Asia Standard Hotel Group Limited

Annual Report 2020

HKSE Stock Code: 292

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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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PRINCIPAL BANKERS

Hang Seng Bank
HSBC
Bank of China (Hong Kong)
Industrial and Commercial Bank of China (Asia)
Industrial and Commercial Bank of China (Canada)
Chiyu Banking Corporation
Fubon Bank (Hong Kong)
United Overseas Bank
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

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
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 HM 12,
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)	**2020**	2019	Change
Consolidated profit and loss account			
Revenue	**1,123**	1,199	-6%
Operating profit	**599**	537	+12%
Depreciation	**(135)**	(113)	+19%
Net finance costs	**(227)**	(183)	+24%
Profit attributable to shareholders of the Company	**383**	340	+13%
Earnings per share – basic (HK cents)	**19.0**	16.8	+13%
Consolidated balance sheet			
Total assets	**10,689**	11,512	-7%
Net assets	**3,519**	4,193	-16%
Net debt	**6,458**	6,639	-3%

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

Revalued total assets	19,527	20,892	-7%
Revalued net assets	12,358	13,574	-9%
Gearing – net debt to revalued net assets	52%	49%	+3%

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 were revalued by Vigers Appraisal & Consulting Limited, independent professional valuer, on an open market value basis.

Chairman's Statement

Landmark on Robson: Penthouse

I am pleased to report that the Group had recorded a consolidated net profit of approximately HK$383 million as compared to HK$340 million of last year. Such increase was primarily attributable to an increase of 27% in investment income from the listed debt investment portfolio, a core pillar of the Group's recurring income and liquid assets.

This year was highly challenging for our hotel operation as its performance was significantly impacted by the unprecedented strain from local socio-political instability and the worldwide outbreak of COVID-19. Considering the rapid and broad monetary and fiscal reaction, the global economy is expected to switch from intense short-term pain in the virus suppression cycle to steady recovery over the next six to twelve months. We remain cautiously optimistic and vigilant to these exceptional developments.

Our Landmark on Robson development continues to make progress despite limited economic shutdown in Vancouver, British Columbia, from the COVID-19 pandemic as the construction industry, which was declared an essential service, has remained ongoing. The new round of pre-sale is under preparation and will be launched once the COVID-19 pandemic threat ends. Up to 31st March 2020, a total of approximately CAD$140 million contracted sales of residential units has been achieved.

As financial markets are more volatile during this time of COVID-19 pandemic, we will capitalize on suitable investment opportunities when they arise.

Basic earnings per share during the year was HK19.0 cents (2019: HK16.8 cents), and the Group had a revalued net assets decrease of 9% to HK$12.4 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, 26th June 2020

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.

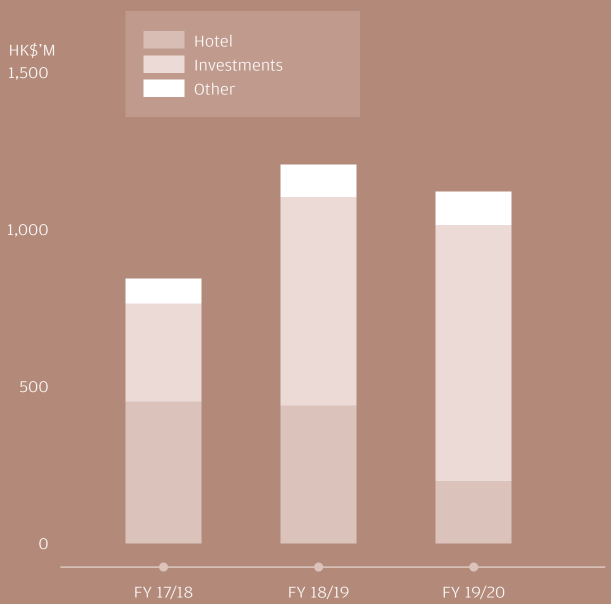
We are confident that our strategies will deliver maximum value to the shareholders in the long term.

Management Discussion and Analysis

RESULTS

The Group's revenue for the fiscal year ended 31st March 2020 amounted to HK$1,123 million, a decrease of 6% when compared with last year. Profits attributable to shareholders of the Company has, however, increased by 13% to HK$383 million. Such increase was mainly attributable to significant increase in operating profits from financial investments primarily due to more interest income from an enlarged portfolio of debt securities, and a reduction in net loss on investments in financial assets. This was partially offset by (i) a decrease in gross profit from the Group's hotel operation amidst the much-weakened tourism sentiment induced by the local social unrests and global COVID-19 pandemic, and (ii) a higher finance costs from increased market interest rates and bank borrowings.

Recurring income (Gross revenue)



Empire Hotel Hong Kong – Meeting room

HOTEL BUSINESS

Between April 2019 and March 2020, cumulative overnight tourists to Hong Kong had just hit 17.3 million, a decline of 42.5% in the year-over-year period, out of which 11.7 million came from mainland China, which dropped by 43.4% year on year. Overnight tourists from conventional long-haul and other short-haul markets (excluding mainland China) also reported decreases of 32.3% and 45.2%, respectively, throughout the period.

As of March 2020, Hong Kong's overall hotel room availability was approximately 84,000, up 1% from last year's same time.

The widespread local socio-political turmoil had greatly impacted our hotel performances between June 2019 and January 2020. While hotel performances showed signs of stability in late 2019, hotel sales loss deepened in the 4th quarter of the fiscal year as occupancy levels fell to a low double-digit with over 90% of last year's sales lost owing to worldwide lockdowns from COVID-19 outbreak. The management took immediate action to reduce operational costs, update capital spending plans, preserve cash resources, and retain adequate banking facilities to finance capital commitments and working capital needs.

Management Discussion and Analysis

Landmark on Robson: Penthouse bedroom

DEVELOPMENT PROJECTS

In Vancouver, the demolition works of our Empire Landmark Hotel situated near downtown commercial core on Robson Street has been completed. Excavation and shoring works are ongoing as the local on-site construction activities have been declared essential services. As of 31st March 2020, a total of approximately CAD$140 million contracted sales of residential units has been achieved from the project sales launch at the beginning of 2018, and the pre-sale will be relaunched as soon as the economy recovers from the pandemic threat.

Another developable site on the east of the Empire Landmark Hotel remains in the development planning stage.

The Group's joint venture residential development on Alberni Street in downtown Vancouver is in the process of securing a development permit from the municipal authority under which it obtained the Prior to Letter outlining the conditions for approval by the local city council in June 2019 for the issuance of development permit.

Also on Alberni Street, another joint venture development is under planning to be redeveloped into a premium residential tower for sale. The rezoning package has been submitted to the City in early 2020.

FINANCIAL INVESTMENTS

As at 31st March 2020, the Group's financial investment portfolio consisted almost entirely of listed securities amounted to HK$6,052 million (31st March 2019: HK$6,987 million). The decrease in value of the portfolio during the year was mainly attributable to a mark to market valuation loss recognised in the investment reserve account pursuant to HKFRS 9.

Approximately 97% of our investment portfolio comprised of listed debt securities that were issued mostly by companies operating real estate business in China, approximately 2% comprised listed banking stock, and 1% in unlisted funds. They were denominated in Hong Kong dollars 4% and United States dollars 96%.

During the year, a total of HK$814 million (2019: HK$653 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$47 million (2019: HK$134 million) consisting mostly foreign exchange losses and changes in the expected credit loss and impairment charges of listed debt securities, was charged to profit and loss while the mark-to-market valuation loss on listed debt securities of HK$825 million was recognised in the investment reserve account.

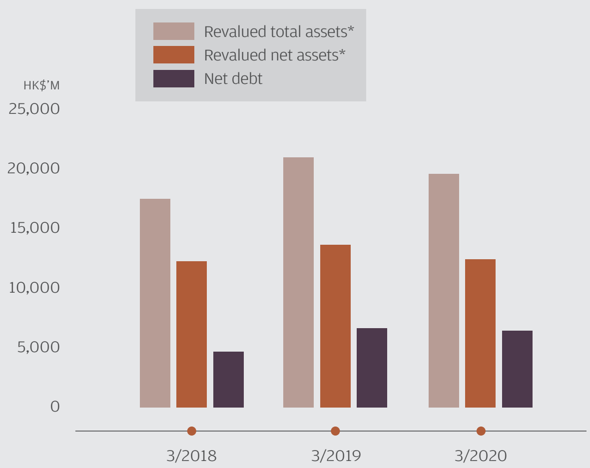
FINANCIAL REVIEW

The financing and treasury activities of the Group are centrally managed and controlled at the corporate level. At 31st March 2020, the Group had about HK$3 billion cash and undrawn banking facilities.

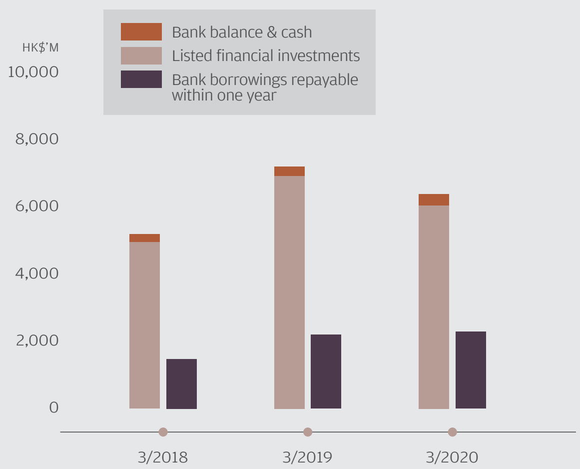
The Group's total assets per book amounted to HK$10,689 million (31st March 2019: HK$11,512 million). Based on independent valuation, the total revalued amount of our hotel properties in Hong Kong as at 31st March 2020 was HK$11,670 million, decreased by 5% when compared with that as at 31st March 2019. The decrease represents the much-weakened, short-term hotel operating performances owing to the ongoing pandemic. The revalued total assets of the Group with hotel properties in Hong Kong at market value would be HK$19,527 million (31st March 2019: HK$20,892 million).

The net assets per book amounted to HK$3,519 million (31st March 2019: HK$4,193 million), of which the decline was primarily caused by mark-to-market valuation losses on listed debt securities being recognised in other comprehensive income partially offset by profit for the year. Taking into account the market value of the hotel properties in operation, the revalued net asset value of the Group would be HK$12,358 million (31st March 2019: HK$13,574 million).

Revalued total assets*, revalued net assets* and net debt



Liquidity & cash reserves



* with hotel properties in operation stated at valuation

The consolidated net debt (total debt less cash balance) was HK$6,458 million (31st March 2019: HK$6,639 million). The total debt comprised HK$6,577 million of bank borrowings and HK$212 million convertible notes. 83% of the gross bank borrowings or HK$5,433 million was denominated in Hong Kong dollars, about 20% of which have been hedged against interest rate fluctuations by various interest rate swap contracts of HK$1,300 million in total. The remaining 17% or to the equivalent of HK$1,144 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, 18% were revolving loans (all of which is secured), 63% were secured term loans, and the remaining 19% were unsecured term loans. The maturity of our bank borrowings spread over a period of up to five years with 34% repayable within one year, 15% repayable between one to two years, and 51% repayable within three to five years. The unsecured convertible notes comprising 3% of total debt are held almost entirely by the parent groups, and are repayable by February 2047.

At 31st March 2020, the Group had net current assets of HK$4,443 million (31st March 2019: HK$5,231 million), and bank balances together with listed marketable securities of HK$6,348 million represent 2.8 times of the bank borrowings of HK$2,264 million due within 12 months.

The Group's gearing ratio, expressed as a percentage of net debt over the revalued net asset value, was 52% (31st March 2019: 49%).

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 2020 amounted to HK$4,929 million (31st March 2019: HK$4,559 million).

HUMAN RESOURCES

As at 31st March 2020, the total number of full-time employees of the Company and its subsidiaries was approximately 190 (2019: 300). 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 global economy continues to face an unprecedented challenge while Hong Kong and the PRC are anticipated to face exceptional obstacles in the coming economic conditions and operating climate amid the ongoing local anti-government protests against Hong Kong's extradition bill and national security legislation and trade & political tensions between the PRC and the US.

In the long run, Hong Kong remains well placed to benefit from the enormous business opportunities provided under the Belt and Road initiative, the internationalization of the RMB and the growth of the Greater Bay Area of Guangdong-Hong Kong-Macao as a key business service and logistics hub in the Asian Pacific. Once the COVID-19 pandemic ends and local social unrest gradually subsides, Hong Kong's economy will be strong enough to rebound and restore its growth momentum.

As Coronavirus fades in China, Chinese domestic property market revived through a combination of policy funding, developer rewards and a rebound in the economy. The Chinese-US conflict on trade and other external events continue to impose significant threat to the global economy, and management remains vigilant and careful in its threats and uncertainties.

Although the widespread economic instability as a result of COVID-19 pandemic may take some time to unfold, many countries have begun to reopen their economies gradually. Looking at the long-term, we remain optimistic in the Vancouver real estate market, backed by a number of factors driving demand, including low interest rates, a re-bounding employment market and immigration.

While we have prepared to take into account the impact and scale of such unforeseen external forces outside our influence, the management remains highly alert and keeps track of these exceptional events, particularly when the COVID-19 crisis has been controlled and the global economy can be returned to normal.

Five-year Financial Summary

Year ended 31st March (in HK$ million)	**2020**	2019	2018	2017	2016
Results					
Revenue	**1,123**	1,199	843	737	677
Gross profit	**929**	950	604	498	445
Depreciation	**(135)**	(113)	(121)	(116)	(84)
Net investment (loss)/gain	**(47)**	(134)	(59)	243	71
Net finance costs	**(227)**	(183)	(82)	(40)	(33)
Profit for the year attributable to shareholders of the Company	**383**	340	172	433	251
Assets and liabilities					
Total assets	**10,689**	11,512	9,101	6,374	5,788
Total liabilities	**(7,170)**	(7,319)	(5,182)	(2,647)	(2,333)
Non-controlling interests	**4**	2	-	-	-
Equity attributable to shareholders of the Company	**3,523**	4,195	3,919	3,727	3,455

Supplementary information with hotel properties in operation stated at valuation:

Revalued total assets	**19,527**	20,892	17,410	14,621	13,263
Revalued net assets	**12,358**	13,574	12,227	11,872	10,875

Principal Properties

	Group's interest	Approx. site area (sq.ft.)	Approx. gross floor area (sq.ft.)	Land lease expiry
HOTEL PROPERTIES				
01 **Empire Hotel Hong Kong** 33 Hennessy Road, Wanchai, Hong Kong	100%	10,600	184,000 (363 rooms)	2062
02 **Empire Hotel Kowloon** 62 Kimberley Road, Tsim Sha Tsui, Kowloon	100%	11,400	220,000 (343 rooms)	2047
03 **Empire Hotel Causeway Bay** 8 Wing Hing Street, Causeway Bay, Hong Kong	100%	6,200	108,000 (280 rooms)	2072
04 **Empire Prestige Causeway Bay** 8A Wing Hing Street, Causeway Bay, Hong Kong	100%	2,000	31,000 (94 rooms)	2072
05 **Empire Prestige Tsim Sha Tsui** 8 Kimberley Street, Tsim Sha Tsui, Kowloon	100%	2,800	34,000 (90 rooms)	2038

	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	Excavations & Shoring
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 2020 (the "reporting year") and addresses all the "comply or explain" provisions 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 were indirectly and principally generated from electricity and gases consumed at the workplace, vehicles and business travels by employees.

The Group did not generate hazardous waste from its business operation; discharges 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

	2020	2019
NOx emissions (i) (kg)	**25.11**	39.72
SOx emissions (i) (kg)	**0.26**	0.33
PM emissions (ii) (kg)	**0.31**	0.31

(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

	2020	2019
Scope 1 emissions (tonnes)	**90**	98
Scope 2 emissions (tonnes)	**9,816**	10,408
Scope 3 emissions (tonnes)	**63**	95
Total Greenhouse Gas Emissions (tonnes)	**9,969**	10,601

Table – A1.3 Non-hazardous waste produced

	2020	2019
Construction and demolition waste (tonnes)	**119**	220
Construction material consumed – concrete (m^3)	**15,156**	1,465
Construction material consumed – steel (tonnes)	**163**	–
Construction material consumed – timber (m^3)	**24**	–
Recycled construction materials waste (tonnes)	**1,015**	1,013
Recycled used cartridges (pieces)	**143**	238
Recycled used cooking oil (liters)	**4,446**	6,336

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.

The Group will continue to assess and record its water consumption data annually and compare it with last year's data to assist the Group in further developing our reduction targets in the future.

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

	2020	2019
Gross Floor Area ("GFA") ('000 m^2)	**55**	53
Total direct energy consumption – electricity ('000 kWh)	**13,628**	14,577
(kWh per m^2)	**248**	276
Total indirect energy consumption – fuel ('000 MJ)	**5,211**	8,860
(MJ per m^2)	**95**	168

Table – A2.2 Water Consumption & Intensity

	2020	2019
Water consumption ('000 m^3)	**108**	161
(m^3 per m^2)	**2.0**	3.1

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, as well as reduction in 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 reporting year in all material aspects.

B3 DEVELOPMENT AND TRAINING

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

In addition, our staff are 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.

Compliance with Laws and Regulations

Compliance procedures are in place to ensure adherence to applicable laws 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, 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 the society and communities in Hong Kong, a place in which we operate and have grown over the past decade. Focusing on 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 reporting 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 creation of art pieces and a series of educational workshops, learning events and life enriching activities. With over ten years of unrelenting, concerted efforts with SAHK, in 2019, the Empire Hotels group was awarded the "10 Years + Caring Company Logo" by the Hong Kong Council of Social Service ("HKCSS") to recognise its contribution to the community.

SAHK Angels in the Realm of Empire Glory musical performances at Empire Hotel Kowloon • Tsim Sha Tsui • December 2019

In celebration of this 10-year achievement and the unremitting commitment and effort that both organisations had put forth, a series of activities was organized from the first quarter of the fiscal year during April to June 2019. These activities were both educational and experiential including an Easter handicraft workshop for SAHK pre-school students with their parents, and work placement programme for six SAHK secondary school senior students. The commemoration of both parties' long-term endeavours culminated in the publication of a special feature in *Headline Daily* in mid-July 2019 and the production of specially-designed souvenir tote bags.

Amid the social unrest in Hong Kong from late July 2019, the Empire Hotels and SAHK had continued to forge planned programmes and activities ahead. SAHK Angels in the Realm of Empire Glory musical performances where school bands of three SAHK special schools performed festive Christmas music at the hotel lobby of Empire Hotel Kowloon • Tsim Sha Tsui on 23rd December 2019.

Regrettably, due to the outbreak of COVID-19 at the beginning of 2020 and its subsequent spread, all planned activities by Empire Hotels with SAHK during the first half of 2020 and onwards have to be deferred.

Charity Activities

The Group has during the reporting year made donations of HK$1,097,000 to a number of charitable organisations, such as Hong Kong Hereditary Breast Cancer Family Registry Limited, Hong Kong Breast Cancer Foundation Limited, APO Relief Fund Limited and Suicide Prevention Services Limited.

SPS (Suicide Prevention Services) Virtual Charity Walk & Carnival 2020

Community Recognition

In 2019, the Group was 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 the society and communities.

CORPORATE GOVERNANCE PRACTICES

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

BOARD OF DIRECTORS

The Board consists of six Executive Directors and three Independent Non-executive Directors. The posts of Chairman and Chief Executive are separate and are not held by the same individual. The Chairman, Mr. 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 ("AGM") 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 regularly and normally quarterly and is responsible for the formulation and reviewing of long-term business directions and strategies, monitoring the operations and financial performance of the Group and performing corporate governance functions set out in the Code. It also considers and approves future strategic plans and budgets for the Group. The management is delegated with the authority to make decisions and responsible for daily operations of the Group under the leadership of the Chief Executive. The management provides explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information put forward to the Board for approval. The Chief Executive, working with the other Executive Directors and the head of each division, is responsible for managing the business of the Group, including implementation of strategies adopted by the Board and assuming full accountability to the Board for operations of the Group. All Executive Directors have made full and active contributions to the affairs of the Board.

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

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

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

During the year, the Board held three 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	3/3	0/1
Dr. Lim Yin Cheng	Deputy Chairman and Chief Executive	3/3	1/1
Mr. Poon Hai	Executive Director	3/3	0/1
Mr. Poon Yeung, Roderick	Executive Director	3/3	1/1
Mr. Fung Siu To, Clement	Executive Director	3/3	1/1
Mr. Woo Wei Chun, Joseph	Executive Director	3/3	1/1
Mr. Ip Chi Wai	Independent Non-executive Director	3/3	1/1
Mr. Leung Wai Keung	Independent Non-executive Director	3/3	1/1
Mr. Hung Yat Ming	Independent Non-executive Director	3/3	1/1

BOARD DIVERSITY POLICY AND NOMINATION POLICY

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In assessing the composition of the Board, the Company will seek to achieve Board diversity through the consideration of a number of factors and measurable criteria, including but not limited to gender, age, cultural and education background, industry experience, qualifications, skills, knowledge, and professional ethics. During the year, the Board reviewed the composition and diversity of the Board with reference to the Directors' age, qualifications and industry experience as well as their familiarity with the Group's business and contributions to the Group.

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

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

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/or other benefits 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 benefits. 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 review and supervision of the Group's financial reporting process, risk management and internal control systems and review of the published financial statements. The Audit Committee meets at least twice a year. During the year, the Audit Committee met twice to review the Company's annual and interim financial statements, and the recommendation by the auditor on enhancement of risk management and internal control systems and the effectiveness of the internal audit function. All the members had attended the meetings held during the year except Mr. Leung Wai Keung had attended one meeting. The Audit Committee has reviewed the annual financial statements for the year ended 31st March 2020.

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 2020.

CORPORATE GOVERNANCE CODE

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

1. Code Provision A.1.1 of the Code provides that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year, three regular physical board meetings were held in the first three quarters of the financial year. Due to the COVID-19 pandemic outbreak, after consultation with the directors including independent non-executive directors, one regular physical board meeting scheduled to be held in March 2020 was postponed and subsequently cancelled as part of the prudent measures taken in line with the government's social distancing policy. The quarterly consolidated financial statements and financial review were sent to the directors to keep them abreast of the Company's latest developments. The Company will endeavour to hold at least four regular board meetings at approximately quarterly intervals, each year;

2. 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 AGM of the Company in accordance with the Bye-Laws;

3. 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 AGM of the Company and shall then be eligible for re-election at the meeting; and

4. 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 2019 due to his other engagements at the relevant time.

RISK MANAGEMENT AND INTERNAL CONTROL

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

RISK MANAGEMENT

The Board has the overall responsibilities of establishing, maintaining and operating sound and effective risk management and internal control systems which includes financial, operational and compliance controls. The Audit Committee, acting on behalf of the Board, reviews the effectiveness of the Company's risk management and internal control systems on an on-going basis and at least once in each financial year and reports to the Board. The management is responsible for designing, implementing and monitoring of the Group's risk management framework and internal control systems. The internal audit function facilitates improvement in the risk management process by assessing the effectiveness of the internal control systems 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 systems comprise 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 FUNCTION

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

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

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

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

For the financial year under review, two Audit Committee meetings with senior management and 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 on the effectiveness of the Company's risk management and internal control systems. The Board is of the view that the risk management and internal control systems in place for the financial year under review is effective and adequate 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 AGM. The services provided by PricewaterhouseCoopers include audit, taxation related and other services. A statement by PricewaterhouseCoopers about their reporting responsibilities as the auditor of the Company is included in the Independent Auditor's Report on pages 49 to 56 of this annual report.

For the year ended 31st March 2020, the amounts of HK$4,675,000 (2019: HK$4,807,000) charged to the financial statements of the Group for their audit services. Taxation services, review on interim results and other services provided by PricewaterhouseCoopers to the Group amounted to HK$1,266,000 (2019: HK$814,000).

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

A copy of the Requisition, or two or more copies which between them contain the signatures of all the Requisitionists, shall be lodged at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, 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 HM 10, 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 (3) months after the deposit of the SGM Requisition.

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

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

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

PROFESSIONAL DEVELOPMENT

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

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

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. A summary of training received by 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	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 65, is the Chairman and an Executive Director of the Company. He is also the Chief Executive, the Managing Director and an executive director of Asia Standard International Group Limited ("ASI") and Asia Orient Holdings Limited ("Asia Orient"). He is also a director of certain subsidiaries of the Company. He is the founder of the Group. Mr. Poon is the father of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors of the Company. He is also the brother-in-law of Dr. Lim Yin Cheng and Mr. Fung Siu To, Clement, the Deputy Chairman and an Executive Director of the Company respectively.

LIM YIN CHENG

Aged 75, 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 and Mr. Fung Siu To, Clement, the Chairman and an Executive Director of the Company respectively.

POON HAI

Aged 34, is an Executive Director of the Company and Asia Orient. He is also an executive director and a member of the remuneration committee of ASI. He is also a director of certain subsidiaries of the Company. Mr. Poon holds a Bachelor of Commerce degree from the University of British Columbia. He is responsible for the business development and the project management of the Group. Mr. Poon is the son of Mr. Poon Jing and the brother of Mr. Poon Yeung, Roderick, the Chairman and an Executive Director of the Company respectively. He is also the nephew of Dr. Lim Yin Cheng and Mr. Fung Siu To, Clement, the Deputy Chairman and an Executive Director of the Company respectively. He joined the Group in 2009.

POON YEUNG, RODERICK

Aged 31, is an Executive Director of the Company, ASI and Asia Orient. He is also a director of certain subsidiaries of the Company. Mr. Poon holds a Bachelor of Commerce degree with a major in Real Estate from the University of British Columbia. He is responsible for the Group's project management, investment and business development. Mr. Poon is the son of Mr. Poon Jing and the brother of Mr. Poon Hai, the Chairman and an Executive Director of the Company respectively. He is also the nephew of Dr. Lim Yin Cheng and Mr. Fung Siu To, Clement, the Deputy Chairman and an Executive Director of the Company respectively. He joined the Group in 2012.

FUNG SIU TO, CLEMENT

Aged 71, 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 and Dr. Lim Yin Cheng, the Chairman and the Deputy Chairman of the Company respectively.

WOO WEI CHUN, JOSEPH

Aged 56, 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 52. 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 25 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 57, 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 of the Hong Kong Special Administrative Region (the "Government") to sit on various statutory tribunals such as the Guardianship Board, the Registration of Persons Tribunal, the Board of Review and others. From 21st April 2012 to 20th April 2018, Mr. Leung 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. Mr. Leung joined the Group in 2004.

HUNG YAT MING

Aged 68. 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 68, 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 63. 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 61, 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 35 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 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 34 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 57.

The Company did not pay an interim dividend for the year ended 31st March 2020 (2019: Nil).

The Board has resolved not to recommend the payment of a final dividend for the year ended 31st March 2020 (2019: HK0.65 cent per share).

Pursuant to the deed poll in respect of the issue of the convertible notes (the "Notes") with redemption value of HK$0.453 each carrying an interest of 0.1% due 2047, the noteholders shall be entitled to a coupon of HK0.0454 cent (2019: HK0.65 cent) per Note (the "Coupon"). Since no final dividend was declared for the year ended 31st March 2020, the payment of the Coupon will be deferred until such time as a dividend of the Company is declared and paid.

FINANCIAL SUMMARY

A five-year financial summary of the results and of the assets and liabilities of the Group is set out on page 12.

EQUITY LINKED AGREEMENTS

Save as disclosed in the section "Share Option Schemes" on pages 41 to 43 and in the section "Convertible Notes" on page 43 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 2020 are set out in note 26 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 43.

PRINCIPAL PROPERTIES

Details of the principal properties of the Group are set out on page 13.

DONATIONS

During the year, the Group made charitable and other donations of HK$1,097,000 (2019: HK$684,000).

DIRECTORS

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

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

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

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

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

PERMITTED INDEMNITY PROVISIONS

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

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

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

As at 31st March 2020, 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 Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (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

		Number of shares held				
Director	Associated corporation	Personal interest	Family interest	Corporate interest	Total	Percentage of shares in issue (%)
Poon Jing	Asia Orient (note 1)	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 2019 and 31st March 2020
Poon Hai (note 1)	14,400,000
Poon Yeung, Roderick (note 1)	14,400,000

Notes:

(1) Options were granted on 11th December 2015 under 2006 Share Option Scheme (as described under the heading "Share Option Schemes") 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 2019 and 31st March 2020
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 2019 and 31st March 2020
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 43 for details of the convertible notes.

Save as disclosed above, as at 31st March 2020, none of the Directors or the Chief Executive 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 Part XV of the SFO) which (a) were 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 were 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 2020, 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 of the Company.

(I) LONG POSITIONS IN SHARES OF THE COMPANY

Shareholder	Capacity	Number of shares held	Total	Percentage of shares in issue (%)
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 43 for details of the convertible notes.

Save as disclosed above, as at 31st March 2020, the Directors of the Company were not aware of any other persons (other than the Directors and Chief Executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were 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 of the Company 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 of the Company 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 2019 and 31st March 2020
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.

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 a total 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 requirements 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 a redemption price equal to 100% of the principal amount.

During the year, no (2019: Nil) Notes was 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 6 to 11. Discussion on environmental policies and performance of the Group is set out in the sections "Environmental, Social and Governance Report" on pages 14 to 20 and "Report of the Directors" on pages 33 to 48.

COMPLIANCE WITH LAWS AND REGULATIONS

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

The Group has been allocating resources to ensure on-going 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 68% 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 83 to 93.

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 2020, 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 14 to 20.

MAJOR CUSTOMERS AND SUPPLIERS

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

Percentage of purchases attributable to the Group's largest supplier	38%
Percentage of purchases attributable to the Group's five largest suppliers	64%
Percentage of sales attributable to the Group's largest customer	35%
Percentage of sales attributable to the Group's five largest customers	54%

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 32 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 30th July 2018 (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 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 years ended 31st March 2019 (from 1st August 2018 to 31st March 2019) and 2020 and year ending 31st March 2021 (from 1st April 2020 to 31st July 2020) respectively.

   During the year ended 31st March 2020, a total rent and related expense of HK$5,664,000 (2019: HK$3,775,000) was paid by ASHHL to Tilpifa under the ASHHL Tenancy Agreement.

2. 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 years ended 31st March 2019, 2020 and year ending 31st March 2021 respectively.

During the year ended 31st March 2020, a total project management fees of HK$4,728,000 (2019: HK$4,728,000) was paid by the subsidiaries of the Company to Winfast for the Project Management Services Agreement.

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 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 2 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 Rule 3.13 of 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 was 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 at the forthcoming AGM of the Company.

On behalf of the Board

Poon, Jing
Chairman

Hong Kong, 26th June 2020

Independent Auditor's Report

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

OPINION

WHAT WE HAVE AUDITED

The consolidated financial statements of Asia Standard Hotel Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 57 to 140, which comprise:

- the consolidated balance sheet as at 31st March 2020;
- 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 2020, 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 judgment, 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
- Impairment of hotel properties

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, 16 and 18 to the consolidated financial statements* As at 31st March 2020, 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 or loss accounts. 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 Group's 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 assumption 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 are 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 2020. 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 feet 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 its recent transaction prices or 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.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of hotel properties *Refer to notes 4 and 14 to the consolidated financial statements.* The Group, through its subsidiaries holds five wholly owned hotel properties which are operating in Hong Kong. The carrying values of these hotel properties included in property, plant and equipment amounted to HK$2,732 million at 31st March 2020. Given the more challenging economic environment in Hong Kong and the impact of COVID- 19 pandemic, the Group's hotels incurred losses for the year ended 31st March 2020. With the uncertainties over the pace of business recovery, there is a risk that the carrying amounts of the hotel properties are higher than their recoverable amounts. Management considers each hotel as a separate cash-generating unit ("CGU") and has carried out impairment assessment on the carrying amount of each of the hotel. The recoverable amount is determined as the higher of the CGU's value-in-use and fair value less costs of disposal. Management has engaged independent valuer, to estimate the value-in-use of the hotel properties held by the Group as at 31st March 2020. Based on the impairment assessments carried out by management as reference to the reports of the independent professional valuer as at 31st March 2020, no provision for impairment loss was considered necessary as at 31st March 2020. We focused on this area as the impairment assessments involve significant judgements and estimation uncertainty about future business performance with key assumptions including revenue growth rate, occupancy rate, discount rate and terminal rate.	Our audit procedures in relation to management's impairment assessments included: • Evaluating management's future cash flow forecasts and the processes by which they were drawn up, including testing the underlying calculations and comparing them to the latest Board approved budgets and the actual results of the prior period; • Obtaining the valuation reports and holding meetings with the independent valuer, together with our internal valuation specialists, to discuss and evaluate the valuation methodology and key assumptions adopted; • Assessing external professional valuer's competence, capabilities and objectivity, and reading the valuation reports prepared by the external valuer; • Assessing the revenue growth rate and occupancy rate assumptions applied in the forecasts by comparing them to historic results and economic and industry forecasts; • Assessing the region-specific discount rate and terminal rate with reference to market data or our in-house valuation experts; • Carrying out sensitivity test by considering the potential impact of reasonably possible downside changes of the key assumptions on management's impairment assessments; and • Checking, on a sample basis, the accuracy and relevance of the input data used by the external valuer. Based on our work and the evidence obtained, we found the significant judgements and estimates adopted by management in the value-in-use calculation were supportable.

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 judgment 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, 26th June 2020

Consolidated Profit and Loss Account

For the year ended 31st March 2020

	Note	**2020 HK$'000**	2019 HK$'000
Sales of goods and services and other revenue		**319,102**	565,734
Interest revenue		**804,315**	633,645
Total revenue	*5*	**1,123,417**	1,199,379
Cost of sales		**(194,439)**	(249,825)
Gross profit		**928,978**	949,554
Selling and administrative expenses		**(148,394)**	(165,817)
Depreciation		**(134,860)**	(112,969)
Net investment loss	*6*		
Net realised and unrealised loss		**(26,473)**	(2,062)
Changes in expected credit losses and other credit impairment charges		**(20,627)**	(131,455)
Operating profit		**598,624**	537,251
Net finance costs	*10*	**(227,439)**	(182,522)
Share of profits less losses of joint ventures		**1,921**	2,911
Profit before income tax		**373,106**	357,640
Income tax credit/(expense)	*11*	**10,480**	(17,374)
Profit for the year		**383,586**	340,266
Attributable to:			
Shareholders of the Company		**383,010**	339,737
Non-controlling interests		**576**	529
		383,586	340,266
Earnings per share (HK cents)			
Basic	*13*	**19.0**	16.8
Diluted	*13*	**8.4**	7.5

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2020

	2020 HK$'000	2019 HK$'000
Profit for the year	**383,586**	340,266
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value (loss)/gains on debt securities at fair value through other comprehensive income	**(903,143)**	27,484
Fair value loss on cash flow hedges	**(4,542)**	-
Currency translation differences	**(27,386)**	(13,662)
Share of currency translation differences of joint ventures	**(32,809)**	(19,890)
Item that will not be reclassified to profit or loss:		
Net fair value loss on equity securities at fair value through other comprehensive income	**(60,196)**	(30,784)
	(1,028,076)	(36,852)
Total comprehensive (charge)/income for the year	**(644,490)**	303,414
Attributable to:		
Shareholders of the Company	**(642,560)**	305,149
Non-controlling interests	**(1,930)**	(1,735)
	(644,490)	303,414

Consolidated Balance Sheet

As at 31st March 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment	*14*	**2,967,396**	3,064,654
Investment in joint ventures	*15*	**143,398**	136,601
Amount due from joint ventures	*15*	**332,868**	319,650
Financial investments	*16*	**168,767**	211,006
Deferred income tax assets	*25*	**21,591**	11,441
		3,634,020	3,743,352
Current assets			
Properties under development for sale	*17*	**537,330**	456,141
Inventories		**20,144**	21,615
Trade and other receivables	*18*	**280,275**	232,163
Income tax recoverable		**3,629**	3,176
Financial investments	*16*	**5,882,742**	6,776,265
Bank balances and cash	*19*	**330,693**	278,913
		7,054,813	7,768,273
Current liabilities			
Trade and other payables	*21*	**70,915**	86,551
Contract liabilities	*20*	**197,582**	199,405
Amount due to non-controlling interests		**44,511**	39,225
Borrowings	*22*	**2,264,021**	2,188,044
Income tax payable		**35,121**	23,878
		2,612,150	2,537,103
Net current assets		**4,442,663**	5,231,170

Consolidated Balance Sheet

As at 31st March 2020

	Note	**2020** **HK$'000**	2019 HK$'000
Non-current liabilities			
Long term borrowings	*22*	**4,312,932**	4,531,011
Lease liabilities		**2,335**	-
Convertible notes	*23*	**211,845**	199,126
Derivative financial instruments	*24*	**4,542**	-
Deferred income tax liabilities	*25*	**25,739**	51,203
		4,557,393	4,781,340
Net assets		**3,519,290**	4,193,182
Equity			
Share capital	*26*	**40,361**	40,361
Reserves	*27*	**3,482,594**	4,154,556
Equity attributable to shareholders of the Company		**3,522,955**	4,194,917
Non-controlling interests		**(3,665)**	(1,735)
		3,519,290	4,193,182

Lim Yin Cheng
Director

Woo Wei Chun, Joseph
Director

Consolidated Statement of Cash Flows

For the year ended 31st March 2020

	Note	2020 HK$'000	2019 HK$'000
Cash flows from operating activities			
Net cash generated from/(used in) operations	*31*	**629,236**	(1,594,536)
Net income tax paid		**(9,814)**	(13,219)
Interest paid		**(213,031)**	(171,116)
Interest received from bank deposits and loan receivables		**529**	824
Net cash generated from/(used in) operating activities		**406,920**	(1,778,047)
Cash flows from investing activities			
Addition of property, plant and equipment		**(25,334)**	(57,494)
Proceeds on disposal of property, plant and equipment		**7**	107
Increase in investment in joint ventures		**(14,532)**	(82,932)
Advances to joint ventures		**(35,209)**	(134,617)
Purchase of financial investments		**(17,731)**	(8,148)
Net cash used in investing activities		**(92,799)**	(283,084)
Net cash generated/(used) before financing activities		**314,121**	(2,061,131)
Cash flows from financing activities			
Drawdown of long term borrowings		**544,665**	2,329,636
Repayment of long term borrowings		**(278,000)**	(1,105,620)
Net (decrease)/increase in short term borrowings		**(416,365)**	752,639
Contribution from non-controlling interests		**5,286**	38,670
Principal elements of lease payment		**(7,357)**	-
Dividend paid		**(13,117)**	(12,915)
Coupon to convertible noteholders		**(16,285)**	(16,016)
Net cash (used in)/generated from financing activities		**(181,173)**	1,986,394
Net increase/(decrease) in cash and cash equivalents		**132,948**	(74,737)
Cash and cash equivalents at the beginning of the year		**112,965**	190,892
Changes in exchange rates		**(2,383)**	(3,190)
Cash and cash equivalents at the end of the year		**243,530**	112,965
Analysis of the balances of cash and cash equivalents			
Bank balances and cash (excluding restricted cash balances)	*19*	**243,530**	112,965

Consolidated Statement of Changes in Equity

For the year ended 31st March 2020

	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 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
At 31st March 2019	40,361	4,154,556	4,194,917	(1,735)	4,193,182
Net fair value loss on financial assets at fair value through other comprehensive income	-	(963,339)	(963,339)	-	(963,339)
Currency translation differences	-	(27,386)	(27,386)	-	(27,386)
Fair value changes of interest rate swap contracts-hedging	-	(4,542)	(4,542)	-	(4,542)
Share of currency translation differences of joint ventures	-	(30,303)	(30,303)	(2,506)	(32,809)
Profit for the year	-	383,010	383,010	576	383,586
Total comprehensive charge for the year	-	(642,560)	(642,560)	(1,930)	(644,490)
2019 final dividend	-	(13,117)	(13,117)	-	(13,117)
Coupon to convertible noteholders	-	(16,285)	(16,285)	-	(16,285)
Total transaction with owners	-	(29,402)	(29,402)	-	(29,402)
At 31st March 2020	**40,361**	**3,482,594**	**3,522,955**	**(3,665)**	**3,519,290**

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, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong.

2 PRINCIPAL ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss ("FVPL"), financial assets at fair value through other comprehensive income ("FVOCI") and derivative financial instruments, which are carried at fair value, and in accordance with all applicable Hong Kong Financial Reporting 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 2019, 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 the year ended 31st March 2020 which are relevant to the Group's operations and are mandatory for accounting periods beginning on or after 1st January 2019:

HKFRS 16	Leases
Annual Improvement	Annual improvements to HKFRS 2015-2017 cycle
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term interests in Associates and Joint Ventures
HK (IFRIC) -Interpretation 23	Uncertainty over Income Tax Treatments

Except for HKFRS 16, 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)

HKFRS 16 Leases

Nature of change

HKFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires almost all leases being recognised by the lessee on the statement of financial position, as the distinction between operating and finance lease is removed. Lessor accounting is substantially unchanged and lessors will continue to classify all leases under the same classification between operating and finance lease.

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1st April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1st April 2019 and the comparative information for 2019 was not restated and continues to be reported under the former HKAS 17.

Impact of adoption

The Group has lease contracts for various items including leasehold land and leasehold premises. As a lessee, the Group previously classified each of its lease at the inception date as operating leases before the adoption of HKFRS 16. The lease payments were recognised as expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under prepayments and other payables, respectively.

Under adoption of HKFRS 16, the Group applied a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for short-term leases (that at the commencement date have a lease term of 12 months or less) which are exempted by the standard. Lease liabilities at 1st April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1st April 2019. Incremental borrowing rate is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The Group has used the practical expedients permitted by the standard of using a single discount rate to a portfolio of leases. Right-of-use assets (representing the right to use the underlying assets during the lease term) were measured at their carrying amounts as if the standard had been applied since the commencement date, but discounted using the incremental borrowing rate at 1st April 2019.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

HKFRS 16 Leases (Continued)

The leasehold land in Hong Kong (previously included in property, plant and equipment) would be reclassified to the right-of-use assets. Interest expense on the lease liability and depreciation expense on the right-of-use asset would be recognised in the profit or loss instead of the operating lease expense. In terms of the presentation of the consolidated cash flow statement, cash payments under operating leases made by the Group as a lessee were previously classified as operating activities under the former HKAS 17. Under HKFRS 16, except for short-term lease payments and variable lease payments not included in the measurement of lease liabilities, all other rentals paid on leases are now split into interest element and principal element classified as financing cash outflow. Details of the accounting policies are set out in note 2(X).

Effect on adoption of HKFRS 16 is as follows:

The adoption of HKFRS 16 from 1st April 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 16, comparative figures have not been restated.

Effect on adoption of HKFRS 16 is as follows:

	HK$'000
Operating lease commitments as at 1st April 2019	10,451
Discounted using the lessee's incremental borrowing rate at the date of initial application	10,206
Less: short-term lease recognised on a straight-line basis as expense	(1,827)
Lease liabilities recognised as at 1st April 2019	8,379
Of which are:	
Current – included in trade and other payables	5,909
Non-current – lease liabilities	2,470
	8,379

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

HKFRS 16 Leases (Continued)

The associated right-of-use assets for leases were measured on a modified retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at amounts equal to the lease liabilities, adjusted by the amounts of any prepaid or accrued lease payments relating to the leases recognised in the financial statements at 31st March 2019.

Upon the adoption of HKFRS 16, the Group reclassified the leasehold land in Hong Kong previously under "land and buildings" to right-of-use assets for presentation purpose.

The change in accounting policy affected the following items in the consolidated balance sheet at 1st April 2019:

Consolidated balance sheet (extracted)

		Effects on adoption of HKFRS 16		
	As previously reported HK$'000	**Reclassification** HK$'000	**Recognition of leases** HK$'000	**As adjusted** HK$'000
Assets				
Property, plant and equipment				
Land and buildings	2,885,275	(2,885,275)	-	-
Buildings	-	859,118	-	859,118
Right-of-use assets	-	2,026,157	8,379	2,034,536
Liabilities				
Current - trade and other payables	86,551	-	5,909	92,460
Non-current - lease liabilities	-	-	2,470	2,470

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- use of a single discount rate for a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months at 1st April 2019 as short-term leases, and
- exclusion of initial direct costs for the measurement of right-of-use assets at the date of initial application

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 2020	
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Conceptual Framework to Financial reporting 2018	Revised Conceptual Framework for Financial Reporting
1st January 2023	
HKFRS 17	Insurance contracts
To be determined	
Amendments to HKFRS 10 and HKAS 28	Sales or contribution of assets between an investor and its associate or joint venture

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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(E) JOINT ARRANGEMENTS (Continued)

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.

(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

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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(G) FINANCIAL INVESTMENTS (Continued)

(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.

(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

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) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Company has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(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.

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:

Hotel 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

Before the adoption of HKFRS 16 on 1st April 2019, prepaid leasehold land classified as finance lease is included in property, plant and equipment and subject to depreciation over the underlying land lease term. After the adoption of HKFRS 16, such leasehold land is reclassified as rights-of-use assets and subject to depreciation. The accounting policies for the rights-of-use assets are set out in (note 2(X)).

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 probable that 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) LEASES

As the lessor

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

As the lessee

The Group has changed its accounting policy for leases where the Group is the lessee since 1st April 2019.

Until 31st March 2019, leases, other than those leasehold land as stated in (note 2(H)), in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the profit and loss account on a straight-line basis over the period of the leases.

From 1st April 2019, leases are recognised as right-of-use assets and corresponding lease liabilities at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(X) LEASES (Continued)

As the lessee (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases with a lease term of 12 months or less are recognised on a straight-line basis as an expense in profit or loss.

(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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(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 consolidated 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".

(AC) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

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

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

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

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

3 FINANCIAL RISK MANAGEMENT

(I) FINANCIAL RISK FACTORS

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

(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 2020, the Group's entities with functional currency of Hong Kong dollar had United States dollar net monetary assets of HK$5.1 billion (2019: HK$6.9 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:

	2020			2019		
	Net monetary assets amount	**Increase/(decrease) on result attributable to shareholders of the Company if exchange rate changes by**		Net monetary assets amount	Increase/(decrease) on 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	**3,946**	**169**	**(169)**	3,052	132	(132)
Renminbi	**718**	**30**	**(30)**	767	32	(32)
Sterling	**158**	**7**	**(7)**	168	7	(7)
Japanese Yen	**34**	**1**	**(1)**	33	1	(1)

(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 are traded in HKEX, London Stock Exchange ("LSE"), New York Stock Exchange ("NYSE"), Singapore Stock Exchange ("SGX-ST") and Frankfurt Stock Exchange ("FSE"). Gains and losses arising from price changes in fair value of 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:

	2020				2019			
	Increase/(decrease) in result attributable to shareholders 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 shareholders of the Company if the price changes by		Increase/(decrease) in investment revaluation reserve of the Company reserve if the price changes by	
	+10%	**-10%**	**+10%**	**-10%**	+10%	-10%	+10%	-10%
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at FVPL	**3,469**	**(3,469)**	**-**	**-**	39,089	(39,089)	-	-
Financial assets at FVOCI	**-**	**-**	**596,500**	**(596,500)**	-	-	657,607	(657,607)

(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. The Group manages this risk by using floating-to-fixed interest rate swaps.

At 31st March 2020, 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$4,202,000 (2019: HK$5,422,000) lower/higher.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(b) Credit risk

The credit risk of the Group mainly arises from 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.

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.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(b) Credit risk (Continued)

Measurement of expected credit losses (Continued)

(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.

(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.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(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$243,530,000 in unrestricted cash balances, and the unused portion of revolving credit facilities amounted to HK$2,650,271,000 as at 31st March 2020.

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.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

	On demand HK$'000	Within 1 year HK$'000	Between 1 and 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flows HK$'000
At 31st March 2020					
Non-derivative financial liabilities					
Trade and other payables	–	70,915	–	–	70,915
Borrowings	1,104,747	1,326,417	4,575,304	–	7,006,468
Lease liabilities	–	3,865	2,380	–	6,245
Convertible notes	–	–	–	1,255,363	1,255,363
	1,104,747	1,401,197	4,577,684	1,255,363	8,338,991
Derivative financial instruments					
Net inflow	–	(12,502)	(49,216)	–	(61,718)
	1,104,747	1,388,695	4,528,468	1,255,363	8,277,273
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

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$'000	Between 1 and 5 years HK$'000	Total undiscounted cash flow HK$'000
31st March 2020	68,873	–	68,873
31st March 2019	73,491	–	73,491

3 FINANCIAL RISK MANAGEMENT (Continued)

(II) CAPITAL RISK MANAGEMENT

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio against revalued net assets (note 3(II)(a)). Revalued net assets are prepared having taken into account the fair value of hotel properties, in addition to the net assets as shown in the consolidated balance sheet prepared in accordance with HKFRS. According to the Group's accounting policies, no properties are to be carried at valuation. Details of the valuation of the hotel properties in operation, prepared for readers' information only, are set out in note 14(a) to the financial statements.

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

The gearing ratios at 31st March 2020 and 2019 were as follows:

	2020 **HK$'000**	2019 HK$'000
Borrowings (note 22)	**6,576,953**	6,719,055
Convertible notes (note 23)	**211,845**	199,126
Less: bank balances and cash (note 19)	**(330,693)**	(278,913)
Net debt	**6,458,105**	6,639,268
Revalued net assets (note (a))	**12,358,000**	13,574,000
Gearing ratio against revalued net assets	**52%**	49%

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 2020 and 2019.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
2020			
Assets			
Financial investments			
Financial assets at FVPL	**–**	**484**	**34,201**
Financial assets at FVOCI	**134,566**	**5,882,258**	**–**
	134,566	**5,882,742**	**34,201**
Liabilities			
Derivative financial instruments	**–**	**4,542**	**–**

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
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

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.

3 FINANCIAL RISK MANAGEMENT (Continued)

(III) FAIR VALUE ESTIMATION (Continued)

(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.

The following table presents the changes in level 3 financial instruments of the Group for the year ended 31st March 2019 and 2020:

	Unlisted fund securities HK$'000
Balance at 1st April 2018	8,084
Acquisition	88,960
Fair value gain recognised in OCI	64
Balance at 31st March 2019	97,108
Acquisition	17,733
Disposals	(80,864)
Fair value gain recognised in profit or loss	224
Balance at 31st March 2020	34,201

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

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.

(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 receivable 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(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 25), 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.

(E) IMPAIRMENT OF HOTEL PROPERTIES

The Group's hotel properties ("hotel properties") are stated at cost less depreciation and less impairment, if any, in the respective financial statements. At the end of the reporting period, the Group reviews the carrying amounts of the hotel properties to determine whether those assets have suffered an impairment loss. If such indicator exists, the management relies on the valuation reports prepared by an independent professional valuer (the "Valuer") by income capitalisation approach to determine the recoverable amount of the hotel properties.

The directors of the Company have exercised judgments and are satisfied that the assumptions used and significant inputs including discount rate, terminal rate, occupancy rate and estimated revenue per available room used in the valuation of the hotel properties are reflective of the current market conditions. Any material changes to these assumptions and significant inputs may result in changes of the recoverable amount of the hotel properties and cause an adjustment to the carrying amount of hotel properties within the next financial year.

As at 31 March 2020, no impairment of the hotel properties (note 14) was recognised in the consolidated financial statements (2019: nil).

5 SEGMENT INFORMATION

The Group is principally engaged in hotel operation, property development and financial 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, property development 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
2020					
Segment revenue	199,534	1,004	815,992	106,887	1,123,417
Contribution to segment results	22,934	(3,930)	813,195	8,883	841,082
Depreciation	(114,016)	(11,818)	–	(9,026)	(134,860)
Net investment loss	–	–	(47,100)	–	(47,100)
Share of profits less losses of joint ventures	–	2,377	–	(456)	1,921
Segment results	(91,082)	(13,371)	766,095	(599)	661,043
Unallocated corporate expenses					(60,498)
Net finance costs					(227,439)
Profit before income tax					373,106

5 SEGMENT INFORMATION (Continued)

	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

Note:

(a) Hotel operation revenue

	2020 HK$'000	2019 HK$'000
Room rentals	**172,284**	389,007
Food and beverages	**19,366**	40,019
Ancillary services	**852**	690
Space rental	**7,032**	11,722
	199,534	441,438

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
2020						
Assets	**2,974,177**	**1,064,965**	**6,326,696**	**44,158**	**278,837**	**10,688,833**
Assets include:						
Joint ventures	**-**	**475,624**	**-**	**642**	**-**	**476,266**
Addition to non-current assets*	**19,051**	**14,289**	**-**	**4,344**	**6,003**	**43,687**
Liabilities						
Borrowings	**3,522,554**	**68,873**	**577,866**	**-**	**2,407,660**	**6,576,953**
Other liabilities						**592,590**
						7,169,543
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

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

	2020 HK$'000	2019 HK$'000
Revenue		
Hong Kong	**335,889**	544,189
Overseas	**787,528**	655,190
	1,123,417	1,199,379
Non-current assets*		
Hong Kong	**2,954,705**	3,040,392
Overseas	**488,957**	480,513
	3,443,662	3,520,905

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

6 NET INVESTMENT LOSS

	2020 HK$'000	2019 HK$'000
Financial assets at FVPL		
- net realised gain/(loss) (note (a))	**4,145**	(4,075)
- net unrealised loss from market price movements	**(63)**	(24,930)
- net unrealised exchange gain	**208**	67
	4,290	(28,938)
Financial assets at FVOCI		
- net realised gain (note (b))	**33,798**	25,384
- net unrealised exchange (loss)/gain	**(64,561)**	1,492
- changes in expected credit losses and other credit impairment charges (note (c))	**(20,627)**	(131,455)
	(51,390)	(104,579)
	(47,100)	(133,517)

Notes:

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

	2020 HK$'000	2019 HK$'000
Gross consideration	**378,224**	268,245
Cost of investments	**(277,445)**	(417,790)
Total gain/(loss)	**100,779**	(149,545)
(Less)/add: net unrealised (gain)/loss recognised in prior years	**(96,634)**	145,470
Net realised gain/(loss) recognised in current year	**4,145**	(4,075)

6 NET INVESTMENT LOSS (Continued)

(b) Net realised gain on financial assets at FVOCI

	2020 HK$'000	2019 HK$'000
Gross consideration	**2,237,847**	1,911,547
Cost of investments	**(2,194,217)**	(1,865,488)
Total gain	**43,630**	46,059
Transfer from investment revaluation reserve	**(9,832)**	(20,675)
Net realised gain recognised in current year	**33,798**	25,384

(c) During the year, the following loss allowances were recognised in consolidated 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 2019 and to the closing loss allowance as at 31st March 2020 as follows:

	2020 HK$'000	2019 HK$'000
At the beginning of the year	**170,999**	39,544
Increase in loss allowance recognised in consolidated profit and loss account	**20,627**	131,455
At the end of the year	**191,626**	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 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 loss on financial investments:

During the year, 1 equity security, 10 debt securities and 1 unlisted fund 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 security	
Citigroup Inc.("Citigroup")	33,995
Debt securities	
Ronshine China Holdings Limited ("Ronshine") 11.25% notes	21,527
Jiayuan International Group Limited ("Jiayuan") 12% notes	7,491
Modern Land (China) Co., Limited ("Modern Land") 15.5% notes	4,918
Xinyuan Real Estate Company Limited ("Xinyuan") 9.875% notes	3,358
Others	(3,496)
Unlisted fund	
Bohai Betta LP ("Bohai Betta")	(29,850)
	37,943

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

Ronshine is principally engaged in property development business in the PRC. Its shares are listed on HKEX (stock code: 3301). The notes derecognised were rated "B2" by Moody's Investor Service ("Moody's") and were listed on SGX-ST.

Jiayuan is principally engaged in the property development and property investment in the PRC. Its shares are listed on HKEX (stock code: 2768). The notes were derecognised when exchange for new notes. The notes derecognised were rated "Caa2" by Moody's at the time of exchange and were listed on HKEX. The new notes are rated "B3" by Moody's and were listed on HKEX.

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). The notes derecognised were rated "B3" by Moody's and listed on SGX-ST.

6 NET INVESTMENT LOSS (Continued)

Xinyuan is principally engaged in property development, property investment and the provision of property management services in the PRC. Its shares are listed on the NYSE (stock code: XIN). The notes derecognised were rated “B-”by S&P and were listed on SGX-ST.

Bohai Betta is a Cayman Islands exempted limited partnership that invested in Douyu International Holdings Limited, which operates primarily as a live streaming gaming platform in the PRC and is listed on NASDAQ (stock code: DOYU).

The unrealised (loss)/gain for the year was generated from the fair value changes of the financial investments that comprised 30 listed securities and 3 unlisted fund as at 31st March 2020. Please refer to note 16 for the details.

Summary of unrealised loss for the year:

	2020 **HK$'000**	2019 HK$'000
Listed equity securities	**449**	(24,821)
Listed debt securities	**(64,640)**	1,386
Unlisted fund securities	**(225)**	64
	(64,416)	(23,371)

7 INCOME AND EXPENSES BY NATURE

	2020 **HK$'000**	2019 HK$'000
Income		
Operating lease rental income for hotel buildings	**7,032**	11,722
Interest income from financial assets at FVOCI		
- Listed investments	**801,814**	632,821
Interest income from financial assets that are measured at amortised cost		
- Bank deposits	**529**	824
Dividend income		
- Listed investments	**11,694**	20,061
Expenses		
Auditor's remuneration		
- Audit services	**4,675**	4,807
- Non-audit services	**1,266**	814
Cost of goods sold	**80,686**	89,768
Employee benefit expense including Director's emoluments (note 8)	**126,227**	135,795
Provision for impairment of trade and other receivables	**–**	4,242
Impairment of trade and other receivables	**1,800**	-
Operating lease rental expense for land and buildings	**–**	7,717
Loss on disposal of property, plant and equipment	**12**	1,348

8 EMPLOYEE BENEFIT EXPENSE

	2020 HK$'000	2019 HK$'000
Wages and salaries	**125,986**	134,507
Retirement benefits costs (note (a))	**4,212**	4,390
	130,198	138,897
Less: Staff cost capitalised in property under development for sale	**(3,971)**	(3,102)
	126,227	135,795

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

	2020 HK$'000	2019 HK$'000
Gross contributions	**4,015**	4,373
Termination benefit	**197**	17
	4,212	4,390

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% (2019: 5%) and 5.10% (2019: 5.10%) respectively, or a fixed sum of the employee's relevant income in accordance with the local legislative requirements.

As at 31st March 2020, no forfeiture (2019: 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 are as follows:

Date of grant	**Exercise price per share (adjusted)**	**Expiry date**	**Number of share options outstanding at 1st April 2019 and 31st March 2020**
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 2020 and 2019 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
2020 (in HK$'000)						
Executive						
Mr. Poon Jing	–	–	5,800	4,388	–	10,188
Dr. Lim Yin Cheng	–	1,200	100	1,236	–	2,536
Mr. Poon Hai	–	600	7,000	–	18	7,618
Mr. Poon Yeung, Roderick	–	420	7,000	–	18	7,438
Mr. Fung Siu To, Clement	–	–	–	–	–	–
Mr. Woo Wei Chun, Joseph	–	1,500	94	–	18	1,612
	–	3,720	19,994	5,624	54	29,392
Independent Non-executive						
Mr. Ip Chi Wai	200	–	–	–	–	200
Mr. Hung Yat Ming	150	–	–	–	–	150
Mr. Leung Wai Keung	150	–	–	–	–	150
	500	–	–	–	–	500
	500	3,720	19,994	5,624	54	29,892

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 2020 and 2019 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
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

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 (2019: 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 (2019: Nil).

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

(b) The five highest paid individuals in the Group for the year include four (2019: four) Directors whose emoluments are already reflected in the analysis presented above. The emoluments payable to the remaining one (2019: one) individual during the year are as follows:

	2020 **HK$'000**	2019 HK$'000
Basic salaries, allowances and benefits in kind	**2,100**	1,825
Bonus	**131**	450
	2,231	2,275

The emoluments fell within the following band:

	Number of individuals **2020**	2019
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 **2020**	2019
Less than HK$1,000,000	**1**	2
HK$1,000,001 - HK$2,000,000	**–**	-
HK$2,000,001 - HK$3,000,000	**1**	1

10 NET FINANCE COSTS

	2020 **HK$'000**	2019 HK$'000
Interest expense		
Long term bank loans	**(187,610)**	(130,612)
Short term bank loan and overdrafts	**(28,486)**	(40,522)
Lease liabilities	**(293)**	-
Convertible notes	**(13,942)**	(13,104)
Interest capitalised (note)	**18,710**	16,426
	(211,621)	(167,812)
Other incidental borrowing costs	**(19,747)**	(16,548)
Net foreign exchange gain on borrowings	**3,929**	1,838
	(227,439)	(182,522)

Note:

Borrowing costs were capitalised at rates ranging from 2.99% to 4.3% (2019: 2.21% to 3.87%) per annum.

11 INCOME TAX CREDIT/(EXPENSE)

	2020 HK$'000	2019 HK$'000
Current income tax expense		
Hong Kong profits tax	**(13,617)**	(19,678)
Overseas profits tax	**–**	(2,408)
Under provision in prior years	**(6,986)**	(351)
	(20,603)	(22,437)
Deferred income tax credit	**31,083**	5,063
	10,480	(17,374)

Hong Kong profits tax is provided at the rate of 16.5% (2019: 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:

	2020 HK$'000	2019 HK$'000
Profit before income tax	**373,106**	357,640
Less: share of profits less losses of joint ventures	**(1,921)**	(2,911)
	371,185	354,729
Calculated at a tax rate of 16.5% (2019: 16.5%)	**(61,246)**	(58,530)
Under provision in prior years	**(6,986)**	(351)
Effect of different tax rates in other countries	**3,059**	4,939
Income not subject to income tax	**140,554**	110,195
Expenses not deductible for tax purposes	**(34,570)**	(56,508)
Tax losses not recognised	**(27,376)**	(13,019)
Utilisation of previously unrecognised tax losses	**–**	124
Others	**(2,955)**	(4,224)
Income tax expense	**10,480**	(17,374)

12 DIVIDENDS/COUPON ON CONVERTIBLE NOTES

	2020 HK$'000	2019 HK$'000
Dividend:		
- Interim, nil (2019: Nil)	–	-
- Final, proposed, nil (2019: HK0.65 cent) per share to shareholders (note (a))	–	13,117
	–	13,117

	2020 HK$'000	2019 HK$'000
0.1% Coupon (2019: HK0.65 cent) per note to convertible note holders (note (b)):		
- fixed coupon	1,223	1,220
- additional coupon	–	16,285
	1,223	17,505

Notes:

(a) At a meeting held on 26th June 2020, the Board has resolved not to recommend the payment of a final dividend for the year ended 31st March 2020 (2019: HK0.65 cent per share). No interim dividend was declared during the year (2019: Nil).

(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$1,223,000 is based on 2,693,120,010 (2019: 2,693,120,010) convertible notes outstanding as at 26th June 2020. The fixed coupon of HK$1,223,000 (2019: 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 2020. The holders of convertible notes did not entitle additional coupon for the year ended 31st March 2020.

Since no final dividend was declared for the year ended 31st March 2020, the payment of the coupon will be deferred until such time as a dividend of the Company is declared and paid.

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:

	2020	2019
	HK$'000	HK$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	**383,010**	339,737
Effect of dilutive potential shares:		
Interest expense saved on convertible notes	**13,942**	13,104
Profit for calculation of diluted earnings per share	**396,952**	352,841

	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
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	**4,711,160,487**	4,716,200,564
Basic earnings per share (HK cents)	**19.0**	16.8
Diluted earnings per share (HK cents)	**8.4**	7.5

14 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings HK$'000	Buildings HK$'000	Plant and equipment HK$'000	Right-of-use assets HK$'000	Total HK$'000
Cost					
At 31st March 2018	3,724,518	-	594,357	-	4,318,875
Currency translation differences	-	-	(1,549)	-	(1,549)
Addition	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
Cost					
At 31st March 2019	3,744,829	-	629,524	-	4,374,353
Adoption of HKFRS 16 on 1st April 2019:					
Reclassification of leasehold land	(3,744,829)	1,155,998	-	2,588,831	-
Recognition of leases	-	-	-	8,379	8,379
At 1st April 2019	-	1,155,998	629,524	2,597,210	4,382,732
Currency translation differences	-	-	(2,950)	(66)	(3,016)
Addition	-	-	25,334	4,812	30,146
Disposals	-	(60)	(84)	-	(144)
At 31st March 2020	**-**	**1,155,938**	**651,824**	**2,601,956**	**4,409,718**
Accumulated depreciation					
At 31st March 2019	859,554	-	450,145	-	1,309,699
Adoption of HKFRS 16 on 1st April 2019:					
Reclassification of leasehold land	(859,554)	296,880	-	562,674	-
At 1st April 2019	-	296,880	450,145	562,674	1,309,699
Currency translation differences	-	-	(2,148)	(24)	(2,172)
Charge for the year	-	31,781	46,238	56,841	134,860
Disposals	-	-	(65)	-	(65)
At 31st March 2020	**-**	**328,661**	**494,170**	**619,491**	**1,442,322**
Net book value					
At 31st March 2020	**-**	**827,277**	**157,654**	**1,982,465**	**2,967,396**

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

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

	2020	2019
	HK$'000	HK$'000
Land and buildings	**2,731,508**	2,813,087
Plant and equipment	**99,794**	104,410
	2,831,302	2,917,497

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 (2019: five) hotel properties in Hong Kong based on valuations conducted by Vigers Appraisal & Consulting Limited ("Vigers") (2019: Vigers), independent professional valuers, amounted to HK$11,669,800,000 (2019: HK$12,297,900,000), is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13.

The hotel properties portfolio in Hong Kong comprised five (2019: five) 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.

(b) As at 31st March 2020, the aggregate net book value of hotel properties pledged as security for loans amounted to HK$2,831,302,000 (2019: HK$2,917,497,000).

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

RIGHT-OF-USE ASSETS

(i) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following carrying amounts relating to leases:

	31 March 2020 HK$'000	1 April 2019 HK$'000
Right-of-use assets		
Leasehold land (note)	**1,976,419**	2,026,157
Leased properties – offices and warehouses	**6,046**	8,379
	1,982,465	2,034,536

Note: The Group has land lease arrangement with leasehold land in Hong Kong.

Additions to the right-of-use assets regarding leased offices during the year ended 31 March 2020 was HK$4,812,000.

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

RIGHT-OF-USE ASSETS (CONTINUED)

(ii) Amounts recognised in the consolidated profit and loss account

The consolidated profit and loss account shows the following expenses relating to leases:

	For the year ended 2020 HK$'000
Depreciation charge of right-of-use assets	
Leasehold land	49,738
Leased properties – offices and warehouses	7,103
	56,841
Interest expenses (included in net finance cost)	293

Total cash outflow for leases for the year ended 31 March 2020 was HK$7,357,000.

15 JOINT VENTURES

	2020 HK$'000	2019 HK$'000
Share of net assets	**143,398**	136,601
Advances to joint ventures	**332,868**	319,650
	476,266	456,251

Advances of HK$330,485,000 (2019: HK$317,800,000) to joint ventures are made to finance property development projects in Canada. The advances are denominated in Canadian dollar. The advances are bearing interest at 15% (2019: 15%) per annum. The interest amounted to HK$50,383,000 (2019: HK$45,426,000).

Advances of HK$2,383,000 (2019: 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 30). There are no contingent 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 34.

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

	2020 HK$'000	2019 HK$'000
Profit before income tax	**1,921**	2,911
Income tax expense	**–**	–
Profit for the year	**1,921**	2,911
Other comprehensive charge	**(32,809)**	(19,890)
Total comprehensive charge for the year	**(30,888)**	(16,979)

There is no joint venture as at 31st March 2020 and 2019, which in the opinion of the Directors, is individually material to the Group.

16 FINANCIAL INVESTMENTS

	2020 HK$'000	2019 HK$'000
Non-current assets		
Equity securities – Listed in Hong Kong	**134,566**	194,762
Unlisted fund	**34,201**	16,244
	168,767	211,006
Current assets		
Equity securities		
– Listed in the USA	**–**	293,215
Debt securities		
– Listed in Singapore	**5,223,010**	5,887,977
– Listed in Europe	**445,650**	391,101
– Listed in Hong Kong	**214,082**	123,108
	5,882,742	6,402,186
Unlisted fund	**–**	80,864
	5,882,742	6,776,265
	6,051,509	6,987,271
Financial investments are classified in the following categories:		
Non-current assets		
Financial assets at FVOCI	**134,566**	194,762
Financial assets at FVPL	**34,201**	16,244
	168,767	211,006
Current assets		
Financial assets at FVOCI	**5,882,258**	6,401,622
Financial assets at FVPL	**484**	374,643
	5,882,742	6,776,265
	6,051,509	6,987,271

16 FINANCIAL INVESTMENTS (Continued)

Financial investments are denominated in the following currencies:

	2020 HK$'000	2019 HK$'000
United States dollar	**5,800,358**	6,791,945
Hong Kong dollar	**234,566**	194,762
Euro	**484**	564
Japanese yen	**16,101**	-
	6,051,509	6,987,271

At 31st March 2020, financial investments equivalent of HK$1,560,523,000 (2019: HK$1,185,580,000) were pledged as security for borrowings.

Supplementary information of financial investments:

EQUITY SECURITIES AND UNLISTED FUNDS

As at 31st March 2020, the Group held 1 (2019: 2) listed equity security and 3 (2019: 3) unlisted fund securities. The summary of equity and fund securities portfolio of financial investments as at 31st March 2020 and 2019 and their corresponding unrealised (loss)/gain and dividend income for the year ended 31st March 2020 and 2019 are as follows:

	Market value As at 31st March		Unrealised (loss)/gain		Dividend income	
	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000
Citigroup Inc. ("Citigroup")	**-**	293,215	**-**	(24,821)	**4,521**	7,865
HSBC Holdings PLC ("HSBC")	**134,566**	194,762	**(60,196)**	(30,784)	**7,173**	12,196
Others	**34,201**	97,108	**225**	64	**-**	-
	168,767	585,085	**(59,971)**	(55,541)	**11,694**	20,061

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 2020, all the equity held by the Group are less than 0.02% shareholding of common shares of respective issuers.

16 FINANCIAL INVESTMENTS (Continued)

DEBT SECURITIES

As at 31st March 2020, the Group held 33 (2019: 25) debt securities that are all listed securities, 28 of them are listed in Singapore, 2 in Europe and 3 in Hong Kong. More than 96% (2019: more than 99%) of the mark to market valuation comprising 30 (2019: 24) debt securities were issued by PRC-based real estate companies, the shares of which are 23 listed in Hong Kong, 3 listed in the United States, 3 listed in PRC and 1 is unlisted.

The summary of debt securities of financial investments as at 31st March 2020 and 2019 and their corresponding unrealised (loss)/gain and interest income for the year ended 31st March 2020 and 2019 are as follows:

	As at 31st March	
	2020	2019
	HK$'000	HK$'000
Principal amount of notes	**7,282,450**	6,818,698
Investment cost	**7,044,356**	6,607,976
Market value	**5,882,742**	6,402,186
Coupon	**7.75% to 15.5%**	7.75% to 15.5%
Maturity	**May 2020 – Jun 2025**	Sep 2018 – Oct 2042
Rating	**NR to B**	NR to B

	For the year ended 31st March	
	2020	2019
	HK$'000	HK$'000
Interest income	**801,814**	632,821
Unrealised (loss)/gain		
– to profit and loss account	**(64,561)**	1,386
– to other comprehensive income	**(824,983)**	(81,582)

As at 31st March 2020, the 33 (2019: 25) listed debt securities gave rise to a net unrealised fair value loss of HK$889.50 million (2019: HK$80.2 million) for the year ended 31st March 2020. A total of 2 (2019: 15) debt securities have recorded unrealised fair value gain, with the remaining 30 (2019: 10) debt securities that recorded unrealised fair value losses and 1 remain unchanged.

As at 31st March 2020, the mark to market valuation of the largest single debt securities within the Group's financial investments represents approximately 7.4% (2019: 8.6%) 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 15.1% (2019: 19.0%). The remaining 28 debt securities represent 15% of the Group's revalued total assets, with each of them less than 1.8%.

16 FINANCIAL INVESTMENTS (Continued)

The five largest debt securities held at 31st March 2020 are as follows:

	Market value				Unrealised (loss)/gain for the year ended 31st March		Interest income for the year ended 31st March	
	31st March 2020 HK$'000	% of the debt securities portfolio	31st March 2019 HK$'000	% of the debt securities portfolio	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000
Kaisa 9.375% notes	1,438,492	24%	1,789,320	28%	(350,828)	(32,934)	199,776	186,356
Jiayuan 11.375% notes	445,166	8%	-	-	(9,876)	-	47,185	-
Xinyuan 8.875% notes	371,529	6%	424,661	7%	(53,132)	12,689	54,964	38,928
Scenery Journey 12% notes	350,120	6%	-	-	(65,506)	-	9,207	-
Ronshine 11.25% notes	346,204	6%	832,150	13%	(71,064)	43,533	69,491	9,391

"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 rated "B2" by Moody's and listed on SGX-ST. 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).

"Jiayuan 11.375% notes", issued by Jiayuan International Group Limited ("Jiayuan") and carries fixed coupon rate of 11.375% per annum. It is denominated in US$ and matures on 2nd May 2022. The notes are rated "B3" by Moody's and listed on FSE. Refer to note 6 for principal activities of Jiayuan.

"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 "CCC+" by S&P and listed on SGX-ST. Refer to note 6 for principal activities of Xinyuan.

"Scenery Journey 12% notes", issued by Scenery Journey Limited, an indirect subsidiary of China Evergrande Group ("Evergrande") and carries fixed coupon rate of 12% per annum. It is denominated in US$ and matures on 24th October 2023. The notes are rated "B2" by Moody's 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).

"Ronshine 11.25% notes", issued by Ronshine China Holdings Limited ("Ronshine") and carries fixed coupon rate of 11.25% per annum. It is denominated in US$ and matures on 22nd August 2021. The notes are rated "B2" by Moody's and listed on SGX-ST. Ronshine is principally engaged in the property development in the PRC. Its shares are listed on HKEX (stock code: 3301).

17 PROPERTIES UNDER DEVELOPMENT FOR SALE

	2020 HK$'000	2019 HK$'000
Freehold land	**212,892**	227,169
Development costs	**324,438**	228,972
	537,330	456,141

As at 31st March 2020, the aggregate carrying value of properties under development for sale pledged as security for loan amounted to HK$537,330,000 (2019: HK$456,141,000). The amount of properties under development for sale expected to be completed and recovered after more than one year is HK$537,330,000 (2019: HK$456,141,000).

18 TRADE AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade receivables	**5,344**	28,259
Less: Loss allowance	**(3,098)**	(7,340)
	2,246	20,919
Accrued interest and dividend receivable	**208,207**	176,539
Prepayments	**21,534**	23,985
Utility and other deposits	**12,960**	7,826
Loan receivables	**28,444**	–
Other receivables	**6,884**	2,894
	280,275	232,163

Note:

As at 31 March 2020, loan receivables were unsecured, interest bearing at rates ranging from 6.0% to 12.0% per annum and repayable within 12 months from the date of consolidated balance sheet.

18 TRADE AND OTHER RECEIVABLES (Continued)

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

	2020 HK$'000	2019 HK$'000
0 month to 6 months	**2,082**	20,784
7 months to 12 months	**15**	56
More than 12 months	**149**	79
	2,246	20,919

Movements on loss allowance for trade receivable are as follows:

	2020 HK$'000	2019 HK$'000
At the beginning of the year	**7,340**	3,098
Increase in loss allowance	**–**	4,242
Receivables written off as uncollectible	**(4,242)**	–
At the end of the year	**3,098**	7,340

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:

	2020 HK$'000	2019 HK$'000
Hong Kong dollar	**55,871**	40,960
United States dollar	**204,386**	171,516
Canadian dollar	**20,018**	19,687
	280,275	232,163

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

	2020 HK$'000	2019 HK$'000
Cash at bank and in hand	**233,188**	102,830
Short term bank deposits	**10,342**	10,135
Cash and cash equivalents	**243,530**	112,965
Restricted cash balance (note)	**87,163**	165,948
	330,693	278,913

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:

	2020 HK$'000	2019 HK$'000
Canadian dollar	**112,400**	176,929
United States dollar	**155,080**	53,442
Hong Kong dollar	**58,841**	45,086
Others	**4,372**	3,456
	330,693	278,913

20 CONTRACT LIABILITIES

	2020 HK$'000	2019 HK$'000
Deposits received in advance from customers	**197,582**	199,405

	HK$'000	HK$'000
At the beginning of the year	**199,405**	56,833
Net increase for transactions during the current year	**8,533**	144,391
Exchange differences	**(10,356)**	(1,819)
At the end of the year	**197,582**	199,405

Contract liabilities comprise mostly deposits received in advance from properties buyers.

21 TRADE AND OTHER PAYABLES

	2020 HK$'000	2019 HK$'000
Trade payables	**9,710**	21,094
Accrued expenses	**40,460**	46,995
Construction and retention payables	**10,291**	14,781
Lease liabilities	**3,750**	-
Other payables	**6,704**	3,681
	70,915	86,551

Aging analysis of trade payables is as follows:

	2020 HK$'000	2019 HK$'000
0 month to 6 months	**9,054**	20,300
7 months to 12 months	**80**	206
More than 12 months	**576**	588
	9,710	21,094

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:

	2020 HK$'000	2019 HK$'000
Hong Kong dollar	**62,486**	76,670
Canadian dollar	**8,429**	9,881
	70,915	86,551

22 BORROWINGS

	2020 HK$'000	2019 HK$'000
Current liabilities		
Short term bank loans		
Secured	**1,157,747**	1,047,182
Unsecured	**–**	528,000
Current portion of long term bank loans		
Secured	**971,255**	478,429
Unsecured	**135,019**	134,433
	2,264,021	2,188,044
Non-current liabilities		
Long term bank loans		
Secured	**3,198,038**	3,281,098
Unsecured	**1,114,894**	1,249,913
	4,312,932	4,531,011
	6,576,953	6,719,055

22 BORROWINGS (Continued)

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:

	2020 **HK$'000**	2019 HK$'000
Repayable within one year	**1,106,274**	612,862
Repayable between one and two years	**980,879**	1,033,757
Repayable between two to five years	**3,332,053**	3,497,254
	5,419,206	5,143,873
Current portion included in current liabilities	**(1,106,274)**	(612,862)
	4,312,932	4,531,011

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

	2020 **HK$'000**	2019 HK$'000
Hong Kong dollar	**5,433,333**	6,559,214
United States dollar	**1,074,747**	86,350
Canadian dollar	**68,873**	73,491
	6,576,953	6,719,055

The interest rates of the borrowings at the balance sheet date range from 1.49% to 3.82% (2019: 2.73% to 4.14%) per annum.

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

23 CONVERTIBLE NOTES

	2020 HK$'000	2019 HK$'000
At the beginning of the year	**199,126**	187,243
Interest expense (note 10)	**13,942**	13,104
	213,068	200,347
Coupon payable included in trade and other payables	**(1,223)**	(1,221)
At the end of the year	**211,845**	199,126

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.

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 DERIVATIVE FINANCIAL INSTRUMENTS

	2020	2019
	HK$'000	HK$'000
Non-current liability		
Interest rate swap contracts	**4,542**	–

The principal amount of the outstanding interest rate swaps was HK$1,300,000,000 (2019: nil).

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

25 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:

	2020	2019
	HK$'000	HK$'000
Deferred income tax assets	**21,591**	11,441
Deferred income tax liabilities	**(25,739)**	(51,203)
	(4,148)	(39,762)

25 DEFERRED INCOME TAX (Continued)

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

DEFERRED INCOME TAX ASSETS

	Accelerated accounting depreciation		Fair value adjustments		Tax loss		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**1,802**	20	**-**	-	**26,227**	22,029	**28,029**	22,049
Recognised in profit and loss account	**454**	1,782	**-**	-	**31,759**	4,198	**32,213**	5,980
Recognised in OCI	**-**	-	**3,464**	-	**-**	-	**3,464**	--
At the end of the year	**2,256**	1,802	**3,464**	-	**57,986**	26,227	**63,706**	28,029

DEFERRED INCOME TAX LIABILITIES

	Accelerated tax depreciation		Fair value adjustments		Total	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**(66,721)**	(65,808)	**(1,070)**	-	**(67,791)**	(65,808)
Recognised in profit and loss account	**(1,126)**	(913)	**(4)**	(4)	**(1,130)**	(917)
Recognised in OCI	**-**	-	**1,067**	(1,066)	**1,067**	(1,066)
At the end of the year	**(67,847)**	(66,721)	**(7)**	(1,070)	**(67,854)**	(67,791)

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$28 million (2019: HK$18 million) in respect of losses amounting to HK$121 million (2019: HK$79 million) that can be carried forward against future taxable income. As at 31st March 2020, except for tax losses of HK$30 million (2019: HK$29 million) which have no expiry date, the balance will expire at various dates up to and including 2039.

26 SHARE CAPITAL

Shares of HK$0.02 each	**Number of shares**	**Amount**
		HK$'000
Authorised:		
At 31st March 2020 and 2019	35,000,000,000	700,000

	Number of shares		**Amount**	
	2020	2019	**2020**	2019
			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 (2019: Nil) was allotted and issued.

27 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 2018	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 note holders	-	-	-	-	-	-	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
At 31st March 2019								
Previously reported	1,126,360	37	1,067,444	(241)	11,374	3,423	1,946,159	4,154,556
Net fair value loss on financial assets at FVOCI	-	-	-	(963,339)	-	-	-	(963,339)
Fair value changes of interest rate swap contracts-hedging	-	-	-	(4,542)	-	-	-	(4,542)
Currency translation differences	-	-	-	-	(27,386)	-	-	(27,386)
Share of currency translation of joint ventures	-	-	-	-	(30,303)	-	-	(30,303)
Profit for the year	-	-	-	-	-	-	383,010	383,010
2019 final dividend to shareholders	-	-	-	-	-	-	(13,117)	(13,117)
2019 coupon to convertible note holders	-	-	-	-	-	-	(16,285)	(16,285)
At 31st March 2020	**1,126,360**	**37**	**1,067,444**	**(968,122)**	**(46,315)**	**3,423**	**2,299,767**	**3,482,594**
Representing:								
2020 proposed final dividend and coupon to convertible noteholders	-	-	-	-	-	-	-	-
Others	1,126,360	37	1,067,444	(968,122)	(46,315)	3,423	2,299,767	3,482,594
At 31st March 2020	**1,126,360**	**37**	**1,067,444**	**(968,122)**	**(46,315)**	**3,423**	**2,299,767**	**3,482,594**

28 COMMITMENTS

Commitments at the balance sheet date are as follows:

	2020 HK$'000	2019 HK$'000
Contracted but not provided for		
Property, plant and equipment	**2,903**	4,251

29 OPERATING LEASE ARRANGEMENTS

(A) LESSOR

At 31st March 2020, the future aggregate minimum rental receipts receivable under non-cancellable operating leases were as follows:

	2020 HK$'000	2019 HK$'000
In respect of land and buildings:		
Within one year	**3,517**	10,265
In the second to fifth year inclusive	**568**	3,876
	4,085	14,141

(B) LESSEE

The future aggregate minimum lease payments payable under non-cancellable operating leases were as follows:

	2020 HK$'000	2019 HK$'000
In respect of land and buildings:		
Within one year	**–**	7,167
In the second to fifth year inclusive	**–**	3,284
	–	10,451

From 1 April 2019, the Group has recognised right-of-use assets and lease liabilities for leases.

30 FINANCIAL GUARANTEES

	2020 HK$'000	2019 HK$'000
Guarantees for the banking and loan facilities of joint ventures	**349,798**	385,486

31 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2020 HK$'000	2019 HK$'000
Profit before income tax	**373,106**	357,640
Depreciation	**134,860**	112,969
Interest income	**(49,449)**	(40,829)
Provision for impairment of trade and other receivables	**–**	4,242
Impairment of trade and other receivables	**1,800**	-
Finance costs	**220,978**	176,875
Loss on disposal of property, plant and equipment	**12**	1,348
Net investment loss	**47,100**	133,517
Share of profits less losses of joint ventures	**(1,921)**	(2,911)
Operating profit before working capital changes	**726,486**	742,851
Increase in properties under development for sale (excluding interest expense capitalised)	**(92,286)**	(109,716)
Decrease/(increase) in inventories	**1,471**	(7,524)
Increase in trade and other receivables	**(49,468)**	(62,355)
Increase in financial investments	**(14,526)**	(2,138,281)
Decrease in trade and other payables	**(19,329)**	(52,968)
Increase in contract liabilities	**8,533**	144,391
Decrease/(increase) in restricted bank balances	**68,355**	(110,934)
Net cash generated from/(used in) operations	**629,236**	(1,594,536)

31 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(B) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Bank borrowings HK$'000	Convertible notes HK$'000	Lease liabilities HK$'000	Total HK$'000
At 31st March 2018	4,735,769	187,243	-	4,923,012
Financing cash flows				
Net drawdown	1,976,655	-	-	1,976,655
Non-cash changes				
Amortisation of loan facilities fees and issue expense	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
Adoption of HKFRS 16	-	-	8,379	8,379
At 1st April 2019, as restated	6,719,055	199,126	8,379	6,926,560
Financing cash flows				
Net repayment	(149,700)	-	-	(149,700)
Lease payment	-	-	(7,357)	(7,357)
Non-cash changes				
Amortisation of loan facilities fees and issue expense	13,286	-	-	13,286
Accrued interest relating to convertible notes	-	13,942	-	13,942
Coupon payable included in trade and other payables	-	(1,223)	-	(1,223)
Addition of lease liabilities	-	-	4,812	4,812
Finance cost charged	-	-	293	293
Exchange translation differences	(5,688)	-	(42)	(5,730)
At 31st March 2020	**6,576,953**	**211,845**	**6,085**	**6,794,883**

32 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 2020, 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

	2020 HK$'000	2019 HK$'000
Income from/(expense to) subsidiaries of Asia Orient		
Hotel and travel services (note (i))	**827**	857
Operating lease rental and management services (note (ii))	**(6,113)**	(5,942)
Project management service (note (iii))	**(4,728)**	(4,728)
Travel agency service income from related companies (note (i))	**106**	84

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

	2020 HK$'000	2019 HK$'000
Fee	**500**	500
Salaries, allowances and benefits in kind	**32,030**	24,503
Employer's contribution to retirement benefits scheme	**72**	72
	32,602	25,075

Key management includes the Company's Directors and two (2019: three) 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.

33 BALANCE SHEET OF THE COMPANY

	2020 HK$'000	2019 HK$'000
Non-current assets		
Subsidiaries (note (a))	–	-
Current assets		
Amount due from subsidiaries	4,178,523	4,190,139
Trade and other receivables	371	366
Income tax recoverable	–	78
Bank balances and cash	1,192	1,227
	4,180,086	4,191,810
Current liabilities		
Trade and other payables	3,732	2,828
Income tax payable	44	-
Borrowings, unsecured	–	12,000
	3,776	14,828
Net current assets	4,176,310	4,176,982
Non-current liabilities		
Convertible notes	211,845	199,126
Net assets	3,964,465	3,977,856
Equity		
Share capital	40,361	40,361
Reserves (note (b))	3,924,104	3,937,495
	3,964,465	3,977,856

Lim Yin Cheng
Director

Woo Wei Chun, Joseph
Director

33 BALANCE SHEET OF THE COMPANY (Continued)

Notes:

(a) As at 31st March 2020 and 2019, the shares of certain subsidiaries are pledged to secure loan facilities granted to the Group.

Details of the principal subsidiaries are set out in note 34.

(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 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
At 31st March 2019	1,126,360	80,991	1,067,444	3,423	1,659,277	3,937,495
Profit for the year	-	-	-	-	16,011	16,011
2019 final dividend to shareholders	-	-	-	-	(13,117)	(13,117)
Coupon to convertible note holders	-	-	-	-	(16,285)	(16,285)
At 31st March 2020	**1,126,360**	**80,991**	**1,067,444**	**3,423**	**1,645,886**	**3,924,104**

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

34 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
Asia Standard Hotel Management Services Limited	Hotel management services	HK$1
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
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 Enterprises 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
Quantum Express Holdings Limited	Securities investment	US$1
Incorporated in Canada		
ASNA Alberni Holdings Limited	Investment holding	CAD$10,063,256
1488 Robson Street Holdings Ltd. (ii)	Investment holding	CAD$100
ASNA Robson Landmark Holdings Limited (ii)	Property development	CAD$31,566,687
ASNA Robson Landmark Developments Limited (ii)	Property development	CAD$7,053,380
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$9,229,433
Asia Standard Americas Limited (ii)	Property development management	CAD$100
1650 AS Alberni Holdings Limited (ii)	Property development	CAD$14,636,422

34 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$23,900,001	40%
1488 Alberni Investment Limited Partnership [(ii)]	Property development	CAD$1,257,887	40%
1650 Alberni Residential Ltd. [(ii)]	Property development	CAD$26,345,579	40%
1650 Alberni Commercial Ltd. [(ii)]	Property development	CAD$2,927,464	40%

Notes:

(i) Directly wholly owned by the Company

(ii) Operates in Canada

35 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.

36 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 26th June 2020.