Asia Standard Hotel Group Limited

Annual Report 2019

HKSE Stock Code: 292

Contents

Corporate Information

DIRECTORS

Executive

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

Independent Non-executive

Mr. Ip Chi Wai
Mr. Leung Wai Keung, *JP*
Mr. Hung Yat Ming

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Mr. Lee Tai Hay, Dominic

REGISTERED OFFICE

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Bermuda

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Telephone 2866 3336
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PRINCIPAL BANKERS

Bank of China (Hong Kong)
Hang Seng Bank
HSBC
Chiyu Banking Corporation
Fubon Bank (Hong Kong)
Industrial and Commercial Bank of China (Asia)
Industrial and Commercial Bank of China (Canada)
Shanghai Commercial Bank
Bank of Singapore
Bank Morgan Stanley
UBS
Bank Julius Baer
Credit Suisse AG
Deutsche Bank

LEGAL ADVISERS

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Hong Kong

Appleby
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1 Connaught Place, Central,
Hong Kong

AUDITOR

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

SHARE REGISTRAR IN BERMUDA

MUFG Fund Services (Bermuda) Limited
4th Floor North,
Cedar House,
41 Cedar Avenue,
Hamilton HM12,
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

Financial Highlights

For the year ended 31st March (in HK$ million, except otherwise indicated)	**2019**	2018	Change
Consolidated profit and loss account			
Revenue	**1,199**	843	+42%
Operating profit	**537**	260	+107%
Depreciation	**(113)**	(121)	-7%
Net finance costs	**(183)**	(82)	+123%
Profit attributable to shareholders of the Company	**340**	172	+98%
Earnings per share – basic (HK cents)	**16.8**	8.5	+98%
Consolidated balance sheet			
Total assets	**11,512**	9,101	+26%
Net assets	**4,193**	3,919	+7%
Net debt	**6,639**	4,675	+42%

Supplementary information with five (2018: four) hotel properties in operation stated at valuation (note):

Revalued total assets	20,892	17,410	+20%
Revalued net assets	13,574	12,227	+11%
Gearing – net debt to revalued net assets	49%	38%	+11%

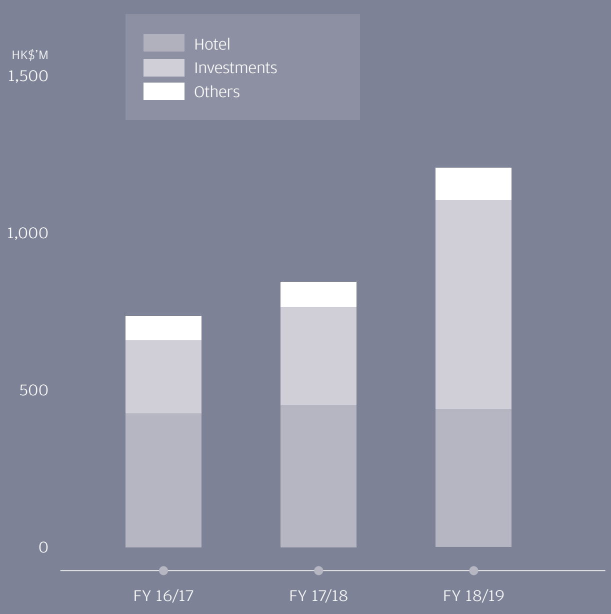
Note: According to the Group's accounting policies, the hotel properties in operation were carried at cost less accumulated depreciation. To give further information on the economic substance of its hotel properties investments, the Group hereby presents supplementary unaudited financial information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

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

Chairman's Statement

I am pleased to report that the Group had recorded a consolidated net profit of approximately HK$340 million as compared to HK$172 million from last year. Such increase was mainly attributable to an increase of investment income from the Group's listed debt investment portfolio.

Segment revenue



Rendering of the two towers planned for **1468 Alberni Street, Vancouver**

In terms of our main business, our hospitality performance had further improved with the introduction of our new operational hotel in Tsim Sha Tsui in December 2018, coupled with improving tourism performance and infrastructure in Hong Kong.

In Canada, our Group's premium residential development in downtown Vancouver has achieved a total of approximately HK$823 million contracted sales of residential units up to 31st March 2019. The Group's other joint venture development in the vicinity had passed the public hearing for rezoning in September 2018 and the Urban Design Panel for development permit application in April 2019.

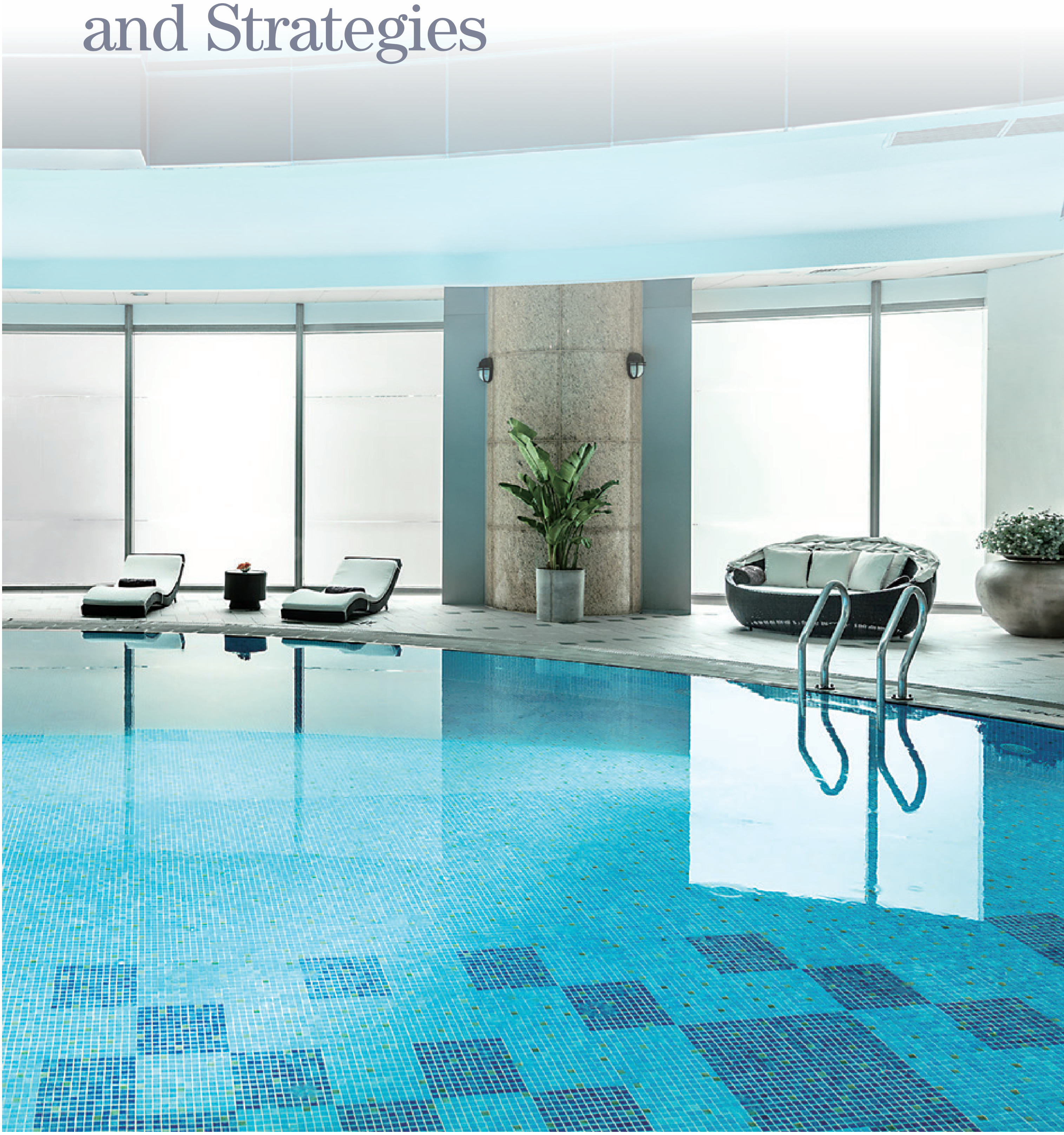
Basic earnings per share during the year was HK16.8 cents (2018: HK8.5 cents), and the Group had a revalued net assets increase of 11% to HK$13.6 billion at the balance sheet date.

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

Poon, Jing
Chairman

Hong Kong, 27th June 2019

Business Model and Strategies



Business Model and Strategies

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

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

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

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

(iii) Focus on profitable growth on the Company's solid recurring income from its investment portfolio
The Group has a stable investment portfolio generating a recurring and steady income stream. The Group's investment portfolio provides a liquidity buffer and recurring income as well as a diversified cash flow stream, enabling us to finance existing hotel extension projects and seize potential investment as opportunities arise.

(iv) Continue to manage risk effectively, through a prudent financial management policy
The Group aims to monitor risk and manage exposures to a range of debt maturities and a range of debt types in a disciplined and prudent manner. The Group strives to maintain a strong financial position with a healthy level of liquidity and gearing.

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

Management Discussion and Analysis

RESULTS

The Group's revenue for the fiscal year ended 31st March 2019 amounted to HK$1,199 million, an increase of 42% when compared with the last year. Profit attributable to shareholders of the Company increased by 98% to HK$340 million. Such increase was mainly attributable to significant increases in operating profits arising from (i) hospitality operations mostly from improved average daily room rates, and (ii) financial investments primarily due to higher investment income from the debt securities portfolio. This difference was partially offset by higher finance costs from increased market interest rates and bank borrowings.

Family rooms at **Empire Prestige Tsim Sha Tsui**

HOTEL BUSINESS

Between April 2018 and March 2019, the tourism industry in Hong Kong had experienced a strong growth with cumulative arrivals for all visitors to Hong Kong surged by 13% year on year to over 68 million, and those who stayed overnight surged by 6% year on year to over 30 million. Tourist influx from Mainland China, which made up just under 80% of all visitors, showed a dramatic increase of 16.7%. The arrival of more than 30 million overnight visitors, including 20.6 million from China also had set a record high.

The hospitality market in Hong Kong has also experienced a strong growth from the revival of the tourism, and the finite supply of hotel rooms has led to an upward adjustment of hotel room rates. As of March 2019, the total Hong Kong hotel room supply was approximately 83,000, increased by 5% from the same period of last year.

During the year, our hospitality assets in Hong Kong have achieved a 93% occupancy, while average room rates have increased by 10% from the same period of last year.

Landmark on Robson in the West-end district of Vancouver

DEVELOPMENT PROJECTS

Located adjacent to our existing hotel in Tsim Sha Tsui, the Group's newly addition of the 90-room hotel had commenced operation in December 2018. It has since achieved an over 90% occupancy during the four months of operations.

In Vancouver, the demolition work of our Empire Landmark Hotel located close in the downtown commercial core on Robson Street is currently underway. Since January 2018, a total of CAD$140 million (approximately HK$823 million) contracted sales of residential units in this development has been achieved up to 31st March 2019.

Another developable property located next to our Empire Landmark Hotel at the Robson Street is in the planning stage for development.

The Group's joint venture residential development on Alberni Street is on course to obtain the development permit from the local authority, in which it has received the public hearing approval for rezoning in September 2018 and the Urban Design Panel approval for development permit application in April 2019.

In April 2018, the Group, through another joint venture with which it owns a 40% equity interest, has completed the acquisition of another property also located at Alberni Street in downtown Vancouver for redevelopment into premium residential units for sale. The total consideration of the acquisition was CAD$130 million (equivalent to approximately HK$764 million).

FINANCIAL INVESTMENTS

The Group has adopted the new accounting standard HKFRS 9 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) to be recognised through reserve while expected credit loss and impairment to 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 and impairment charges when incurred through profit and loss account. Further details of the nature and effect of the changes to previous accounting policies can be referred to note 2 of the notes to the financial statements.

As at 31st March 2019, the Group's financial investment portfolio consisted almost entirely of listed securities amounted to HK$6,987 million (31st March 2018: HK$4,936 million). The increase in value of the portfolio during the year was mainly attributable to net investments made in debt securities offset by a mark to market fair value loss during the year.

Approximately 92% of our investment portfolio comprised of listed debt securities that were issued mostly by companies operating real estate business in China, approximately 7% comprised listed equity securities (all of which were issued by major banks), and 1% comprised unlisted fund securities. They were denominated in Hong Kong dollars 3% and United States dollars 97%.

During the year, a total of HK$653 million (2018: HK$309 million) in interest and dividend income were generated from the investment portfolio. The increase in interest and dividend income was due to an enlarged debt portfolio from additional investments. Notwithstanding this increase in income, a net investment loss of HK$134 million (2018: HK$59 million) was charged to profit and loss while the mark-to-market valuation loss on listed debt securities of HK$81 million were recognised in the investment reserve account pursuant to HKFRS 9. The net investment loss comprised mostly changes in the expected credit loss and impairment charges of listed debt securities, and the fair value loss of listed equity securities.

FINANCIAL REVIEW

The financing and treasury activities of the Group are centrally managed and controlled at the corporate level. At 31st March 2019, the Group had about HK$2.9 billion cash and undrawn banking facilities.

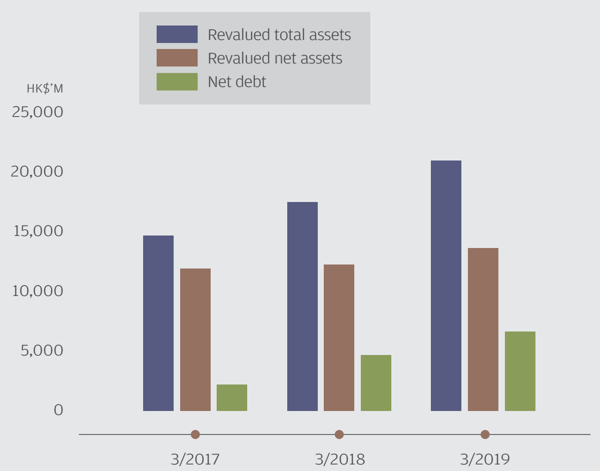
The Group's total assets per book amounted to HK$11,512 million (31st March 2018: HK$9,101 million). Based on independent valuation, the total revalued amount of our hotel properties in Hong Kong as at 31st March 2019 was HK$12,298 million, increased by 15% when compared with that as at 31st March 2018. The increase was mainly due to addition of the revalued amount of our new 90-room Empire Prestige in Tsim-Sha-Tsui, which has commenced operation in December 2018. The revalued total assets of the Group with hotel properties in Hong Kong at market value would be HK$20,892 million (31st March 2018: HK$17,410 million).

The net assets per book amounted to HK$4,193 million (31st March 2018: HK$3,919 million), of which the increase was mainly due to an increase of income from enlarged debt securities investment portfolio. Taking into account the market value of the hotel properties in operation, the revalued net asset value of the Group would be HK$13,574 million (31st March 2018: HK$12,227 million).

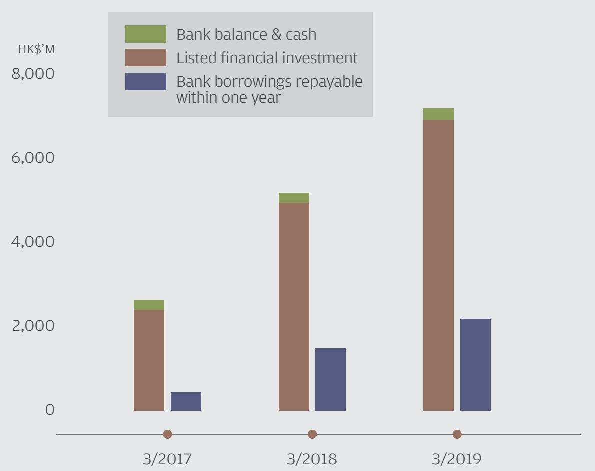
The consolidated net debt (total debt less cash balance) was HK$6,639 million (31st March 2018: HK$4,675 million). The total debt comprised HK$6,719 million of bank borrowings and HK$199 million convertible notes. 98% of the gross bank borrowings or HK$6,559 million was denominated in Hong Kong dollars, and the remaining 2% or to the equivalent of HK$160 million were in foreign currencies incurred in operations and investment in financial assets overseas. Total interest cost increased as a result of increased market interest rates and bank borrowings.

Of the total bank borrowings, 23% were revolving loans (of which 16% is secured), 56% were secured term loans, and the remaining 21% were unsecured term loans. The maturity of our bank borrowings spread over a period of up to five years with 33% repayable within one year, 15% repayable between one to two years, and 52% repayable within three to five years. Convertible notes, accounting for 3% of total debt, are unsecured and repayable in February 2047.

Revalued total assets, revalued net assets and net debt



Liquidity & cash reserves



At 31st March 2019, the Group had net current assets of HK$5,231 million (31st March 2018: HK$3,799 million), and bank balances together with listed marketable securities of HK$7,169 million represent 3.3 times of the bank borrowings of HK$2,188 million due within 12 months.

The Group's gearing ratio, expressed as a percentage of net debt over the revalued net asset value, was 49% (31st March 2018: 38%).

The carrying value of hotel properties, property under development for sale and financial assets pledged as collateral for banking facilities of the Group as at 31st March 2019 amounted to HK$4,559 million (31st March 2018: HK$3,653 million).

HUMAN RESOURCES

As at 31st March 2019, the total number of full-time employees of the Company and its subsidiaries was approximately 300 (2018: 280). In addition to salary payment, the Group provides other benefits including insurance, share options, medical scheme and retirement plans and others to its employees.

OUTLOOK

The demand for hotel rooms in Hong Kong is expected to remain robust upon improving visitors' growth, and with improving tourism infrastructure in the territory and Mainland China's on-going liberalization of restrictions on outbound tourism.

The general property market outlook in Vancouver, Canada has been partly subdued by the local government policies aiming to curb foreign demand in real estate. However, given Vancouver's limited supply of residential development, a vacancy rate of sub 1% in downtown area, an annual average influx of thirty thousand immigrants and migrants for the past ten years, its globally recognized status of world's most habitable city, we remain optimistic in the long term prospect of the Vancouver real estate market.

While China's economic outlook remained uncertain amid ongoing trade tension, the central government is expected to expand its economic stimulus covering spending such as food, transportation, and housing, and monetary easing, all of which could weigh on confidence, market sentiment, and eventually on activity, depending on their ultimate scope.

The management, while continuously monitoring macroeconomic developments and risks to the outlook, remains cautiously optimistic towards the performance of the Group in the rapidly changing environment.

Five-year Financial Summary

Year ended 31st March (in HK$ million)	**2019**	2018	2017	2016	2015
Results					
Revenue	**1,199**	843	737	677	700
Gross profit	**950**	604	498	445	473
Depreciation	**(113)**	(121)	(116)	(84)	(87)
Net investment (loss)/gain	**(134)**	(59)	243	71	(105)
Net finance costs	**(183)**	(82)	(40)	(33)	(10)
Profit for the year attributable to shareholders of the Company	**340**	172	433	251	120
Assets and liabilities					
Total assets	**11,512**	9,101	6,374	5,788	5,159
Total liabilities	**(7,319)**	(5,182)	(2,647)	(2,333)	(1,894)
Non-controlling interests	**2**	-	-	-	-
Equity attributable to shareholders of the Company	**4,195**	3,919	3,727	3,455	3,265

Supplementary information with hotel properties in operation stated at valuation:

Revalued total assets	**20,892**	17,410	14,621	13,263	12,709
Revalued net assets	**13,574**	12,227	11,872	10,875	10,782

Principal Properties

		Group's interest	Approx. site area (sq.ft.)	Approx. gross floor area (sq.ft.)
HOTEL PROPERTIES				
01	**Empire Hotel Hong Kong** 33 Hennessy Road, Wanchai, Hong Kong	100%	10,600	184,000 (363 rooms)
02	**Empire Hotel Kowloon** 62 Kimberley Road, Tsim Sha Tsui, Kowloon	100%	11,400	220,000 (343 rooms)
03	**Empire Hotel Causeway Bay** 8 Wing Hing Street, Causeway Bay, Hong Kong	100%	6,200	108,000 (280 rooms)
04	**Empire Prestige Causeway Bay** 8A Wing Hing Street, Causeway Bay, Hong Kong	100%	2,000	31,000 (94 rooms)
05	**Empire Prestige Tsim Sha Tsui** 8 Kimberley Street, Tsim Sha Tsui, Kowloon (opened in Dec 2018)	100%	2,800	34,000 (90 rooms)

		Group's interest	Approx. site area (sq.ft.)	Approx. gross floor area (sq.ft.)	Type	Stage
PROPERTIES UNDER DEVELOPMENT FOR SALE						
06	**Landmark on Robson** 1400 Robson Street Vancouver, B.C., Canada (expect completion in 2023)	100%	41,000	400,000	Residential/ Commercial	Demolition
07	1394 Robson Street Vancouver, B.C., Canada	100%	8,600	75,000	Residential	Planning
08	1468 Alberni Street Vancouver, B.C., Canada	40%	43,300	627,000	Residential/ Commercial	Planning
09	1650 Alberni Street Vancouver, B.C., Canada	40%	17,300	276,000	Residential/ Commercial	Planning

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 employees 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.

Table – A1.1 Air Emissions in Total & Intensity

	2019	2018
NOx emissions (i) (kg)	**39.72**	42.70
SOx emissions (i) (kg)	**0.33**	0.37
PM emissions (ii) (kg)	**0.31**	0.35

(i) The data includes emissions from gaseous fuel consumption and vehicular emissions
(ii) The data only includes vehicular emissions

Table – A1.2 Greenhouse Gas Emissions Data in Total & Intensity

	2019	2018
Gross Floor Area ("GFA") ('000 m^2)	**56**	55
Scope 1 emissions ('000 kg)	**98**	106
(kg per m^2)	**1.75**	1.94
Scope 2 emissions ('000 kg)	**10,408**	10,762
(kg per m^2)	**186**	196
Scope 3 emissions ('000 kg)	**95**	108
(kg per m^2)	**1.69**	1.97
Total Greenhouse Gas Emissions ('000 kg)	**10,601**	10,976
(kg per m^2)	**189**	200

Table – A1.3 Non-hazardous waste produced

	2019	2018
Construction and demolition waste (tonnes)	**3,754**	501
Recycled construction materials waste (tonnes)	**1,013**	328
Recycled used cartridges (pieces)	**238**	439
Recycled used cooking oil (liters)	**6,336**	3,951

A2 USE OF RESOURCES

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

The air cool chiller systems of both our Empire Hotel Hong Kong and Kowloon had been replaced by water cool in 2012 and 2017, respectively. The water cool system is environmental friendly and has 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 fan coil units, air handling units, laundry and kitchen equipment, electrical appliances and lighting have been enhanced to more energy-efficient models.

Table – A2.1 Direct & Indirect Energy Consumption & Intensity

	2019	2018
Total direct energy consumption – electricity ('000 kWh)	**14,577**	15,068
(kWh per m^2)	**261**	275
Total indirect energy consumption – fuel ('000 MJ)	**8,860**	9,434
(MJ per m^2)	**158**	172

Table – A2.2 Water Consumption & Intensity

	2019	2018
Water consumption ('000 m^3)	**161**	184
(m^3 per m^2)	**2.9**	3.4

A3 THE ENVIRONMENT AND NATURAL RESOURCES

To minimise waste generation, the Group incorporated various environmental initiatives in its hotel operation through working with our 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, staff are entitled to benefits including medical insurance and other competitive fringe benefits.

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

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

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

B5 SUPPLY CHAIN MANAGEMENT

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

Hospitality

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

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

Property Development

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

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

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

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

Caring for Society

"The Art of Caring" Community Care Program

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

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

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.

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

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.

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.

OLE[2] 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.

OLE[2] 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$684,000 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 and Suicide Prevention Services Limited.

Community Recognition

In 2019, the Group 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 individuals. The Chairman, Mr. Poon Jing is responsible for overseeing the functioning of the Board and the strategies and policies of the Group. The Chief Executive and Deputy Chairman, Dr. Lim Yin Cheng, is responsible for managing the Group's business. The biographical details and relationship of the Directors are disclosed in the biography of Directors set out in the Directors and Senior Management section.

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

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

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

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

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

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

Director	**Title**	**Number of meetings attended/ Number of meetings held**	
		Board meeting	**General meeting**
Mr. Poon Jing	Chairman	2/4	0/1
Dr. Lim Yin Cheng	Deputy Chairman and Chief Executive	4/4	1/1
Mr. Poon Hai	Executive Director	3/4	0/1
Mr. Poon Yeung, Roderick	Executive Director	3/4	1/1
Mr. Fung Siu To, Clement	Executive Director	4/4	1/1
Mr. Woo Wei Chun, Joseph	Executive Director	4/4	1/1
Mr. Ip Chi Wai	Independent Non-executive Director	4/4	1/1
Mr. Leung Wai Keung	Independent Non-executive Director	4/4	1/1
Mr. Hung Yat Ming	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 gender, age, cultural and education background, industry experience, qualifications, skills, knowledge, and professional ethics. During the year ended 31st March 2019, the Board reviewed the composition and diversity of the Board and considered that balance and diversity of perspective is maintained across the Board.

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.

In addition, for re-election of Directors at general meeting, the Board shall review the overall contribution and service to the Company, expertise and professional qualifications of the retiring Directors to determine whether such Director continues to meet the criteria as set out by the Board. During the year, the Board reviewed the retiring Directors and recommended them to be re-elected at the Company's forthcoming annual general meeting.

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

The Audit Committee currently comprises all the Independent Non-executive Directors, Mr. Hung Yat Ming (as the Chairman), Mr. Leung Wai Keung and Mr. Ip Chi Wai. The terms of reference were revised and adopted by the Board in compliance with the Code. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process, risk management and internal controls and review of the published financial statements. The Audit Committee meets at least twice a year. During the year, the Audit Committee met twice to review the Company's annual and interim financial statements, the recommendation by the auditor on enhancement of risk management and internal controls and the effectiveness of the internal audit function. All the members except Mr. Leung Wai Keung had attended the meetings held during the year. 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 as 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 from time to time and at any time to appoint any person as a director, either to fill a casual vacancy or as an addition to the Board. Any director so appointed shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting;

(3) Code Provision E.1.2 of the Code provides that the chairman of the board of the company should attend the annual general meetings. Mr. Poon Jing, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 30th August 2018 due to his other engagements at the relevant time; and

(4) Code Provision C.2.5 of the Code provides that 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 report to duty in June 2019.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

RISK MANAGEMENT

The Board has the overall responsibilities of establishing, maintaining and operating sound and effective risk management and internal control systems 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 on-going 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 were in place 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 controls 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 48 to 49 in Report of the Directors.

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

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

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

AUDITOR'S REMUNERATION

PricewaterhouseCoopers has been appointed as the auditor of the Company by the shareholders at the annual general meeting. The services provided by PricewaterhouseCoopers include audit, taxation related and other services. A statement by PricewaterhouseCoopers about their reporting responsibilities as the auditor of the Company is included in the Independent Auditor's Report on pages 53 to 59 of this annual report.

For the year ended 31st March 2019, the amounts of HK$4,807,000 (2018: HK$4,773,000) charged to the financial statements of the Group for their audit services. Taxation services, review on interim results and other services provided by PricewaterhouseCoopers to the Group amounted to HK$814,000 (2018: HK$1,285,000).

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

A copy of the Requisition, or two or more copies which between them contain the signatures of all the Requisitionists, shall be lodged at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, 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 (6) weeks or less after the deposit of the Requisition, in which case the Requisition will be deemed to have been properly deposited; or (ii) not less than one (1) week before the relevant general meeting in the case of any other Requisition.

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

(II) PROCEDURE FOR SHAREHOLDERS TO CONVENE SPECIAL GENERAL MEETING

Shareholders holding not less than one-tenth (1/10) of the paid-up capital of the Company carrying the right of voting at the general meetings of the Company (the "SGM Requisitionists") may require the Board to convene a special general meeting of the Company ("SGM") by depositing a written requisition (the "SGM Requisition") at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, 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 three months after the deposit of the SGM Requisition.

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

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

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

PROFESSIONAL DEVELOPMENT

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

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

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

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

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

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

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

INVESTOR RELATIONSHIP

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

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

PROCEDURE FOR RAISING ENQUIRIES

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

DIVIDEND POLICY

The Board may declare dividends in the future after taking into account the Group's operations, earnings, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to the Company's constitutional documents and Bermuda Companies Act 1981, including the approval of the Shareholders. Future declarations of dividends may or may not be reflected from the Company's historical declarations of dividends and will be at the absolute discretion of the Board.

CONSTITUTIONAL DOCUMENTS

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

Directors and Senior Management

EXECUTIVE DIRECTORS

POON JING

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

LIM YIN CHENG

Aged 74, is the Deputy Chairman, the Chief Executive, an Executive Director and a member of the Remuneration Committee of the Company. He is also a director of certain subsidiaries of the Company. Dr. Lim is a holder of a Bachelor of Science (Chemical Engineering) and Doctor of Philosophy degrees. He has over 35 years of experience in engineering, project management and administration. He joined the Group in 1994. Dr. Lim is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors of the Company. He is also the brother-in-law of Mr. Poon Jing (the Chairman and an Executive Director of the Company) and Mr. Fung Siu To, Clement (an Executive Director of the Company).

POON HAI

Aged 33, is an Executive Director of the Company and Asia Orient. He is also an executive director and a member of the remuneration committee of ASI. He is also a director of certain subsidiaries of the Company. Mr. Poon holds a Bachelor of Commerce degree from the University of British Columbia. He is responsible for the business development and the project management of the Group. Mr. Poon is the son of Mr. Poon Jing (the Chairman and an Executive Director of the Company) and the brother of Mr. Poon Yeung, Roderick (an Executive Director of the Company). He is also the nephew of Dr. Lim Yin Cheng (the Deputy Chairman, the Chief Executive and an Executive Director of the Company) and Mr. Fung Siu To, Clement (an Executive Director of the Company). He joined the Group in 2009.

POON YEUNG, RODERICK

Aged 30, is an Executive Director of the Company, ASI and Asia Orient. He is also a director of certain subsidiaries of the Company. Mr. Poon holds a Bachelor of Commerce degree with a major in Real Estate from the University of British Columbia. He is responsible for the Group's project management, investment and business development. Mr. Poon is the son of Mr. Poon Jing (the Chairman and an Executive Director of the Company) and the brother of Mr. Poon Hai (an Executive Director of the Company). He is also the nephew of Dr. Lim Yin Cheng (the Deputy Chairman, the Chief Executive and an Executive Director of the Company) and Mr. Fung Siu To, Clement (an Executive Director of the Company). He joined the Group in 2012.

FUNG SIU TO, CLEMENT

Aged 70, is an Executive Director of the Company. He is also the Chairman, an executive director and a member of the remuneration committee of ASI and Asia Orient. He is also a director of certain subsidiaries of the Company. Mr. Fung is a holder of a Bachelor of Applied Science (Civil Engineering) degree and is also a fellow member of the Hong Kong Institution of Engineers. He joined the Group in 1994 and has over 35 years of experience in project management and construction. Mr. Fung is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors of the Company. He is also the brother-in-law of Mr. Poon Jing (the Chairman and an Executive Director of the Company) and Dr. Lim Yin Cheng (the Deputy Chairman, the Chief Executive and an Executive Director of the Company).

WOO WEI CHUN, JOSEPH

Aged 55, is an Executive Director and the Group Financial Controller of the Company. He is also a director of certain subsidiaries of the Company. Mr. Woo is qualified as a U.S. Certified Public Accountant (Illinois) and is an associate member of The Hong Kong Institute of Certified Public Accountants ("HKICPA"). He holds a bachelor degree in Accounting with Computing and a master degree in Business Administration. Mr. Woo has over 25 years of experience in accounting and finance. He joined the Group in 2006.

INDEPENDENT NON-EXECUTIVE DIRECTORS

IP CHI WAI

Aged 51. Mr. Ip graduated from The University of Hong Kong with a Degree of a Bachelor of Laws. He is a qualified solicitor in Hong Kong and has more than 20 years of experience in the legal profession. Mr. Ip is an Independent Non-executive Director and a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Ip is also an independent non-executive director and a member of the audit committee, the nomination committee and the remuneration committee of Dingyi Group Investment Limited and Wealthy Way Group Limited, all of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He joined the Group in 2003.

LEUNG WAI KEUNG, *JP*

Aged 56, is an Independent Non-executive Director and a member of the Audit Committee of the Company. Mr. Leung is currently a Barrister-at-Law. He has about 10 years of experience in accounting and financial management in several firms and thereafter been practicing as a barrister since 1996. He is also an independent non-executive director, a member of the audit committee and the remuneration committee of ASI. Mr. Leung is a member of HKICPA, The Hong Kong Institute of Chartered Secretaries ("HKICS"), The Association of Chartered Certified Accountants, The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Arbitrators. He was admitted to the High Court of Hong Kong as a barrister in 1994. He holds a master degree in Accounting and Finance from University of Lancaster and obtained a bachelor of laws from Manchester Metropolitan University. He was the President of HKICS in 2006. In 2007, Mr. Leung was appointed by the Government to sit on various statutory tribunals such as the Guardianship Board, the Registration of Persons Tribunal, the Board of Review and others. From 21st April 2012 to 20th April 2018, Mr. Leung also 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 of the Hong Kong Special Administrative Region. Mr. Leung joined the Group in 2004.

HUNG YAT MING

Aged 67. Mr. Hung has over 35 years of experience in audit, accounting and financial management in several firms in Sydney and Hong Kong and is a financial controller of a Hong Kong listed company. Mr. Hung is a member of The Institute of Chartered Accountants of Scotland and HKICPA. He graduated from The University of Hong Kong with a bachelor degree in Mathematics and obtained a post-graduate diploma in Accountancy from University of Strathclyde, Scotland. Mr. Hung is an Independent Non-executive Director and the Chairman of the Audit Committee and the Remuneration Committee of the Company. He is also an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of Asia Orient. He is also an independent non-executive director of Hong Kong Life Sciences and Technologies Group Limited, a company listed on the GEM of the Stock Exchange. He joined the Group in 2004.

SENIOR MANAGEMENT

NG SIEW SENG, RICHARD

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

TAI YUN LAM

Aged 62. Mr. Tai is the General Manager of the Group's travel agency operation. Mr. Tai has over 40 years experience in the travel industry and held senior positions in international airlines and travel agency companies. He joined the Group in 2009.

KWAN PO LAM, PHILEAS

Aged 60, is a director of certain subsidiaries of the Company. He is also an executive director of ASI and Asia Orient. Mr. Kwan is a holder of a Bachelor of Business Administration degree. He joined the Group in 1994 and is responsible for hotel development projects and leasing. He has over 30 years of experience in property sales, leasing and real estate management.

Note:

Details of directorships of the Directors in each of those companies which has an interest in the shares and underlying shares of the Company as disclosed under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance are set out as follows:-

1. Mr. Poon Jing, Dr. Lim Yin Cheng, Mr. Poon Hai and Mr. Fung Siu To, Clement are directors of The Sai Group Limited;
2. Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick and Mr. Leung Wai Keung are directors of ASI;
3. Mr. Poon Jing, Mr. Poon Hai and Mr. Fung Siu To, Clement are directors of Persian Limited;
4. Mr. Poon Jing, Dr. Lim Yin Cheng and Mr. Fung Siu To, Clement are directors of Asia Orient Holdings (BVI) Limited; and
5. Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement and Mr. Hung Yat Ming are directors of Asia Orient.

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 33 to the financial statements.

The activities of the Group are mainly based in Hong Kong and Canada. 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 60.

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

The Board of Directors (the "Board") recommends the payment of a final dividend of HK0.65 cent (2018: HK0.64 cent) per share, totaling HK$13,117,000 (2018: HK$12,915,000) for the year ended 31st March 2019.

In addition, subject to the approval of the shareholders at the annual general meeting to be held on 30th August 2019 for the proposed final dividend, pursuant to the deed poll of the convertible notes, the Company will pay coupon to the noteholders of HK0.65 cent (2018: HK0.64 cent) per convertible note, totaling HK$17,505,000 (2018: HK$17,236,000) 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 out on page 14.

EQUITY LINKED AGREEMENTS

Save as disclosed in the section "Share Option Schemes" on pages 45 to 47 and in the section "Convertible Notes" on page 47 and as set out in note 23 to the financial statements, no equity linked agreements were entered into during the year or subsisted at the end of the year.

SHARES ISSUED IN THE YEAR

Details of shares of the Company issued in the year ended 31st March 2019 are set out in note 25 to the financial statements.

DEBENTURES ISSUED DURING THE YEAR

Details of the convertible notes of the Company issued during the year are set out in note 23 to the financial statements and the section "Convertible Notes" on page 47.

PRINCIPAL PROPERTIES

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

DONATIONS

During the year, the Group made charitable and other donations of HK$684,000 (2018: HK$5,110,000).

DIRECTORS

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

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

Messrs. Woo Wei Chun, Joseph and Hung Yat Ming 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 companies was a party and in which a Director of the Company and his connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISIONS

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the share option schemes of the Company as disclosed on pages 45 to 47, and that of its ultimate holding company, Asia Orient Holdings Limited ("Asia Orient"), and Asia Standard International Group Limited ("ASI"), its intermediate holding company, at no time during the year were the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31st March 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

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

Note:

By virtue of Mr. Poon Jing's interest in the Company through Asia Orient and its subsidiaries as disclosed under the heading "Substantial Shareholders and Other Persons' Interests and Short Positions in Shares and Underlying Shares" below, Mr. Poon is deemed to be interested in the shares of all of the Company's subsidiaries.

(I) LONG POSITIONS IN SHARES (Continued)

(b) Associated corporations

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

Notes:

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

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

(II) LONG POSITIONS IN UNDERLYING SHARES

Interests in share options

(a) The Company

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

Notes:

(1) Options were granted under 2006 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$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.

(II) LONG POSITIONS IN UNDERLYING SHARES (Continued)

Interests in share options (Continued)

(b) Associated corporation – Asia Orient

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

Notes:

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

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

(c) Associated corporation – ASI

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

Notes:

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

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

(III) LONG POSITIONS IN UNDERLYING SHARES AND DEBENTURES

Interests in convertible notes

The Company

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

Note:

By virtue of Mr. Poon Jing's controlling interest in Asia Orient, he is deemed to be interested in the convertible notes held by Asia Orient and its subsidiaries which are convertible into 2,692,316,098 shares of the Company. The convertible notes are convertible during the period from 24th February 2017 and up to and including the date falling the 10th business date prior to 23rd February 2047 at the redemption value of HK$0.453 per convertible note. Please refer to the section "Convertible Notes" on page 47 for details of the convertible notes.

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

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

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31st March 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 the Chief Executive.

(I) LONG POSITIONS IN SHARES OF THE COMPANY

Shareholder	Capacity	Number of shares held	Total	Percentage (%)
The Sai Group Limited ("Sai Group")	Beneficial owner	1,298,709,227	1,298,709,227	64.35
ASI (note 1)	Interests in controlled corporation	1,298,709,227	1,298,709,227	64.35
Persian Limited ("Persian")	Beneficial owner	47,448,822	47,448,822	2.35
Asia Orient Holdings (BVI) Limited ("AOH(BVI)") (notes 2 and 3)	Interests in controlled corporation	1,346,158,049	1,346,158,049	66.70
Asia Orient (note 4)	Interests in controlled corporation	1,346,158,049	1,346,158,049	66.70
Wong Kwok Fong	Beneficial owner Family interest	183,088,366 60,000	183,148,366	9.07

(II) LONG POSITIONS IN UNDERLYING SHARES OF THE COMPANY

Interests in convertible notes

Noteholder	Capacity	Number of convertible notes held
Sai Group (note 5)	Beneficial owner	2,597,418,454
ASI (notes 1 and 5)	Interests in controlled corporation	2,597,418,454
Persian (note 5)	Beneficial owner	94,897,644
AOH(BVI) (notes 2, 3 and 5)	Interests in controlled corporation	2,692,316,098
Asia Orient (notes 4 and 5)	Interests in controlled corporation	2,692,316,098

Notes:

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

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

(3) Persian is a wholly owned subsidiary of AOH(BVI). AOH(BVI) is deemed to be interested in and duplicate the interest held by Persian.

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

(5) The convertible notes are convertible during the period from 24th February 2017 and up to and including the date falling the 10th business date prior to 23rd February 2047 at the redemption value of HK$0.453 per convertible note. Please refer to the section "Convertible Notes" on page 47 for details of the convertible notes.

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

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

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

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

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

The subscription price shall be at the discretion of the Board of Directors of the Company provided that it shall be not less than the highest of (i) the closing price of a share on the relevant date of grant; (ii) the average of the closing prices of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share. The 2006 Share Option Scheme was effective for 10 years from 28th August 2006 and expired on the tenth anniversary of such adoption date. Following the expiry of 2006 Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2006 Share Option Scheme and yet to be exercised shall remain valid and exercisable.

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

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

Grantee	Number of share options held 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 SHARE OPTION SCHEME")

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

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

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

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

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

CONVERTIBLE NOTES

On 23rd February 2017, the Company issued a total of 2,693,204,266 convertible notes (the "Note(s)") with principal amount of HK$1,220 million (a redemption value of HK$0.453 per Note) which bears interest at 0.1% per annum and have dividend entitlement in order to fulfill the public float requirement under the Listing Rules. The Notes were unsecured and redeemable. Where a final dividend on the shares has not been declared and paid in any particular year, the 0.1% coupon will be deferred until the next dividend payment (if previously unpaid) and the accumulated deferred coupon would be paid on maturity date.

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

During the year, no (2018: Nil) Notes were converted into ordinary shares of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company had not redeemed any of its shares. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACTS

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

BUSINESS REVIEW

A fair review of business of the Group, particulars of important events affecting the Group that have occurred since the end of the financial year, if any, an analysis using financial key performance indicators and indication of likely future development of the Group are set out in the section "Management Discussion and Analysis" on pages 8 to 13. Discussion on environmental policies and performance of the Group is set out in the sections "Environmental, Social and Governance Report" on pages 16 to 24 and "Report of the Directors" on pages 37 to 52.

COMPLIANCE WITH LAWS AND REGULATIONS

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risks pertaining to Hotel and Travel Operations

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

As 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, and 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 90 to 100.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

During the year ended 31st March 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 is set out in the section "Environmental, Social and Governance Report" on pages 16 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	39%
Percentage of purchases attributable to the Group's five largest suppliers	66%
Percentage of sales attributable to the Group's largest customer	45%
Percentage of sales attributable to the Group's five largest customers	61%

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

RELATED PARTY TRANSACTIONS

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

CONNECTED TRANSACTIONS

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

1. **ASHHL Tenancy Agreement**

   Pursuant to the tenancy agreement dated 29th July 2016 (the "ASHHL Tenancy Agreement) entered into between Asia Standard Hotel (Holdings) Limited ("ASHHL"), the Company's wholly owned subsidiary, and Tilpifa Company Limited ("Tilpifa"), a subsidiary of ASI, ASHHL leased an office situated in 29th Floor, YF Life Tower (formerly known as Asia Orient Tower, Town Place and MassMutual Tower), 33 Lockhart Road, Wanchai, Hong Kong (the "Premises") from Tilpifa for a period of two years commencing from 1st August 2016 to 31st July 2018 at a monthly rental of HK$413,580. The annual cap in respect of the amount of annual rent and related expense is HK$3,900,000, HK$5,900,000 and HK$2,000,000 for the years ended 31st March 2017, 2018 and 2019 (from 1st April 2018 to 31st July 2018) respectively.

   During the year ended 31st March 2019, a total rent and related expense of HK$1,747,000 (2018: HK$5,207,000) was paid by ASHHL to Tilpifa under the ASHHL Tenancy Agreement.

2. Renewed ASHHL Tenancy Agreement

The ASHHL Tenancy Agreement expired on 31st July 2018 and a new tenancy agreement was entered into between ASHHL and Tilpifa on 30th July 2018 (the "Renewed ASHHL Tenancy Agreement"). Pursuant to the Renewed ASHHL Tenancy Agreement, ASHHL leases the Premises from Tilpifa for a period of two years commencing from 1st August 2018 to 31st July 2020 at a monthly rental of HK$413,580. The annual cap in respect of the amount of annual rent and related expense is HK$4,300,000, HK$6,500,000 and HK$2,200,000 for the year ended 31st March 2019 (from 1st August 2018 to 31st March 2019) and years ending 2020 and 2021 (from 1st April 2020 to 31st July 2020) respectively.

During the year ended 31st March 2019, a total rent and related expense of HK$3,775,000 (2018: Nil) was paid by ASHHL to Tilpifa under the Renewed ASHHL Tenancy Agreement.

3. Project Management Services Agreement

Pursuant to a master agreement dated 28th March 2018 entered into between the Company and Winfast Engineering Limited ("Winfast"), a subsidiary of ASI, Winfast provides the project management services to the member(s) of the Group in connection with the regular building maintenance services, fitting-out works, improvement works and/or other works incidental thereto at the hotels owned and operated by and the properties owned by the Group (the "Project Management Services Agreement") for a period of three years commencing from 1st April 2018 to 31st March 2021. The annual cap in respect of the amount of project management fees is HK$5,000,000, HK$5,500,000 and HK$6,000,000 for the year ended 31st March 2019 and years ending 31st March 2020 and 2021 respectively.

During the year ended 31st March 2019, a total project management fees of HK$4,728,000 was paid by the subsidiaries of the Company to Winfast under the Project Management Services Agreement (2018: Nil).

Tilpifa and Winfast are indirect wholly owned subsidiaries of ASI, which is in turn a substantial shareholder of the Company holding approximately 64.35% of the issued share capital of the Company. Tilpifa, Winfast and ASI are regarded as connected persons of the Company under the Listing Rules. Accordingly, the ASHHL Tenancy Agreement, Renewed ASHHL Tenancy Agreement and Project Management Services Agreement constitute continuing connected transactions of the Company for the purpose of the Listing Rules.

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

Pursuant to Rule 14A.56 of the Listing Rules, the Board of Directors engaged the independent auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusion in respect of the above continuing connected transactions mentioned in sub-paragraphs 1 to 3 above. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Poon, Jing
Chairman

Hong Kong, 27th June 2019

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

OPINION

WHAT WE HAVE AUDITED

The consolidated financial statements ("Consolidated Financial Statements") of Asia Standard Hotel Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 60 to 144, 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.

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
- Recoverability of properties under 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 16 to the consolidated financial statements* 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.	The procedures we performed included: - 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
Recoverability of properties under development for sale *Refer to notes 4, 15 and 17 to the consolidated financial statements* The Group has a number of properties under development for sale 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.	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; and • Performing independent legal title searches and site visits of major projects; We found management's assessment of recoverability of property under development for sale was supported by the available evidence.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

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

The engagement partner on the audit resulting in this independent auditor's report is 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 and other revenue		**565,734**	551,546
Interest revenue		**633,645**	291,095
Total revenue	*5*	**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	*6*		
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	*10*	**(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	*11*	**(17,374)**	(7,259)
Profit for the year		**340,266**	171,830
Attributable to:			
Shareholders of the Company		**339,737**	171,830
Non-controlling interests		**529**	-
		340,266	171,830
Earnings per share (HK cents)			
Basic	*13*	**16.8**	8.5
Diluted	*13*	**7.5**	3.9

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2019

	2019 HK$'000	2018 HK$'000
Profit for the year	**340,266**	171,830
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value gains on debt securities at fair value through other comprehensive income	**27,484**	-
Net fair value gain on available-for-sale investments	**-**	32,661
Currency translation differences	**(13,662)**	8,265
Share of currency translation differences of joint ventures	**(19,890)**	9,236
Items that will not be reclassified to profit or loss:		
Net fair value loss on equity securities at fair value through other comprehensive income	**(30,784)**	-
	(36,852)	50,162
Total comprehensive income for the year	**303,414**	221,992
Attributable to:		
Shareholders of the Company	**305,149**	221,992
Non-controlling interests	**(1,735)**	-
	303,414	221,992

Consolidated Balance Sheet

As at 31st March 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment	*14*	**3,064,654**	3,120,422
Joint ventures	*15*	**456,251**	255,682
Financial investments	*16*	**211,006**	233,630
Deferred income tax assets	*24*	**11,441**	4,880
		3,743,352	3,614,614
Current assets			
Properties under development for sale	*17*	**456,141**	344,970
Inventories		**21,615**	14,091
Trade and other receivables	*18*	**232,163**	174,289
Income tax recoverable		**3,176**	2,698
Financial investments	*16*	**6,776,265**	4,702,718
Bank balances and cash	*19*	**278,913**	247,726
		7,768,273	5,486,492
Current liabilities			
Trade and other payables	*21*	**86,551**	139,740
Contract liabilities	*20*	**199,405**	-
Deposits received from sale of properties		**-**	56,833
Amount due to non-controlling interests		**39,225**	-
Borrowings	*22*	**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

Consolidated Balance Sheet

As at 31st March 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current liabilities			
Long term borrowings	22	**4,531,011**	3,258,698
Convertible notes	23	**199,126**	187,243
Deferred income tax liabilities	24	**51,203**	48,639
		4,781,340	3,494,580
Net assets		**4,193,182**	3,918,699
Equity			
Share capital	25	**40,361**	40,361
Reserves	26	**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

Lim Yin Cheng
Director

Woo Wei Chun, Joseph
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	*30*	**(1,594,536)**	(2,212,460)
Net income tax paid		**(13,219)**	(9,213)
Interest paid		**(171,116)**	(77,672)
Interest received from bank deposits		**824**	122
Net cash used in operating activities		**(1,778,047)**	(2,299,223)
Cash flows from investing activities			
Addition of property, plant and equipment		**(57,494)**	(111,463)
Proceeds on disposal of property, plant and equipment		**107**	393
Increase in investment in joint ventures		**(82,932)**	(3,351)
Advances to joint ventures		**(134,617)**	(14,418)
Purchase of financial investments		**(8,148)**	(8,036)
Net cash used in investing activities		**(283,084)**	(136,875)
Net cash used before financing activities		**(2,061,131)**	(2,436,098)
Cash flows from financing activities			
Drawdown of long term borrowings		**2,329,636**	2,135,106
Repayment of long term borrowings		**(1,105,620)**	(469,878)
Net increase in short term borrowings		**752,639**	763,834
Contribution from non-controlling interests		**38,670**	-
Dividend paid		**(12,915)**	(12,915)
Coupon to convertible noteholders		**(16,016)**	(17,116)
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
Analysis of the balances of cash and cash equivalents			
Bank balances and cash (excluding restricted cash balances)	*19*	**112,965**	190,892

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	40,361	3,686,377	3,726,738	-	3,726,738
Net fair value gain on available-for-sale investments	-	32,661	32,661	-	32,661
Currency translation differences	-	8,265	8,265	-	8,265
Share of currency translation differences of joint ventures	-	9,236	9,236	-	9,236
Profit for the year	-	171,830	171,830	-	171,830
Total comprehensive income for the year	-	221,992	221,992	-	221,992
2017 final dividend	-	(12,915)	(12,915)	-	(12,915)
Coupon to convertible noteholders	-	(17,116)	(17,116)	-	(17,116)
Total transaction with owners	-	(30,031)	(30,031)	-	(30,031)
At 31st March 2018	40,361	3,878,338	3,918,699	-	3,918,699
At 31st March 2018	40,361	3,878,338	3,918,699	-	3,918,699
Net fair value loss on financial assets at fair value through other comprehensive income	-	(3,300)	(3,300)	-	(3,300)
Currency translation differences	-	(13,662)	(13,662)	-	(13,662)
Share of currency translation differences of joint ventures	-	(17,626)	(17,626)	(2,264)	(19,890)
Profit for the year	-	339,737	339,737	529	340,266
Total comprehensive income/(charge) for the year	-	305,149	305,149	(1,735)	303,414
2018 final dividend	-	(12,915)	(12,915)	-	(12,915)
Coupon to convertible noteholders	-	(16,016)	(16,016)	-	(16,016)
Total transaction with owners	-	(28,931)	(28,931)	-	(28,931)
At 31st March 2019	**40,361**	**4,154,556**	**4,194,917**	**(1,735)**	**4,193,182**

1 GENERAL INFORMATION

Asia Standard Hotel Group Limited (the "Company") is a limited liability company incorporated in Bermuda and listed on The Stock Exchange of Hong Kong Limited ("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 available-for-sale ("AFS") investments, financial assets at fair value through profit or loss ("FVPL") and financial assets at fair value through other comprehensive income ("FVOCI"), which are carried at fair value, and in accordance with all applicable Hong Kong Financial Reporting Standard ("HKFRS").

The principal accounting policies applied by the Company and its subsidiaries (collectively, the "Group") in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

(B) THE ADOPTION OF NEW/REVISED 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 improvements to standards and interpretations of HKFRS that are effective for the first time for this year which are relevant to the Group's operations and are mandatory for accounting periods beginning on or after 1st January 2018:

Annual improvement	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 equity investments as at 31st March 2018 would be reclassified as financial assets at FVOCI. It would have no change to the fair value measurement method of the long term equity investments reclassified 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 are previously classified as financial assets at FVPL at 31st March 2018 are continued to be classified as financial assets at FVPL on 1st 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 losses 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.

The new impairment provisions under HKFRS 9 requires the recognition of impairment based on expected credit losses rather than only incurred credit losses as was 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 follow:

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	233,630	(233,630)	-
Financial assets at FVOCI	-	233,630	233,630
	233,630	-	233,630
Current assets			
Financial investments			
Financial assets at FVPL	4,702,718	(4,111,692)	591,026
Financial assets at FVOCI	-	4,111,692	4,111,692
	4,702,718	-	4,702,718
Reserves			
Investment revaluation reserve (previously named as AFS investments reserve)	80,770	(77,711)	3,059
Revenue reserve	1,557,642	77,711	1,635,353

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

HKFRS 9 (Continued)

Consolidated balance sheet (extracted) (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	211,006	(211,006)	–
Financial assets at FVOCI	–	194,762	194,762
Financial assets at FVPL	–	16,244	16,244
	211,006	–	211,006
Current assets			
Financial investments			
Financial assets at FVPL	6,776,265	(6,401,622)	374,643
Financial assets at FVOCI	–	6,401,622	6,401,622
	6,776,265	–	6,776,265
Reserves			
Investment revaluation reserve (previously named as AFS investments reserve)	49,986	(50,227)	(241)
Revenue reserve	1,895,932	50,227	1,946,159

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	1,159,374	40,005	1,199,379
Net investment loss	(64,961)	(68,556)	(133,517)
Income tax expense	(18,441)	1,067	(17,374)
Profit attributable to shareholders of the Company	367,221	(27,484)	339,737
Basic earnings per share (HK cents)	18.2	(1.4)	16.8
Consolidated statement of comprehensive income (extracted)			
Other comprehensive income			
Net fair value gain/(loss) on financial assets at FVOCI			
- Debt securities	–	27,484	27,484
- Equity securities	–	(30,784)	(30,784)
Net fair value loss on AFS investments	(30,784)	30,784	–
Total comprehensive income attributable to shareholder of the Company	305,149	–	305,149

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			
Deposits received from sale properties	56,833	(56,833)	-
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	**241,929**	**(9,766)**	**232,163**
Current liabilities			
Trade and other payables	**130,945**	**(44,394)**	**86,551**
Deposits received from sale properties	**164,777**	**(164,777)**	**–**
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 standards, amendments and improvements to standards are relevant to the Group's operation but not yet effective

Effective for accounting periods 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	Uncertainly 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 HKFRS16. 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 interests recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the 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.

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(D) SUBSIDIARIES

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

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

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

(E) JOINT ARRANGEMENTS

Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Investments in joint ventures are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's 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.

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(F) BALANCES WITH SUBSIDIARIES AND JOINT VENTURES

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

(G) FINANCIAL INVESTMENTS

(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 ("OCI") 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 and loss or OCI. 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)

(G) FINANCIAL INVESTMENTS (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 OCI, 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 in OCI is reclassified from equity to profit or loss and recognised "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)

(G) FINANCIAL INVESTMENTS (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 OCI, 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 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 1st 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(B) for further details.

(v) 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: financial assets at FVPL, loans and receivables and AFS investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments and other financial assets at initial recognition.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(G) FINANCIAL INVESTMENTS (Continued)

(v) 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 AFS 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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(G) FINANCIAL INVESTMENTS (Continued)

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

(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.

AFS investments 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 OCI.
- for other monetary and non-monetary securities classified as AFS – in OCI.

Details on how the fair value of financial instruments is determined are disclosed in note 16.

(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 AFS, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(G) FINANCIAL INVESTMENT (Continued)

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

(d) Impairment (Continued)

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.

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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(G) FINANCIAL INVESTMENT (Continued)

(vi) 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.

(H) PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

No depreciation is provided for hotel properties under development.

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(I)).

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) IMPAIRMENT OF NON-FINANCIAL ASSETS

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

(J) PROPERTIES UNDER DEVELOPMENT FOR SALE

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

(K) INVENTORIES

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

(L) TRADE AND OTHER RECEIVABLES

Trade 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 18 for further information about the Group's accounting for trade receivables and note 4(B) for a description of the Group's impairment policies.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(M) TRADE PAYABLES

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

(N) PROVISIONS

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

(O) BORROWINGS

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

(P) CONVERTIBLE NOTES

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(Q) EMPLOYEE BENEFITS

(i) Employee leave entitlements

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

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

(ii) Retirement benefits obligations

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

(iii) Share-based compensation

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

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

(R) CURRENT AND DEFERRED INCOME TAX

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(R) CURRENT AND DEFERRED INCOME TAX (Continued)

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

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

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

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

(S) SHARE CAPITAL

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

(T) SEGMENT REPORTING

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(U) REVENUE RECOGNITION

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

Revenue from hotel 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.

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

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

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

(V) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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 OCI.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(V) FOREIGN CURRENCY TRANSLATION (Continued)

(ii) Transactions and balances (Continued)

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 OCI.

(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 OCI.

On consolidation, currency translation differences arising from the translation of the net investment in foreign operations, are taken to OCI. When a foreign operation is sold, all of the differences accumulated in equity are reclassified to the 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 OCI.

(W) BORROWING COSTS

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(X) OPERATING LEASES

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

(Y) CASH AND CASH EQUIVALENTS

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

(Z) RELATED PARTIES

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

(AA) DIVIDEND DISTRIBUTION

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

(AB) FINANCIAL GUARANTEE (INSURANCE CONTRACTS)

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

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

3 FINANCIAL RISK MANAGEMENT

(I) FINANCIAL RISK FACTORS

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

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

The Group is also exposed to foreign currency risk with respect to financial assets at FVPL, financial assets at FVOCI, 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$6.9 billion (2018: HK$4.6 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.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

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

	2019			2018		
	Net monetary assets amount	**Increase/(decrease) in result attributable to shareholders of the Company if exchange rate changes by**		Net monetary assets/ (liabilities) amount	Increase/(decrease) in result attributable to 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
Euro	**3,052**	**132**	**(132)**	3,276	158	(158)
Renminbi	**767**	**32**	**(32)**	811	34	(34)
Sterling	**168**	**7**	**(7)**	162,604	8,102	(8,102)
Japanese Yen	**33**	**1**	**(1)**	(50,396)	(2,104)	2,104

(ii) Price risk

The Group is exposed to equity and debt securities price risk from the Group's financial investments. 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 financial assets at FVPL and financial assets at FVOCI (2018: financial assets at FVPL and AFS investments) are traded in HKEX, London Stock Exchange ("LSE"), New York Stock Exchange ("NYSE"), Singapore Stock Exchange ("SGX-ST") and Frankfurt Stock Exchange. Gains and losses arising from price changes in fair value of AFS investments/financial assets at FVOCI and financial assets at FVPL are dealt with in OCI and the profit and loss account respectively.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

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

	2019				2018			
	Increase/(decrease) in result attributable to shareholder of the Company if the price changes by		Increase/(decrease) in investment revaluation reserve of the Company if the price changes by		Increase/(decrease) in result attributable to shareholder of the Company if the price changes by		Increase/(decrease) in investment revaluation reserve of the Company if the price changes by	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at FVPL	39,089	(39,089)	-	-	468,437	(468,437)	-	-
Financial assets at FVOCI	-	-	657,607	(657,607)	-	-	-	-
AFS investments	-	-	-	-	-	-	(23,363)	23,363

(iii) Cash flow interest rate risk

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

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

At 31st March 2019, with all other variables held constant, if the interest rate had increased/decreased by 10 basis point, the Group's post tax profit would have been HK$5,422,000 (2018: HK$3,888,000) lower/higher.

(b) Credit risk

The credit risk of the Group mainly arises from bank balances and cash (note 19), debt securities of financial investments (note 16) as well as credit exposures to trade and other receivables (note 18).

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(b) Credit risk (Continued)

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

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)

Measurement of expected credit losses (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.

The Group had a total of HK$112,965,000 in unrestricted cash balances, and the unused portion of revolving credit facilities amounted to HK$2,578,857,000 as at 31st March 2019.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

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

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

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

	On demand HK$'000	Within 1 year HK$'000	Between 1 to 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flows HK$'000
At 31st March 2019					
Non-derivative financial liabilities					
Trade and other payables	**-**	**86,551**	**-**	**-**	**86,551**
Borrowings	**507,181**	**1,859,980**	**4,925,835**	**-**	**7,292,996**
Convertible notes	**-**	**-**	**-**	**1,255,363**	**1,255,363**
	507,181	**1,946,531**	**4,925,835**	**1,255,363**	**8,634,910**
At 31st March 2018					
Non-derivative financial liabilities					
Trade and other payables	-	139,740	-	-	139,740
Borrowings	900,303	683,549	3,457,130	-	5,040,982
Convertible notes	-	-	-	1,256,583	1,256,583
	900,303	823,289	3,457,130	1,256,583	6,437,305

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

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

	Within 1 year HK$'000	Between 1 to 5 years HK$'000	Total undiscounted cash flow HK$'000
31st March 2019	**73,491**	**–**	**73,491**
31st March 2018	2,664	78,142	80,806

(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, in addition to the net assets as shown in the consolidated balance sheet prepared in accordance with HKFRS. According to the Group's accounting policies, no properties are to be carried at valuation. Details of the valuation of the hotel properties in operation, prepared for readers' information only, are set out in note 14(a) to the financial statements.

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(II) CAPITAL RISK MANAGEMENT (Continued)

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

	2019 HK$'000	2018 HK$'000
Borrowings (note 22)	**6,719,055**	4,735,769
Convertible notes (note 23)	**199,126**	187,243
Less: bank balances and cash (note 19)	**(278,913)**	(247,726)
Net debt	**6,639,268**	4,675,286
Revalued net assets (note (a))	**13,574,000**	12,227,000
Gearing ratio against revalued net assets	**49%**	38%

Note:

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(III) FAIR VALUE ESTIMATION

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

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

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

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
2019			
Assets			
Financial investments			
Financial assets at FVPL	**293,215**	**564**	**97,108**
Financial assets at FVOCI	**194,762**	**6,401,622**	**–**
	487,977	**6,402,186**	**97,108**

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	588,439	4,114,279	–
AFS investments	225,546	–	8,084
	813,985	4,114,279	8,084

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

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

(iii) Financial instruments in level 3

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

Level 3 instruments comprised 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:

	Unlisted fund securities HK$'000
Balance at 1st April 2017	-
Acquisition	8,036
Fair value gain recognised in OCI	48
Balance at 31st March 2018	8,084
Acquisition	88,960
Fair value gain recognised in profit or loss	64
Balance at 31st March 2019	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) RECOVERABILITY OF PROPERTIES UNDER DEVELOPMENT FOR SALE

The Group assesses the carrying amounts of properties under development 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(B) IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

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.

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 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.

(C) 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 24), which principally relate to tax losses, depends on the management's expectation of future taxable profits that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

(D) 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 hotel operation, property development and securities investment. Revenue includes revenue from hotel and travel operations, interest income and dividend income.

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

	Hotel operation HK$'000	Property development HK$'000	Financial investments HK$'000	Others HK$'000	Total HK$'000
2019					
Segment revenue	441,438	344	654,845	102,752	1,199,379
Contribution to segment results	208,973	(23,088)	653,837	358	840,080
Depreciation	(92,273)	(18,310)	–	(2,386)	(112,969)
Net investment loss	–	–	(133,517)	–	(133,517)
Share of profits less losses of joint ventures	–	3,461	–	(550)	2,911
Segment results	116,700	(37,937)	520,320	(2,578)	596,505
Unallocated corporate expenses					(56,343)
Net finance costs					(182,522)
Profit before income tax					357,640

5 SEGMENT INFORMATION (Continued)

	Hotel operation HK$'000	Property development HK$'000	Financial investments HK$'000	Others HK$'000	Total HK$'000
2018					
Segment revenue	453,681	-	311,580	77,380	842,641
Contribution to segment results	203,717	(11,897)	310,919	(243)	502,496
Depreciation	(116,452)	(3,125)	-	(1,820)	(121,397)
Net investment loss	-	-	(58,621)	-	(58,621)
Share of profits less losses of joint ventures	-	1,882	-	(735)	1,147
Segment results	87,265	(13,140)	252,298	(2,798)	323,625
Unallocated corporate expenses					(62,088)
Net finance costs					(82,448)
Profit before income tax					179,089

Note:

(a) Hotel operation revenue

	2019 HK$'000	2018 HK$'000
Room rentals	**389,007**	388,686
Food and beverages	**40,019**	51,499
Ancillary services	**690**	2,780
Space rental	**11,722**	10,716
	441,438	453,681

5 SEGMENT INFORMATION (Continued)

	Business segments					
	Hotel operation HK$'000	Property development HK$'000	Financial investments HK$'000	Others HK$'000	Unallocated HK$'000	Total HK$'000
2019						
Assets	3,077,809	1,121,369	7,163,831	12,162	136,454	11,511,625
Assets include:						
Joint ventures	–	455,686	–	565	–	456,251
Addition to non-current assets*	58,062	79,338	–	47	658	138,105
Liabilities						
Borrowings	3,407,533	73,491	773,684	–	2,464,347	6,719,055
Other liabilities						599,388
						7,318,443
2018						
Assets	2,434,939	1,326,871	5,045,833	29,681	263,782	9,101,106
Assets include:						
Joint ventures	–	254,567	–	1,115	–	255,682
Addition to non-current assets*	32,691	94,358	–	1,878	3,776	132,703
Liabilities						
Borrowings	1,067,357	974,357	–	–	2,694,055	4,735,769
Other liabilities						446,638
						5,182,407

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

5 SEGMENT INFORMATION (Continued)

	2019	2018
	HK$'000	HK$'000
Revenue		
Hong Kong	**544,189**	471,290
Overseas	**655,190**	371,351
	1,199,379	842,641
Non-current assets*		
Hong Kong	**3,040,392**	3,076,708
Overseas	**480,513**	299,396
	3,520,905	3,376,104

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

6 NET INVESTMENT LOSS

	2019 HK$'000	2018 HK$'000
Financial assets at FVPL		
- net realised (loss)/gain (note (a))	(4,075)	33,513
- net unrealised loss from market price movements	(24,930)	(134,604)
- net unrealised exchange gain	67	42,470
	(28,938)	(58,621)
Financial assets at FVOCI		
- net realised gain (note (b))	25,384	-
- net unrealised exchange gain	1,492	-
- changes in expected credit losses and other credit impairment charges (note (c))	(131,455)	-
	(104,579)	-
	(133,517)	(58,621)

Notes:

(a) Net realised (loss)/gain on financial assets at FVPL

	2019 HK$'000	2018 HK$'000
Gross consideration	268,245	1,422,014
Cost of investments	(417,790)	(1,219,605)
Total (loss)/gain	(149,545)	202,409
Add/(less): net unrealised loss/(gain) recognised in prior years	145,470	(168,896)
Net realised (loss)/gain recognised in current year	(4,075)	33,513

6 NET INVESTMENT LOSS (Continued)

(b) Net realised gain on financial assets at FVOCI

	2019 HK$'000	2018 HK$'000
Gross consideration	1,911,547	-
Cost of investments	(1,865,488)	-
Total gain	46,059	-
Less: net unrealised gain recognised in prior years	(20,675)	-
Net realised gain recognised in current year	25,384	-

(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 allowance as at 31st March 2018	-
Amount restated through opening revenue reserve	39,544
Opening loss allowance as at 1st April 2018	39,544
Increase in loss allowance recognised in profit and loss account	131,455
Closing loss allowance as at 31st March 2019	170,999

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.

6 NET INVESTMENT LOSS (Continued)

Supplementary information of net investment gain on financial investments:

During the year, 2 equity securities and 7 debt securities had been disposed of/redeemed. Listed below were securities disposed/redeemed that contributed to the majority of realised gain:

	Realised gain/(loss) in this year HK$'000
Equity securities	
Royal Bank of Scotland ("RBS")	(15,215)
Orient Overseas (International) Limited ("OOIL")	11,109
Debt securities	
Ronshine China Holdings Limited ("Ronshine") 8.25% notes	20,841
Hydoo International Holding Limited ("Hydoo") 13.75% notes	3,255
Zhenro Properties Group Limited ("Zhenro") 8.5% notes	2,103
Others	(784)
	21,309

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).

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.

The unrealised gain/(loss) for the year was generated from the fair value changes of the financial investments that comprised 27 listed securities and 3 unlisted fund as at 31st March 2019. Please refer to note 16 for the details.

6 NET INVESTMENT LOSS (Continued)

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

	2019 HK$'000	2018 HK$'000
Listed equity securities	**(24,821)**	63,343
Listed debt securities	**1,386**	(155,477)
Unlisted fund securities	**64**	-
	(23,371)	(92,134)

7 INCOME AND EXPENSES BY NATURE

	2019 HK$'000	2018 HK$'000
Income		
Operating lease rental income for hotel buildings	**11,722**	10,716
Interest income from financial assets at FVOCI		
- Listed investments	**632,821**	290,973
Interest income from financial assets that are measured at amortised cost		
- Bank deposits	**824**	122
Dividend income		
- Listed investments	**20,061**	17,671
Gain on disposal of property, plant and equipment	**–**	37
Expenses		
Auditor's remuneration		
- Audit services	**4,807**	4,773
- Non-audit services	**814**	1,285
Cost of goods sold	**89,768**	76,554
Employee benefit expense including Director's emoluments (note 8)	**135,795**	146,583
Provision for impairment of trade and other receivables	**4,242**	819
Operating lease rental expense for land and buildings	**7,717**	5,957
Loss on disposal of property, plant and equipment	**1,348**	-

8 EMPLOYEE BENEFIT EXPENSE

	2019 HK$'000	2018 HK$'000
Wages and salaries	**134,507**	142,470
Retirement benefits costs (note (a))	**4,390**	6,357
	138,897	148,827
Less: Staff cost capitalised in property under development for sale	**(3,102)**	(2,244)
	135,795	146,583

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

Notes:

(a) Retirement benefits cost

	2019 HK$'000	2018 HK$'000
Gross contributions	**4,373**	4,732
Termination benefit	**17**	1,625
	4,390	6,357

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

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

The Group also participates in the MPF schemes, which are available to all employees not joining the ORSO schemes in Hong Kong and in the CPP organised by the Canadian Government for all employees in Canada. Monthly contributions to the MPF scheme and CPP are made equal to 5% (2018: 5%) and 5.10% (2018: 4.95%) respectively, or a fixed sum 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.

8 EMPLOYEE BENEFIT EXPENSE (Continued)

(b) Share options

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

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

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

Note:

Saved as above, during the year, no options were granted, exercised, cancelled or lapsed.

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	Employer's contribution to retirement benefits scheme	Total emoluments
2019 (in HK$'000)						
Executive						
Mr. Poon Jing	–	–	4,400	3,695	–	8,095
Dr. Lim Yin Cheng	–	1,200	–	1,009	–	2,209
Mr. Poon Hai	–	600	4,500	–	18	5,118
Mr. Poon Yeung, Roderick	–	420	4,500	–	18	4,938
Mr. Fung Siu To, Clement	–	–	–	–	–	–
Mr. Woo Wei Chun, Joseph	–	1,225	200	–	18	1,443
	–	3,445	13,600	4,704	54	21,803
Independent Non-executive						
Mr. Ip Chi Wai	200	–	–	–	–	200
Mr. Hung Yat Ming	150	–	–	–	–	150
Mr. Leung Wai Keung	150	–	–	–	–	150
	500	–	–	–	–	500
	500	3,445	13,600	4,704	54	22,303

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	Employer's contribution to retirement benefits scheme	Total emoluments
2018 (in HK$'000)						
Executive						
Mr. Poon Jing	-	-	4,400	3,715	-	8,115
Dr. Lim Yin Cheng	-	1,200	-	1,243	10	2,453
Mr. Poon Hai	-	600	4,500	-	18	5,118
Mr. Poon Yeung, Roderick	-	70	4,000	-	3	4,073
Mr. Fung Siu To, Clement	-	-	-	-	-	-
Mr. Woo Wei Chun, Joseph	-	1,200	200	-	18	1,418
	-	3,070	13,100	4,958	49	21,177
Independent Non-executive						
Mr. Ip Chi Wai	200	-	-	-	-	200
Mr. Hung Yat Ming	150	-	-	-	-	150
Mr. Leung Wai Keung	150	-	-	-	-	150
	500	-	-	-	-	500
	500	3,070	13,100	4,958	49	21,677

Notes:

(i) 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).

(ii) 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).

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

(b) The five highest paid individuals in the Group for the year include four (2018: four) Directors whose emoluments are already reflected in the analysis presented above. The emoluments payable to the remaining one (2018: one) individual during the year are as follows:

	2019 **HK$'000**	2018 HK$'000
Basic salaries, allowances and benefits in kind	**1,825**	1,800
Bonus	**450**	300
	2,275	2,100

The emoluments fell within the following band:

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

(c) Senior management remuneration by band

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

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

10 NET FINANCE COSTS

	2019	2018
	HK$'000	HK$'000
Interest expense		
Long term bank loans	**(130,612)**	(69,563)
Short term bank loan and overdrafts	**(40,522)**	(9,122)
Convertible notes	**(13,104)**	(12,252)
Interest capitalised (note)	**16,426**	23,755
	(167,812)	(67,182)
Other incidental borrowing costs	**(16,548)**	(12,160)
Net foreign exchange gain/(loss) on borrowings	**1,838**	(3,106)
	(182,522)	(82,448)

Note:

Borrowing costs were capitalised at rates ranging from 2.21% to 3.87% (2018: 1.90% to 3.42%) per annum.

11 INCOME TAX EXPENSE

	2019 HK$'000	2018 HK$'000
Current income tax expense		
Hong Kong profits tax	**(19,678)**	(15,309)
Overseas profits tax	**(2,408)**	(2,120)
(Under)/over provision in prior years	**(351)**	3,568
	(22,437)	(13,861)
Deferred income tax credit	**5,063**	6,602
	(17,374)	(7,259)

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

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	**357,640**	179,089
Less: share of profits less losses of joint ventures	**(2,911)**	(1,147)
	354,729	177,942
Calculated at a tax rate of 16.5% (2018: 16.5%)	**(58,530)**	(29,360)
(Under)/over provision in prior years	**(351)**	3,568
Effect of different tax rates in other countries	**4,939**	1,232
Income not subject to income tax	**110,195**	60,893
Expenses not deductible for tax purposes	**(56,508)**	(30,515)
Tax losses not recognised	**(13,019)**	(9,720)
Utilisation of previously unrecognised tax losses	**124**	66
Others	**(4,224)**	(3,423)
Income tax expense	**(17,374)**	(7,259)

12 DIVIDENDS/COUPON ON CONVERTIBLE NOTES

	2019 **HK$'000**	2018 HK$'000
Dividend:		
- Interim, nil (2018: Nil)	**–**	–
- Final, proposed, of HK0.65 cent (2018: HK0.64 cent) per share to shareholders (note (a))	**13,117**	12,915
	13,117	12,915

At a meeting held on 27th June 2019, the Board has proposed to pay a final dividend to shareholders for the year ended 31st March 2019.

	2019 **HK$'000**	2018 HK$'000
Coupon of HK0.65 cent (2018: HK0.64 cent) per note to convertible note holders (note (b)):		
- fixed coupon	**1,220**	1,220
- additional coupon	**16,285**	16,016
	17,505	17,236

Notes:

(a) The amount of HK$13,117,000 (2018: HK$12,915,000) is based on 2,018,040,477 (2018: 2,018,040,477) issued shares as at 27th June 2019. The proposed final dividend are not reflected in the financial statements, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2020.

(b) According to the deed poll of the convertible notes, the holders of convertible notes are entitled to receive additional coupon on top of fixed coupon such that the total coupon per note received is the same as dividend per share received by ordinary shareholders. The amount of HK$17,505,000 (2018: HK$17,236,000) is based on 2,693,120,010 (2018: 2,693,120,010) convertible notes outstanding as at 27th June 2019. The fixed coupon of HK$1,220,000 (2018: HK$1,220,000) is calculated as 0.1% of redemption value of the convertible notes for that period and was reflected as convertible notes interest under "net finance costs" for the year ended 31st March 2019. The additional coupon in excess of the fixed coupon of HK$16,285,000 (2018: HK$16,016,000) will be reflected as an appropriation of revenue reserve in the coming financial year.

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	**339,737**	171,830
Effect of dilutive potential shares:		
Interest expense saved on convertible notes	**13,104**	12,252
Profit for calculation of diluted earnings per share	**352,841**	184,082

	Number of shares	
Weighted average number of shares for calculation of basic earnings per share	**2,018,040,477**	2,018,040,477
Effect of dilutive potential shares:		
Share options of the Company assumed to be exercised	**5,040,077**	9,425,161
Convertible notes assumed to be converted at the beginning of the year	**2,693,120,010**	2,693,120,010
Weighted average number of shares for calculation of diluted earnings per share	**4,716,200,564**	4,720,585,648
Basic earnings per share (HK cents)	**16.8**	8.5
Diluted earnings per share (HK cents)	**7.5**	3.9

14 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Plant and equipment HK$'000	Total HK$'000
Cost			
At 31st March 2017	4,026,978	590,051	4,617,029
Currency translation differences	13,008	3,084	16,092
Additions	41,323	86,206	127,529
Transfer to properties under development for sale	(61,979)	-	(61,979)
Disposals/written off	(294,812)	(84,984)	(379,796)
At 31st March 2018	3,724,518	594,357	4,318,875
Accumulated depreciation			
At 31st March 2017	1,001,846	442,273	1,444,119
Currency translation differences	9,455	2,922	12,377
Charge for the year	82,519	38,878	121,397
Disposals/written off	(294,812)	(84,628)	(379,440)
At 31st March 2018	799,008	399,445	1,198,453
Net book value			
At 31st March 2018	2,925,510	194,912	3,120,422
Cost			
At 31st March 2018	3,724,518	594,357	4,318,875
Currency translation differences	-	(1,549)	(1,549)
Additions	20,311	39,480	59,791
Disposals	-	(2,764)	(2,764)
At 31st March 2019	**3,744,829**	**629,524**	**4,374,353**
Accumulated depreciation			
At 31st March 2018	799,008	399,445	1,198,453
Currency translation differences	-	(414)	(414)
Charge for the year	60,546	52,423	112,969
Disposals	-	(1,309)	(1,309)
At 31st March 2019	**859,554**	**450,145**	**1,309,699**
Net book value			
At 31st March 2019	**2,885,275**	**179,379**	**3,064,654**

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

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

	2019 HK$'000	2018 HK$'000
Land and buildings	**2,813,087**	2,925,510
Plant and equipment	**104,410**	89,451
	2,917,497	3,014,961

Supplementary information with hotel properties in operation at valuation:

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

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

The hotel properties portfolio in Hong Kong comprised five (2018: four) 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.

(b) As at 31st March 2019, the aggregate net book value of hotel properties pledged as security for loans amounted to HK$2,917,497,000 (2018: HK$2,942,774,000).

(c) As at 31st March 2018, the cost of hotel properties under development amounted to HK$669,816,000. The development was completed in June 2018.

15 JOINT VENTURES

	2019 **HK$'000**	2018 HK$'000
Share of net assets	**136,601**	57,233
Advances to joint ventures	**319,650**	198,449
	456,251	255,682

Advances of HK$317,800,000 (2018: HK$196,599,000) to joint ventures are made to finance a property development project in Canada. The advances are denominated in Canadian dollar. The advances are bearing interest at 15% (2018: 15%) per annum. The interest amounted to HK$45,426,000 (2018: HK$26,586,000).

Advances of HK$1,850,000 (2018: HK$1,850,000) to a joint venture are made to finance catering operation in Hong Kong. The advances are interest free and denominated in Hong Kong dollar.

The Group has provided financial guarantee for banking facilities granted to certain joint ventures (note 29). There are no contingat liabilities relating to the Group's interests in joint ventures.

The carrying amounts of the advances approximate their fair values.

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

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

	2019 **HK$'000**	2018 HK$'000
Profit before income tax	**2,911**	1,147
Income tax expense	**–**	-
Profit for the year	**2,911**	1,147
Other comprehensive (charge)/income	**(19,890)**	9,236
Total comprehensive (charge)/income for the year	**(16,979)**	10,383

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.

16 FINANCIAL INVESTMENTS

	2019 HK$'000	2018 HK$'000
Non-current assets		
Equity securities – Listed in Hong Kong	**194,762**	225,546
Unlisted fund	**16,244**	8,084
	211,006	233,630
Current assets		
Equity securities		
- Listed in the USA	**293,215**	318,036
- Listed in Europe	**–**	159,181
- Listed in Hong Kong	**–**	111,222
	293,215	588,439
Debt securities		
- Listed in Singapore	**5,887,977**	3,719,267
- Listed in Europe	**391,101**	395,012
- Listed in Hong Kong	**123,108**	-
	6,402,186	4,114,279
Unlisted fund	**80,864**	-
	6,776,265	4,702,718
	6,987,271	4,936,348
Financial investments are classified in the following categories:		
Non-current assets		
Financial assets at FVOCI	**194,762**	-
Financial assets at FVPL	**16,244**	-
AFS investments	**–**	233,630
	211,006	233,630
Current assets		
Financial assets at FVOCI	**6,401,622**	-
Financial assets at FVPL	**374,643**	4,702,718
	6,776,265	4,702,718
	6,987,271	4,936,348

16 FINANCIAL INVESTMENTS (Continued)

Financial investments are denominated in the following currencies:

	2019 HK$'000	2018 HK$'000
United States dollar	**6,791,945**	4,437,812
Hong Kong dollar	**194,762**	336,768
Euro	**564**	2,587
Sterling	**–**	159,181
	6,987,271	4,936,348

At 31st March 2019, financial investments equivalent of HK$1,185,580,000 (2018: HK$529,150,000) were pledged as security for borrowings.

Supplementary information of financial investments:

EQUITY SECURITIES AND UNLISTED FUNDS

As at 31st March 2019, the Group held 2 (2018: 4) listed equity securities and 3 (2018: 1) unlisted fund securities. The summary of equity and fund securities portfolio of financial investments as at 31st March 2019 and 2018 and their corresponding unrealised (loss)/gain and dividend income for the year ended 31st March 2019 and 2018 are as follows:

	Market value As at 31st March		Unrealised (loss)/gain		Dividend income	
	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000	2019 HK$'000	2018 HK$'000
Citigroup Inc. ("Citigroup")	**293,215**	318,036	**(24,821)**	38,958	**7,865**	5,254
HSBC Holdings PLC ("HSBC")	**194,762**	225,546	**(30,784)**	32,613	**12,196**	12,155
Royal Bank of Scotland ("RBS")	**-**	159,181	**-**	27,587	**-**	-
Orient Overseas (International) Limited ("OOIL)	**-**	111,222	**-**	(3,202)	**-**	262
Others	**97,108**	8,084	**64**	48	**-**	-
	585,085	822,069	**(55,541)**	96,004	**20,061**	17,671

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

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, all of equity and fund securities held by the Group are less than 0.03% shareholding of common shares of respective issuers.

16 FINANCIAL INVESTMENTS (Continued)

DEBT SECURITIES

As at 31st March 2019, the Group held 25 (2018: 14) debt securities that are all listed securities, 21 of them are listed in Singapore, 2 in Europe and 2 in Hong Kong. More than 99% (2018: more than 99%) of the mark to market valuation comprising 24 (2018: 12) 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 gain/(loss) 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	**6,818,698**	4,448,869
Investment cost	**6,607,976**	4,243,782
Market value	**6,402,186**	4,114,279
Coupon	**7.75% to 15.5%**	6% to 13.75%
Maturity	**Sep 2018 – Oct 2042**	Sep 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	**632,821**	290,973
Unrealised gain/(loss)		
– to profit and loss account	**1,386**	(155,477)
– to other comprehensive income	**(81,582)**	–

As at 31st March 2019, the 25 (2018: 14) listed debt securities gave rise to a net unrealised fair value loss of HK$80.2 million (2018: HK$155.5 million) for the year ended 31st March 2019. A total of 15 (2018: 7) debt securities have recorded unrealised fair value gain, with the remaining 10 (2018: 7) debt securities that recorded unrealised fair value losses.

As at 31st March 2019, the mark to market valuation of the largest single debt securities within the Group's financial investments represents approximately 8.6% (2018: 8.4%) of the Group's revalued total assets (note 3(II)(a)), and the mark to market valuation of the five largest debt securities held represents approximately 19.0% (2018: 17.8%). The remaining 20 debt securities represent 11.6% of the Group's revalued total assets, with each of them less than 1.9%.

16 FINANCIAL INVESTMENTS (Continued)

DEBT SECURITIES (Continued)

The five largest debt securities held at 31st March 2019 are listed below:

	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	1,789,320	28%	1,468,133	36%	(32,934)	(100,318)	186,356	110,078
Ronshine 11.25% notes	832,150	13%	-	-	43,533	-	9,391	-
Modern Land 15.5% notes	489,840	8%	-	-	13,687	-	10,117	-
Evergrande 8.75% notes	440,863	7%	467,814	11%	(26,950)	662	41,383	30,233
Xinyuan 8.875% notes	424,661	7%	190,091	5%	12,689	(4,006)	38,928	5,645

"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 SGX-ST and non-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 2025. The notes are rated "B" by S&P and listed on 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).

"Xinyuan 8.875% notes", issued by Xinyuan Real Estate Co., Ltd ("Xinyuan") and carries fixed coupon rate of 8.875% per annum. It is denominated in US$ and matures on 22nd November 2020. The notes are rated "B-" by S&P and listed on SGX-ST. Xinyuan is principally engaged in real estate development, and property management in the PRC. Its shares are listed on NYSE (stock code: XIN).

17 PROPERTIES UNDER DEVELOPMENT FOR SALE

	2019 HK$'000	2018 HK$'000
Freehold land	227,169	234,685
Development costs	228,972	110,285
	456,141	344,970

As at 31st March 2019, the aggregate carrying value of properties under development for sale pledged as security for loan amounted to HK$456,141,000 (2018: HK$180,896,000). The amount of properties under development for sale expected to be completed and recovered after more than one year is HK$456,141,000 (2018: HK$344,970,000).

18 TRADE AND OTHER RECEIVABLES

	2019 HK$'000	2018 HK$'000
Trade receivables	28,259	16,220
Less: Loss allowance	(7,340)	(3,098)
	20,919	13,122
Accrued interest and dividend receivable	176,539	109,478
Prepayments	23,985	21,954
Utility and other deposits	7,826	25,386
Other receivables	2,894	4,349
	232,163	174,289

18 TRADE AND OTHER RECEIVABLES (Continued)

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

	2019 HK$'000	2018 HK$'000
0 month to 6 months	20,784	13,122
7 months to 12 months	56	-
More than 12 months	79	-
	20,919	13,122

Movements on loss allowance for 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 the trade and other receivables approximate their fair values. They are denominated in the following currencies:

	2019 HK$'000	2018 HK$'000
Hong Kong dollar	40,960	51,694
United States dollar	171,516	104,457
Canadian dollar	19,687	18,138
	232,163	174,289

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.

19 BANK BALANCES AND CASH

	2019 **HK$'000**	2018 HK$'000
Cash at bank and in hand	**102,830**	140,853
Short term bank deposits	**10,135**	50,039
Cash and cash equivalents	**112,965**	190,892
Restricted cash balance (note)	**165,948**	56,834
	278,913	247,726

Restricted cash balances represent 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
Canadian dollar	**176,929**	79,843
United States dollar	**53,442**	21,706
Hong Kong dollar	**45,086**	141,220
Others	**3,456**	4,957
	278,913	247,726

20 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.

21 TRADE AND OTHER PAYABLES

	2019 HK$'000	2018 HK$'000
Trade payables	**21,094**	30,811
Accrued expenses	**46,995**	89,787
Construction and retention payables	**14,781**	13,935
Other payables	**3,681**	5,207
	86,551	139,740

Aging analysis of trade payables is as follows:

	2019 HK$'000	2018 HK$'000
0 month to 6 month	**20,300**	29,999
7 months to 12 months	**206**	343
More than 12 months	**588**	469
	21,094	30,811

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

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

	2019 HK$'000	2018 HK$'000
Hong Kong dollar	**76,670**	119,823
Canadian dollar	**9,881**	19,917
	86,551	139,740

22 BORROWINGS

	2019 HK$'000	2018 HK$'000
Current liabilities		
Short term bank loans		
Secured	**1,047,182**	744,430
Unsecured	**528,000**	79,950
Current portion of long term bank loans		
Secured	**478,429**	576,768
Unsecured	**134,433**	-
Portion of long term bank loans containing a repayment on demand clause, secured	**–**	75,923
	2,188,044	1,477,071
Non-current liabilities		
Long term bank loans		
Secured	**3,281,098**	1,874,352
Unsecured	**1,249,913**	1,384,346
	4,531,011	3,258,698
	6,719,055	4,735,769

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

	2019 HK$'000	2018 HK$'000
Repayable within one year	**612,862**	576,768
Repayable between one and two years	**1,033,757**	914,007
Repayable between two to five years	**3,497,254**	2,420,614
	5,143,873	3,911,389
Current portion included in current liabilities	**(612,862)**	(576,768)
	4,531,011	3,334,621

22 BORROWINGS (Continued)

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

	2019 HK$'000	2018 HK$'000
Hong Kong dollar	**6,559,214**	4,609,416
United States dollar	**86,350**	-
Canadian dollar	**73,491**	75,923
Japanese Yen	**–**	50,430
	6,719,055	4,735,769

The interest rates of the borrowings at the balance sheet date range from 2.73% to 4.14% (2018: 1.68% to 3.51%) per annum.

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

23 CONVERTIBLE NOTES

	2019 HK$'000	2018 HK$'000
At the beginning of the year	**187,243**	176,331
Interest expense (note 10)	**13,104**	12,252
	200,347	188,583
Coupon payable included in trade and other payables	**(1,221)**	(1,340)
At the end of the year	**199,126**	187,243

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

23 CONVERTIBLE NOTES (Continued)

Each noteholder has the option to convert the notes into fully paid ordinary shares on a one to one basis (subject to anti-dilutive adjustment due to certain corporate actions) at any time from the first business day immediately following the issue date up to and including the date falling on the 10th business day prior to the thirtieth anniversary of the issue date. Unless previously converted, the convertible notes will be redeemed on the thirtieth anniversary of the issue date at HK$0.453 each.

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

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

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

24 DEFERRED INCOME TAX

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

	2019 HK$'000	2018 HK$'000
Deferred income tax assets	**11,441**	4,880
Deferred income tax liabilities	**(51,203)**	(48,639)
	(39,762)	(43,759)

24 DEFERRED INCOME TAX (Continued)

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

DEFERRED INCOME TAX ASSETS

	Accelerated accounting depreciation		Tax loss		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	**20**	62	**22,029**	15,136	**22,049**	15,198
Recognised in profit and loss account	**1,782**	(42)	**4,198**	6,893	**5,980**	6,851
At the end of the year	**1,802**	20	**26,227**	22,029	**28,029**	22,049

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	**(65,808)**	(59,256)	**–**	(6,303)	**(65,808)**	(65,559)
Recognised in profit and loss account	**(913)**	(6,552)	**(4)**	6,303	**(917)**	(249)
Recognised in OCI	**–**	–	**(1,066)**	–	**(1,066)**	–
At the end of the year	**(66,721)**	(65,808)	**(1,070)**	–	**(67,791)**	(65,808)

Deferred income tax assets are recognised for tax loss carried forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$18 million (2018: HK$12 million) in respect of losses amounting to HK$79 million (2018: HK$62 million) that can be carried forward against future taxable income. As at 31st March 2019, except for tax losses of HK$29 million (2018: HK$62 million) which have no expiry date, the balance will expire at various dates up to and including 2039.

25 SHARE CAPITAL

Shares of HK$0.02 each	**Number of shares**	**Amount**
		HK$'000
Authorised:		
At 31st March 2018 and 2019	35,000,000,000	700,000

	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	**2,018,040,477**	2,018,040,477	**40,361**	40,361

Note:

During the year, no share (2018: Nil) was allotted and issued.

26 RESERVES

	Share premium HK$'000	Contributed surplus HK$'000	Convertible note redemption reserve HK$'000	Investments revaluation reserve HK$'000	Currency translation reserve HK$'000	Share option reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
At 31st March 2017	1,126,360	37	1,067,444	48,109	25,161	23,583	1,395,683	3,686,377
Fair value gain on AFS investments	-	-	-	32,661	-	-	-	32,661
Currency translation differences	-	-	-	-	8,265	-	-	8,265
Share of currency translation of joint ventures	-	-	-	-	9,236	-	-	9,236
Profit for the year	-	-	-	-	-	-	171,830	171,830
Share option lapsed	-	-	-	-	-	(20,160)	20,160	-
2017 final dividend to shareholders	-	-	-	-	-	-	(12,915)	(12,915)
2017 coupon to convertible note holders	-	-	-	-	-	-	(17,116)	(17,116)
At 31st March 2018	1,126,360	37	1,067,444	80,770	42,662	3,423	1,557,642	3,878,338
Representing:								
2018 proposed final dividend and coupon to convertible note holders	-	-	-	-	-	-	28,931	28,931
Others	1,126,360	37	1,067,444	80,770	42,662	3,423	1,528,711	3,849,407
At 31st March 2018	1,126,360	37	1,067,444	80,770	42,662	3,423	1,557,642	3,878,338
At 31st March 2018								
Previously reported	1,126,360	37	1,067,444	80,770	42,662	3,423	1,557,642	3,878,338
Impact on adoption of HKFRS 9	-	-	-	(77,711)	-	-	77,711	-
At 31st March 2018 (restated)	1,126,360	37	1,067,444	3,059	42,662	3,423	1,635,353	3,878,338
Net fair value loss on financial assets at FVOCI	-	-	-	(3,300)	-	-	-	(3,300)
Currency translation differences	-	-	-	-	(13,662)	-	-	(13,662)
Share of currency translation of joint ventures	-	-	-	-	(17,626)	-	-	(17,626)
Profit for the year	-	-	-	-	-	-	339,737	339,737
2018 final dividend to shareholders	-	-	-	-	-	-	(12,915)	(12,915)
2018 coupon to convertible note holders	-	-	-	-	-	-	(16,016)	(16,016)
At 31st March 2019	**1,126,360**	**37**	**1,067,444**	**(241)**	**11,374**	**3,423**	**1,946,159**	**4,154,556**
Representing:								
2019 proposed final dividend and coupon to convertible noteholders	-	-	-	-	-	-	29,402	29,402
Others	1,126,360	37	1,067,444	(241)	11,374	3,423	1,916,757	4,125,154
At 31st March 2019	**1,126,360**	**37**	**1,067,444**	**(241)**	**11,374**	**3,423**	**1,946,159**	**4,154,556**

27 COMMITMENTS

Commitments at the balance sheet date are as follows:

	2019 **HK$'000**	2018 HK$'000
Contracted but not provided for		
Property, plant and equipment	**4,251**	28,236
Contribution to joint ventures	**–**	6,074
	4,251	34,310

28 OPERATING LEASE ARRANGEMENTS

(A) LESSOR

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	**10,265**	3,337
In the second to fifth year inclusive	**3,876**	2,261
	14,141	5,598

(B) LESSEE

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	**7,167**	5,483
In the second to fifth year inclusive	**3,284**	1,576
	10,451	7,059

29 FINANCIAL GUARANTEES

	2019 **HK$'000**	2018 HK$'000
Guarantees for the banking and loan facilities of joint ventures	**385,486**	206,509

30 NOTES 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	**357,640**	179,089
Depreciation	**112,969**	121,397
Interest income	**(40,829)**	(122)
Impairment of trade and other receivables	**4,242**	819
Finance costs	**176,875**	77,784
Loss/(gain) on disposal of property, plant and equipment	**1,348**	(37)
Net investment loss	**133,517**	58,621
Share of profits less losses of joint ventures	**(2,911)**	(1,147)
Operating profit before working capital changes	**742,851**	436,404
Increase in properties under development for sale (excluding interest expense capitalised)	**(109,716)**	(55,597)
(Increase)/decrease in inventories	**(7,524)**	1,260
Increase in trade and other receivables	**(62,355)**	(79,432)
Increase in financial investments	**(2,138,281)**	(2,539,345)
(Decrease)/increase in trade and other payables	**(52,968)**	24,250
Increase in contract liabilities	**144,391**	-
Increase in deposits received from sale of properties	**–**	56,833
Increase in restricted bank balances	**(110,934)**	(56,833)
Net cash used in operations	**(1,594,536)**	(2,212,460)

30 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(B) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank borrowings HK$'000	Convertible notes HK$'000	Total HK$'000
At 31st March 2017	2,292,575	176,331	2,468,906
Financing cash flows			
New drawdown	2,429,062	-	2,429,062
Non-cash changes			
Amortisation of loan facilities fees and issue expense	7,496	-	7,496
Accrued interest relating to convertible notes	-	12,252	12,252
Coupon payable included in trade and other payables	-	(1,340)	(1,340)
Exchange translation differences	6,636	-	6,636
At 31st March 2018	4,735,769	187,243	4,923,012
At 31st March 2018	4,735,769	187,243	4,923,012
Financing cash flows			
New drawdown	1,997,019	-	1,997,019
Loan facilities fee paid	(20,364)	-	(20,364)
Non-cash changes			
Amortisation of loan facilities fees	10,900	-	10,900
Accrued interest relating to convertible notes	-	13,104	13,104
Coupon payable included in trade and other payables	-	(1,221)	(1,221)
Exchange translation differences	(4,269)	-	(4,269)
At 31st March 2019	**6,719,055**	**199,126**	**6,918,181**

31 RELATED PARTY TRANSACTIONS

The major shareholders of the Group are Asia Standard International Group Limited ("ASI") and Asia Orient Holdings Limited ("Asia Orient"), companies incorporated in Bermuda and listed in Hong Kong. As at 31st March 2019, Asia Orient owns effectively 66.7% of the Company's shares. The remaining 33.3% shares are widely held.

The details of balances and transactions with joint ventures are disclosed in note 15.

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

(A) SALES AND PURCHASES OF GOODS AND SERVICES

	2019 HK$'000	2018 HK$'000
Income from/(expense to) subsidiaries of Asia Orient		
Hotel and travel services (note (i))	**857**	975
Operating lease rental and management services (note (ii))	**(5,942)**	(5,627)
Project management service (note (iii))	**(4,728)**	(4,500)
Travel agency service income from related companies (note (i))	**84**	334

Notes:

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

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

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

(B) KEY MANAGEMENT COMPENSATION

	2019 HK$'000	2018 HK$'000
Fee	**500**	500
Salaries, allowances and benefits in kind	**24,503**	24,915
Employer's contribution to retirement benefits scheme	**72**	103
	25,075	25,518

Key management includes the Company's Directors and three (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.

32 BALANCE SHEET OF THE COMPANY

	2019 HK$'000	2018 HK$'000
Non-current assets		
Subsidiaries (note (a))	**–**	–
Current assets		
Amount due from subsidiaries	**4,190,139**	3,860,451
Trade and other receivables	**366**	360
Income tax recoverable	**78**	229
Bank balances and cash	**1,227**	882
	4,191,810	3,861,922
Current liabilities		
Trade and other payables	**2,828**	2,730
Borrowings, unsecured	**12,000**	29,950
	14,828	32,680
Net current assets	**4,176,982**	3,829,242
Non-current liabilities		
Convertible notes	**199,126**	187,243
Net assets	**3,977,856**	3,641,999
Equity		
Share capital	**40,361**	40,361
Reserves (note (b))	**3,937,495**	3,601,638
	3,977,856	3,641,999

Lim Yin Cheng
Director

Woo Wei Chun, Joseph
Director

32 BALANCE SHEET OF THE COMPANY (Continued)

Notes:

(a) As at 31st March 2019 and 2018, the shares of certain subsidiaries are pledged to secure loan facilities granted to the Group.

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

(b) Reserve movement of the Company

	Share premium HK$'000	Contributed surplus HK$'000	Convertible note redemption reserve HK$'000	Share option reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
At 31st March 2017	1,126,360	80,991	1,067,444	23,583	1,205,675	3,504,053
Profit for the year	-	-	-	-	127,616	127,616
Share options lapsed	-	-	-	(20,160)	20,160	-
2017 final dividend to shareholders	-	-	-	-	(12,915)	(12,915)
Coupon to convertible note holders	-	-	-	-	(17,116)	(17,116)
At 31st March 2018	1,126,360	80,991	1,067,444	3,423	1,323,420	3,601,638
At 31st March 2018	1,126,360	80,991	1,067,444	3,423	1,323,420	3,601,638
Profit for the year	-	-	-	-	364,788	364,788
2018 final dividend to shareholders	-	-	-	-	(12,915)	(12,915)
Coupon to convertible note holders	-	-	-	-	(16,016)	(16,016)
At 31st March 2019	**1,126,360**	**80,991**	**1,067,444**	**3,423**	**1,659,277**	**3,937,495**

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

33 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES

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

(A) SUBSIDIARIES

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

Name	Principal activity	Issued and fully paid/ Paid-up capital
Incorporated in Hong Kong		
Asia Standard Hotel (Holdings) Limited	Investment holding	HK$2
Empire Hotel International Company Limited	Securities investment	HK$2
JBC Travel Company Limited	Travel agency	HK$2,500,000
Master Asia Enterprises Limited	Hotel investment and operation	HK$10,000
Pacific Crown Enterprises Limited	Hotel investment and operation	HK$1
Stone Pole Limited	Hotel investment and operation	HK$10
Sure Luck Development Limited	Hotel investment and operation	HK$1
Vinstar Development Limited	Hotel investment and operation	HK$2

33 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (Continued)

(A) SUBSIDIARIES (Continued)

Name	Principal activity	Issued and fully paid/ Paid-up capital
Incorporated in the British Virgin Islands		
Asia Standard Hotel (BVI) Limited (i)	Investment holding	US$1
Assets Century Global Limited	Investment holding	US$1
Concept Eagle Limited	Investment holding	US$1
Enrich Enterprise Ltd. (ii)	Property investment	US$1
Greatime Limited	Securities investment	US$1
Master Style Global Limited	Securities investment	US$1
Onrich Enterprises Limited	Securities investment	US$1
Incorporated in Canada		
ASNA Alberni Holdings Limited	Investment holding	CAD$9,389,572
1488 Robson Street Holdings Ltd. (ii)	Investment holding	CAD$100
ASNA Robson Landmark Holdings Limited (ii)	Property development	CAD$34,188,125
ASNA Robson Landmark Developments Limited (ii)	Property development	CAD$5,212,664
1388 Robson Nominee Ltd. (ii)	Investment holding	CAD$100
AS 1388 Robson Holdings Limited (ii)	General partner	CAD$100
AS 1388 Robson Limited Partnership (ii)	Property development	CAD$8,582,100
Asia Standard Americas Limited (ii)	Property development management	CAD$100
1650 AS Alberni Holdings Limited (ii)	Property development	CAD$12,562,422

33 PRINCIPAL SUBSIDIARIES AND JOINT VENTURES (Continued)

(B) JOINT VENTURES

Name	Principal activity	Issued and fully paid/ paid-up capital	Group equity interest
Incorporated in Canada			
1488 Alberni Holdings Limited (ii)	General partner	CAD$100	40%
1488 Alberni Investment Limited (ii)	General partner	CAD$100	40%
1488 Alberni Development Holdings Limited Partnership (ii)	Property development	CAD$22,300,001	40%
1488 Alberni Investment Limited Partnership (ii)	Property development	CAD$1,173,681	40%
1650 Alberni Residential Ltd. (ii)	Property development	CAD$22,612,380	40%
1650 Alberni Commercial Ltd. (ii)	Property development	CAD$2,512,666	40%

Notes:

(i) Directly wholly owned by the Company

(ii) Operates in Canada

34 HOLDING COMPANIES

The Directors regard Asia Orient, incorporated in Bermuda and listed in Hong Kong, as being the ultimate holding company, and The Sai Group Limited, a wholly-owned subsidiary of ASI, a company incorporated in British Virgin Islands, as being the immediate holding company.

35 APPROVAL OF FINANCIAL STATEMENTS

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