Asia Standard International Group Limited

Annual Report 2022

HKSE Stock Code: 129

Contents

Corporate Information

Directors

Executive

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

Independent Non-executive

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

Audit Committee

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

Remuneration Committee

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

Nomination Committee

Mr. Fung Siu To, Clement *(Chairman)*
Mr. Leung Wai Keung, *JP*
Mr. Wong Chi Keung

Authorised Representatives

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

Company Secretary

Mr. Tung Kwok Lui

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Principal Bankers

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

Legal Advisers

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Hong Kong

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Quarry Bay, Hong Kong

Independent Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
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Central, Hong Kong

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Bermuda

Hong Kong Branch Share Registrar and Transfer Office

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Hopewell Centre,
183 Queen's Road East, Wanchai,
Hong Kong

Financial Highlights

For the year ended 31st March (In HK$ million, except otherwise indicated)	**2022**	2021	Change
Consolidated profit and loss account			
Revenue	**2,510**	2,459	+2%
(Loss)/profit attributable to shareholders of the Company	**(884)**	1,353	N/A
(Loss)/earnings per share – basic (HK$)	**(0.67)**	1.03	N/A
Consolidated balance sheet			
Total assets	**35,022**	42,320	-17%
Net assets	**16,410**	22,617	-27%
Equity attributable to shareholders of the Company	**16,014**	21,721	-26%
Net debt	**16,188**	15,348	+5%

Supplementary information with hotel properties at valuation (note):

Revalued total assets	**43,831**	51,028	-14%
Revalued net assets	**25,219**	31,325	-19%
Equity attributable to shareholders of the Company	**23,299**	28,922	-19%
Gearing – net debt to revalued net assets	**64%**	49%	+15%

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

The hotel properties were revalued by Vigers Appraisal & Consulting Limited ("Vigers") (2021: Vigers), independent professional valuers, on an open market value basis.

Chairman's Statement

*Development project "**Capital Cove**" in **Tongzhou, Beijing***

The Group recorded a loss attributable to shareholders of HK$884 million for the year, compared to a profit of HK$1,353 million last year. The loss was mostly from unrealised loss due to drop in market prices of the Group's financial investments and additional provisions for expected credit loss, following the liquidity crisis in China's real estate sector. Since then, the PRC government has been loosening housing and monetary policies to foster healthy market environment, while all the developers are proactively improving their financial statuses through debt extension.

The Group's property development business performed well both locally in Hong Kong and in China. In Hong Kong, the sales of Duke's Place in Jardine's Lookout has been satisfactory, 70% of the units were sold as of the end of May 2022. On the other hand, we are expecting to launch two new developments by the end of year 2022. The first project is our premium residential development in Po Shan Road which provides 16 luxury units overlooking Victoria Harbour. The second project is our large scale mass-market residential development in Hung Shui Kiu. Coinciding with the government's development strategy in northern territory, the land exchange of our Kwu Tung development project is progressing well and is expected to complete the land exchange by late 2023. In China, we are scheduling to commence the handover of the pre-sold units of our Beijing residential development in Tongzhou by the second half of year 2022. Contracted sales up to our financial year end for this development had amounted to RMB 4.5 billion.

The Group's leasing income had experienced a 9% decrease over the year while our hotels' performances continue to recover. Recovery in these business segments are expected with the gradual uplift of travel bans and re-opening of borders.

The beginning of the interest rate hike cycle and inflationary pressure experienced in the US are creating uncertainties in the overall economy, nonetheless, the Group's interest rate hedging policy is alleviating the negative impact from the rate hikes policies. With the fade away of the pandemic and the introduction of Northern Metropolis Development Strategy, Hong Kong is on the track to recovery and expansion.

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

Fung Siu To, Clement
Chairman

Hong Kong, 29th June 2022

Business Model and Strategies

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

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

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

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

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

The Group has a diversified properties and financial investment portfolio generating a recurring and steady income stream. Our investment properties comprise of a mix of commercial and retail spaces situated in core central business district in Hong Kong.

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

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

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

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

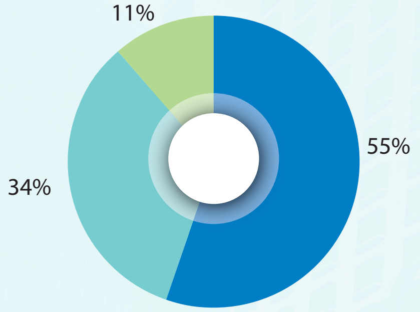
As the Group operates in a capital intensive business, we adopt a comprehensive risk management framework to monitor risk and manage debt exposures in a conservative and prudent manner, seeking to maintain the strength of our balance sheet with reasonable level of gearing. We will continuously maintain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

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

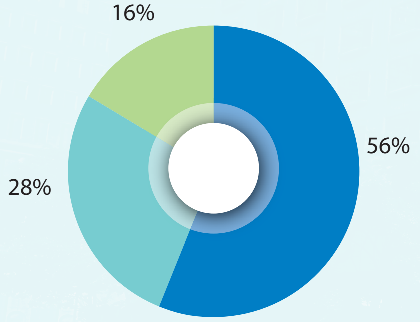
Management Discussion and Analysis

Results

The Group recorded a revenue of HK$2,510 million (2021: HK$2,459 million) for the financial year with loss attributable to shareholders of the Company at HK$884 million (2021: profit of HK$1,353 million). The loss was mainly due to our financial investment's net unrealised losses from mark-to-market price and additional provisions for expected credit loss.



Principal properties	Attributable gross floor area (sq.ft.)
Residential	2,373,000
Office and retail	1,440,000
Hotel	477,000
Total	4,290,000



HK	2,418,000
Mainland China	1,180,000
Canada	692,000
Total	4,290,000

Residential development at ***Po Shan Road***

Properties Sales, Development And Leasing

Sales And Development

Mainland China

In Tongzhou, Beijing, construction and fitting-out works of all six blocks of residential towers have been completed. Presales continued and approximately RMB1.5 billion sales were contracted during the year.

As of 31st March 2022, approximately 75% of the residential units were sold, with total contracted sales reaching RMB4.5 billion. Handover of the residential units will commence in phases beginning the second half of 2022. Sub-structure works for the two commercial towers are in progress as well.

Hong Kong

In Jardine's Lookout, sales continued in the Group's joint venture development, Dukes Place. The premium development comprises sixteen residential apartments ranging from 2,850 sq. ft to over 6,800 sq. ft. During the year, another HK$400 million of sales were contracted. In May 2022 after our financial year end, a triplex unit was further sold. Up to the end of May 2022, 70% of the units comprising 50% of the saleable area was sold, with total sales amounted to approximately HK$2.3 billion.

On Po Shan Road, superstructure works of another joint venture residential development is substantially complete, with various inspection for issuance of occupation permit under examination. Internal fitting-out and show flats decoration are underway aiming to have the project launch for sale by late 2022. During the year, the Group increased its stake in this project by 10% to 50%.

Renovated lobby at ***Harbourside HQ, Kowloon East***

In Hung Shui Kiu, Yuen Long, foundation works for the 520,000 sq. ft. GFA development have almost been completed and presale consent of the residential units are under application. This development is a part of the HKSAR's Northern Metropolis Development Strategy scheme, and is among the first district being developed within the zone envisioned to be the most vibrant area where urban development and major population growth of Hong Kong in the next decades will take place. The area will serve as the main hub for the Hong Kong-Shenzhen Western Railway linking Hung Shui Kiu and Qianhai, ensuring efficient transport connectivity of the Greater Bay Area.

Also covered by the Northern Metropolis plan is our joint venture residential development site in Kwu Tung, which is in the process of land exchange application with the government. The site has an area of approximately 270,000 sq. ft. Subsequent to financial year end, the Group acquired further lots in vicinity and thus will further increase the scale of the development.

In Lam Tei, Tuen Mun, we are continuing the land exchange application with the government on another residential development near the light-rail station. The development has approximately 67,000 sq. ft. of residential GFA under existing zoning parameters, but the Group has proposed an increase in plot ratio under a new land exchange application to utilize the land for a better and fuller extent.

In Kowloon East, the 800,000 sq. ft. leasable GFA commercial building, Harbourside HQ, is undergoing a repositioning of tenant mix to enhance the value of this joint venture investment since completion of its renovation in end of last financial year.

During the year, we participated a 7.5% stake in a joint venture consortium to acquire the Kowloon Bay International Trade and Exhibition Centre for HK$10.5 billion. The acquisition was completed in November 2021. The building will be redeveloped into Grade-A offices.

Canada (development through hotel subsidiary group)

The redevelopment of our Empire Landmark hotel in Vancouver progressed well. Superstructure of the "Landmark on Robson" development has been topped out in May 2022 and internal fitting-out is ongoing. This 400,000 sq. ft. GFA redevelopment, upon targeted completion around end of 2023, will have two 30-plus storeys residential towers comprising 236 residential units over a three-storeys podium of retail and office space of about 50,000 sq. ft., and a four-level underground parking facility. A new round of presale commenced in October 2021 with the subsiding of COVID-19 and improvement in the real estate market sentiment in Vancouver. As of 31st March 2022, approximately CAD180 million of sales was contracted.

Regarding its joint venture redevelopment of high-end residential complex of approximately 627,000 sq. ft. GFA on 1488 Alberni Street, downtown Vancouver, the development team is determining a coordinated construction design that optimise construction costs, and identifying a suitable location for the sales presentation center prior to the issuance of a development permit.

Another joint venture development also on Alberni Street has secured a rezoning approval in December 2021 and an application for a development permit was submitted in March 2022.

Leasing

Leasing income for the year was HK$180 million (2021: HK$197 million). Average occupancies of YF Life Tower in Wanchai maintained a similar occupancy as last year while Asia Standard Tower in Central decreased by 7%. With the gradual control of the city's epidemic and the relaxation of social distancing measures, the leasing market is showing signs of recovery.

Net revaluation gain (taking into account our share from the investment property owned by an associated company) of HK$507 million (2021: loss of HK$324 million) was recorded.

*Development project "**Landmark on Robson**" in **Vancouver, Canada**, has been topped out*

Hotel

The industry continues to be affected by the pandemic over the year with tight cross border travel restrictions. However, management has always been planning and implementing programme to boost occupancy and revenue. Beginning July 2021, our Empire Hotel Hong Kong and Empire Hotel Kowloon launched long-stay promotions targeting local customers and commencing September, our two hotels in Causeway Bay participated in the Hong Kong government's Designated Quarantine Hotel Scheme.

The performance of hotel and travel sector was better than last year with revenue up by 104% to HK$76 million (2021: HK$37 million). Hotel management is acutely aware of the challenges that continue as the uncertainty associated with a global resurgence in COVID-19 infections persists, and is continuously implementing revenue enhancement and cost minimisation measures, at the same time deferring non-essential capital expenditures.

Management Discussion and Analysis

Financial Investments

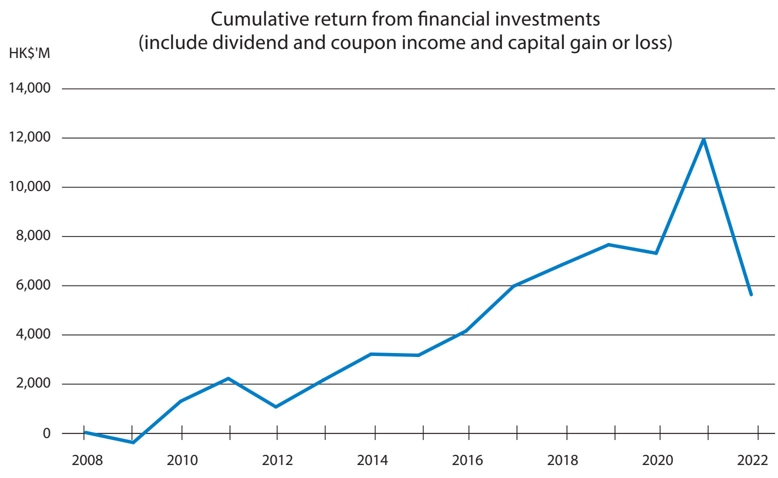
At 31st March 2022, the Group held financial investments of approximately HK$6,811 million (2021: HK$15,152 million), with HK$3,091 million (2021: HK$6,660 million) held by the listed hotel subsidiary group. The investment portfolio comprised of 92% listed debt securities (predominantly issued by PRC-based real estate companies), 5% listed equity securities and 3% unlisted investments. They are denominated in different currencies with 50% in United States dollar, 44% in Renminbi and 6% in other currencies (mostly Hong Kong dollar).

The portfolio's value decrease was primarily due to the mark-to-market revaluation loss recognised in investment revaluation reserve plus profit and loss account. Our financial investments had experienced a negative impact during the year over the liquidity crisis experienced by China's real estate sector, which was caused by the successive tightening of lending to these developers, restrictions on buyer's purchase and deployment of sales proceeds received.

During the year, income from this investment portfolio amounted to HK$2,209 million (2021: HK$2,180 million). A net investment loss of HK$3,405 million (2021: net gain of HK$117 million) was recorded in the profit and loss account while a net loss of HK$5,472 million (2021: net gain of HK$2,090 million) was recognised in investment revaluation reserve account.

With the outburst of the sector-wide debt crisis, the PRC government had since continue to roll out easing policies to stimulate demand and release purchasing power, by relaxing previously tightened fiscal policy on the borrowing and refinancing channels for real estate developers. Several affected developers have successfully exchanged or restructured their debts through maturity extension, downward adjustment of coupon rates and hence effectively addressed their liquidity issues, while at the same time maintaining no haircut on debt principal. We expect other developers to follow suit.

At 31st March 2022, an approximate value of HK$570 million (2021: HK$3,860 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.



Financial Review

Save for that of the listed hotel subsidiary group, which is independently administered, the Group's financing and treasury activities are centrally managed and controlled at the corporate level. At 31st March 2022, the Group has over HK$8.3 billion (2021: HK$11.7 billion) cash and undrawn banking facilities.

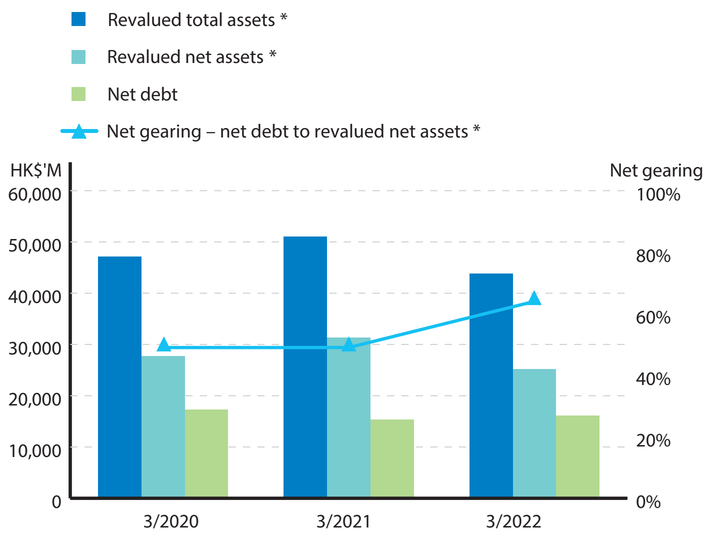
At 31st March 2022, the Group's total assets were approximately HK$35.0 billion (2021: HK$42.3 billion), with net assets of HK$16.4 billion (2021: HK$22.6 billion). Adopting market value of hotel properties in operation, the revalued total assets of the Group were HK$43.8 billion (2021: HK$51.0 billion), while the revalued net assets of the Group were HK$25.2 billion (2021: HK$31.3 billion).

Net debt was HK$16.2 billion (2021: HK$15.3 billion), including HK$5.9 billion (2021: HK$5.1 billion) which belonged to the separately listed hotel subsidiary group. Total interest cost is similar for the two years while net interest cost through profit and loss account is less than last year, due to the greater capitalisation with the progress of Hung Shui Kiu development and Landmark on Robson development. At 31st March 2022, the Group's net gearing ratio (net debt to revalued net asset value) is approximately 64% (2021: 49%). As at 31st March 2022, the Group had net current assets of HK$6.6 billion (2021: HK$10.3 billion) and the HK$7.9 billion aggregate amount of marketable securities and cash together represented 2.0 times of the HK$4.0 billion current debt repayable within 12 months.

Approximately 98% of the Group's borrowings are in Hong Kong dollars and the remaining 2% in United States dollars and Canadian dollars.

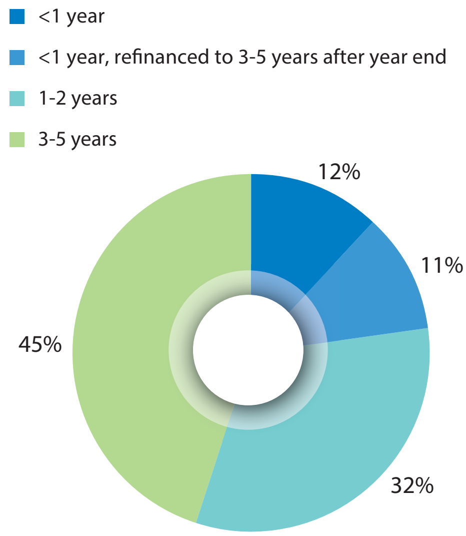
All the debts are at floating rates, which are on upward trend following US interest rate hikes to curb escalating inflationary pressures. As at 31st March 2022, about 50% of these debts have been hedged against HIBOR fluctuations by various interest rate swap contracts entered into some two years ago of approximately HK$8,660 million in total, with approximately 83% having remaining maturities of about 3 years. The maturities of our debts spread over a period of up to 5 years, with 32% repayable between one to two years and 45% repayable between two to five years. The remaining 23% represent revolving and term loans repayable within 1 year.

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



* with hotel properties at valuation

Debt maturity profile as at 31st March 2022



Management Discussion and Analysis

Subsequent to financial year end, the hotel subsidiary refinanced all its unsecured borrowings due within the year with a HK$1.4 billion four-year sustainability linked syndicated loan, linking with predefined environmental-related sustainability performance criteria comprising reduction in energy and water consumption at all its hotels.

As at 31st March 2022, 71% of the debts are secured. Property assets with an aggregate net book value of HK$20.9 billion (2021: HK$19.9 billion) were pledged to secure credit facilities of the Group. HK$3,349 million (2021: HK$2,889 million) guarantees were provided to financial institutions and third parties against outstanding banking and loan facilities of joint ventures.

Employees And Remuneration Policies

At 31st March 2022, the Group employed approximately 260 (2021: 230) employees. The remuneration packages including basic salary, annual bonus, share options, retirement and other benefits are commensurate with their job nature and level of experience.

Future Prospect

With the gradual easing of coronavirus pandemic, major economies including Hong Kong are recovering amidst the gradual relaxation of social distancing measures following the increased vaccination rates. Cross-border quarantine measures are progressively relaxed and governments are working hard towards this goal of normalisation.

Retail sector benefited from government's consumption stimuli in the short-run, while hotel operation started to recover with the relaxation of entry quarantine requirements. The continuous recovery of these sectors and commercial properties markets depend on the overall business and operating environments, relying very much on the pandemic containment, cross-border traffic and maintaining Hong Kong as the main business hub for the Greater-Bay area in the long-run, which our government has been working hard to achieve.

Local property market remains resilient, evidenced by the encouraging first-hand sales from local developers and the land sale of harbourfront commercial plot in Central during the year. The Chief Executive also announced HKSAR's Northern Metropolis Development Strategy, introducing a new energetic element over the next tens of years which will greatly enhance the value and marketability of our development projects in Hung Shui Kiu and Kwu Tung.

Sales of our Beijing joint venture project continue to perform well. With continuous urbanisation, the mainland property sector is expected to maintain a steady growth under the close monitoring of the central government.

In terms of the liquidity issues faced by PRC property developers, some have already commenced debt-restructuring through appropriate rationalization of their debt maturity profiles and coupon reduction, while at the same time avoiding any principal haircut. Funds are also injected by major shareholders into their respective company to enhance the operational viability of their companies. These schemes are progressively rolling out with the endorsement of investors, and coupled with supportive measures extended by the PRC government including the loosening of purchase restrictions and lowering of mortgage rate, we expect the crisis to be overcome.

On an international perspective, the Ukrainian war has ignited inflation pressures and sparked a cycle of interest rate hikes as a containment tool by the US. Hong Kong is expected to follow suit due to the dollar peg but the extent would be less than the US. The mortgage rates are still at low levels and we expect the impact on the property market would be rather subdued. On the other hand, the impact of the rising interest rate to the Group's finance cost has also been mitigated as half of the Group's borrowings are hedged by interest rate swaps entered in prior years.

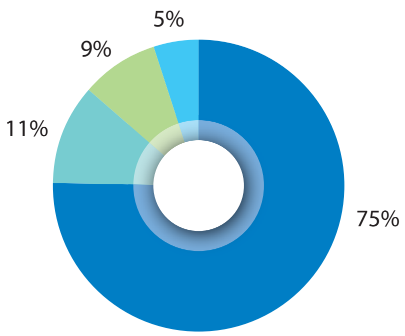
Management will continue to be financially cautious and prudent to alleviate and mitigate any negative impact in this uncertain economic environment.

Principal Properties

As at 31st March 2022

Principal Properties

As at 31st March 2022



Attributable GFA (sq. ft.)	
Properties under development for sale	3,236,000
Hotel properties	477,000
Investment properties	370,000
Completed property held for sale	207,000
Total	4,290,000

	Properties	Group's interest	Approx. site area (sq.ft.) (Note 1)	Approx. gross floor area (sq.ft.) (Note 1)	Type (Note 2)	Stage/ estimated completion year	Land lease expiry
01	**Asia Standard Tower** 59-65 Queen's Road Central, Hong Kong	100%	7,800	133,000	C	Completed	2842
02	**YF Life Tower** 33 Lockhart Road, Wanchai, Hong Kong	100%	12,600	202,000	C	Completed	2127
03	**Goldmark** 502 Hennessy Road, Causeway Bay, Hong Kong	33%	6,300	106,000	C	Completed	2842
04	**Empire Hotel Hong Kong** 33 Hennessy Road, Wanchai, Hong Kong	82.7%	10,600	184,000 (363 rooms)	H	Completed	2062
05	**Empire Hotel Kowloon** 62 Kimberley Road, Tsim Sha Tsui, Kowloon	82.7%	11,400	220,000 (343 rooms)	H	Completed	2047
06	**Empire Hotel Causeway Bay** 8 Wing Hing Street, Causeway Bay, Hong Kong	82.7%	6,200	108,000 (280 rooms)	H	Completed	2072
07	**Empire Prestige Causeway Bay** 8A Wing Hing Street, Causeway Bay, Hong Kong	82.7%	2,000	31,000 (94 rooms)	H	Completed	2072
08	**Empire Prestige Tsim Sha Tsui** 8 Kimberley Street, Tsim Sha Tsui, Kowloon	82.7%	2,800	34,000 (90 rooms)	H	Completed	2038

Principal Properties

As at 31st March 2022

	Properties	Group's interest	Approx. site area (sq.ft.) (Note 1)	Approx. gross floor area (sq.ft.) (Note 1)	Type (Note 2)	Stage/estimated completion year
09	**Capital Cove** 72 Yong Shun Street West, Tongzhou District, Beijing, PRC	50%	550,000	2,360,000	R/C	(R) Superstructure/2022 (C) Foundation/2024
10	**Dukes Place** 47-49 Perkins Road, Jardine's Lookout, Hong Kong	20%	11,700	35,000 (Note 3)	R	Completed
11	23 Po Shan Road, Hong Kong	50%	15,000	81,000	R	Superstructure/2022
12	Hung Shui Kiu DD124, Yuen Long, New Territories	100%	104,000	521,000	R/C	Foundation/2024
13	Lam Tei DD130, Tuen Mun, New Territories	100%	18,500	66,500	R	Land exchange/-
14	Sha Ha DD221, Sai Kung, New Territories	7.5%	411,000	616,000	R	Land exchange/-
15	Kwu Tung DD95, Kwu Tung North, New Territories	60%	269,000	941,000	R	Land exchange/-
16	**Harbourside HQ** 8 Lam Chak Street, Kowloon Bay, Kowloon	25%	70,400	800,000	C	Completed
17	**Kowloonbay International Trade and Exhibition Centre** 1 Trademart Drive, Kowloon Bay, Kowloon	7.5%	239,800	1,774,000	C	Re-structural planning/-
18	**Landmark on Robson** 1400 Robson Street Vancouver, B.C., Canada	82.7%	41,000	400,000	R/C	Superstructure/ 2023
19	1394 Robson Street Vancouver, B.C., Canada	82.7%	8,600	75,000	R	Planning/-
20	1488 Alberni Street Vancouver, B.C., Canada	33.1%	43,300	627,000	R	Planning/-
21	1650 Alberni Street Vancouver, B.C., Canada	33.1%	17,300	276,000	R	Planning/-

Note:

1. Site area and gross floor area are calculated on the basis of the Building Department's approved plans or the Government's latest town planning parameters, as well as the Group's development plans. For certain projects, these details may be subject to change depending on the actual needs in future.
2. R = Residential C = Commercial H = Hotel
3. Representing remaining area of the project.

Five-year Financial Summary

Year ended 31st March (in HK$ million)	**2022**	2021	2020	2019	2018
Results					
Revenue	**2,510**	2,459	2,375	2,207	1,749
Gross profit	**2,427**	2,394	2,132	1,919	1,438
Operating (loss)/profit	**(801)**	1,912	1,480	1,900	1,704
(Loss)/profit attributable to shareholders of the Company	**(884)**	1,353	728	1,389	1,463
Assets and liabilities					
Total assets	**35,022**	42,320	38,235	37,913	32,485
Total liabilities	**(18,612)**	(19,703)	(19,384)	(17,481)	(13,121)
Non-controlling interests	**(396)**	(896)	(623)	(741)	(695)
Equity attributable to shareholders of the Company	**16,014**	21,721	18,228	19,691	18,669

Supplementary information with hotel properties at valuation:					
Revalued total assets	**43,831**	51,028	47,118	47,265	40,834
Revalued net assets	**25,219**	31,325	27,734	29,784	27,713
Equity attributable to shareholders of the Company	**23,299**	28,922	25,574	27,425	25,573

Environmental, Social and Governance Report

Reporting standard and scope

This environmental, social and governance report covers the financial year ended 31st March 2022 (the "reporting year") and addresses all the "comply or explain" provision under each Aspect of the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Board Statement

The Group views sustainability as a long-term wealth creation strategy. We aspire to contribute to a more sustainable future by integrating environmental, social, and governance (ESG) principles into our operations and management. This ESG report is approved by the Board of Directors, which also monitors the incorporation of ESG strategies, policies, procedures, and initiatives into the Group's business operations for the purpose of enhancing its long-term viability, performance, and advancement.

Through our stakeholder engagement strategy, we aim to gain a deeper understanding of the ESG issues that matter most to our stakeholders by identifying and prioritising our most pressing ESG concerns. The compiled list of significant ESG challenges will be incorporated into the Group's commercial strategy and ESG initiatives.

During the year under review, the Group enhanced the disclosure of socially relevant key performance indicators (KPIs) as required by the Listing Rules. Furthermore, we have incorporated sustainable finance as a fundamental component of our ESG approach throughout the lifecycle of our Group. In May 2022, the Group successfully obtained its first HK$ 1.4 billion four-year sustainability-linked loan facility. The loan facility was provided by six syndicated banks, led by HSBC and Bank of China as coordinators and sustainability structuring banks, with an interest rate discount linked to the annual achievement of the predefined environmental-related sustainability performance criteria, including a reduction in energy and water consumption at all of the Group's hotels. The Hong Kong Quality Assurance Agency (HKQAA), an independent verification body, has been commissioned with reviewing the hotels' overall sustainability strategies and goals, choosing the proper KPIs, establishing the review procedure, and reporting on actions and progress consistent with the sustainability context.

Reporting Principles

The content of the ESG Report follows the reporting principles of the ESG Reporting Guide.

Materiality: The materiality of the respective aspects has been identified and prioritised by the Board and senior managers. The result can be found in the sections "Stakeholder Engagement" and "Materiality Assessment".

Quantitative: The ESG Report follows the ESG Reporting Guide and KPIs in quantitative terms are disclosed whenever appropriate.

Balance: The ESG Report has been reviewed and approved by the Board and senior managers to ensure that the information presented is unbiased and as accurate as possible.

Consistency: The ESG Report has been prepared in the same manner as previous financial year for meaningful comparison of the Group's disclosure and KPIs.

Environmental, Social and Governance Report

Reporting Boundary

The ESG Report covers the Group's core business and principal operations in Hong Kong, the PRC and Canada. Unless otherwise states, the operations include property investment, property development and hotel operation.

Stakeholder Engagement

The Group has always maintained a strong relationship with stakeholders through constant communications and understanding of their concerns regarding the ESG related issues. Knowing stakeholders' expectations and concerns is very important to management strategy and sustainable development. The table below shows different communications channels and engagement methods with our stakeholders:

Stakeholders	Communication Channel
Shareholders and investors	• Annual general meeting • Annual and interim reports • Circulars and announcements • Company website
Employees	• Staff appraisals • Team activities
Customers/Tenants	• Phone/Customer hotline • Media • Personal contact
Suppliers and partners	• Business meetings • Phone calls and emails • Site visits
Regulatory bodies and government authorities	• On-site inspections • Financial reports • Website • Legal advisor

Materiality Assessment

The Group engaged with stakeholders to understand their expectations and concerns through different communication channels. We conducted a materiality assessment and identified important sustainability issues. The results of the material ESG aspect of the Group is as follow:

ESG aspect	Material sustainability issues
Environmental	• Reduce Greenhouse gas emission • Waste management
Employment and Labour Standards	• Employment • Health and Safety • Development and training
Operating Practices	• Supply chain management • Tenant and customer satisfaction • Anti-Corruption and anti-money laundering
Community	• Community investment • Social housing

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 during its business operation, discharge of water and non-hazardous waste were divided into recyclable or non-recyclable waste and handled in an environmentally responsible manner in line with the applicable environmental protection laws and regulations whenever practicable.

We encourage employee to pay due attention to energy saving measures and explore new ideas on energy saving while performing their duties. We also encourage employees to reduce the amount of waste in office and participate in recycling of waste as much as possible.

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

		2022	2021
A1.1	Emissions		
	– NOx (i)	43 kg	50 kg
	– SOx (i)	0.8 kg	0.8 kg
	– PM (ii)	1.4 kg	3.2 kg
A1.2	Greenhouse gas emissions data		
	Scope 1 – Direct emission or removal from sources	285 tonnes	208 tonnes
	Scope 2 – Energy indirect emissions	12,291 tonnes	10,556 tonnes
	Scope 3 – Other indirect emissions	55 tonnes	50 tonnes
A1.4	Total non-hazardous waste produced		
	Construction and demolition waste	1,425 tonnes	3,793 tonnes
	Recycled waste		
	– Construction material	1,105 tonnes	763 tonnes
	– Cartridge	55 pieces	55 pieces
	– Cooking oil	540 litres	441 litres

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

(ii) The data only includes vehicular emissions.

During the fiscal year, the rise in hotel room occupancy has led to an increase in the demand for energy, which has in turn led to an increase in air and greenhouse gases emission. Furthermore, the Group has expanded the capacity of its ventilation and exhaust fan systems in its hotels, as required by law under the quarantine program and for general epidemic prevention, resulting in an increase in energy consumption.

A2 Use of Resources

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

Daily monitoring of energy and fuel consumption to identify areas for energy conservation is in place. Phased replacements of chillers, fan coil units, air handling units, laundry and kitchen equipment, electrical appliances and lighting have been enhanced to more energy-efficient models.

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

The rise in the Group's overall energy and water consumption for the fiscal year was attributed to higher hotel room occupancy rates, resulting in increased energy and water demand. Furthermore, the Group has expanded the capacity of its ventilation and exhaust fan systems in its hotels, as required by law under the quarantine programme and for general epidemic prevention, resulting in an increase in energy consumption. Using the number of guest nights and the corresponding increase in room occupied gross floor area as the intensity calculation basis, the energy and water consumption intensities of our hotel operations decreased by 10% and 19%, respectively, in the year ended 31st March 2022 compared to the year ended 31st March 2021.

		2022	2021
A2.1	Direct and indirect energy consumption		
	Electricity ('000 kWh)	**18,287**	15,587
	Fuel ('000 MJ)	**6,172**	2,838
A2.2	Water consumption	**121,908 m^3**	118,626 m^3
A2.3	Construction materials used		
	Concrete	**17,128 m^3**	27,545 m^3
	Steel	**2,526 tonnes**	6,166 tonnes

A3 The Environment and Natural Resources

Property development

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

For the residential development "Landmark on Robson" in Vancouver, Canada, the initiatives outlines in the City of Vancouver Greenest City 2020 Action Plan and the Specific directions set out in the West End Community Plan have been considered and incorporated into the sustainability goals for the project.

Hotel business

Asia Standard Hotel incorporated various environmental initiatives in its hotel operation to minimise waste generation through working with employees, guests and contractors to reuse and recycle waste whenever economically practicable. For instance, water consumption is reduced through our green programme for guestroom linens. We have placed green cards in our guestrooms, informing guests that the hotel will change towels and bedsheets upon request. We have appointed contractors to handle used cooking-oil from our restaurants.

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

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

A4 Climate Change

The impact of climate change is becoming significantly obvious across the globe. Many countries have already taken actions to contribute to greenhouse gas reduction. According to Hong Kong's Climate Action Plan 2050, the government would strive to achieve carbon neutrality before 2050. Acknowledging the urgency of climate change, the Group has scaled up its effort to identify and analyse climate change risks and opportunities, and to reduce carbon emissions in our operations whenever feasible by promoting the use of energy-efficient and low-carbon materials and products.

As a real estate developer, property manager, hotel operator, investor, and owner, catastrophic occurrences such as major typhoons and flooding are the primary source of acute physical dangers connected with climate change. Costs associated with insuring, maintaining, and repairing damaged property might rise. Natural resource availability, sourcing, and quality; food security; and extreme temperature variations might affect our financial performance. We'll periodically review climate-related risks in an effort to increase our resiliency wherever possible.

Social Aspect

B1 Employment

The Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics. Employee handbook outline terms and conditions of employment, expectations for employees' behaviour and service delivery, employees' rights and benefits. We establish and implement policies that promote a fair and respectful workplace. We provide ongoing training and development opportunities to enhance our employees' career progression.

B2 Health And Safety

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

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

The Group complied with all the relevant laws and regulations that have a significant impact on the Group relating to health and safety during the year ended 31st March 2022.

An extra raft of anti-epidemic measures against COVID-19 has been implemented to safeguard health and safety of our staff members and guests. These include compulsory testing for all front-line staff (hotel operation and building management), stepping up of environmental hygiene and sanitation procedures within our hotel and commercial building premises, installation of thermometric turrets at building entrances for measuring body temperature, splitting staffs into A,B team and A,B site, work from home, having zoom meeting, provision of disposable face masks to employees and hand sanitizers in all public areas, enforcing health declaration on hotel guests check-in and the government's "Leave Home Safe" risk-exposure app, distribution of Health Advice on Prevention of Severe Respiratory Disease for hotel guests and the periodic disinfectant spray of public area of commercial buildings managed by our Group. On construction aspect, the Group has requested all contractors to take regular testing of site workers and prevent those with symptoms from entering our sites.

Our quarantine hotels' essential hardware, such as ventilation and exhaust fan systems, toilet facilities, and drainage systems, must also adhere to stricter regulations in order to prevent epidemics. Additionally, our staff must complete in-depth and pertinent infection control training courses that are organised and/or specified by the department of health in order to perform cleaning and disinfection duties.

The Group shall continue to closely monitor and observe the governmental rules and regulations in the fight of COVID-19.

B3 Development And Training

Critical to the long-term success of the Group's operations are the competencies of its personnel. The Group strives to continuously develop its staff and organises programmes based on their business needs, including on-the-job and appropriate external and internal training opportunities, as well as career advancement opportunities for both management and operational staff, who can also apply for educational sponsorships to pursue external professional courses. Besides, employees' environmental awareness and commitment are also boosted by the Group's emphasis on energy-saving measures and innovative ideas on energy conservation while they are at work.

During the reporting year, the Group's hotel operations delivered an extensive array of training programmes for its staff, including issues such as occupational health and safety, food safety, hotel operating standards, computer literacy, first aid, customer service, fire and emergency response, and COVID-19 prevention. Moreover, the hotel group's management team and all operating staff from our designated quarantine hotels (representing more than 30% of our total number of staff within the Group's hotel operations) received considerable training from various specialised government departments covering "room cleaning & disinfection" and "infection control training" to meet the highest hygiene standards and meet stringent infection-control requirements on the facilities and workflow design.

Employee performance review is a critical component of the talent pool's long-term growth. At the conclusion of the year, employees' performance is evaluated.

Through these programmes, the Group seeks to grow together with its employees.

B4 Labour Standards

The Group has complied with all the relevant laws and regulations that have a significant impact on the Group relating to preventing child and forced labour. Any case of child and forced labour when discovered, shall be reported to appropriate government agency for investigation. The Group conducts recruitment in accordance with applicable laws and regulation. We require applicants to provide true and accurate information in support of their applications and, do not accept any applicants below the minimum legal working age. The Group strives to provide a safe and healthy working environment for the employees and does not tolerate any child and forced labour.

		31st March 2022
B1.1	Total workforce by gender, employment type, age group and geographical region	
	Total number of employees	256
	By gender	
	Male	132
	Female	124
	By age group	
	Below 30	27
	30 – 50	134
	Over 50	95
	By employment type	
	Full-time	253
	Part-time	3
	By geographical region	
	Hong Kong	247
	The PRC	4
	Canada	5

			2022
B1.2	Employee turnover rate		
	Total employee turnover		84
	Overall employee turnover rate		34%
	By gender		
		Male	34%
		Female	34%
	By age group		
		Below 30	85%
		30 – 50	34%
		Over 50	16%
	By geographical region		
		Hong Kong	34%
		The PRC	25%
		Canada	59%

B2.1 The Group recorded 0 case of work-related fatalities occurred in each of the past three years including the reporting year.

B2.2	Lost days due to work injury		
	Number of lost days		39

B3.1	Percentage of employees trained by gender and employee category		
	By gender		
		Male	64%
		Female	50%
	By employee category		
		Senior management	61%
		Middle management	64%
		General staff	59%

Environmental, Social and Governance Report

			2022
B3.2	Average training hours completed per employee by gender and employee category		
	By gender		(hours)
	Male		30-40
	Female		30-40
	By employee category		
	Senior management		5-10
	Middle management		30-40
	General staff		35-45

B5 Supply Chain Management

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

Hospitality

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

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

Property development

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

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

		31st March 2022
B5.1	Number of suppliers by geographical region.	
	Hong Kong	>400
	China	<50
	Canada	>300

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, rules and regulations, which have significant impact on the Group.

During the reporting year, there was no product sold or shipped subject to recall for safety and health reasons. There was no products or service related complaints received. There was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Intellectual property rights

The Group pays attention to intellectual property rights and has measures in place to protect it. The Group has a legal team for reviewing agreements on participation with third parties in different business segments. The Group also keeps track of the infringement actions in the market and avoids any behaviour that is deemed to be an infringement.

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. All directors and staffs are required to rigorously comply with the applicable codes of conduct.

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.

The Group has adopted whistle-blowing procedures for employees to report safely and confidently if they suspect any case of corruption, malpractice or unethical treatment.

B8 Community Investment

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

Caring for society

"UOB Art in Ink Awards Presentation Ceremony and Winners' Showcase"

As a supporter of art, children and education, the Group supported the 2021 UOB Art in Ink Awards Presentation Ceremony and Winners' Showcase as the Venue Sponsor by offering our commercial space at Asia Standard Tower to UOB Hong Kong to host the event. The Awards aims to promote and support the local artistic talents, to provide them a platform to showcase their artworks and to share their passion in the community through art.

Management attended the 2021 UOB Art in Ink Awards Presentation Ceremony

At the event, UOB Hong Kong presented awards and prizes to 18 local artistic winners to recognize and promote their outstanding achievements. Over 1,600 visitors attended the 13-day exhibition and events.

2021 UOB Art in Ink Awards Winner's Showcase at Asia Standard Tower

Awards presented to the artistic talents

"The Art of Caring" Community Care Program

The Hong Kong Council of Social Service (HKCSS) awarded The Empire Hotels with the "10 Years Plus Caring Company Logo" in recognition of the "The Art of Caring" community care programme launched in 2009 in partnership with The Spastics Association of Hong Kong (SAHK), a rehabilitation service organisation that aids in the education and rehabilitation of children and adolescents with special needs.

Amidst the gradual easing of anti-epidemic curbs and social distancing measures, the Hotel Group renewed its efforts in contributing to and supporting a number of charity projects of our NGO partner, SAHK as part of "The Art of Caring" Community Care Program. These are: sponsorship to SAHK x "Zero to Hero" Charity Film Show on 7th November, 2021; a charity purchase from mµse casa and a Christmas cupcake workshop.

The Hotel Group made a charity purchase from mµse casa, a brand created by SAHK in April 2021 in support of the rehabilitation of its physically-challenged members in producing hand-crafted home decorative items for sale to the public.

Hotel representatives together with parent-and-kid participants in making Christmas cupcakes.

In addition, a Cupcake Workshop was organized in celebration of Christmas at SAHK Wang Tau Hom Pre-school on 10th December, 2021.

On the property development front, our Landmark On Robson residential development project in downtown Vancouver contains 83 city-owned public housing units, or 20% of the overall floor space ratio of the entire development, within the two high-rise buildings above the commercial podium. This is part of the Group's commitment to the development project supporting the West End Community Plan in Vancouver, which addresses the housing and community needs caused by a rising population and deteriorating public amenities.

Charity activities

The Group has during the reporting year made donations of HK$542,000 to a number of charitable organisations, such as AHK Fund Limited, Police Welfare Fund and Yan Chai Hospital.

Community Recognition

Notwithstanding our recognition as Caring Company for over a decade, we will strive to keep up our dedication and commitment to society and communities through different avenues in the times ahead.

Corporate Governance Report

Corporate Governance Practices

The Company is committed to sustaining its corporate governance standards by emphasising transparency, independence, accountability, responsibility and fairness with reference to the Principles and Code Provisions set out in the Corporate Governance Code (the "Code") in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company exercises corporate governance through the board of Directors (the "Board") and various committees.

Board of Directors

The Board consists of six Executive Directors and three Independent Non-executive Directors. The posts of Chairman and Chief Executive are separate and are not held by the same individual. The Chairman, Mr. Fung Siu To, Clement, is responsible for overseeing the functioning of the Board and the strategies and policies of the Group. The Chief Executive and the Managing Director, Mr. Poon Jing, is responsible for managing the Group's business. The biographical details and relationship of the Directors are disclosed in the biography of Directors set out in the Directors and Senior Management section.

According to the bye-laws of the Company (the "Bye-Laws"), at every annual general meeting ("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 Code, 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 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.

Directors' Responsibility in Respect of the Financial Statements

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.

Attendance Record of Directors at Board and General Meetings

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

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

Board Diversity Policy and Nomination Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Company seeks 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. Details of workforce by gender and age of the Group are set out in the section "Environmental, social and governance report". The Group will strive to maintain gender diversity when recruiting and selecting key management and other personnel across the Group's operations. To enhance the gender diversity of the Board, the Company intends to appoint at least one female Director in accordance with the prescribed timeline under the Listing Rules.

The Company has specific procedures for identifying, assessing and nominating suitable candidates for appointment as a new Director 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 and other relevant requirements under the Listing Rules. 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 established the Nomination Committee which shall be responsible for reviewing the composition and diversity of the Board, the nomination and appointment of new Directors, and the assessment of the independence of the Independent Non-executive Directors, etc. The Nomination Committee, acting on behalf of the Board, reviews the implementation and effectiveness of the Board diversity policy on an on-going basis and at least once in each financial year and reports to the Board. The Board overall is satisfied with the implementation and effectiveness of the Board's diversity policy and the Director's nomination mechanism in place for the financial year under review.

Corporate Governance Report

Nomination Committee

In compliance with the recent amendments to the Listing Rules and the Code by the Stock Exchange with effect from 1st January 2022, the Nomination Committee was established by the Board on 23rd December 2021 with its terms of reference adopted by the Board in compliance with the Code. To ensure independent views and inputs are available to the Board, the terms of reference of the Nomination Committee require that a majority of the members should be Independent Non-executive Directors. The Nomination Committee currently comprises the Chairman of the Company, Mr. Fung Siu To, Clement, and two Independent Non-executive Directors, Mr. Leung Wai Keung and Mr. Wong Chi Keung. The principal activities of the Nomination Committee include review of the structure, size and composition (including the skills, knowledge and experience) of the Board nomination and appointment of new Directors and assessment of Independent Non-executive Director. The Nomination Committee meets at least once a year. During the year, the Nomination Committee held one meeting, which all members had attended, to review the structure, size, composition of the Board with reference to the Board diversity policy and nomination policy, to review the overall contribution and service to the Company, expertise and professional qualifications of the retiring Directors and to recommend them to the Board for re-election at the Company's forthcoming AGM.

Remuneration Committee

Mr. Wong Chi Keung, an Independent Non-executive Director, is the Chairman of the Remuneration Committee. The Remuneration Committee currently comprises the Chairman of the Company, Mr. Fung Siu To, Clement, an Executive Director, Mr. Poon Hai and all the three Independent Non-executive Directors. The terms of reference were revised and adopted by the Board in compliance with the Code. The duties of the Remuneration Committee include making recommendations to the Board on the remuneration policy and structure of the Directors and senior management, approving the remuneration, determining the remuneration packages of all Executive Directors and senior management and approving the compensation to all Directors and senior management on termination or dismissal.

The remuneration packages including basic salary, annual bonus, retirement and/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 for the Directors and senior management is determined with reference to their expertise and experience in the industry, duties and responsibilities of the Group as well as, remuneration benchmark in the industry and prevailing market conditions.

During the year, the Remuneration Committee held one meeting, which all members had attended, to review, discuss and approve the remuneration packages of the Directors and senior management.

Audit Committee

The Audit Committee currently comprises all the Independent Non-executive Directors, Mr. Koon Bok Ming, Alan (as the Chairman), Mr. Leung Wai Keung and Mr. Wong Chi Keung. The terms of reference were revised and adopted by the Board in compliance with the Code. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process, risk management and internal control systems and review of the financial statements before publication. The Audit Committee meets at least twice a year. During the year, the Audit Committee met twice to review the Company's annual and interim financial statements, the recommendation by the auditor on enhancement of risk management and internal control systems and the effectiveness of the internal audit function. All the members had attended the meetings held during the year. The Audit Committee has reviewed the annual financial statements for the year ended 31st March 2022.

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 2022.

Corporate Governance Code

During the year, the Company has complied with the principles and the code provisions of the Code in force including the amendments that generally came into force on 1st January 2022 (the "Amended Code"), except the following deviations:

(1) Prior to 1st January 2022, Code Provision A.4.1 of the then Code provided that non-executive directors should be appointed for a specific term, subject to re-election. All Independent Non-executive Directors are not appointed for specific terms, but subject to retirement by rotations and re-elections at the AGM in accordance with the Bye-Laws. After the Amended Code has come into effect, all Independent Non-executive Directors are no longer required to be appointed for a specific term; and

(2) Prior to 1st January 2022, Code Provision A.5.1 of the then Code (now Rule 3.27A of the Listing Rules which came into effect on 1st January 2022) provided 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. On 23rd December 2021, the Board established the Nomination Committee with its terms of reference published on the websites of the Stock Exchange and the Company in accordance with the requirements under the Listing Rules. Prior to 23rd December 2021, the Company did not have a nomination committee. The Board as a whole was 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 of the Company (the "Shareholders") at the general meeting of the Company. Under the Bye-Laws, the Board may at any time, and from time to 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 retire at the next AGM but shall then be eligible for re-election at the meeting.

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 is responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and has the overall responsibilities of establishing, maintaining and operating sound and effective risk management and internal control systems which covers financial, operational and compliance aspects as well as material risks relating to environmental, social and governance ("ESG") aspects. 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 and internal control systems. The internal audit function facilitates improvement in the risk management process by assessing the effectiveness of the system and reports audit results together with the results of the periodic compliance checking to the Audit Committee on an on-going basis.

Corporate Governance Report

Internal Control

The Group's internal control system comprises a well-established organisational structure, comprehensive budgeting, reporting, policies and procedures, aiming to identify and manage risks (including ESG risks, if any) that could adversely hinder the achievement of business objectives of the Group, and to 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 system and compliance with the 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 Group at least once each financial year and to manage the risks inherent in the achievement of business objectives of the Group. Internal audit function adopts risk-based audit approach which focuses on the high risk areas of the Group's activities. Internal audit review covers key issues in relation to the accounting practices and material controls (including financial, operational, compliance and ESG aspects). The review findings or irregularities (if any) 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 53 to 54 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 Group's Risk Management and Internal Control Systems

For the financial year under review, two Audit Committee meetings with senior management, the Group's internal and 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 Group'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 during the year included 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 57 to 65 of this annual report.

For the year ended 31st March 2022, a total amount of HK$8,401,000 (2021: HK$8,506,000) was charged to the financial statements of the Group for their audit services. Taxation services, review on interim results and other assurance services provided by PricewaterhouseCoopers to the Group amounted to HK$1,324,000 (2021: HK$2,336,000).

Dividend Policy

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

Professional Development

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

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

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

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

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

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

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

Communications with Shareholders and Investors

The Company aims to provide its Shareholders and investors with high level of transparency. The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies.

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

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

Shareholders may at any time send their enquiries, suggestions and concerns to the Board in writing to the principal office of the Company in Hong Kong or by e-mail to asinfo@asiastandard.com for the attention of the Company Secretary. Inquiries are dealt with in an informative and timely manner.

Besides, Shareholders' meetings provide an opportunity for communication between the Board and the Shareholders. It is the Company's general practice that the Chairman of the Board as well as the chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee, or in their absence, their duly appointed delegates, who are members of the relevant committees, will be available to answer questions at general meetings of the Company. In addition, the Company will invite representatives of the auditor to attend its AGMs to answer Shareholders' questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and the independence of the auditor.

The shareholders communication policy is reviewed at least annually to ensure its continued effectiveness.

Shareholders' Rights

Subject to the applicable laws and regulations, the Listing Rules and the Bye-Laws as amended from time to time, Shareholders may put forward proposals at an AGM 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 documents in like form.

A copy of the Requisition, or two or more copies which between them contain the signatures of all the Requisitionists, shall be lodged at the Company's registered office in Bermuda at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda 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 Meetings

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

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 SGM is 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.

Constitutional Documents

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

Directors and Senior Management

Executive Directors

Fung Siu To, Clement

Aged 73, is the Chairman, an Executive Director and a member of the Remuneration Committee of the Company. He is also the Chairman, an executive director and a member of remuneration committee of Asia Orient Holdings Limited ("Asia Orient"), a substantial shareholder of the Company within the meaning of Part XV of the Securities and Future Ordinance (the "SFO"), and an executive director of its listed subsidiary, Asia Standard Hotel Group Limited ("Asia Standard Hotel"). On 23rd December 2021, Mr. Fung has been appointed as the Chairman of the Nomination Committee of the Company 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 Company and its subsidiaries (together the "Group") in 1988 and has over 35 years of experience in project management and construction. He is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors of the Company. He is also the brother-in-law of Mr. Poon Jing and Dr. Lim Yin Cheng, the Managing Director of the Company and the Deputy Chairman of Asia Standard Hotel respectively.

Poon Jing

Aged 67, is the Chief Executive, the Managing Director and an Executive Director of the Company. He is also the Chief Executive, the Managing Director and an executive director of Asia Orient and the Chairman and an executive director of Asia Standard Hotel. On 23rd December 2021, Mr. Poon has been appointed as the Chairman of the nomination committee of Asia Standard Hotel. He is also a director of certain subsidiaries of the Company. Mr. Poon is the founder of the Group. He is the father of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors of the Company. He is also the brother-in-law of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman of the Company and the Deputy Chairman of Asia Standard Hotel respectively.

Poon Hai

Aged 37, is an Executive Director and a member of the Remuneration Committee of the Company. He is also an executive director of Asia Orient and Asia Standard Hotel. 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 Managing Director and an Executive Director of the Company respectively. He is also the nephew of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman of the Company and the Deputy Chairman of Asia Standard Hotel respectively. He joined the Group in 2009.

Poon Yeung, Roderick

Aged 33, is an Executive Director of the Company, Asia Orient and Asia Standard Hotel. 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. He is the son of Mr. Poon Jing and the brother of Mr. Poon Hai, the Managing Director and an Executive Director of the Company respectively. He is also the nephew of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman of the Company and the Deputy Chairman of Asia Standard Hotel respectively. He joined the Group in 2012.

Lun Pui Kan

Aged 58, is the Finance Director of the Company and Asia Orient. He is also a director of certain subsidiaries of the Company. Mr. Lun has over 35 years of experience in accounting and finance. He is a holder of a Bachelor of Science (Engineering) degree and is an associate member of The Hong Kong Institute of Certified Public Accountants ("HKICPA") and a fellow member of The Association of Chartered Certified Accountants ("ACCA"). He joined the Group in 1994.

Kwan Po Lam, Phileas

Aged 63, is an Executive Director of the Company and Asia Orient. He is also a director of certain subsidiaries of the Company. Mr. Kwan is a holder of a Bachelor of Business Administration degree. He joined the Group in 1986 and is responsible for property sales and leasing. He has over 35 years of experience in property sales, leasing and real estate management.

Independent Non-Executive Directors

Koon Bok Ming, Alan

Aged 81, is an Independent Non-executive Director, a member of the Remuneration Committee and the Chairman of the Audit Committee of the Company. Mr. Koon is the Chief Executive Officer of a financial advisory firm and has over 30 years of experience in international banking and project and structured finance. He holds a Bachelor degree in Economics and a Master degree in Business Administration. He joined the Group in 1999.

Leung Wai Keung, *JP*

Aged 59, is an Independent Non-executive Director, a member of the Remuneration Committee and the Audit Committee of the Company and Asia Orient. He is also an independent non-executive director and a member of the audit committee of Asia Standard Hotel. On 23rd December 2021, Mr. Leung has been appointed as a member of the Nomination Committee of Asia Orient, the Company and Asia Standard Hotel. He joined the Group in 2004.

Mr. Leung is currently a Barrister-at-Law and was appointed as a Justice of the Peace by the Hong Kong Government on 1st July 2018. He has about 10 years of experience in accounting and financial management in several firms and thereafter been practicing as a barrister since 1996. Mr. Leung is a member of HKICPA, The Hong Kong Chartered Governance Institute ("HKCGI") (formerly known as The Hong Kong Institute of Chartered Secretaries), ACCA, The Chartered Governance Institute ("CGI") and The Chartered Institute of Arbitrators ("CIArb"). 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 HKCGI in 2006 and the Chairman of the CIArb (East Asia Branch) in 2015/16 and 2016/17. Mr. Leung had sit on various statutory tribunals such as the Board of Review, the Guardianship Board and the Registration of Persons Tribunal. From 2012 to 2018, Mr. Leung held the position as the Chairman of the Appeal Board for the Hotel and Guesthouse Accommodation, the Clubs (Safety of Premises) and Bedspace Apartments. From 27th June 2019 to 26th June 2021, Mr. Leung held the position as a member of the Disciplinary Board Panel (Land Survey). Mr. Leung currently is the Chairman of the Appeal Tribunal (Buildings).

Directors and Senior Management

Wong Chi Keung

Aged 67, is an Independent Non-executive Director, a member of the Audit Committee and the Chairman of the Remuneration Committee of the Company. On 23rd December 2021, he has been appointed as a member of the Nominate Committee of the Company. Mr. Wong holds a Master degree in Business Administration from The University of Adelaide in Australia. He is a fellow member of HKICPA, ACCA and CPA Australia; and an associate member of CGI and The Chartered Institute of Management Accountants. Mr. Wong is also a responsible officer for asset management and advising on securities for CASDAQ International Capital Market (HK) Company Limited under the SFO.

Mr. Wong was an executive director, the deputy general manager, group financial controller and company secretary of Yuexiu Property Company Limited (formerly known as Guangzhou Investment Company Limited) which is a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), for over ten years. He is an independent non-executive director, the Chairman of the audit committee and the remuneration committee of Asia Orient and Asia Standard Hotel. On 23rd December 2021, Mr. Wong has been appointed as a member of the nomination committee of Asia Orient and Asia Standard Hotel. He is also an independent non-executive director and a member of audit committee of Century City International Holdings Limited, Changyou Alliance Group Limited, China Ting Group Holdings Limited, Golden Eagle Retail Group Limited, Paliburg Holdings Limited, Regal Hotels International Holdings Limited, Yuan Heng Gas Holdings Limited and Zhuguang Holdings Group Company Limited, all of the above companies are listed on the Stock Exchange. Mr. Wong has over 45 years of experience in finance, accounting and management. He joined the Group in 2004.

Senior Management

Lim Yin Cheng

Aged 77, is the Deputy Chairman, the Chief Executive, an executive director and a member of the remuneration committee of Asia Standard Hotel. 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 1992. Dr. Lim is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors the Company. He is also the brother-in-law of Mr. Poon Jing and Mr. Fung Siu To, Clement, the Managing Director and the Chairman of the Company respectively.

Ng Siew Seng, Richard

Aged 70, is the Group General Manager of Asia Standard Hotel. He is also a director of a subsidiary of Asia Standard Hotel. Mr. Ng is responsible for the development and management of the Asia Standard Hotel group's hospitality operations. With over 4 decades' extensive experience in hotel and travel industry for both local and overseas markets, Mr. Ng has held senior marketing and operational positions in a number of major international chain hotels and travel agents in Hong Kong and Macau. He joined the Asia Standard Hotel group in 2007.

Woo Wei Chun, Joseph

Aged 58, is an executive director and the Group Financial Controller of Asia Standard Hotel. He is also a director of certain subsidiaries of Asia Standard Hotel. Mr. Woo is qualified as an U.S. Certified Public Accountant (Illinois) and is an associate member of HKICPA. He holds a Bachelor degree in Accounting with Computing and a Master degree in Business Administration. Mr. Woo has over 30 years of experience in accounting and finance. He joined the Asia Standard Hotel group in 2006.

Wong Hoi Yan

Aged 49, is the General Manager of Project Management Division of the Company. Ms. Wong holds a Bachelor of Arts degree in Architectural Studies and Master of Architecture from The University of Hong Kong and Master of Science degree in Project Management from The Hong Kong Polytechnic University. She is a Registered Architect in Hong Kong, a member of The Hong Kong Institute of Architects and an Authorised Person under the Buildings Ordinance. She is also a BEAM Pro under the Hong Kong Green Building Council. Ms. Wong is responsible for property development and project management. She has over 20 years of experience in project planning and management. She joined the Group in 2014.

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31st March 2022.

Principal Activities

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 35 to the financial statements.

The activities of the Group are mainly based in Hong Kong. Analysis of the Group's revenue and contribution to operating results by principal activities are set out in note 5 to the financial statements.

Results and Appropriations

The results of the Group for the year are set out in the consolidated profit and loss account on page 66.

The Company did not pay an interim dividend (2021: Nil) for the year ended 31st March 2022.

The board of Directors (the "Board") has resolved not recommend payment of a final dividend for the year ended 31st March 2022 (2021: HK3.0 cents per share).

Financial Summary

A five-year financial summary of the results and of the assets and liabilities of the Group is set on page 16.

Equity Linked Agreements

Save as disclosed in the section "Share option schemes" on pages 48 to 52 and "Convertible notes" on page 52, no equity linked agreements were entered into during the year or subsisted at the end of the year.

Share Issued in the Year

No shares of the Company was issued in the year ended 31st March 2022. Details of the share capital of the Company are set out in note 27 to the financial statements.

Principal Properties

Details of the principal properties of the Group are set out on pages 13 to 15.

Donations

During the year, the Group made charitable and other donations of HK$542,000 (2021: HK$260,000).

Report of the Directors

Directors

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

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

Messrs. Lun Pui Kan and Leung Wai Keung will retire from office by rotation in accordance with the bye-laws of the Company (the "Bye-Laws") and Mr. Poon Jing will retire to comply with Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at the forthcoming annual general meeting of the Company ("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 38 to 41.

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, its fellow subsidiaries or its parent company was a party and in which a Director and his connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Permitted Indemnity Provisions

Subject to the Bermuda Companies Act 1981, the Bye-Laws and other relevant statutes, the Directors shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he may sustain or incur in or about the execution of their office or otherwise in relation thereto. The Company has arranged appropriate Directors' and Officers' Liability Insurance coverage for the Directors and officers of the Group.

Arrangements to Purchase Shares or Debentures

Apart from the share option schemes of Asia Orient Holdings Limited ("Asia Orient") (details of which please refer to the annual report of Asia Orient for the year ended 31st March 2022), the Company and Asia Standard Hotel Group Limited ("Asia Standard Hotel") (details of which are disclosed on pages 50 to 52), 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 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Report of the Directors

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31st March 2022, the interests and short positions of the Directors and Chief Executive of the Company in 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 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 by the Company under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

(I) Long Positions in Shares

(a) The Company

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

Note: By virtue of Mr. Poon Jing's controlling interest (60.61%) in Asia Orient, he is deemed to be interested in the shares of the Company held by Asia Orient as disclosed under the heading "Substantial shareholders' and other persons' interests and short positions in shares and underlying shares" below.

(b) Associated corporations

		Number of shares held				
Director	Associated corporation	Personal interest	Family interest	Corporate interest	Total	Percentage of share in issue (%)
Poon Jing	Asia Orient	359,139,472	5,318,799	145,213,900 (Notes)	509,672,171	60.61
	Asia Standard Hotel	152,490	–	1,346,158,049 (Notes)	1,346,310,539	66.71
Poon Hai	Asia Orient	10,444,319	–	–	10,444,319	1.24
Fung Siu To, Clement	Asia Orient	15,440,225	–	–	15,440,225	1.83
	Mark Honour Limited	9	–	–	9	0.01

(I) Long Positions in Shares (Continued)

(b) Associated corporations (Continued)

Notes:

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

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

(II) Long Positions in Underlying Shares

Interests in share options

(a) The Company

Director	Outstanding as at 1st April 2021 and 31st March 2022
Poon Hai	3,500,000
Poon Yeung, Roderick	3,500,000

Notes:

1. Options were granted on 11th December 2015 under 2014 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$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.

(b) Associated corporation – Asia Orient

Director	Outstanding as at 1st April 2021 and 31st March 2022
Poon Hai	3,500,000
Poon Yeung, Roderick	3,500,000

Notes:

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

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

(II) Long Positions in Underlying Shares (Continued)

Interests in share options (Continued)

(c) Associated corporation – Asia Standard Hotel

Director	Outstanding as at 1st April 2021 and 31st March 2022
Poon Hai	14,400,000
Poon Yeung, Roderick	14,400,000

Notes:

1. Options were granted on 11th December 2015 under 2006 Asia Standard Hotel 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.

(III) Long Position in Underlying Shares and Debentures

Interests in convertible notes

Associated corporation – Asia Standard Hotel

Director	Nature of interest	Amount of convertible note held (HK$)	Number of underlying share held
Poon Jing	Corporate	1,219,619,192	2,692,316,098

Note: By virtue of Mr. Poon Jing's controlling interest in Asia Orient, he is deemed to be interested in the convertible notes (the "ASH Convertible Notes") held by Asia Orient and its subsidiaries which are convertible into 2,692,316,098 shares of Asia Standard Hotel. The ASH Convertible Notes are redeemable at the redemption value of HK$0.453 per ASH Convertible Note. Please refer to the annual report of Asia Standard Hotel for details.

Save as disclosed above, as at 31st March 2022, none of the Directors or Chief Executive of the Company had any interests or short positions in 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 by the Company 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 2022, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executive of the Company.

Long Positions in Shares of the Company

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

Notes:

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

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

Save as disclosed above, as at 31st March 2022, the Directors were not aware of any other persons (other than the Directors and Chief Executive of the Company) who had interests or short positions in shares or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

Report of the Directors

Share Option Schemes

The Company

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

The 2004 Share Option Scheme was adopted on 27th August 2004. Under 2004 Share Option Scheme, the Board may grant options to any Director, employee, consultant, customer, supplier, agent, partner or adviser 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 2004 Share Option Scheme must not exceed 71,851,459 shares, representing about 5.44% of the shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under 2004 Share Option Scheme and any other share option scheme 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 2004 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 2004 Share Option Scheme, there was no requirement for a grantee to hold the option for a certain period before exercising the option unless otherwise determined by the Directors. The exercise period should be any period determined by the Board 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 provided that it shall be not less than the highest of (i) the closing price of a share on the relevant date of grant; (ii) the average of the closing prices of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share. The 2004 Share Option Scheme was effective for 10 years from 27th August 2004 and expired on the tenth anniversary of such adoption date.

Following the expiry of 2004 Share Option Scheme, no further share option can be granted thereafter but all outstanding share options granted under 2004 Share Option Scheme and yet to be executed shall remain valid and exercisable.

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

Grantee	Outstanding as at 1st April 2021 and 31st March 2022
Employee	1,000,000

Notes:

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

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

Share Option Schemes (Continued)

The Company (Continued)

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

The 2014 Share Option Scheme was adopted on 29th August 2014. Under 2014 Share Option Scheme, the Board may grant options to any Director, employee, consultant, customer, supplier, agent, partner or adviser 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 2014 Share Option Scheme must not exceed 125,482,152 shares, representing about 9.50% of the shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under 2014 Share Option Scheme and any other share option scheme 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 2014 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 2014 Share Option Scheme, there was no requirement for a grantee to hold the option for a certain period before exercising the option unless otherwise determined by the Directors. The exercise period should be any period determined by the Board 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 provided that it shall be not less than the highest of (i) the closing price of a share on the relevant date of grant; (ii) the average of the closing prices of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share. The 2014 Share Option Scheme is effective for 10 years from 29th August 2014.

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

Grantee	**Outstanding as at 1st April 2021 and 31st March 2022**
Director	7,000,000

Notes:

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

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

Share Option Schemes (Continued)

Subsidiaries – Asia Standard Hotel

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

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

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

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

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

Share Option Schemes (Continued)

Subsidiaries – Asia Standard Hotel (Continued)

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

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

Grantee	Outstanding as at 1st April 2021 and 31st March 2022
Director	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 exercised, cancelled or lapsed.

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

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

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

Share Option Schemes (Continued)

Subsidiaries – Asia Standard Hotel (Continued)

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

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

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

Convertible Notes

On 23rd February 2017, Asia Standard Hotel issued a total of 2,693,204,266 ASH Convertible Notes with a total principal amount of HK$1,220 million which bears interest at 0.1% per annum and have dividend entitlement in order to fulfill the public float requirements under the Listing Rules. The ASH Convertible Notes were unsecured and redeemable. Principal terms of the ASH Convertible Notes are set out in note 24 to the financial statements.

During the year, no ASH Convertible Note (2021: Nil) was converted into ordinary share of Asia Standard Hotel.

Purchase, Sale or Redemption of Listed Securities

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

Pre-Emptive Rights

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

Management Contracts

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

Business Review

A fair review of business of the Group, particulars of important events affecting the Group that have occurred since the end of the financial year, if any, an analysis using financial key performance indicators and indication of likely future development of the Group are set out in the section "Management discussion and analysis" on pages 6 to 12. Discussion on environmental policies and performance of the Group and the account of the key relationships with its stakeholders are set out in the sections "Environmental, social and governance report" on pages 17 to 29.

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

Risks pertaining to property sales and leasing

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

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

Risks pertaining to hotel and travel operations

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

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 and number of visitors in Hong Kong, which is greatly influenced by the attractiveness of Hong Kong as a destination for tourists, business travellers and conferences as well as the inbound travel policy adopted by the Hong Kong Government, in particular for those from the PRC which comprised approximately 73% 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.

Report of the Directors

Principal Risks and Uncertainties (Continued)

Risks pertaining to financing

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

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

Risks pertaining to financial investments

The Group's financial performance is exposed to financial and capital market risks, including changes in interest rates, foreign exchange rates, credit spreads, equity prices, the performance of the economy in general and other factors outside our control. For further details of such risks and relevant management policies, please refer to note 3 to the financial statements from pages 91 to 107.

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 2022, 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 17 to 29.

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	64%
Percentage of purchases attributable to the Group's five largest suppliers	82%
Percentage of sales attributable to the Group's largest customer	16%
Percentage of sales attributable to the Group's five largest customers	40%

To the knowledge of the Directors, none of the Directors, their close associates or shareholders (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company), 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 33 to the financial statements, none of which constituted a connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

Financial Assistance and Guarantee to Affiliated Companies

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined balance sheet of affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31st March 2022 are as follow:

	Proforma combined balance sheet HK$'000	Group's attributable interest HK$'000
Non-current assets	4,536,556	1,598,478
Current assets	26,717,286	10,775,520
Current liabilities	(14,158,024)	(5,647,595)
Non-current liabilities	(7,206,737)	(2,352,548)
	9,889,081	4,373,855

The proforma combined balance sheet of the affiliated companies is prepared by combining their balance sheet, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the balance sheet as at 31st March 2022.

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 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.

Report of the Directors

AUDITOR

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

On behalf of the Board

Fung Siu To, Clement
Chairman

Hong Kong, 29th June 2022

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

Opinion

What We Have Audited

The consolidated financial statements of Asia Standard International Group Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 66 to 160, comprise:

- the consolidated balance sheet as at 31st March 2022;
- 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 significant accounting policies and other explanatory information.

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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis For Opinion

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

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

Independence

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

Key Audit Matters

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

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

– Expected credit loss ("ECL") assessment of debt securities which are classified as financial assets at fair value through other comprehensive income ("FVOCI") and the related accrued interest
– Valuation of investment properties
– Recoverability of properties under development for sale

Key audit matter	How our audit addressed the key audit matter
ECL assessment of debt securities which are classified as FVOCI and the related accrued interest	
Refer to notes 3, 4, 6, 18 and 19 to the consolidated financial statements	The procedures we performed included:
As at 31st March 2022, the Group has debt securities which are classified as FVOCI. The related charge in ECL for FVOCI debt securities and the related accrued interest for the year ended 31st March 2022 was recognised in the consolidated profit or loss accounts. The majority of the debt securities issuers were engaged in real estate development in the People's Republic of China ("PRC"). The ECL assessment of FVOCI debt securities was subject to higher estimation uncertainty due to the recent market conditions and volatility in the PRC real estate industry.	– Understanding management's controls and processes for the ECL assessment of FVOCI debt securities and the related accrued interest and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; – Testing the Group's key controls over ECL assessment, including the controls over model selection and staging determination to assess any significant increase in credit risk; and

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
ECL assessment of debt securities which are classified as FVOCI and the related accrued interest (continued)	
The Group assessed whether the credit risk of FVOCI debt securities and the related accrued interest increased significantly since their initial recognition and applied a three-stage impairment model approach to calculate the ECL except for purchased or originated credit-impaired financial assets ("POCI"). For FVOCI debt securities that are classified as stage 1 or stage 2, the Group assessed the ECL using a model that incorporated relevant assumptions, including probability of default ("PD") and loss given default ("LGD"). For FVOCI debt securities classified as stage 3, the Group assessed ECL for each FVOCI debt securities using a discounted cashflow model with probability weightings given to different probable scenarios. POCI are financial assets that are credit-impaired on initial recognition. For POCI, the Group estimates the lifetime expected credit losses using discounted cashflows from the investment at each reporting date. The assumptions also take into account forward-looking estimates by referencing to macro-economic factors.	– With the assistance of our internal valuation and modelling expert, we performed the following procedures: – Evaluating the reasonableness of staging determination by considering the Group's historical credit loss experience, the circumstances concerning the business and financial affairs of the underlying debt securities issuers at the time of initial recognition as well as at the end of the reporting period, relevant industry information and expected industry outlook; – Evaluating the reasonableness and appropriateness of the selection and application of models, assumptions, including the PD, LGD and expected cashflows, the application of multiple scenarios and assigned probability in the ECL model, the forward looking factors and the correlation between the forward looking factors and the assumptions used by considering the credit reports issued by credible agencies, the restructuring plans signed or proposed, overdue status, the latest financial information available from the debt securities issuers and other relevant information;

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
ECL assessment of debt securities which are classified as FVOCI and the related accrued interest (continued)	
We have identified the ECL assessment for FVOCI debt securities and the related accrued interest as a key audit matter due to high inherent risk given the uncertainty of estimates, involvement of significant management judgement and assumptions.	– Checking data inputs used in the discounted cashflows on a sample basis to supporting documents; and – Assessing the adequacy of the disclosures related to the expected credit losses of the FVOCI debt securities and the related accrued interest in the applicable financial reporting framework. Based on the work performed, we found the assumptions adopted in the ECL assessment by management for the FVOCI debt securities and the related accrued interest were supported by the evidence obtained.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
Refer to notes 4, 14 and 16 to the consolidated financial statements As at 31st March 2022, the Group's investment properties portfolio included investment properties held by subsidiaries and an associated company. Management engaged an independent valuer to estimate the fair value of investment properties of the Group and the associated company as at 31st March 2022 based on the direct comparison method. We focused on the valuation of investment properties because the estimation of fair value is subject to estimation uncertainty. It is inherently subjective due to, among other factors, the individual nature of each property, its location, prevailing market returns and the expected future rentals for that particular property. The key assumptions used in the independent valuation of investment properties require significant judgement and estimation and therefore this matter is our audit focus.	Our audit procedures in relation to the valuation of investment properties included: • Understanding management's controls and processes for determining the valuation of investment properties and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied; • Evaluating the independent valuers' competence, capabilities and objectivity; • Obtaining the valuation reports and holding meetings with the independent valuer, together with our own experts in property valuation, to discuss and evaluate the valuation methodology and key assumptions adopted, focusing on market comparables; • Assessing the market comparables used by the independent valuer by benchmarking these against recent transactions for similar properties and locations; and • Assessing the adequacy of the disclosures related to the valuation of investment properties in the context of HKFRS disclosure requirements. Based on the work performed, we found the key assumptions used in the valuation of investment properties were supported by the available evidence.

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
Recoverability of properties under development for sale	
Refer to notes 4, 16 and 17 to the consolidated financial statements The Group has a number of properties under development for sale ("property development projects") held by subsidiaries and joint ventures. Management assessed the recoverability of properties under development for sale based on estimates of the net realisable values of the underlying properties for each project and concluded no provision is necessary as at 31st March 2022. This involved the estimation of construction costs to be incurred to complete the properties under development based on existing plans and forecast of future sales. The estimation of net realisable values depends on key assumptions that require significant management judgement, including selling price per square foot and budgeted costs of construction. We focused on the net realisable value assessment of the above items as it involved significant judgement.	Our audit procedures in relation to evaluating management's assessment of recoverability of property development projects included: • Understanding management's controls and processes for determining the recoverability of properties under development for sale and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied; • Comparing the expected future sales prices to current market prices of comparable properties; • Meetings with project managers for major properties under development for sale to understand the progress of development and challenge the assumptions for forecast development costs to complete; • Corroborating the cost estimates provided by management and project managers to latest approved budgets and approved development plans; • Benchmarking estimated construction costs to external industry data; • Performing independent legal title searches and site visits of major projects; and • Assessing the adequacy of the disclosures related to the properties under development for sale in the context of HKFRS disclosure requirements. Based on the work performed, we found the assumptions adopted by the management in the assessment of recoverability of properties under development for sale were supported by the evidence obtained.

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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

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

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, 29th June 2022

Consolidated Profit and Loss Account

For the year ended 31st March 2022

	Notes	2022 HK$'000	2021 HK$'000
Interest revenue		**2,205,117**	2,209,152
Sales of goods and services, leasing and other revenue	5	**304,618**	250,195
Total revenue	5	**2,509,735**	2,459,347
Cost of sales		**(82,854)**	(65,653)
Gross profit		**2,426,881**	2,393,694
Selling and administrative expenses		**(235,172)**	(227,663)
Depreciation		**(146,566)**	(126,323)
Net investment (loss)/gain	6		
Net realised and unrealised (loss)/gain		**(724,214)**	250,732
Changes in expected credit losses		**(2,680,419)**	(133,886)
Fair value gain/(loss) of investment properties	14	**497,018**	(245,043)
Written back of provision for impairment in value of properties under development for sale		**61,830**	–
Operating (loss)/profit		**(800,642)**	1,911,511
Net finance costs	10	**(326,294)**	(387,180)
Share of profits less losses of			
Joint ventures		**15,541**	85,193
Associated companies		**10,709**	(82,650)
(Loss)/profit before income tax		**(1,100,686)**	1,526,874
Income tax credit/(expense)	11	**88,383**	(66,304)
(Loss)/profit for the year		**(1,012,303)**	1,460,570
Attributable to:			
Shareholders of the Company		**(883,576)**	1,353,248
Non-controlling interests		**(128,727)**	107,322
		(1,012,303)	1,460,570
(Loss)/earnings per share (HK$)			
Basic	13	**(0.67)**	1.03
Diluted	13	**(0.67)**	1.03

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2022

	2022 HK$'000	2021 HK$'000
(Loss)/profit for the year	**(1,012,303)**	1,460,570
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value (loss)/gain and other net movements on debt securities at fair value through other comprehensive income	**(5,094,028)**	1,969,836
Share of net fair value loss on debt securities at fair value through other comprehensive income of joint ventures	**(264,816)**	–
Cash flow hedges		
– fair value gain/(loss)	**291,657**	(43,983)
– deferred tax on derivative financial instruments	**(48,235)**	13,042
Currency translation differences	**13,117**	60,817
Share of currency translation differences of joint ventures	**64,877**	186,814
Items that will not be reclassified to profit or loss:		
Equity securities at fair value through other comprehensive income		
– net fair value (loss)/gain	**(112,718)**	113,666
– realised gain	**–**	6,134
	(5,150,146)	2,306,326
Total comprehensive (charge)/income for the year	**(6,162,449)**	3,766,896
Attributable to:		
Shareholders of the Company	**(5,667,215)**	3,492,928
Non-controlling interests	**(495,234)**	273,968
	(6,162,449)	3,766,896

Consolidated Balance Sheet

As at 31st March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Investment properties	14	**10,034,752**	9,527,323
Property, plant and equipment	15	**4,761,239**	4,616,204
Investment in joint ventures and associated companies	16	**4,373,855**	4,755,023
Amounts due from joint ventures and associated companies	16	**2,281,206**	2,126,982
Loan receivables		**850**	1,052
Financial investments	19	**1,389,996**	4,361,339
Derivative financial instruments	25	**282,636**	26,965
Deferred income tax assets	26	**158,100**	125,267
		23,282,634	25,540,155
Current assets			
Properties under development for sale	17	**4,257,302**	3,457,801
Completed properties held for sale	17	**3,481**	3,481
Hotel and restaurant inventories		**17,881**	18,546
Trade and other receivables	18	**908,131**	614,016
Income tax recoverable		**80**	855
Financial investments	19	**5,421,162**	10,790,816
Bank balances and cash			
– restricted	20	**369,326**	79,985
– unrestricted	20	**762,384**	1,814,699
		11,739,747	16,780,199
Current liabilities			
Trade and other payables	21	**196,712**	1,231,555
Contract liabilities	22	**245,717**	224,843
Amounts due to joint ventures	16	**311,392**	337,775
Amount due to an associated company	16	**206,250**	219,450
Amount due to non-controlling interests		**48,647**	46,640
Income tax payable		**151,983**	154,598
Borrowings	23	**3,996,578**	4,217,947
Derivative financial instruments	25	**676**	–
		5,157,955	6,432,808
Net current assets		**6,581,792**	10,347,391

Consolidated Balance Sheet

As at 31st March 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current liabilities			
Borrowings	23	**13,314,797**	13,017,132
Convertible notes	24	**8,532**	8,015
Derivative financial instruments	25	**–**	106,607
Lease liabilities		**5,738**	843
Deferred income tax liabilities	26	**125,250**	137,480
		13,454,317	13,270,077
Net assets		**16,410,109**	22,617,469
Equity			
Share capital	27	**13,197**	13,197
Reserves	28	**16,000,964**	21,707,772
Equity attributable to shareholders of the Company		**16,014,161**	21,720,969
Non-controlling interests		**395,948**	896,500
		16,410,109	22,617,469

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Consolidated Statement of Cash Flows

For the year ended 31st March 2022

	Notes	2022 HK$'000	2021 HK$'000
Cash flows from operating activities			
Net cash (used in)/generated from operations	32(A)	(336,462)	2,465,405
Net income tax paid		(5,193)	(79)
Interest paid		(467,218)	(407,465)
Interest received from bank deposit and other receivables		20,627	5,658
Net cash (used in)/generated from operating activities		(788,246)	2,063,519
Cash flows from investing activities			
Purchase of financial investments		(25,792)	(15,144)
Addition to investment properties		(10,411)	(2,402)
Addition to property, plant and equipment		(275,984)	(92,739)
Increase in investment in joint ventures		(265,457)	(5,131)
Repayment from associated companies and joint ventures		266,506	64,618
Dividend received from a joint venture		7,559	–
Net cash used in investing activities		(303,579)	(50,798)
Net cash (used in)/generated from before financing activities		(1,091,825)	2,012,721
Cash flows from financing activities			
Drawdown of long term borrowings		4,025,988	4,780,807
Repayment of long term borrowings		(4,018,280)	(2,498,616)
Net increase/(decrease) in short term borrowings		73,072	(3,118,632)
Redemption of medium term notes		–	(250,000)
Contribution from non-controlling interests		2,007	2,129
Dividend paid		(39,593)	–
Dividend paid to non-controlling interests		(4,676)	–
Coupon of convertible notes to non-controlling interests		(642)	–
Principal elements of lease payments		(4,853)	(2,837)
Net cash generated from/(used in) financing activities		33,023	(1,087,149)
Net (decrease)/increase in cash and cash equivalents		(1,058,802)	925,572
Cash and cash equivalents at the beginning of the year		1,814,699	868,936
Changes in exchange rates		6,487	20,191
Cash and cash equivalents at the end of the year		762,384	1,814,699
Analysis of the balances of cash and cash equivalents			
Bank balances and cash (excluding restricted bank balances)	20	762,384	1,814,699

Consolidated Statement of Changes in Equity

For the year ended 31st March 2022

	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 2020	13,197	18,214,844	18,228,041	622,532	18,850,573
Financial assets at fair value through other comprehensive income					
– net fair value gain and other net movements	–	2,071,422	2,071,422	156,184	2,227,606
– release of reserve upon disposal/redemption	–	(132,529)	(132,529)	(11,575)	(144,104)
– realised gain of equity securities	–	6,134	6,134	–	6,134
Cash flow hedges					
– fair value loss	–	(40,841)	(40,841)	(3,142)	(43,983)
– deferred tax on derivative financial instruments	–	12,394	12,394	648	13,042
Currency translation differences	–	223,100	223,100	24,531	247,631
Profit for the year	–	1,353,248	1,353,248	107,322	1,460,570
Total comprehensive income for the year	–	3,492,928	3,492,928	273,968	3,766,896
At 31st March 2021	13,197	21,707,772	21,720,969	896,500	22,617,469
Financial assets at fair value through other comprehensive income					
– net fair value loss and other net movements	–	(5,058,041)	(5,058,041)	(383,210)	(5,441,251)
– release of reserve upon disposal/redemption/ derecognition	–	(28,438)	(28,438)	(1,873)	(30,311)
Cash flow hedges					
– fair value gain	–	274,004	274,004	17,653	291,657
– deferred tax on derivative financial instruments	–	(45,322)	(45,322)	(2,913)	(48,235)
Currency translation differences	–	74,158	74,158	3,836	77,994
Loss for the year	–	(883,576)	(883,576)	(128,727)	(1,012,303)
Total comprehensive charge for the year	–	(5,667,215)	(5,667,215)	(495,234)	(6,162,449)
Transaction with owners:					
2021 final dividend	–	(39,593)	(39,593)	(4,676)	(44,269)
Coupon to convertible noteholders	–	–	–	(642)	(642)
Total transactions with owners	–	(39,593)	(39,593)	(5,318)	(44,911)
At 31st March 2022	**13,197**	**16,000,964**	**16,014,161**	**395,948**	**16,410,109**

Notes to the Financial Statements

1. General Information

Asia Standard International Group Limited (the "Company") is a limited liability company incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited ("HKEX"). The address of its principal office is 30th Floor, 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 investment properties, financial assets at fair value through profit or loss ("FVPL"), financial assets at fair value through other comprehensive income ("FVOCI") and derivative financial instruments, which are carried at fair value, and in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS").

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

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

(B) The Adoption of New Standards and Amendments to Standards

The accounting policies and methods of computation used in the preparation of these annual financial statements are consistent with those used in 2021, except adoption of the following amendments to standards that are effective for the first time for this year which are relevant to the Group's operations and are mandatory for accounting periods beginning on or after 1st January 2021:

Amendments to HKFRS 16	Covid-19 related rent concessions beyond 30 June 2021
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest rate benchmark reform – Phase 2

The adoption of the amendments to standards 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 Standards and Amendments to Standards (Continued)

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

Effective for accounting period beginning on or after:

1st January 2022	
Amendments to HKAS 16	Property, plant and equipment: Proceeds before intended use
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract
Amendments to HKFRS 3	Reference to the conceptual framework
Amendments to HKFRS	Annual improvements to HKFRS Standards 2018-2020
1st January 2023	
HKFRS 17 and amendments to HKFRS 17	Insurance contracts
Amendments to HKAS 1	Classification of liabilities as current or non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
To be determined	
Amendments to HKFRS 10 and HKAS 28	Sale 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 standards and amendments to standards and is not yet in a position to state whether they would have a significant impact on the Group's results and financial position.

2. Principal Accounting Policies (Continued)

(C) Basis of Consolidation

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

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

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

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

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

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

2. Principal Accounting Policies (Continued)

(D) Subsidiaries

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

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

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

(E) Joint Arrangement

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

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

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

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

2. Principal Accounting Policies (Continued)

(F) Associated Companies

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

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

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

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

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

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

(G) Balances With Subsidiaries, Joint Ventures And Associated Companies

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

2. Principal Accounting Policies (Continued)

(H) Goodwill

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

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

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

(I) Financial 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 or 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)

(I) 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 in "net investment gain/(loss)". Interest income from these financial assets is included in interest revenue using the effective interest rate method. Foreign exchange gains and losses are presented in "net investment gain/(loss)" and impairment expenses are presented as separate line item in the consolidated profit and loss account.

- FVOCI that were purchase or originated credit-impaired ("POCI") financial assets are reocognised at their fair value. Interest income from these financial assets is included in interest revenue using the credit-adjusted effective interest rate method. The credit-adjusted effective interest rate is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial asset to the amortised cost of a financial asset that is a POCI financial asset taking into account the expected cash flows by considering all contractual terms of the financial asset (for example, prepayment, extension, call and similar options) and expected credit losses.

2. Principal Accounting Policies (Continued)

(I) Financial Investments (Continued)

(iii) Measurement (Continued)

(a) Debt instruments (Continued)

- 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.

(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, leasing and other revenue" when the Group's right to receive payments is established.

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

2. Principal Accounting Policies (Continued)

(I) Financial Investments (Continued)

(iv) Expected credit loss ("ECL")

At the end of the reporting period, the Group performs impairment assessment and recognised loss provisions based on ECL on financial assets measured at amortised cost and FVOCI for debt instruments. The ECL refers to the weighted average of the credit losses of financial instruments that are weighted by the risk of default. Credit loss refers to the difference between all contractual cash flows receivable from the contract and all cash flows expected to be received discounted at the original interest rate by the Group, that is, the present value of all cash shortages. Among them, the POCI financial assets shall be discounted according to the credit-adjusted effective interest rate method.

Regardless of whether the Group's assessment of credit losses is based on a single financial instrument or a combination of financial instruments, the increase or reversal of the loss provision resulting therefrom should be included in the current profit or loss as an impairment loss or gain. For debt instruments measured at FVOCI, the Group recognises the allowance of impairment in other comprehensive income and impairment losses or gains in profit or loss, which should not change the book value of the financial assets set out in the balance sheet. For loss provision measured at the amount equivalent to the lifetime ECL of the financial instrument previously, if, at the end of the current reporting period, the financial instrument is no longer having significant increase in credit risk since the initial recognition, the Group measures its loss provision based on the amount of its ECL for the next 12 months, and the reversal of the loss provision arising from it is recognised as an impairment gain in profit or loss for the current reporting period. For POCI financial assets, the Group only recognises cumulative changes in lifetime ECL after initial recognition at the end of the reporting period as loss provision. At the end of each reporting period, the Group recognises the amount of the change in lifetime ECL as an impairment loss or gain in current profit or loss.

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.

(v) Offsetting financial instruments

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

2. Principal Accounting Policies (Continued)

(J) Property, Plant and Equipment

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

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

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

Hotel and other buildings in Hong Kong	Shorter of 50 years or the remaining lease period of the land on which the buildings are located
Other equipment	3 to 10 years

No depreciation is provided for buildings under development. Freehold land is not amortised.

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

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

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

(K) Impairment of Non-Financial Assets

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

2. Principal Accounting Policies (Continued)

(L) Investment Properties

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

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

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

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

(M) Properties Under Development for Sale and Property Held for Development for Sale

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

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

(N) Completed Properties Held for Sale

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

2. Principal Accounting Policies (Continued)

(O) Hotel and Restaurant Inventories

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

(P) Trade and Other Receivables

Trade 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(E) for a description of the Group's impairment policies.

(Q) Trade Payables

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

(R) Contract Liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to provide services to the customer.

The combination of those rights and performance obligations gives rise to a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is a liability and recognised as contract liabilities if the cumulative payments made by customers exceeds the revenue recognised in profit or loss. Contract liabilities are recognised as revenue when the Group provide services to the customers and therefore satisfies its performance obligation.

(S) 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.

2. Principal Accounting Policies (Continued)

(T) 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(AA)) 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.

(U) Employee Benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefits obligations

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

(iii) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest based on the non-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.

2. Principal Accounting Policies (Continued)

(V) Current and Deferred Income Tax

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

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

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

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

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

(W) 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.

(X) 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)

(Y) Revenue Recognition

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

(i) Properties

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

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

(ii) Investment properties

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

(iii) Hotel and travel agency

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.

(iv) Financial investments

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. Interest income for the POCI financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset using the credit-adjusted effective interest rate. At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

2. Principal Accounting Policies (Continued)

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

Changes in the fair value of monetary securities denominated in foreign currency classified as financial assets at FVOCI are analysed between translation differences resulting from changes in the amortised cost of the securities and other changes in the carrying amount of the securities. Translation differences related to changes in the amortised cost are recognised in the consolidated profit and loss account, and other changes in the carrying amount are recognised in OCI.

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.

2. Principal Accounting Policies (Continued)

(Z) Foreign Currency Translation (Continued)

(iii) Group companies (Continued)

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

(AA) Borrowing Costs

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

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

(AB) Leases

As the lessor

Lease income from operating leases where the Group is a lessor is recognised as 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

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 account 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.

2. Principal Accounting Policies (Continued)

(AB) Leases (Continued)

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.

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 the consolidated profit and loss account.

(AC) 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.

(AD) Related Parties

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

(AE) 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)

(AF) Scrip Dividend

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

(AG) Financial Guarantee (Insurance Contracts)

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

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

(AH) 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 asset or liability or a highly probable forecast transaction (cash flow hedge).

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

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in 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.

(AI) Government Grants

Government grants are recognised in the consolidated profit and loss account initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

3. Financial Risk Management

(I) Financial Risk Factors

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

(a) Market risk

(i) Foreign exchange risk

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

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

The Group currently does not have a foreign currency hedging policy. It manages its foreign currency risk by closely monitoring the movement of the foreign currency rates.

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 investments, derivative financial instruments, bank balances and borrowings which are denominated in United States dollar, Sterling pound, Euro, Renminbi and Japanese Yen.

At 31st March 2022, the Group's entities with functional currency of Hong Kong dollar had United States dollar net monetary assets of HK$4.4 billion (2021: HK$11.8 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 profit would have the following changes:

	2022			2021		
	Net monetary assets amount	Increase/(decrease) on result attributable to the shareholders of the Company if exchange rate changes by		Net monetary assets amount	Increase/(decrease) on result attributable to the shareholders of the Company if exchange rate changes by	
		+5%	-5%		+5%	-5%
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Renminbi	3,562,699	134,975	(134,975)	3,866,593	145,838	(145,838)
Japanese Yen	15,310	633	(633)	15,666	648	(648)
Euro	3,291	116	(116)	7,599	268	(268)
Sterling	338	13	(13)	345	13	(13)

(ii) Price risk

The Group is exposed to equity and debt securities price risk from the Group's financial investments and derivative financial instruments. The performance of the Group's investments are closely monitored, together with an assessment of their relevance to the Group's long term strategic plans.

The Group's listed investments in equity and debt securities of other entities (classified as financial assets at FVPL and financial assets at FVOCI) are traded in the HKEX, London Stock Exchange ("LSE"), Shanghai Stock Exchange ("SSE"), Shenzhen Stock Exchange ("SZSE"), New York Stock Exchange ("NYSE"), Singapore Stock Exchange ("SGX-ST") and Frankfurt Stock Exchange ("FSE"). The price of the Group's unlisted investments are quoted from brokers. Gains and losses arising from changes in fair value are dealt with in the profit and loss account and other comprehensive income 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 profit would have the following changes:

	2022				2021			
	Increase/(decrease) in result attributable to shareholders of the Company if price changes by		Increase/(decrease) in investment revaluation reserve of the Company if price changes by		Increase/(decrease) in result attributable to shareholders of the Company if price changes by		Increase/(decrease) in investment revaluation reserve of the Company if price changes by	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at								
– FVPL	280,330	(280,330)	–	–	331,568	(331,568)	–	–
– FVOCI	–	–	345,556	(345,556)	–	–	1,063,384	(1,063,384)

(iii) Cash flow interest rate risk

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

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

At 31st March 2022, with all other variables held constant, if the interest rate had increased/decreased by 50 basis point, the Group's post tax profit attributable to shareholders of the Company would have been HK$58,660,000 (2021: HK$57,300,000) 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 20), financial investments (note 19), derivative financial instruments (note 25), as well as credit exposures to loan receivables, trade and other receivables.

ECL

The Group assesses on a forward-looking basis the ECL associated with financial assets carried at amortised cost, FVOCI and financial guarantee contracts. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

The Group assesses the ECL for trade receivables based on a simplified approach.

The Group adopts a "three-stage" model for impairment based on changes in credit quality since initial recognition, to estimate the expected credit losses for financial assets measured at amortised cost (except for trade receivables, which applies simplified approach) and FVOCI debt securities other than those that are classified as POCI and financial guarantee contracts.

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, the expected credit losses are recognised at an amount equal to the portions of lifetime expected credit losses that result from default events possible within the next 12 months;

Stage 2: For financial instruments with significant increase in credit risk since initial recognition, but there is 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 in default 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)

ECL (Continued)

POCI are financial assets that are credit-impaired on initial recognition. This might occur, for example, in a situation in which there was a substantial modification of a distressed asset that resulted in the derecognition of the original financial asset. In such a case, it may be possible for the modification to result in a new financial asset which is credit-impaired at initial recognition. The Group include the initial lifetime expected credit losses in the estimated cash flows when calculating the credit-adjusted effective interest rate. At each reporting date, an entity shall recognise in profit or loss the amount of the change in lifetime expected credit losses as an impairment gain or loss.

Significant increase in credit risk (Stage 2)

The Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition on an ongoing basis. The Group sufficiently considers reasonable and supportable information, including forward-looking information, which reflects the significant increase 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 also considers the following factors to determine whether there is significant increase in credit risk:

– Significant change in the financial instrument's credit rating;

– 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;

– The borrower fails to make contractual payments within 30 days and 90 days of when they fall due, except for debt securities;

– Significant changes in the technological, market, economic or legal environment that have an adverse effect on the issuer;

– A significant decline in the market price of debt instrument.

Definition of default (Stage 3)

The Group considers that loan receivables, other receivables are in default when the counterparty fails to make contractual payments within 90 days of when they fall due. The Group also considers that debt securities are in default when an event of default occurs and is not rectified within the prescribed grace period for remedial action as stipulated in that financial instrument. The Group also considers the financial asset to be in default when it is highly probable that the borrower will enter bankruptcy or have difficulty in refinancing and have no other realistic option than to restructure their debt.

3. Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(b) Credit risk (Continued)

The Group is subject to credit risk exposure according to their relevant credit risk exposure:

Gross carrying amount	Simplified approach HK$'000	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	POCI HK$'000
31st March 2022					
Bank balances and cash					
Unrestricted	–	762,384	–	–	–
Restricted	–	369,326	–	–	–
Amounts due from joint ventures and associated companies	–	2,281,206	–	–	–
Loan receivables	–	3,323	–	8,812	–
Trade and other receivables excluding interest receivables	54,587	95,373	–	–	–
Financial assets at FVOCI and related interest receivables	–	488,401	560,982	2,544,668	570,636
31st March 2021					
Bank balances and cash					
Unrestricted	–	1,814,699	–	–	–
Restricted	–	79,985	–	–	–
Amounts due from joint venture and associated companies	–	2,126,982	–	–	–
Loan receivables	–	22,639	–	–	–
Trade and other receivables excluding interest receivables	33,919	100,717	–	–	–
Financial assets at FVOCI and related interest receivables	–	11,255,191	285,933	–	–

For cash and banks, the Group has limited its credit exposure by restricting the selection of financial institutions.

For amounts due from joint venture and associated companies, the advances are mainly for financing the underlying property development projects. Management considered the credit risk of these advances to be immaterial given the property development projects are currently progressing according to plan and there are sufficient headroom comparing to the underlying cost.

3. Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(b) Credit risk (Continued)

Trade receivables mainly represents rental receivables and receivables from hotel operation. The Group requests rental deposits from tenants to minimise the credit exposure to the Group. Receivables from hotel operations mainly represents receivables from credit cards which are from reputable financial institutions. Considering the above, the Group considers the credit risk to be minimal.

Other receivables and loan receivables mainly represents other rental receivables and loan receivables from third parties. The credit exposures 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. The Group has made an ECL of HK$1.7 million as at 31 March 2022 (2021: HK$1.5 million) for other receivables and loan receivables.

During the year ended 31st March 2022, the PRC government intensified efforts to limit developers' leverage, which had a negative impact on the overall real estate sector and had affected market confidence. Given the change in market conditions, the credit risk for a number of issuers of the debt securities that the Group holds has significantly increased and some of which have been in default in making interest and principal payments. Several real estate developers, by extending or restructuring their debts, have effectively addressed their liquidity issues. This entails an extension of loan maturity, with amortisation over the tenor, and coupon rates unchanged or reduced without any principal haircut on the debt. Other Chinese developers are pursuing similar solutions. Due to the increased credit risk and financial uncertainties of these issuers, certain issuers have been classified as stage 2 and some other issuers have been classified as stage 3 according to HKFRS 9, leading to the increase in the recognition in ECL.

3. Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(b) Credit risk (Continued)

During the year, the following loss allowances were recognised in consolidated profit and loss account in relation to the Group's debt securities at FVOCI.

	Stage 1		Stage 2		Stage 3		POCI		Total	
	Fair value HK$'000	ECL HK$'000	Fair value HK$'000	ECL HK$'000	Fair value HK$'000	ECL HK$'000	Fair value HK$'000	ECL HK$'000	Fair value HK$'000	ECL HK$'000
At 31st March 2021	10,815,871	72,939	267,460	76,513	-	595,823	-	-	11,083,331	745,275
New assets originated or purchased	1,759,072	47,290	-	-	-	-	659,346	-	2,418,418	47,290
Payments and assets derecognised	(2,827,553)	(13,948)	-	-	-	-	-	-	(2,827,553)	(13,948)
Transfer to stage 2	(1,006,512)	(28,679)	1,006,512	28,679	-	-	-	-	-	-
Transfer to stage 3	(8,317,063)	(71,323)	(267,460)	(74,249)	8,584,523	145,572	-	-	-	-
Credit quality related changes	-	(1,098)	-	57,820	-	2,541,585	-	48,770	-	2,647,077
Change in fair value	6,179	-	(562,322)	-	(6,581,049)	-	(119,203)	-	(7,256,395)	-
At 31st March 2022	429,994	5,181	444,190	88,763	2,003,474	3,282,980	540,143	48,770	3,417,801	3,425,694
Total ECL charge to profit and loss account for the year										2,680,419
At 31st March 2020	13,773,141	122,565	-	-	107,512	488,824	-	-	13,880,653	611,389
New assets originated or purchased	5,011,122	28,197	-	-	-	-	-	-	5,011,122	28,197
Payments and assets derecognised	(8,608,486)	(68,855)	-	-	-	-	-	-	(8,608,486)	(68,855)
Transfer to stage 2	(316,702)	(9,301)	316,702	9,301	-	-	-	-	-	-
Credit quality related changes	-	333	-	67,212	-	106,999	-	-	-	174,544
Change in fair value	956,796	-	(49,242)	-	(107,512)	-	-	-	800,042	-
At 31st March 2021	10,815,871	72,939	267,460	76,513	-	595,823	-	-	11,083,331	745,275
Total ECL charge to profit and loss account for the year										133,886

3. Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(b) Credit risk (Continued)

The Group estimates the loss allowances for FVOCI financial investments under stage 1 and stage 2 by referencing to data published by credible rating agencies and other forward-looking factors which taking into account of macro economic information.

For the credit-impaired debt securities (stage 3), the impairment loss was estimated based on management's assessment on the eventual shortfall of cash recoverable using a lifetime expected credit loss model. The impairment assessment used key inputs based on financial information extracted from the most recent available financial information of the issuer.

The assessments on the debt securities at FVOCI in Stage 3 involved probability weighted outcomes and calculation of an expected value as a whole. Such outcomes include:

- For the notes subject to a restructuring scheme announced by the issuer, discounted cashflow method was used according to the accounting standards. The cashflow and timing set out in the approved scheme was adopted, discount factors were determined using original purchase yield, and scenarios analysis in estimation was applied according to the accounting standards.

- For the notes with no scheme of arrangement announced, some of them already had relatively advanced draft restructuring terms whereas some of them, despite no restructuring terms having been agreed, had directional guidance on the restructuring (e.g. no haircut on principal, amortisation within certain number of years, etc.). Assessments on these notes included formulation of various probable restructuring plans (e.g. longer repayment period, reduced coupon rates and/or haircut on principal amount, and implementation date), thereafter various discounted cashflows based on different probable restructuring plans were conducted for these notes.

- Deferral of repayments under the restructuring terms (as per the announced restructuring plan or the probable restructuring plans formulated by management) by 1 to 2 instalments, and same valuation work as mentioned above was conducted based on the longer repayment periods under the respective restructuring plans.

- Recovering the investment through sales of the notes in the market based on its market price at 31st March 2022.

- Liquidation of the issuer, in which case a discount was applied to the issuer's consolidated assets at its latest published balance sheet date to arrive at a break-up value of the assets, and a present value of such assets after factoring in the time needed for realisation of the assets. The amount was then applied towards settlement of liabilities of the issuer, taking into account the rankings and priorities of those debts.

After calculating the expected values of each financial investment under different scenarios derived from the above principles, a probability weight in percentage was assigned for each scenario with a higher probability weight being assigned to the scenario to reflect the most likely outcome and vice versa, and a weighted ECL was calculated for each financial asset.

3. Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(b) Credit risk (Continued)

The below table illustrates the major contributors for the ECL that have defaulted during the year ended 31st March 2022 and the assumptions used in estimating the ECL recorded:

Issuer of debt securities	Unrealised loss for the year ended 31st March 2022 HK$ million	Changes in ECL recorded in profit and loss for the year ended 31st March 2022 HK$ million	ECL balances as at 31st March 2022 HK$ million	Scenario	Scenario probability	Payment terms	Coupon rate
Bond issuer 1	(2,256)	(972)	987	Restructuring Straight sale Liquidation	5% - 60%	6 - 8 years	5% - 9%
Bond issuer 2	(3,113)	(1,203)	1,220	Restructuring Straight sale Liquidation	5% - 60%	6 - 8 years	5% - 9%
Bond issuer 3	—	(116)	–	Restructuring Straight sale Liquidation	5% – 80%	3 years	10%
Bond issuer 4	(295)	(111)	113	Restructuring Straight sale Liquidation	5% – 90%	6 years	5% – 8%
Bond issuer 5	(270)	(49)	51	Restructuring Straight sale Liquidation	5% – 80%	5 years	7% – 9%

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 committed credit facilities and compliance of financial covenants of borrowings. The Group maintains flexibility in funding by keeping committed credit lines available and maintaining a reasonable level of marketable securities to meet any unexpected and material cash requirements in the course of ordinary business and to provide contingency liquidity support. At 31st March 2022, the unutilised credit facilities available to the Group amounted to HK$7,122,000,000 (2021: HK$9,828,000,000).

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

3. Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(c) Liquidity risk (Continued)

The tables below analyse the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual face value without applying discounted cash flow model based on the earliest date on which the Group is required to pay. To the extent that interest flows are at floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

	On demand HK$'000	Within 1 year HK$'000	Between 1 and 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flow HK$'000
At 31st March 2022					
Non-derivative					
Trade and other payables	–	188,538	–	–	188,538
Amounts due to joint ventures	–	311,392	–	–	311,392
Amount due to an associated company	–	206,250	–	–	206,250
Borrowings	407,000	3,937,172	13,807,177	–	18,151,349
Convertible notes	–	–	–	44,610	44,610
Lease liabilities	–	8,174	5,738	–	13,912
	407,000	4,651,526	13,812,915	44,610	18,916,051
Derivative financial instruments					
Net outflow	–	56,722	100,785	6,886	164,393
	407,000	4,708,248	13,913,700	51,496	19,080,444
At 31st March 2021					
Non-derivative					
Trade and other payables	–	1,229,342	–	–	1,229,342
Amounts due to joint ventures	–	337,775	–	–	337,775
Amount due to an associated company	–	219,450	–	–	219,450
Borrowings	333,325	4,207,689	13,539,073	–	18,080,087
Convertible notes	–	–	–	44,610	44,610
Lease liabilities	–	2,263	855	–	3,118
	333,325	5,996,519	13,539,928	44,610	19,914,382
Derivative financial instruments					
Net outflow	–	75,164	212,076	11,510	298,750
	333,325	6,071,683	13,752,004	56,120	20,213,132

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 (a)). Revalued net assets are prepared having taken into account the fair value of hotel properties, net of relevant deferred income taxes, in addition to the net assets shown in the consolidated balance sheet prepared in accordance with HKFRS. According to the Group's accounting policies, no properties other than investment properties are to be carried at valuation. Details of the valuation of the hotel properties, prepared for readers' information only, are set out in note 15(a) to the financial statements.

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

The gearing ratios at 31st March 2022 and 2021 were as follows:

	2022 **HK$'000**	2021 HK$'000
Borrowings (note 23)	**17,311,375**	17,235,079
Convertible notes (note 24)	**8,532**	8,015
Less: bank balances and cash (note 20)	**(1,131,710)**	(1,894,684)
Net debt	**16,188,197**	15,348,410
Revalued net assets (note (a))	**25,219,000**	31,325,000
Gearing ratio against Revalued net assets	**64%**	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

Financial instruments carried at fair value are categorised into 3 levels defined as follows:

(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 size of bid/ask 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 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

(iii) Financial instruments in level 3

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

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

3. Financial Risk Management (Continued)

(III) Fair Value Estimation (Continued)

The following table presents the Group's financial instruments that are measured at fair value at 31st March 2022 and 2021:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
2022			
Assets			
Financial investments			
Financial assets at FVOCI	258,362	2,633,037	867,467
Financial assets at FVPL	116,335	2,844,719	91,238
Derivative financial instruments	–	282,636	–
	374,697	5,760,392	958,705
Liabilities			
Derivative financial instruments	–	676	–
2021			
Assets			
Financial investments			
Financial assets at FVOCI	396,332	11,083,332	56,353
Financial assets at FVPL	183,591	3,379,641	52,906
Derivative financial instruments	–	26,965	–
	579,923	14,489,938	109,259
Liabilities			
Derivative financial instruments	–	106,607	–

3. Financial Risk Management (Continued)

(III) Fair Value Estimation (Continued)

The following table presents the changes in level 3 financial instruments of the Group for the year ended 31st March 2022 and 2021:

	Financial assets at FVOCI HK$'000	Financial assets at FVPL HK$'000
At 31st March 2020	98,482	34,201
Net (disposal)/addition	(42,245)	15,144
Fair value loss recognised in other comprehensive income	(44)	–
Fair value gain recognised in profit or loss	160	3,561
At 31st March 2021	56,353	52,906
Net addition	515,869	25,792
Transfer from level 2	267,460	–
Fair value gain recognised in other comprehensive income	25,251	–
Fair value gain recognised in profit or loss	2,534	12,540
At 31st March 2022	**867,467**	**91,238**

In 2022, except that the Group transferred HK$267 million financial assets at FVOCI from level 2 to level 3 which was resulting from significant reduction in transaction volume, there were no transfer between level 1, 2 and 3. This resulted the Group using discounted cashflow in valuing the financial assets at FVOCI, which included the use of estimated cashflows and comparable market discount rates, which is unobservable.

3. Financial Risk Management (Continued)

(III) Fair Value Estimation (Continued)

The following table summarise the quantitative information about the significant unobservable input used in level 3 fair value measurement:

Description	Fair value as at 31st March 2022 HK$'000	as at 31st March 2021 HK$'000	Valuation Technique	Unobservable input	Relationship of unobservable input to fair value
Financial assets at FVOCI	784,764	–	Discounted cash flow methodology	Discount rate of 15%-25% on estimated contractual cash inflow from the bond	The higher the estimated contractual cash flow from the underlying bond, the higher the fair value. The higher the discount rate, the lower the fair value.
Financial assets at FVOCI	82,703	56,353	Asset-based valuation	Net asset value	The higher the net asset values, the higher the fair value
Financial assets at FVPL	75,958	37,271	Asset-based valuation	Net asset value	The higher the net asset values the higher the fair value
Financial assets at FVPL	15,280	15,633	Third party valuation report	Fair value of the underlying property based on valuation model	The higher the underlying property, the higher the fair value

4. Critical Accounting Estimates and Judgements

In preparing this consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st March 2021.

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) ECL for Financial Investments

The measurement of the ECL for financial investments is an area that requires significant assumptions about future economic conditions and credit behaviour. These financial investments mainly represent FVOCI debt securities.

Significant judgements are required in applying the accounting requirements for measuring ECL. The Group assessed whether the credit risk of the FVOCI debt securities increased significantly since their initial recognition, and applied a three-stage impairment model approach to calculate the ECL except for POCI financial assets. For FVOCI debt securities that are classified as stage 1 or stage 2, the Group assessed the ECL using a model that incorporated relevant assumptions, including PD and LGD. For FVOCI debt securities classified as stage 3, the Group assessed ECL for each FVOCI debt securities using a discounted cashflow model with probability weightings given to different probable scenarios. For POCI, the Group estimates the lifetime expected credit losses using discounted cash flows from the investment at each reporting date. The assumptions also take into account forward-looking estimates by referencing to macro-economic factors.

The uncertainty estimates of the recent market conditions and the volatility of the PRC real estate industry, the use of complex models, involvement of significant management judgements and assumptions gave rise to a higher risk of uncertainty in such assessment.

(B) Fair Value of Level 3 Financial Assets at FVOCI

The measurement of fair value for financial assets at FVOCI involved the use of unobservable inputs which may lead to estimation uncertainty. The significant unobservable inputs included estimated future cashflow and the discount rate applied. Although the Group believes that its estimates of fair value are appropriate, the use of different methodology or assumption could lead to different measurement of fair value. For further details, please refer to note 3(III).

4. Critical Accounting Estimates and Judgements (Continued)

(C) Estimate of Fair Value of Investment Properties

At 31st March 2022, the Group had investment properties with fair value of HK$10,034,752,000 (2021: HK$9,527,323,000). The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the amount is determined within a range of reasonable fair value estimates. Information from a variety of sources is considered in making the judgement:

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

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

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

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

(D) Recoverability of Properties Under Development for Sale and Impairment of Property Held for Development for Sale

(1) 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.

(2) Impairment of Property Held for Development for Sale

The Group's property held for development for sale is stated at lower of cost and net realisable value. The Group has a 100% interest in a piece of land ("Property" or "Land") situated in Seac Pai Van, Coloane, Macau. As Macau government has officially declared expiry of the concession and reclaimed the land in February 2017 and the appeal was dismissed by the Last Instance Court in July 2020, the Group has no rights to use the land concession, accordingly the Property and a full impairment provision for the Property made in prior years were written-off during the year ended 31st March 2021.

In March 2021, a statement of claim was filed by the Group against the Macau government at the Administrative Court, with a view to recover the damages caused by the Macau government's failure to create the conditions necessary for the Group to develop the Property. In June 2021, the Group filed the Reply to the statement of defence by the defendants in May 2021 at the Administrative Court. The legal proceeding is at an early stage pending at the Administrative Court up to the date of this report.

4. Critical Accounting Estimates and Judgements (Continued)

(E) Impairment of Trade and Other Receivables and Loan Receivable

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

Impairment on other receivables and loan receivables are 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. Moreover, the Group also reviews the value of collateral received from the debtors and other type of credit enhancement received during debt collection process in determining the impairment.

Impairment losses on trade and other receivables and loan receivables are recognised in the profit and loss account within "cost of sales" and "selling and administrative expenses". Trade and other receivables and loan receivables are written off (either partially or in full) when there is no reasonable expectation of recovery.

(F) Income Taxes

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

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

5. Segment Information

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

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

	Property sales HK$'000	Property leasing HK$'000	Hotel and travel HK$'000	Financial investments HK$'000	Others HK$'000	Total HK$'000
2022						
Segment revenue	11,250	179,573	75,810	2,209,168	33,934	2,509,735
Contribution to segment results	(401)	141,190	(22,993)	2,198,647	33,871	2,350,314
Depreciation	(8,315)	–	(102,085)	–	(36,166)	(146,566)
Net investment loss	–	–	–	(3,404,633)	–	(3,404,633)
Fair value gain of investment properties	–	497,018	–	–	–	497,018
Written back of provision for impairment in value of properties under development for sale	61,830	–	–	–	–	61,830
Share of profits less losses of						
Joint ventures	15,551	–	–	–	(10)	15,541
Associated companies	–	11,211	–	–	(502)	10,709
Segment results	68,665	649,419	(125,078)	(1,205,986)	(2,807)	(615,787)
Unallocated corporate expenses						(158,605)
Net finance costs						(326,294)
Loss before income tax						(1,100,686)

5. Segment Information (Continued)

	Property sales HK$'000	Property leasing HK$'000	Hotel and travel HK$'000	Financial investments HK$'000	Others HK$'000	Total HK$'000
2021						
Segment revenue	–	197,420	37,251	2,179,888	44,788	2,459,347
Contribution to segment results	(3,805)	159,549	(39,816)	2,172,778	44,159	2,332,865
Depreciation	(5,713)	–	(101,138)	–	(19,472)	(126,323)
Net investment gain	–	–	–	116,846	–	116,846
Fair value loss of investment properties	–	(245,043)	–	–	–	(245,043)
Share of profits less losses of						
Joint ventures	83,748	–	–	–	1,445	85,193
Associated companies	–	(80,975)	–	–	(1,675)	(82,650)
Segment results	74,230	(166,469)	(140,954)	2,289,624	24,457	2,080,888
Unallocated corporate expenses						(166,834)
Net finance costs						(387,180)
Profit before income tax						1,526,874

5. Segment Information (Continued)

	Business segment						
	Property sales HK$'000	Property leasing HK$'000	Hotel and travel HK$'000	Financial investments HK$'000	Others HK$'000	Unallocated HK$'000	Total HK$'000
2022							
Assets	**10,104,365**	**11,289,091**	**2,862,531**	**7,558,622**	**72,812**	**3,134,960**	**35,022,381**
Assets include:							
Joint ventures and associated companies	**5,421,889**	**1,203,990**	**–**	**–**	**29,182**	**–**	**6,655,061**
Addition to non-current assets*	**144,134**	**10,411**	**149,948**	**–**	**121,892**	**5,085**	**431,470**
Liabilities							
Borrowings	**5,182,700**	**1,761,674**	**3,519,378**	**299,924**	**–**	**6,547,699**	**17,311,375**
Other liabilities							**1,300,897**
							18,612,272
2021							
Assets	9,222,011	10,755,411	2,830,012	15,611,620	81,009	3,820,291	42,320,354
Assets include:							
Joint ventures and associated companies	5,654,350	1,192,778	–	–	34,375	502	6,882,005
Addition to non-current assets*	3,988	2,402	10,979	–	190	81,446	99,005
Liabilities							
Borrowings	4,615,009	1,788,371	3,609,603	1,731,913	–	5,490,183	17,235,079
Other liabilities							2,467,806
							19,702,885

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

5. Segment Information (Continued)

	2022 **HK$'000**	2021 HK$'000
Revenue		
Hong Kong	**322,332**	325,836
Overseas	**2,187,403**	2,133,511
	2,509,735	2,459,347
Non-current assets*		
Hong Kong	**19,273,816**	17,982,787
Overseas	**2,177,236**	3,042,745
	21,451,052	21,025,532

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

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

	2022 **HK$'000**	2021 HK$'000
Revenue from contracts with customers		
– Recognised at a point in time	**13,021**	3,005
– Recognised over time	**104,595**	61,544
	117,616	64,549
Other sources	**187,002**	185,646
	304,618	250,195

6 Net Investment (Loss)/Gain

	2022 HK$'000	2021 HK$'000
Financial assets at FVPL		
– net unrealised (loss)/gain from market price movements	**(942,230)**	151,643
– net unrealised exchange gain/(loss)	**132,330**	(30,382)
– net realised (loss)/gain (note (a)(i))	**(6,627)**	7,654
Financial assets at FVOCI		
– net unrealised exchange gain	**55,172**	28,335
– net realised gain (note (a)(ii))	**10,157**	85,100
– change in expected credit losses (note (c))	**(2,680,419)**	(133,886)
Derivative financial instruments		
– net unrealised gain	**26,984**	8,382
	(3,404,633)	116,846

Notes:

Supplementary information of net investment (loss)/gain on financial investments:

(a) During the year, 10 (2021: 30) debt securities and 6 (2021: 10) equity securities had been disposed of/redeemed/derecognised.

		2022 HK$'000	2021 HK$'000
(i)	Net realised (loss)/gain on financial assets at FVPL		
	Gross consideration	**37,703**	104,997
	Cost of investments	**(39,528)**	(97,683)
	(Less)/add: net unrealised (gain)/loss recognised in prior years	**(4,802)**	340
	Net realised (loss)/gain recognised in current year	**(6,627)**	7,654
(ii)	Net realised gain on financial assets at FVOCI		
	Gross consideration	**2,871,736**	10,742,858
	Cost of investments	**(2,953,620)**	(10,552,751)
	Transfer from investment revaluation reserve	**92,041**	(105,007)
	Net realised gain recognised in current year	**10,157**	85,100

6 Net Investment (Loss)/Gain (Continued)

Notes: (Continued)

(b) Net unrealised (loss)/gain for the year was mainly generated from the fair value changes of the financial investments that comprised 64 (2021: 61) securities and 5 (2021: 5) funds as at 31st March 2022.

Summary of net unrealised (loss)/gain for the year ended 31st March:

	2022 HK$'000	2021 HK$'000
Equity securities	**(56,012)**	36,212
Debt securities	**(711,998)**	107,398
Unlisted fund	**13,282**	5,986
	(754,728)	149,596

During the year, the following debt securities contributed to the majority of the unrealised loss:

Debt Securities	**Unrealised loss for the year ended 31st March 2022 HK$'000**
Gusnhzhou R & F 6.8%	**(257,305)**
Gusnhzhou R & F 6.58%	**(207,568)**
Gusnhzhou R & F 7.4%	**(166,637)**
	(631,510)

Guangzhou R&F 6.58%, 6.8% and 7.4% notes, issued by Guangzhou R&F Properties Co., Ltd ("Guangzhou R&F"), carry fixed coupon rates of 6.58% per annum (maturing on 4th December 2022), 6.8% per annum (maturing on 16th May 2023), and 7.4% per annum (maturing on 19th October 2022), respectively. These notes are denominated in RMB and are listed in PRC; the 6.58% note is rated "AA+" by China Lianhe Credit Rating Co. Ltd ("Lianhe") and is listed on the SSE; the 6.8% notes is non-rated and listed on the SSE; and the 7.4% notes is non-rated and listed on the SZSE. The Group acquired them through total return swap arrangement ("TRS") arranged by Morgan Stanley & Co. International plc ("Morgan Stanley"), a public limited company incorporated in England and Wales. Guangzhou R&F is principally engaged in property development, property management, hotel development, commercial operations, and architectural and engineering design in the PRC. Its shares are listed on HKEX (stock code 2777).

6 Net Investment (Loss)/Gain (Continued)

Notes: (Continued)

(c) Summary of expected credit loss for the year:

During the year, the following debt securities contributed to the majority of the changes in expected credit loss:

Debt Securities	Changes in ECL for the year ended 31st March 2022 HK$'000
Scenery Journey 12%	(739,362)
Evergrande 12%	(360,329)
Evergrande 8.75%	(340,985)
Scenery Journey 11.5%	(289,882)
Evergrande 11.5%	(150,420)
	(1,880,978)

Evergrande 8.75%, 11.5% and 12% notes, issued by China Evergrande Group ("Evergrande"), carry fixed coupon rates of 8.75% per annum (maturing on 28th June 2025), 11.5% per annum (maturing on 22nd January 2023), and 12% per annum (maturing on 22nd January 2024), respectively. These notes are denominated in USD and are listed on SGX-ST. Evergrande is principally engaged in property development, 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).

Scenery Journey 11.5% and 12% notes, issued by Scenery Journey Limited, an indirect subsidiary of Evergrande, carry fixed coupon rates of 11.5% per annum (maturing on 24th October 2022), and 12% per annum (maturing on 24th October 2023), respectively. These notes are denominated in USD and are listed on SGX-ST.

7 Income and Expenses by Nature

	2022 **HK$'000**	2021 HK$'000
Income		
Net rental income (note)	**141,306**	160,949
Interest income from financial assets at FVOCI		
– Listed investments	**1,657,857**	2,112,788
Interest income from financial assets at FVPL		
– Listed investments	**523,122**	48,096
– Unlisted investments	**3,511**	7,077
Interest income from financial assets at amortised cost		
– Joint ventures	**15,454**	37,088
– Loan receivables	**1,535**	3,332
– Bank deposits	**3,638**	771
Dividend income		
– Listed investments	**7,706**	6,445
Expenses		
Auditor's remuneration		
– Audit services	**8,401**	8,506
– Non-audit services	**1,324**	2,336
Cost of properties and goods sold	**6,429**	4,794
Employee benefit expense including Director's emoluments (note 8)	**165,530**	162,375
Rental expense for land and buildings	**1,086**	1,088

Note:

	2022	2021
Gross rental income		
Investment properties	**179,472**	197,366
Properties held for sale	**101**	54
	179,573	197,420
Outgoings	**(38,267)**	(36,471)
Net rental income	**141,306**	160,949

8 Employee Benefit Expense

	2022 **HK$'000**	2021 HK$'000
Wages and salaries	**166,966**	163,461
Retirement benefits costs (note (a))	**3,524**	3,310
	170,490	166,771
Capitalised under properties under development for sale	**(4,960)**	(4,396)
	165,530	162,375

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

Notes:

(a) Retirement benefits costs

	2022 **HK$'000**	2021 HK$'000
Gross contributions	**3,515**	3,289
Termination benefit	**9**	21
Net contributions	**3,524**	3,310

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

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

The Group also participates in the MPF scheme, which are available to all employees not joining the ORSO schemes in Hong Kong and in the CPP organised by the Canadian Government for all employees in Canada. Monthly contributions to the MPF scheme and CPP are made equal to 5% (2021: 5%) or a fixed sum and 5.7% (2021: 5.45%) respectively, of the employee's relevant income in accordance with the local legislative requirements.

As at 31st March 2022 and 2021, no forfeiture was available to reduce the Group's future contributions to the ORSO Scheme.

8 Employee Benefit Expense (Continued)

Notes: (Continued)

(b) Share options

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

Company

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

Date of grant		Exercise price per share	Expiry date	Number of share options outstanding at 31st March 2022 and 2021
13th March 2014	Employee	HK$2.00	12th March 2024	1,000,000
11th December 2015	Directors	HK$1.38	10th December 2025	7,000,000
				8,000,000

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

Asia Standard Hotel

Details of share options held under the share option scheme of Asia Standard Hotel are as follows:

Date of grant		Exercise price per share (adjusted)	Expiry date	Number of share options outstanding at 31st March 2022 and 2021
11th December 2015	Directors	HK$0.343	10th December 2025	28,800,000

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

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 2022 and 2021 are set out as follows:

Name of Director	Fees	Salaries	Discretionary bonuses	Allowance and benefit in kind	Employer's contribution to retirement benefit scheme	Total emoluments
2022 (in HK$'000)						
Executive						
Mr. Fung Siu To, Clement	–	1,305	188	1,487	42	3,022
Mr. Poon Jing	–	1,303	12,800	11,552	18	25,673
Mr. Poon Hai	–	2,959	15,000	9,337	36	27,332
Mr. Poon Yeung, Roderick	–	1,927	14,000	1,212	36	17,175
Mr. Lun Pui Kan	–	1,696	1,000	1,189	137	4,022
Mr. Kwan Po Lam, Philleas	–	2,218	600	605	111	3,534
	–	11,408	43,588	25,382	380	80,758
Independent Non-executive						
Mr. Koon Bok Ming, Alan	325	–	–	–	–	325
Mr. Leung Wai Keung	500	–	–	–	–	500
Mr. Wong Chi Keung	500	–	–	–	–	500
	1,325	–	–	–	–	1,325
	1,325	11,408	43,588	25,382	380	82,083

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 2022 and 2021 are set out as follows: (Continued)

Name of Director	Fees	Salaries	Discretionary bonuses	Allowance and benefit in kind	Employer's contribution to retirement benefit scheme	Total emoluments
2021 (in HK$'000)						
Executive						
Mr. Fung Siu To, Clement	–	1,294	188	1,306	42	2,830
Mr. Poon Jing	–	1,303	12,800	12,089	18	26,210
Mr. Poon Hai	–	2,947	16,200	650	36	19,833
Mr. Poon Yeung, Roderick	–	1,919	14,000	620	36	16,575
Mr. Lun Pui Kan	–	1,835	1,600	1,044	136	4,615
Mr. Kwan Po Lam, Philleas	–	2,315	600	946	110	3,971
	–	11,613	45,388	16,655	378	74,034
Independent Non-executive						
Mr. Koon Bok Ming, Alan	250	–	–	–	–	250
Mr. Leung Wai Keung	350	–	–	–	–	350
Mr. Wong Chi Keung	231	–	–	–	–	231
	831	–	–	–	–	831
	831	11,613	45,388	16,655	378	74,865

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 2022 and 2021 are set out as follows: (Continued)

Notes:

(i) During the year, HK$25,566,000 (2021: HK$25,237,000) out of the total emoluments was paid and payable by Asia Standard Hotel.

(ii) During the year, no emolument was paid or is payable by the Group to any of the above directors in respect of accepting office as a director or as compensation for loss of office (2021: Nil).

(iii) No transactions, arrangement and contracts of significance in relation to the Company's business to which its subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director of the Company and his connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2021: Nil).

(b) The five highest paid individuals in the Group for the year include five (2021: five) Directors whose emoluments are already reflected in the analysis presented above.

(c) Senior management remuneration by band

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

	Number of individuals	
	2022	2021
HK$1,000,001 – HK$2,000,000	**2**	2
HK$2,000,001 – HK$3,000,000	**2**	2

10 Net Finance Costs

	2022 HK$'000	2021 HK$'000
Interest expense		
Long term bank loans	(310,474)	(307,799)
Short term bank loans and overdrafts	(8,818)	(32,924)
Medium term notes	–	(756)
Lease liabilities	(127)	(116)
Amount due to a joint venture	(2,174)	(1,918)
Derivative financial instruments	(76,066)	(47,825)
Interest capitalised (note)	93,029	58,950
	(304,630)	(332,388)
Other incidental borrowing costs	(64,023)	(47,590)
Net foreign exchange loss on borrowings	(603)	(2,209)
Fair value gain/(loss) on derivative financial instruments		
Cash flow hedge – ineffective portion	42,962	(4,993)
	(326,294)	(387,180)

Note:

Borrowing costs were capitalised at rates ranging from 1.9% to 3.6% (2021: 1.8% to 2.8%) per annum.

11 Income Tax Credit/(Expense)

	2022 HK$'000	2021 HK$'000
Current income tax expense		
Hong Kong profits tax	(11,687)	(78,083)
Overseas profits tax	(581)	(322)
Over provision in prior years	8,916	5,730
	(3,352)	(72,675)
Deferred income tax credit	91,735	6,371
	88,383	(66,304)

Hong Kong profits tax is provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the year. Overseas profits tax has been calculated on the estimated assessable profit for the year at the rate prevailing in the countries in which the Group operates.

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

	2022 HK$'000	2021 HK$'000
(Loss)/profit before income tax	(1,100,686)	1,526,874
Less:		
Share of profits of joint ventures and associated companies	(26,250)	(2,543)
	(1,126,936)	1,524,331
Calculated at a tax rate of 16.5% (2021: 16.5%)	185,944	(251,515)
Over provision in prior years	8,916	5,730
Effect of different tax rates in other countries	3,682	2,643
Income not subject to income tax	485,846	285,621
Expenses not deductible for tax purposes	(573,570)	(76,304)
Tax losses not recognised	(36,989)	(35,012)
Recognition of previously unrecognised tax losses	9,726	6,943
Utilisation of previously unrecognised tax losses	8,899	170
Others	(4,071)	(4,580)
Income tax credit/(expense)	88,383	(66,304)

12 Dividends

	2022 HK$'000	2021 HK$'000
Interim, nil (2021: Nil)	–	–
Final, nil (2021: HK3.0 cents per share)	–	39,593
	–	39,593

At a meeting held on 29th June 2022, the Board has resolved not to recommend the payment of a final dividend for the year ended 31st March 2022 (2021: HK3.0 cents per share).

13 (Loss)/Earnings Per Share

The calculation of (loss)/earnings per share is based on (loss)/profit attributable to shareholders of the Company and divided by the weighted average number of shares in issue.

	2022 HK$'000	2021 HK$'000
(Loss)/profit attributable to shareholders of the Company	(883,576)	1,353,248

	Number of shares	
Weighted average number of shares in issue	1,319,782,288	1,319,782,288

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share since there exist no dilutive potential share during the year ended 31st March 2022 and 2021.

14 Investment Properties

	2022 HK$'000	2021 HK$'000
At the beginning of the year	**9,527,323**	9,769,964
Addition	**10,411**	2,402
Net fair value gain/(loss)	**497,018**	(245,043)
At the end of the year	**10,034,752**	9,527,323

As at 31st March 2022, the aggregate net book value of investment properties pledged as securities for loans amounted to HK$10,014,732,000 (2021: HK$9,515,686,000).

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

Valuation Techniques and Process

Investment properties were revalued by Prudential Surveyors (Hong Kong) Limited, independent professional valuers, on an open market value basis as at 31st March 2022 and 2021.

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

Information About Fair Value Measurements Using Significant Unobservable Inputs

	Valuation techniques	Unobservable inputs	Range of unobservable inputs 2022 HK$	2021 HK$
Office	Direct comparison	Adjusted market price (HK$/square feet)	**23,300-32,500**	21,800-32,300
Retail – Ground floor	Direct comparison	Adjusted market price (HK$/square feet)	**30,400-146,300**	36,100-112,500
Retail – others	Direct comparison	Adjusted market price (HK$/square feet)	**14,000-28,000**	13,400-26,800

15 Property, Plant and Equipment

	Hotel buildings HK$'000	Other buildings HK$'000	Other equipments HK$'000	Right-of-use assets HK$'000	Total HK$'000
Cost					
At 31st March 2020	1,591,631	426,952	205,324	3,926,816	6,150,723
Currency translation differences	–	–	5,665	120	5,785
Additions	9,613	77,629	5,497	1,282	94,021
Disposals	(584)	–	(1,384)	(881)	(2,849)
At 31st March 2021	1,600,660	504,581	215,102	3,927,337	6,247,680
Accumulated depreciation					
At 31st March 2020	713,583	21,113	122,188	646,195	1,503,079
Currency translation differences	–	–	4,478	65	4,543
Charge for the year	50,845	4,087	19,294	52,097	126,323
Disposals	(554)	–	(1,034)	(881)	(2,469)
At 31st March 2021	763,874	25,200	144,926	697,476	1,631,476
Net book value					
At 31st March 2021	836,786	479,381	70,176	3,229,861	4,616,204
Cost					
At 31st March 2021	1,600,660	504,581	215,102	3,927,337	6,247,680
Currency translation differences	–	–	766	14	780
Additions	16,947	74,187	53,427	147,004	291,565
Disposals	–	–	(848)	(1,821)	(2,669)
At 31st March 2022	**1,617,607**	**578,768**	**268,447**	**4,072,534**	**6,537,356**
Accumulated depreciation					
At 31st March 2021	763,874	25,200	144,926	697,476	1,631,476
Currency translation differences	–	–	696	14	710
Charge for the year	50,566	8,330	27,364	60,306	146,566
Disposals	–	–	(814)	(1,821)	(2,635)
At 31st March 2022	**814,440**	**33,530**	**172,172**	**755,975**	**1,776,117**
Net book value					
At 31st March 2022	**803,167**	**545,238**	**96,275**	**3,316,559**	**4,761,239**

15 Property, Plant and Equipment (Continued)

Notes:

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

	2022 HK$'000	2021 HK$'000
Hotel properties		
Hotel buildings	**803,167**	836,786
Hotel leasehold land	**2,015,448**	1,933,166
	2,818,615	2,769,952

Supplementary information with hotel properties at valuation:

The aggregate open market value, on a highest and best use basis, of the five (2021: five) hotel properties in Hong Kong based on valuations conducted by Vigers Appraisal & Consulting Limited ("Vigers") (2021: Vigers), independent professional valuers, amounted to HK$11,424,200,000 (2021: HK$11,404,900,000), is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13.

Vigers used the discounted cash flow method, which is considered the most appropriate valuation approach for assessing the market value of the properties as it would better reflect specific characteristics of the income-producing properties such as occupancies, average room rates, potential income growth and all out-goings, subject to future economic conditions in the markets.

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

(b) As at 31st March 2022, the aggregate net book value of property, plant and equipment pledged as security for loans amounted to HK$4,446,829,000 (2021: HK$4,470,509,000).

15 Property, Plant and Equipment (Continued)

Notes: (Continued)

(c) Right-of-use assets

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

	2022 HK$'000	2021 HK$'000
Right-of-use assets		
Leasehold land in Hong Kong	3,302,034	3,226,530
Leased properties – offices and warehouses	14,525	3,331
	3,316,559	3,229,861

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

	For the year ended 31st March 2022 HK$'000	2021 HK$'000
Depreciation charge of right-of-use assets		
Leasehold land in Hong Kong	55,918	49,659
Leased properties – offices and warehouses	4,388	2,438
	60,306	52,097

16 Joint Ventures and Associated Companies

	2022 HK$'000	2021 HK$'000
Investment in		
Joint ventures	3,169,865	3,561,743
Associated companies	1,203,990	1,193,280
	4,373,855	4,755,023
Amounts due from		
Joint ventures	2,280,991	2,126,802
Associated companies	215	180
	2,281,206	2,126,982

16 Joint Ventures and Associated Companies (Continued)

(A) Joint Ventures

	2022 HK$'000	2021 HK$'000
Share of net assets	**3,169,865**	3,561,743
Advances to joint ventures	**2,308,771**	2,271,566
Provision on advances to joint ventures	**(27,780)**	(144,764)
	5,450,856	5,688,545
Amounts due to joint ventures included in current liabilities	**(311,392)**	(337,775)
	5,139,464	5,350,770

Advances to joint ventures are made to finance property development projects. The advances to joint ventures are denominated in Hong Kong dollar and Canadian dollar. As at 31st March 2022, except for amounts of HK$149,543,000 (2021: HK$269,204,000) and HK$403,424,000 (2021: HK$382,518,000) advances to joint ventures which is bearing interest at 1% to 3% (2021: 1% to 3%) above The Hong Kong and Shanghai Banking Corporation ("HSBC") prime rate per annum and 15% (2021: 15%) per annum respectively, the advances to joint ventures are unsecured, interest free and have no fixed terms of repayment. The interest amounted to HK$48,416,000 (2021: HK$72,039,000). The carrying amounts of the advances approximate their fair values. The Group has provided financial guarantee for banking facilities granted to certain joint ventures (note 31). There are no contingent liabilities relating to the Group's interests in joint ventures.

Details of the principal joint ventures are set out in note 35.

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

	2022 HK$'000	2021 HK$'000
Profit before income tax	**13,785**	121,643
Income tax credit/(expense)	**1,756**	(36,450)
Profit for the year	**15,541**	85,193
Other comprehensive (charge)/income	**(199,940)**	186,814
Total comprehensive (charge)/income for the year	**(184,399)**	272,007

There is no joint venture as at 31st March 2022 and 2021, which in the opinion of the Directors, is individually material to the Group.

16 Joint Ventures and Associated Companies (Continued)

(B) Associated Companies

	2022 HK$'000	2021 HK$'000
Share of net assets (note (a))	1,203,990	1,193,280
Advances to associated companies	420,948	420,913
Provision for advances to associated companies	(420,733)	(420,733)
	1,204,205	1,193,460
Amount due to an associated company included in current liabilities	(206,250)	(219,450)
	997,955	974,010

As at 31st March 2022 and 2021, the shares in an associated company are pledged to secure the loan facilities granted to the Group.

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

Details of the principal associated companies are set out in note 35.

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

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

	2022 HK$'000	2021 HK$'000
Profit/(loss) before income tax (note (b))	11,072	(82,893)
Income tax (expenses)/credit	(363)	243
Profit/(loss) and total comprehensive income/(charge) for the year	10,709	(82,650)

Notes:

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

(b) Mainly represented share of fair value gain/(loss) arising from the revaluation of an investment property held by an associated company. The investment property was revalued by Prudential Surveyors (Hong Kong) Limited, independent professional valuers, on an open market value basis as at 31st March 2022 and 2021.

16 Joint Ventures and Associated Companies (Continued)

(B) Associated Companies (Continued)

The significant unobservable inputs used are as follows:

	Valuation techniques	Unobservable inputs	Range of unobservable inputs 2022 HK$	2021 HK$
Office	Direct comparison	Adjusted market price (HK$/square feet)	**17,500-22,900**	14,200-22,900
Retail – Ground floor	Direct comparison	Adjusted market price (HK$/square feet)	**253,600-314,500**	269,800-323,000
Retail – others	Direct comparison	Adjusted market price (HK$/square feet)	**13,700-54,200**	15,000-50,000

17 Properties Under Development for Sale and Completed Properties Held for Sale

	2022 HK$'000	2021 HK$'000
Properties under development for sale		
Leasehold land	**2,633,723**	2,493,378
Freehold land	**242,104**	238,993
Development costs	**1,381,475**	725,430
	4,257,302	3,457,801
Completed properties held for sale		
Leasehold land	**2,751**	2,751
Development costs	**730**	730
	3,481	3,481

Notes:

(a) As at 31st March 2022, properties amounting to HK$3,850,155,000 (2021: HK$3,189,952,000) were pledged to banks to secure certain banking facilities of the Group.

(b) As at 31st March 2022 and 2021, all the properties under development for sale were not scheduled for completion within twelve months.

18 Trade and Other Receivables

	2022 **HK$'000**	2021 HK$'000
Trade receivables	**54,587**	37,017
Less: loss allowance	**–**	(3,098)
	54,587	33,919
Accrued interest and dividend receivables	**746,886**	457,793
Loan receivables	**11,285**	21,587
Prepayments	**45,310**	56,442
Utility and other deposits	**13,609**	9,994
Other receivables	**36,454**	34,281
	908,131	614,016

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

	2022 **HK$'000**	2021 HK$'000
0 months to 6 months	**51,078**	32,823
7 months to 12 months	**2,627**	964
More than 12 months	**882**	132
	54,587	33,919

18 Trade and Other Receivables (Continued)

Movement on loss allowance for trade receivable are as follows:

	2022 **HK$'000**	2021 HK$'000
At the beginning of the year	**3,098**	3,098
Written off	**(3,098)**	–
At the end of the year	**–**	3,098

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

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

	2022 **HK$'000**	2021 HK$'000
United States dollar	**623,108**	352,828
Hong Kong dollar	**127,485**	130,056
Renminbi	**122,563**	104,652
Canadian dollar	**34,975**	26,480
	908,131	614,016

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above.

19 Financial Investments

	2022 HK$'000	2021 HK$'000
Non-current assets		
Equity securities		
– Listed in Hong Kong	258,362	396,332
– Unlisted	82,703	56,353
	341,065	452,685
Debt securities		
– Listed in Singapore	949,745	307,890
– Listed in the PRC	7,948	3,547,858
	957,693	3,855,748
Unlisted fund	91,238	52,906
	1,389,996	4,361,339
Current assets		
Equity securities		
– Listed in Hong Kong	116,335	183,591
Debt securities		
– Listed in the PRC	2,971,562	20,446
– Listed in Singapore	1,279,489	9,423,121
– Listed in Europe	927,759	921,636
– Listed in Hong Kong	116,529	233,276
	5,295,339	10,598,479
Unlisted fund	9,488	8,746
	5,421,162	10,790,816
	6,811,158	15,152,155

19 Financial Investments (Continued)

	2022 HK$'000	2021 HK$'000
Non-current assets		
Financial assets at FVOCI	1,298,758	938,770
Financial assets at FVPL	91,238	3,422,569
	1,389,996	4,361,339
Current assets		
Financial assets at FVOCI	2,460,108	10,597,247
Financial assets at FVPL	2,961,054	193,569
	5,421,162	10,790,816
	6,811,158	15,152,155

Financial investments are denominated in the following currencies:

	2022 HK$'000	2021 HK$'000
United States dollar	3,441,242	10,987,064
Renminbi	2,979,510	3,568,304
Hong Kong dollar	374,697	579,923
Japanese Yen	15,280	15,633
Euro	429	1,231
	6,811,158	15,152,155

At 31st March 2022, financial investments equivalent to HK$570,304,000 (2021: HK$3,854,008,000) were pledged as security for borrowings.

19 Financial Investments (Continued)

Supplementary information of financial investments:

Equity Securities

As at 31st March 2022, the Group held 23 (2021: 23) listed equity securities and 1 (2021: 1) unlisted equity securities. The summary of equity securities portfolio of financial investments as at 31st March 2022 and 2021 and their corresponding unrealised (loss)/gain and dividend income for the year ended 31st March 2022 and 2021 are as follows:

	Market value as at 31st March		Unrealised (loss)/gain for the year ended 31st March		Dividend income for the year ended 31st March	
	2022	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
HSBC Holdings PLC ("HSBC")	**165,197**	138,680	**26,517**	4,115	**5,954**	3,547
MGM China Holdings Limited ("MGM")	**93,165**	257,651	**(164,486)**	109,595	**–**	1,550
Amer Sports Corporation ("Amer Sports")	**82,703**	56,353	**25,772**	116	**–**	–
China Evergrande New Energy Vehicle Group Limited ("Evergrande Vehicle")	**2,786**	50,315	**(47,529)**	31,568	**–**	–
Others	**113,549**	133,277	**(9,004)**	4,483	**1,752**	1,348
	457,400	636,276	**(168,730)**	149,877	**7,706**	6,445

HSBC is a global banking and financial services company. It operates across various geographical regions, and its shares are listed on HKEX (stock code: 5) and LSE (stock code: HSBA), with an "A-" rated by S&P Global Rating. As at 31st March 2022, a total of 0.02% shareholding of HSBC was held by the Group.

MGM is a company principally engaged in development and operation of casino game and related hotel and resort facilities in Macau, and its shares are listed on HKEX (stock code: 2282). As at 31st March 2022, a total of 0.49% shareholding of MGM was held by the Group.

Amer Sports is an unlisted global sporting goods company headquartered in Finland with internationally recognised brands. It is a subsidiary of Anta Sports Products Limited ("Anta Sports"). Anta Sports is principally engaged in the manufacturing and trading of sporting goods, including footwear, apparel and accessories in the PRC. Its shares are listed on HKEX (stock code: 2020). As at 31st March 2022, a total of 0.24% shareholding of Amer Sports was held by the Group.

Evergrande Vehicle is principally engaged in technology research and development, production and sales of new energy vehicles, health management, international hospitals, and elderly care and rehabilitation in the PRC. Its shares are listed on HKEX (stock code: 708). As at 31st March 2022, a total of 0.01% shareholding of Evergrande Vehicle was held by the Group.

19 Financial Investments (Continued)

Debt Securities

As at 31st March 2022, the Group held 40 (2021: 37) debt securities, 26 of them are listed in Singapore, 10 in the PRC, 3 in Europe and 1 in Hong Kong. 34 (2021: 35) debt securities were issued by PRC-based real estate companies, the shares of which are all listed in Hong Kong with the exception of 1 that is listed in the United States 1 listed in PRC and 2 being unlisted, their mark to market valuation approxiamtey 98% (2021: 99%) of securities portfolio.

The summary of debt securities of financial investments as at 31st March 2022 and 2021 are as follows:

	As at 31st March	
	2022	2021
	HK$'000	HK$'000
Principal amount of notes	**16,723,383**	16,666,607
Investment cost	**14,946,030**	15,176,381
Market value	**6,253,032**	14,454,227
Coupon	**5.9% to 14.5%**	6.58% to 15%
Maturity	**Apr 2022 – Feb 2026**	Oct 2021 – Feb 2026

As at 31st March 2022, the 40 (2021: 37) debt securities of financial investments gave rise to a net unrealised fair value loss of HK$8,023 million (2021: gain of HK$1,052 million) for the year ended 31st March 2022. A total of 5 (2021: 27) debt securities have recorded unrealised fair value gain, with the remaining 35 debt securities (2021: 10) that recorded unrealised fair value losses.

As at 31st March 2022, the mark to market valuation of the largest single debt securities within the Group's financial investments represents approximately 2.2% (2021: 3.9%) of the Group's revalued total assets, and the mark to market valuation of the five largest debt securities held represents approximately 7.9% (2021: 12.1%). The remaining 35 debt securities represent 6.4% of the Group's revalued total assets, with each of them less than 1%.

19 Financial Investments (Continued)

Debt Securities (Continued)

The five largest debt securities held at 31st March 2022, are as follows:

	Market Value				Unrealised gain/(loss) for the year ended 31st March		Interest income for the year ended 31st March	
	31st March 2022 HK$'000	**% of the debt securities**	31st March 2021 HK$'000	% of the debt securities	**2022 HK$'000**	2021 HK$'000	**2022 HK$'000**	2021 HK$'000
Pearl River 7.5% notes 1 (i)	**960,400**	**15%**	907,753	6%	**(47,476)**	1,069	**180,728**	2,194
Pearl River 7.5% notes 2 (i)	**811,292**	**13%**	773,749	5%	**(39,427)**	696	**149,532**	15,794
Jiayuan 11.375% notes (ii)	**657,857**	**10%**	652,945	4%	**4,913**	1,866	**106,910**	157,512
Golden Wheel 10% notes (iii)	**515,291**	**9%**	–	–	**–**	–	**–**	–
Pearl River 6.5% notes (i)	**507,418**	**8%**	466,317	3%	**(12,791)**	(11,948)	**92,014**	10,081

(i) These notes are issued by Guangdong Pearl River Investment Co., Limited ("Pearl River"), listed on SSE and denominated in Renminbi. As at 31st March 2022, there were rated "AA+" by Lianhe. The Group acquired them through TRS arranged by Morgan Stanley. Pearl River is principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the PRC. Their parameters are as follows:

	Coupon per annum	**Maturity**	**Put option**
Pearl River 7.5% notes 1	7.5%	19th February 2026	19th February 2023
Pearl River 7.5% notes 2	7.5%	11th January 2026	11th January 2023
Pearl River 6.5%	6.5%	19th October 2025	19th October 2022

(ii) "Jiayuan 11.375% notes", is issued by Jiayuan International Group Limited ("Jiayuan") and carries fixed coupon of 11.375% per annum. It is denominated in USD and matures on 2nd May 2022. The notes are listed on the FSE. As at 31st March 2022, they were rated "B3" by Moody's Investor Service. Jiayuan is principally engaged in property development and property investment in the PRC. Its shares are listed on HKEX (stock code: 2768).

(iii) "Golden Wheel 10% notes", issued by Golden Wheel and carries fixed coupon rate at 10% per annum. The notes were exchanged from Golden Wheel 14.25% notes and Golden Wheel 16% notes pursuant to a notes restructuring scheme proposed by Golden Wheel. The scheme was approved by noteholders on 30th March 2022 and became effective on 11th April 2022. The notes are denominated in USD and mature on 11th April 2025 with amortisation during the tenor. They are not rated and listed on SGX-ST.

20 Bank Balances and Cash

	2022	2021
	HK$'000	HK$'000
Cash at bank and in hand	**408,457**	776,270
Short term bank deposits	**353,927**	1,038,429
Cash and cash equivalents	**762,384**	1,814,699
Restricted bank balances	**369,326**	79,985
	1,131,710	1,894,684

Restricted bank balances as at 31st March 2022 consist primarily of (i) HK$180 million as collateral for bank credit facility and (ii) HK$138 million as project retention money that is legally required for the construction of our Landmark On Robson development in Vancouver.

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

	2022	2021
	HK$'000	HK$'000
United States dollar	**362,388**	1,095,568
Hong Kong dollar	**284,249**	466,858
Renminbi	**281,329**	239,196
Canadian dollar	**200,432**	86,159
Others	**3,312**	6,903
	1,131,710	1,894,684

21 Trade and Other Payables

	2022 HK$'000	2021 HK$'000
Trade payables	**68,759**	1,114,426
Accrual and other payables	**77,647**	68,712
Rental and management fee deposits	**42,132**	46,204
Lease liabilities	**8,174**	2,213
	196,712	1,231,555

Aging analysis of trade payables is as follows:

	2022 HK$'000	2021 HK$'000
0 month to 6 months	**68,358**	1,113,692
7 months to 12 months	**42**	192
More than 12 months	**359**	542
	68,759	1,114,426

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

They are demoninated in the following currenices:

	2022 HK$'000	2021 HK$'000
Hong Kong dollar	**123,790**	113,130
Canadian dollar	**63,310**	5,584
United States dollar	**9,612**	5,073
Renminbi	**–**	1,107,768
	196,712	1,231,555

22 Contract Liabilities

	2022 HK$'000	2021 HK$'000
Deposits received in advances from customers	**245,717**	224,843
At the beginning of the year	**224,843**	197,582
Net increase for transactions during the year	**18,080**	4,025
Exchange differences	**2,794**	23,236
At the end of the year	**245,717**	224,843

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

23 Borrowings

	2022 **HK$'000**	2021 HK$'000
Current liabilities		
Short term bank loans		
Secured	**407,000**	303,325
Unsecured	**–**	30,000
Current portion of long term bank loans		
Secured	**2,374,619**	1,938,542
Unsecured	**1,214,959**	1,946,080
	3,996,578	4,217,947
Non-current liabilities		
Long term bank loans		
Secured	**9,452,772**	10,496,695
Unsecured	**3,862,025**	2,520,437
	13,314,797	13,017,132
	17,311,375	17,235,079

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

	2022 **HK$'000**	2021 HK$'000
Repayable within one year	**3,589,578**	3,884,622
Repayable between one and two years	**5,552,534**	2,847,290
Repayable between two to five years	**7,762,263**	10,169,842
	16,904,375	16,901,754
Current portion included in current liabilities	**(3,589,578)**	(3,884,622)
	13,314,797	13,017,132

23 Borrowings (Continued)

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

	2022 HK$'000	2021 HK$'000
Hong Kong dollar	16,904,098	16,498,764
United States dollar	–	652,121
Canadian dollar	407,277	84,194
	17,311,375	17,235,079

The interest rates of the borrowing at the balance sheet date range from 1.2% to 4.1% (2021: 0.9% to 3.5%) per annum.

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

24 Convertible Notes

On 23rd February 2017, the Company's listed subsidiary, Asia Standard Hotel, issued a total of 2,693,204,266 convertible notes (under bonus issue scheme) with 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. Where a final dividend on the shares has not been declared and paid in any particular year, the 0.1% coupon will be deferred until the next dividend payment (if previously unpaid) and the accumulated deferred coupon would be paid on maturity date. The amount represents liability component of the convertible notes held by parent group and non-controlling interest.

Each noteholder has the option to convert the convertible notes into fully paid ordinary share of Asia Standard Hotel on a one to one basis (subject to adjustment to certain corporate actions) at any time from the first business day immediately following the date of issue of the convertible notes up to and including the date falling on the 10th business day prior to the thirtieth anniversary of the date of issue of the convertible notes. Unless previously converted, the convertible notes will be redeemed on the thirtieth anniversary of the date of issue of the convertible notes at redemption price equal to 100% of the principal amount. For details, please refer to Asia Standard Hotel's circular dated 27th January 2017.

25 Derivative Financial Instruments

	2022 HK$'000	2021 HK$'000
Non-current assets		
Interest rate swap contracts (cash flow hedges)	194,558	18,583
Interest rate swap contracts	88,078	8,382
	282,636	26,965
Current liabilities		
Interest rate swap contracts (cash flow hedges)	(676)	–
Non-current liabilities		
Interest rate swap contracts (cash flow hedges)	–	(106,607)

The principal amounts of the outstanding interest rate swap contracts were HK$8,658,000,000 (2021: HK$8,658,000,000).

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

26 Deferred Income Tax

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

	2022 HK$'000	2021 HK$'000
Deferred income tax assets	158,100	125,267
Deferred income tax liabilities	(125,250)	(137,480)
	32,850	(12,213)

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

Deferred Income Tax Assets

	Tax loss		Difference in cost base of properties		Fair value adjustments		Total	
	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000	2022 HK$'000	2021 HK$'000
At the beginning of the year	134,851	105,423	56,264	56,264	14,494	–	205,609	161,687
Recognised in the profit and loss account	50,169	29,428	–	–	50,856	1,452	101,025	30,880
Recognised in other comprehensive income	–	–	–	–	(26,132)	13,042	(26,132)	13,042
At the end of the year	185,020	134,851	56,264	56,264	39,218	14,494	280,502	205,609

26 Deferred Income Tax (Continued)

Deferred Income Tax Liabilities

	Accelerated tax depreciation		Fair value adjustments		Total	
	2022	2021	**2022**	2021	**2022**	2021
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**(115,016)**	(107,745)	**(102,806)**	(82,329)	**(217,822)**	(190,074)
Recognised in the profit and loss account	**(3,720)**	(7,271)	**(5,570)**	(17,238)	**(9,290)**	(24,509)
Recognised in other comprehensive income	**–**	–	**(20,540)**	(3,239)	**(20,540)**	(3,239)
At the end of the year	**(118,736)**	(115,016)	**(128,916)**	(102,806)	**(247,652)**	(217,822)

Deferred income tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$128 million (2021: HK$116 million) in respect of losses amounting to HK$691 million (2021: HK$656 million) that can be carried forward against future taxable income. As at 31st March 2022, except for tax losses of HK$550 million which have no expiry date (2021: HK$565 million), the balance will expire at various dates up to and including 2042.

27 Share Capital

Shares of HK$0.01 each	**Number of shares**	**Amount** HK$'000
Authorised:		
At 31st March 2022 and 2021	400,000,000,000	4,000,000
Issued and fully paid:		
At the beginning and the end of the year	1,319,782,288	13,197

28 Reserves

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Property revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Hedging reserve HK$'000	Currency translation reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
At 31st March 2020	2,175,239	44,190	2,782,836	5,217	24,891	(2,115,870)	(34,275)	(211,447)	15,544,063	18,214,844
Financial assets at FVOCI										
– net fair value gain and other net movements	–	–	–	–	–	1,938,893	–	–	–	1,938,893
– net realised gain of equity securities	–	–	–	–	–	6,134	–	–	–	6,134
Transfer of gain on disposal of equity securities at FVOCI to revenue reserve	–	–	–	–	–	(32,058)	–	–	32,058	–
Cash flow hedges										
– fair value loss	–	–	–	–	–	–	(40,841)	–	–	(40,841)
– deferred tax on derivative financial instruments	–	–	–	–	–	–	12,394	–	–	12,394
Currency translation differences	–	–	–	–	–	–	–	223,100	–	223,100
Profit for the year	–	–	–	–	–	–	–	–	1,353,248	1,353,248
At 31st March 2021	2,175,239	44,190	2,782,836	5,217	24,891	(202,901)	(62,722)	11,653	16,929,369	21,707,772
At 31st March 2021	2,175,239	44,190	2,782,836	5,217	24,891	(202,901)	(62,722)	11,653	16,929,369	21,707,772
Financial assets at FVOCI										
– net fair value loss and other net movements	–	–	–	–	–	(5,086,479)	–	–	–	(5,086,479)
Cash flow hedges										
– fair value gain	–	–	–	–	–	–	274,004	–	–	274,004
– deferred tax on derivative financial instruments	–	–	–	–	–	–	(45,322)	–	–	(45,322)
Currency translation differences	–	–	–	–	–	–	–	74,158	–	74,158
Loss for the year	–	–	–	–	–	–	–	–	(883,576)	(883,576)
2021 final dividend	–	–	–	–	–	–	–	–	(39,593)	(39,593)
At 31st March 2022	**2,175,239**	**44,190**	**2,782,836**	**5,217**	**24,891**	**(5,289,380)**	**165,960**	**85,811**	**16,006,200**	**16,000,964**

29 Commitments

Commitments at the balance sheet date are as follows:

	2022 HK$'000	2021 HK$'000
Contracted but not provided for		
Investment properties	**–**	2,315
Property, plant and equipment	**28,935**	30,640
	28,935	32,955

30 Operating Lease Arrangements

Lessor

As at 31st March 2022 and 2021, the future aggregate minimum rental receipts receivable under non-cancellable operating leases were as follows:

	2022 HK$'000	2021 HK$'000
In respect of land and buildings:		
Within one year	**130,667**	168,462
In the second to fifth year inclusive	**281,651**	256,020
Over five years	**–**	1,511
	412,318	425,993

31 Financial Guarantees

	2022 HK$'000	2021 HK$'000
Guarantees for the banking and loan facilities of joint ventures	**3,348,737**	2,888,976

32 Note to Consolidated Statement of Cash Flows

(A) Reconciliation of (Loss)/Profit Before Income Tax to Net Cash (Used In)/ Generated From Operations

	2022 **HK$'000**	2021 HK$'000
(Loss)/profit before income tax	**(1,100,686)**	1,526,874
Share of profits less losses of		
Joint ventures	**(15,541)**	(85,193)
Associated companies	**(10,709)**	82,650
Depreciation	**146,566**	126,323
Net investment loss/(gain)	**3,404,633**	(116,846)
Fair value (gain)/loss on investment properties	**(497,018)**	245,043
Loss on disposal of property, plant and equipment	**34**	379
Interest income	**(315,319)**	(297,496)
Interest expense	**326,294**	387,180
Operating profit before working capital changes	**1,938,254**	1,868,914
Decrease in mortgage loans receivable	**186**	175
Increase in properties under development for sale		
(excluding interest expense capitalised)	**(695,418)**	(2,363,072)
Decrease in hotel and restaurant inventories	**665**	1,598
(Increase)/decrease in trade and other receivables	**(498,394)**	51,140
Net proceeds from financial investments	**225,852**	1,761,113
(Increase)/decrease in restricted bank balances	**(284,884)**	71,833
(Decrease)/increase in trade and other payables	**(1,040,803)**	1,068,862
Increase in contract liabilities	**18,080**	4,842
Net cash (used in)/generated from operations	**(336,462)**	2,465,405

32 Note to Consolidated Statement of Cash Flows (Continued)

(B) Reconciliation of Liabilities Arising from Financing Activities

	Borrowings HK$'000	Amount due to non-controlling interests HK$'000	Medium term notes HK$'000	Convertible notes HK$'000	Lease liabilities HK$'000	Total HK$'000
At 31st March 2020	18,030,064	44,511	249,940	7,530	4,442	18,336,487
Financing cash flows						
Net repayment/redemption	(836,441)	–	(250,000)	–	–	(1,086,441)
Lease payment	–	–	–	–	(2,837)	(2,837)
Contribution from non-controlling interests	–	2,129	–	–	–	2,129
Non-cash changes						
Amortisation of loan facilities fee and issue expenses	30,802	–	60	–	–	30,862
Addition of lease liabilities	–	–	–	–	1,282	1,282
Accrued interest	–	–	–	485	116	601
Exchange translation differences	10,654	–	–	–	53	10,707
At 31st March 2021	17,235,079	46,640	–	8,015	3,056	17,292,790
Financing cash flows						
Net drawdown	23,400	–	–	–	–	23,400
Lease payment	–	–	–	–	(4,853)	(4,853)
Contribution from non-controlling interests	–	2,007	–	–	–	2,007
Non-cash changes						
Amortisation of loan facilities fee and issue expenses	51,197	–	–	–	–	51,197
Addition of lease liabilities	–	–	–	–	15,581	15,581
Accrued interest	–	–	–	517	127	644
Exchange translation differences	1,699	–	–	–	1	1,700
At 31st March 2022	**17,311,375**	**48,647**	**–**	**8,532**	**13,912**	**17,382,466**

33 Related Party Transactions

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

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

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

(A) Sales and Purchase of Goods and Services

	2022 HK$'000	2021 HK$'000
Income from/(expense to) subsidiaries of Asia Orient		
Rental income (note (i))	2,071	2,071
Building management fee expense (note (ii))	(4,539)	(4,451)
Cleaning expense (note (iii))	(6,317)	(6,342)

Notes:

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

ii. Building management fee expense is charged for building management services rendered at a mutually agreed fee.

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

(B) Key Management Compensation

	2022 HK$'000	2021 HK$'000
Fee	1,325	831
Salaries, allowance and benefit in kind	88,402	81,053
Employer's contribution to retirement benefits scheme	416	414
	90,143	82,298

Key management includes the Company's Directors and four (2021: four) senior management members of the Group. No significant transactions have been entered with the Directors of the Company (being the key management personnel) during the year other than the emoluments paid to them as disclosed in note 9.

34 Balance Sheet of the Company

	2022 HK$'000	2021 HK$'000
Non-current assets		
Subsidiaries (note (a))	**1,229,076**	1,229,076
Current assets		
Amounts due from subsidiaries	**6,407,580**	6,176,292
Trade and other receivables	**179**	181
Income tax recoverable	**–**	21
Bank balances and cash	**888**	698
	6,408,647	6,177,192
Current liabilities		
Trade and other payables	**2,736**	1,864
Income tax payable	**6**	–
	2,742	1,864
Net current assets	**6,405,905**	6,175,328
Net assets	**7,634,981**	7,404,404
Equity		
Share capital	**13,197**	13,197
Reserves (note (b))	**7,621,784**	7,391,207
	7,634,981	7,404,404

Fung Siu To, Clement
Director

Lun Pui Kan
Director

34 Balance Sheet of the Company (Continued)

Notes:

(a) As at 31st March 2022 and 2021, 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 35.

Extracts of published audited financial information of Asia Standard Hotel in which the Group has material non-controlling interest is set out in note 37.

(b) Reserve movement of the Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
At 31st March 2020	2,174,088	44,190	2,796,995	2,957	2,223,130	7,241,360
Profit for the year	–	–	–	–	149,847	149,847
At 31st March 2021	2,174,088	44,190	2,796,995	2,957	2,372,977	7,391,207
At 31st March 2021	2,174,088	44,190	2,796,995	2,957	2,372,977	7,391,207
Profit for the year	–	–	–	–	270,170	270,170
2021 final dividend	–	–	–	–	(39,593)	(39,593)
At 31st March 2022	**2,174,088**	**44,190**	**2,796,995**	**2,957**	**2,603,554**	**7,621,784**

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

35 Principal Subsidiaries, Joint Ventures and Associated Companies

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

Subsidiaries

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

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

35 PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES (CONTINUED)

Subsidiaries (Continued)

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

[1] *Direct subsidiary of the Company*

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

Associated Companies

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

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

35 PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES (CONTINUED)

Joint Ventures

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

Name	Principal activity	Issued and fully paid share capital/ paid-up capital	Group equity interest
Imperial Time Limited	Property development	HK$1	20%
Best Prosper Investment Limited	Property development	HK$1	50%
Health Link Investment Limited	Property investment	HK$2	25%
Sky Greatest Limited	Property development	HK$10,000	60%
International Trademart Company Limited	Property investment	HK$2	7.5%
Incorporated and operates in the PRC			
北京黃海房地產開發有限公司	Property development	RMB1,310,000,000	50%
上海廣南房地產發展有限公司	Property development	US$1,000,000	50%
Incorporated in the British Virgin Islands			
Gallop Worldwide Limited	Investment holding	US$2	50%
Chater Capital Limited	Investment holding	US$4	50%
Maulden Investment Limited	Property investment	US$8	12.5%

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

36 ULTIMATE HOLDING COMPANY

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

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

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

Set out below are the summary of the audited consolidated financial statements of Asia Standard Hotel in which 17.3% is owned by non-controlling interests, that are material to the Group for the year ended 31st March 2022.

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

37 Extracts from the Audited Consolidated Financial Statements of Asia Standard Hotel Group Limited (Continued)

Consolidated Profit and Loss Account

For the year ended 31st March 2022

	2022 **HK$'000**	2021 HK$'000
Interest revenue	**902,419**	934,384
Sales of goods and services and other revenue	**87,328**	43,027
Total revenue	**989,747**	977,411
Cost of sales	**(41,213)**	(27,782)
Gross profit	**948,534**	949,629
Selling and administrative expenses	**(115,589)**	(110,389)
Depreciation	**(126,230)**	(127,030)
Net investment (loss)/gain		
Net realised and unrealised (loss)/gain	**(294,328)**	116,670
Changes in expected credit losses	**(1,072,595)**	(50,281)
Operating (loss)/profit	**(660,208)**	778,599
Net finance costs	**(130,408)**	(149,900)
Share of profits less losses of joint ventures	**217**	1,679
(Loss)/profit before income tax	**(790,399)**	630,378
Income tax credit/(expense)	**44,413**	(9,067)
(Loss)/profit for the year	**(745,986)**	621,311
(Loss)/profit for the year allocated to non-controlling interests of the Group	**(128,727)**	107,322
Dividends paid to non-controlling interests	**4,676**	–
Total comprehensive (charge)/income for the year	**(2,867,543)**	1,559,040
Total comprehensive (charge)/income allocated to non-controlling interests of the Group	**(495,234)**	273,968

37 Extracts from the Audited Consolidated Financial Statements of Asia Standard Hotel Group Limited (Continued)

Consolidated Balance Sheet

As at 31st March 2022

	2022 **HK$'000**	2021 HK$'000
Non-current assets		
Property, plant and equipment	**2,888,088**	2,863,946
Investment in joint ventures	**178,903**	169,788
Amounts due from joint ventures	**406,140**	385,171
Financial investments	**627,373**	1,948,073
Derivative financial instruments	**127,280**	9,840
Deferred income tax assets	**61,485**	29,475
	4,289,269	5,406,293
Current assets		
Properties under development for sale	**1,401,523**	836,478
Inventories	**17,881**	18,546
Trade and other receivables	**420,196**	273,842
Income tax recoverable	**60**	59
Financial investments	**2,393,581**	4,712,334
Bank balances and cash		
– restricted	**348,032**	47,825
– unrestricted	**243,431**	814,314
	4,824,704	6,703,398
Current liabilities		
Trade and other payables	**109,669**	738,436
Contract liabilities	**245,717**	224,843
Amount due to non-controlling interests	**48,647**	46,640
Borrowings	**2,364,946**	1,391,205
Income tax payable	**57,013**	61,980
	2,825,992	2,463,104
Net current assets	**1,998,712**	4,240,294

37 Extracts from the Audited Consolidated Financial Statements of Asia Standard Hotel Group Limited (Continued)

Consolidated Balance Sheet (Continued)

As at 31st March 2022

	2022 **HK$'000**	2021 HK$'000
Non-current liabilities		
Borrowings	**3,847,933**	4,299,119
Lease liabilities	**302**	2,490
Convertible notes	**240,016**	225,455
Derivative financial instruments	**–**	27,547
Deferred income tax liabilities	**17,122**	13,646
	4,105,373	4,568,257
Net assets	**2,182,608**	5,078,330
Equity		
Share capital	**40,361**	40,361
Reserves	**2,139,734**	5,036,485
Equity attributable to shareholders of the Company	**2,180,095**	5,076,846
Non-controlling interests	**2,513**	1,484
	2,182,608	5,078,330
Supplementary information with hotel properties at valuation		
Revalued total assets	**17,884,000**	20,776,000
Revalued net assets	**10,952,000**	13,744,000

37 Extracts from the Audited Consolidated Financial Statements of Asia Standard Hotel Group Limited (Continued)

Consolidated Statement of Cash Flows

For the year ended 31st March 2022

	2022	2021
	HK$'000	HK$'000
Operating profit before working capital changes	**582,140**	726,566
Change in working capital	**(1,446,900)**	774,920
Net cash (used in)/generated from operating activities	**(864,760)**	1,501,486
Net cash used in investing activities	**(180,178)**	(33,693)
Net cash generated from/(used in) financing activities	**473,902**	(917,946)
Net (decrease)/increase in cash and cash equivalents	**(571,036)**	549,847
Cash and cash equivalents at the beginning of the year	**814,314**	243,530
Changes in exchange rates	**153**	20,937
Cash and cash equivalents at the end of the year (excluding restricted bank balances)	**243,431**	814,314

38 Approval of Financial Statements

The financial statements were approved by the Board of Directors on 29th June 2022.