**(51,933)**	**14,850,036**	**24,891**	**19,677,761**
Representing:										
2019 final dividend proposed	-	-	-	-	-	-	-	35,634	-	35,634
Others	2,175,239	44,190	5,217	(152,715)	2,782,836	-	(51,933)	14,814,402	24,891	19,642,127
At 31st March 2019	**2,175,239**	**44,190**	**5,217**	**(152,715)**	**2,782,836**	**-**	**(51,933)**	**14,850,036**	**24,891**	**19,677,761**

30 COMMITMENTS

Commitments at the balance sheet date are as follows:

	2019 **HK$'000**	2018 HK$'000
Contracted but not provided for		
Investment properties	**14,538**	7,022
Property, plant and equipment	**4,430**	29,497
Contribution to joint ventures	**–**	498,064
	18,968	534,583

31 OPERATING LEASE ARRANGEMENTS

(A) LESSOR

As at 31st March 2019, the future aggregate minimum rental receipts receivable under non-cancellable operating leases were as follows:

	2019 **HK$'000**	2018 HK$'000
In respect of land and buildings:		
Within one year	**203,485**	172,799
In the second to fifth year inclusive	**320,973**	353,783
Over five years	**72,702**	126,210
	597,160	652,792

(B) LESSEE

As at 31st March 2019, the future aggregate minimum lease payments payable under non-cancellable operating leases were as follows:

	2019 **HK$'000**	2018 HK$'000
In respect of land and buildings:		
Within one year	**3,204**	4,370
In the second to fifth year inclusive	**3,128**	1,576
	6,332	5,946

32 FINANCIAL GUARANTEES

	2019 HK$'000	2018 HK$'000
Guarantees for the banking and loan facilities of joint ventures	**2,732,795**	897,074

33 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2019 HK$'000	2018 HK$'000
Profit before income tax	**1,486,811**	1,523,901
Share of profits less losses of		
Joint ventures	**(16,750)**	(73,198)
Associated companies	**(54,593)**	(29,204)
Depreciation	**118,282**	127,873
Net investment loss	**482,250**	69,379
Fair value gain on investment properties	**(852,158)**	(719,396)
Loss on disposal of property, plant and equipment	**1,455**	355
Net foreign exchange loss on borrowings	**515**	8,137
Interest income	**(101,287)**	(39,118)
Interest expense	**436,245**	231,958
Operating profit before working capital changes	**1,500,770**	1,100,687
Decrease in mortgage loans receivable	**678**	196
Increase in properties under development for sale (excluding interest expense capitalised)	**(798,802)**	(66,921)
(Increase)/decrease in hotel and restaurant inventories	**(7,524)**	1,260
Increase in trade and other receivables	**(8,072)**	(136,048)
Increase in financial assets	**(4,135,457)**	(3,921,907)
Increase in restricted bank balances	**(49,864)**	(105,193)
(Decrease)/increase in trade and other payables	**(136,653)**	98,716
Increase in contract liabilities	**199,405**	-
Net cash used in operations	**(3,435,519)**	(3,029,210)

33 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(B) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings	Medium term notes	Convertible notes	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 31st March 2017	7,074,169	632,253	6,266	7,712,688
Financing cash flows				
Net drawdown	4,632,190	-	-	4,632,190
Loan facilities fee paid	(26,397)	-	-	(26,397)
Non-cash changes				
Amortisation of loan facilities fee and issue expenses	20,307	3,369	-	23,676
Accrued interest	-	-	389	389
Exchange translation differences	15,525	27,537	-	43,062
As 31st March 2018	11,715,794	663,159	6,655	12,385,608
At 31st March 2018	11,715,794	663,159	6,655	12,385,608
Financing cash flows				
Net drawdown	4,423,666	(319,528)	-	4,104,138
Loan facilities fee paid	(37,153)	-	-	(37,153)
Non-cash changes				
Amortisation of loan facilities fee and issue expenses	14,275	1,564	-	15,839
Accrued interest	-	-	423	423
Exchange translation differences	(1,791)	3,660	-	1,869
At 31st March 2019	**16,114,791**	**348,855**	**7,078**	**16,470,724**

34 RELATED PARTY TRANSACTIONS

The major shareholder of the Group is Asia Orient Holdings Limited ("Asia Orient"), a company incorporated in Bermuda and listed in Hong Kong. Asia Orient directly own 51.8% of the Company's shares, the remaining 48.2% shares are widely held.

The details of balances and transactions with joint ventures and associated companies are disclosed in note 16.

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

(A) SALES AND PURCHASE OF GOODS AND SERVICES

	2019 HK$'000	2018 HK$'000
Income from/(expense to) subsidiaries of Asia Orient		
Rental income (note (a))	2,610	2,610
Building management fee expense (note (b))	(3,142)	(2,583)
Cleaning expense (note (c))	(6,134)	(5,324)

Notes:

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

(b) Building management fee expense is charged for building management services rendered at a mutually agreed fee.

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

(B) KEY MANAGEMENT COMPENSATION

	2019 HK$'000	2018 HK$'000
Fee	800	800
Salaries and other short-term employee benefits	69,969	63,784
Employer's contribution to retirement benefits scheme	403	392
	71,172	64,976

Key management includes the Company's Directors and four (2018: four) 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.

35 BALANCE SHEET OF THE COMPANY

	2019 HK$'000	2018 HK$'000
Non-current assets		
Subsidiaries (note a)	**1,229,076**	1,229,076
Advance to a subsidiary	**544,984**	879,718
	1,774,060	2,108,794
Current assets		
Amounts due from subsidiaries	**5,850,978**	5,770,438
Trade and other receivables	**167**	153
Income tax recoverable	**128**	-
Bank balances and cash	**51,018**	21,015
	5,902,291	5,791,606
Current liabilities		
Trade and other payables	**6,455**	15,365
Income tax payable	**–**	5
Borrowing	**180,000**	10,000
Medium term notes	**100,000**	315,868
	286,455	341,238
Net current assets	**5,615,836**	5,450,368
Non-current liabilities		
Long term borrowing	**–**	180,000
Medium term notes	**250,000**	350,000
	250,000	530,000
Net assets	**7,139,896**	7,029,162
Equity		
Share capital	**13,197**	13,197
Reserves (note b)	**7,126,699**	7,015,965
	7,139,896	7,029,162

Fung Siu To, Clement
Director

Lun Pui Kan
Director

35 BALANCE SHEET OF THE COMPANY (CONTINUED)

Notes:

(a) As at 31st March 2019, 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 36.

Extracts of published financial information of Asia Standard Hotel in which the Group has material non-controlling interest is set out in note 38.

(b) Reserve movement of the Company

	Share premium	Capital redemption reserve	Contributed surplus	Share option reserve	Revenue reserve	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31st March 2017	2,174,088	44,190	2,796,995	2,957	1,837,218	6,855,448
Profit for the year	-	-	-	-	200,110	200,110
2017 final dividend	-	-	-	-	(39,593)	(39,593)
At 31st March 2018	2,174,088	44,190	2,796,995	2,957	1,997,735	7,015,965
At 31st March 2018	2,174,088	44,190	2,796,995	2,957	1,997,735	7,015,965
Profit for the year	-	-	-	-	150,327	150,327
2018 final dividend	-	-	-	-	(39,593)	(39,593)
At 31st March 2019	**2,174,088**	**44,190**	**2,796,995**	**2,957**	**2,108,469**	**7,126,699**

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

36 PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

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

SUBSIDIARIES

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

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Incorporated in Hong Kong			
Asia Standard (Beijing) Company Limited	Investment holding	HK$2	100%
Asia Standard Development (Holdings) Limited	Investment holding	HK$10 and non-voting deferred share capital of HK$426,303,279	100%
Asia Standard Development (Real Estate Agencies) Limited	Real estate agency services	HK$2	100%
Asia Standard Finance Company Limited	Financing services	HK$1,000,000	100%
Asia Standard International Limited [1]	Investment holding	HK$1,216,067,627	100%
Asia Standard Management Services Limited	Management services	HK$2	100%
Asia Standard Project Management Company Limited	Project management	HK$2	100%
Cheer Selection Limited	Securities investment	HK$2	100%
Get Rich Enterprises Limited	Property development	HK$2	100%
Glory Ocean Limited	Property development	HK$2	100%
Hoi Chak Properties Limited	Property investment	HK$10 and non-voting deferred share capital of HK$2	100%
Juno Cliff Limited	Property development	HK$2	100%
Mark Honour Limited	Property development	HK$100,000	99.9%
Tilpifa Company Limited	Property investment	HK$10 and non-voting deferred share capital of HK$10,000	100%
Union Rich Resources Limited	Property development	HK$2	100%
Winfast Engineering Limited	Construction	HK$2	100%

36 PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES (Continued)

SUBSIDIARIES (Continued)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Incorporated in Bermuda			
Asia Standard Hotel Group Limited [2]	Investment holding	HK$40,360,810	64.4%
Incorporated in the British Virgin Islands			
Techfull Properties Corp.	Securities investment	US$1	100%
Incorporated and operates in Macau			
國際石廠發展有限公司	Property development	MOP3,000,000	100%

[1] *Direct subsidiary of the Company*

[2] *Its principal subsidiaries are included in its own published consolidated financial statements. The Group held 64.4% equity interest and 96.4% interest in the bonus convertible notes of Asia Standard Hotel. After the completion of the bonus issue, the Group holds approximately 64.4% of the ordinary shares of Asia Standard Hotel and conversion rights to acquire a further approximately 18.3% of ordinary shares of Asia Standard Hotel. As the bonus convertible notes contain rights to dividends and can be converted at any time provided that the public float requirements could be complied with, the Group would consolidate the results of Asia Standard Hotel on its approximately 82.7% economic interest in accordance with HKFRSs.*

ASSOCIATED COMPANIES

(Unless indicated otherwise, they are all incorporated and operates in Hong Kong.)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Perfect Pearl Company Limited	Property investment	HK$1,000 and non-voting deferred share capital of HK$10,000	33%

36 PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES (Continued)

JOINT VENTURES

(Unless indicated otherwise, they are all incorporated and operates in Hong Kong.)

Name	Principal activity	Issued and fully paid share capital/ paid-up capital	Group equity interest
Imperial Time Limited	Property development	HK$1	20%
Best Prosper Investment Limited	Property development	HK$1	40%
Incorporated and operates in the PRC			
北京黃海房地產開發有限公司	Property development	RMB1,310,000,000	50%
上海廣南房地產發展有限公司	Property development	US$120,000,000	50%
Incorporated in the British Virgin Islands			
Gallop Worldwide Limited	Investment holding	US$2	50%
Chater Capital Limited	Investment holding	US$4	50%
Modern Crescent Limited	Investment holding	US$100	25%
Fine Ahead Limited	Investment holding	US$10,000	35%
Favour Eternal Limited	Investment holding	US$2	50%

Principal joint ventures of Asia Standard Hotel are included in its own consolidated financial statements.

37 ULTIMATE HOLDING COMPANY

The ultimate holding company is Asia Orient, a company incorporated in Bermuda and listed in Hong Kong.

38 EXTRACTS FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ASIA STANDARD HOTEL GROUP LIMITED

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

Set out below are the summary of the audited consolidated financial statements of Asia Standard Hotel in which 17.3% is owned by non-controlling interests, that are material to the Group for the year ended 31st March 2019.

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

38 EXTRACTS FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ASIA STANDARD HOTEL GROUP LIMITED (CONTINUED)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2019

	2019 HK$'000	2018 HK$'000
Sales of goods and services and other revenue	**565,734**	551,546
Interest revenue	**633,645**	291,095
Total revenue	**1,199,379**	842,641
Cost of sales	**(249,825)**	(238,753)
Gross profit	**949,554**	603,888
Selling and administrative expenses	**(165,817)**	(163,480)
Depreciation	**(112,969)**	(121,397)
Net investment loss		
Net realised and unrealised loss	**(2,062)**	(58,621)
Changes in expected credit losses and other credit impairment charges	**(131,455)**	-
Operating profit	**537,251**	260,390
Net finance costs	**(182,522)**	(82,448)
Share of profits less losses of joint ventures	**2,911**	1,147
Profit before income tax	**357,640**	179,089
Income tax expense	**(17,374)**	(7,259)
Profit for the year attributable to shareholders	**340,266**	171,830
Profit for the year allocated to non-controlling interests	**59,361**	29,971
Dividend paid to non-controlling interests	**4,604**	4,604
Total comprehensive income for the year	**303,414**	221,992
Total comprehensive income allocated to non-controlling interests	**(1,735)**	-

38 EXTRACTS FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ASIA STANDARD HOTEL GROUP LIMITED (CONTINUED)

CONSOLIDATED BALANCE SHEET

As at 31st March 2019

	2019 **HK$'000**	2018 HK$'000
Non-current assets		
Property, plant and equipment	**3,064,654**	3,120,422
Joint ventures	**456,251**	255,682
Financial investments	**211,006**	233,630
Deferred income tax assets	**11,441**	4,880
	3,743,352	3,614,614
Current assets		
Properties under development for sale	**456,141**	344,970
Inventories	**21,615**	14,091
Trade and other receivables	**232,163**	174,289
Income tax recoverable	**3,176**	2,698
Financial assets at fair value through profit or loss	**6,776,265**	4,702,718
Bank balances and cash	**278,913**	247,726
	7,768,273	5,486,492
Current liabilities		
Trade and other payables	**86,551**	139,740
Contract liabilities	**199,405**	-
Deposits received from sale of properties	**–**	56,833
Amount due to non-controlling interests	**39,225**	-
Borrowings	**2,188,044**	1,477,071
Income tax payable	**23,878**	14,183
	2,537,103	1,687,827
Net current assets	**5,231,170**	3,798,665

38 EXTRACTS FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ASIA STANDARD HOTEL GROUP LIMITED (CONTINUED)

CONSOLIDATED BALANCE SHEET

As at 31st March 2019

	2019 HK$'000	2018 HK$'000
Non-current liabilities		
Long term borrowings	**4,531,011**	3,258,698
Convertible notes	**199,126**	187,243
Deferred income tax liabilities	**51,203**	48,639
	4,781,340	3,494,580
Net assets	**4,193,182**	3,918,699
Equity		
Share capital	**40,361**	40,361
Reserves	**4,154,556**	3,878,338
Equity attributable to shareholders of the Company	**4,194,917**	3,918,699
Non-controlling interests	**(1,735)**	-
	4,193,182	3,918,699
Supplementary information with hotel properties in operation at valuation		
Revalued total assets	**20,892,000**	17,410,000
Revalued net assets	**13,574,000**	12,227,000

38 EXTRACTS FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ASIA STANDARD HOTEL GROUP LIMITED (CONTINUED)

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31st March 2019

	2019 **HK$'000**	2018 HK$'000
Net cash generated before working capital changes	**742,851**	436,404
Change in working capital	**(2,520,898)**	(2,735,627)
Net cash used in operating activities	**(1,778,047)**	(2,299,223)
Net cash used in investing activities	**(283,084)**	(136,875)
Net cash generated from financing activities	**1,986,394**	2,399,031
Net decrease in cash and cash equivalents	**(74,737)**	(37,067)
Cash and cash equivalents at the beginning of the year	**190,892**	228,508
Changes in exchange rates	**(3,190)**	(549)
Cash and cash equivalents at the end of the year	**112,965**	190,892

39 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 27th June 2019.