ASIA ORIENT HOLDINGS LIMITED

Stock Code: 214

Annual Report 2014

Contents

Corporate Information

DIRECTORS

EXECUTIVE

Mr. Fung Siu To, Clement *(Chairman)*
Dr. Lim Yin Cheng *(Deputy Chairman)*
Mr. Poon Jing *(Managing Director and Chief Executive)*
Mr. Poon Hai
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas

INDEPENDENT NON-EXECUTIVE

Mr. Cheung Kwok Wah
Mr. Hung Yat Ming
Mr. Wong Chi Keung

AUDIT COMMITTEE

Mr. Hung Yat Ming *(Chairman)*
Mr. Cheung Kwok Wah
Mr. Wong Chi Keung

REMUNERATION COMMITTEE

Mr. Wong Chi Keung *(Chairman)*
Mr. Fung Siu To, Clement
Mr. Hung Yat Ming

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Mr. Tung Kwok Lui

REGISTERED OFFICE

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

PRINCIPAL OFFICE IN HONG KONG

30th Floor, Asia Orient Tower,
Town Place,
33 Lockhart Road, Wanchai,
Hong Kong

Telephone	2866 3336
Facsimile	2866 3772
Website	http://www.asiaorient.com.hk
E-mail	aoinfo@asiastandard.com

PRINCIPAL BANKERS

HSBC
Bank of China (Hong Kong)
Hang Seng Bank
Industrial and Commercial Bank of China (Asia)
Bank of East Asia
Chiyu Banking
Chong Hing Bank
Barclays Bank
Bank Morgan Stanley
UBS
Bank Julius Baer

LEGAL ADVISERS

Stephenson Harwood
18th Floor, United Centre,
95 Queensway,
Hong Kong

Appleby
2206-19 Jardine House,
1 Connaught Place, Central,
Hong Kong

AUDITOR

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

SHARE REGISTRAR IN BERMUDA

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street,
Hamilton HM11,
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

Financial Highlights

For the year ended 31st March (In HK$ million, except otherwise indicated)	2014	2013	Change
Consolidated profit and loss account			
Revenue	**1,308**	1,027	+27%
Operating profit	**1,524**	2,414	–37%
Profit attributable to shareholders of the Company	**774**	1,364	–43%
Earnings per share – basic (HK$)	**1.07**	1.91	–44%
Consolidated balance sheet			
Total assets	**25,434**	22,012	+16%
Net assets	**19,005**	17,532	+8%
Equity attributable to shareholders of the Company	**9,264**	8,373	+11%
Net debt	**3,948**	3,006	+31%

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

Revalued total assets	**28,271**	24,374	+16%
Revalued net assets	**22,430**	20,519	+9%
Equity attributable to shareholders of the Company	**10,589**	9,522	+11%
Equity attributable to shareholders of the Company per share (HK$)	**14.06**	13.33	+5%
Gearing – net debt to revalued net assets	**18%**	15%	+3%

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 three hotel properties in Hong Kong were revalued by Vigers Appraisal & Consulting Limited for both years. The hotel property in Canada was revalued by CBRE Limited as at 31st March 2014 and revalued by Grant Thornton Management Consultants as at 31st March 2013, on an open market value basis.

Chairman's Statement

The Group is pleased to report a HK$774 million profit attributable to shareholders for the year, and shareholders' funds (with hotels at valuation) increased to HK$10.6 billion.

Projects in the development pipeline progress steadily with the luxurious house development in Shanghai rolling out for sale in the coming latter half of the year.

The Group recorded mild appreciation in its investment properties. Rental income increases.

Contribution from hotel operation is slightly less than last year, with decline in room rates. This is in part due to increase in the market's room supply. Hotel management has taken proactive measures to alleviate the situation.

The steady income stream from financial investments built up over the years, together with their appreciation provide a strong base for current year profit.

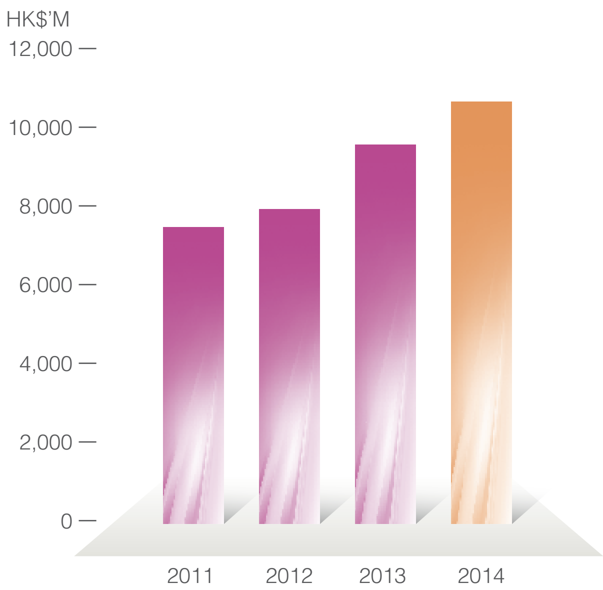
Our management remains cautious in the face of today's uncertain global environment.

We take this opportunity to thank all our staff for their efforts extended during the year.

Fung Siu To, Clement
Chairman

Hong Kong, 26th June 2014

Revalued equity attributable to shareholders



Business Model and Strategies

Asia Orient has established a well-diversified business model that encompasses four main operating segments namely, property investments, hospitality and travel, financial investments and property development in Hong Kong and first tier cities in China. The Group's property investments, hospitality and travel and financial investments provide a stable recurring income source to the Group, while the property development business is the core driver for the Company's dynamic growth.

The Group's property development business in Hong Kong continues to identify and craft signature properties, leveraging on our expertise in conceiving, designing and developing luxury residential developments. The Group's approach to land banking is to invest in prime locations characterised by its transportation conveniences and connectivity. For projects in China, the Group focuses on larger-scale developments in first tier cities, whereby we aim to replicate the success we have experienced in Hong Kong into China. The Group remains confidence in pursuing attractive investment opportunities in tier one cities, as we believe these cities have a sustainable and fundamental demand for housing. At present, while the Group concentrates its' business activities in Hong Kong and Mainland China, we will consider thoroughly to expand selectively elsewhere should opportunities arise.

In Hong Kong, the Group's investment properties portfolio comprises commercial and retail spaces in prime locations, namely Central, Wanchai and Causeway Bay. The Group also owns and operates three hotels in core CBDs of Hong Kong and one hotel in downtown Vancouver, Canada. Our diverse property investment portfolio reduces the adverse impact of market volatility and offset particular cyclicality of each business segments. These segments of our business provide a growing and recurring income source to the Group that enhances the company's liquidity and complements our property development arm.

With regards to financial investments, the Group's foremost objective is to generate stable recurring income on a relatively longer-term basis. The portfolio is mainly comprised of equity and debt investments.

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

(i) Build on our reputation and track record of premium property development in Hong Kong and China
Our development strategy is to continue to invest primarily in Hong Kong and first-tier cities in China. The Group will continue to expand its property development business through carefully selected opportunities in premium as well as large-scale 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 property and investment portfolio generating a recurring and steady income source. Our investment properties comprise of a mix of commercial and retail spaces situated in core central business district in Hong Kong. The Group's investment portfolio provides a liquidity buffer and recurring income as well as a diversified cash flow stream, enabling us to finance existing 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 four hotels under the "empire hotels" brand, three of which are in core locations of Hong Kong and one in downtown Vancouver, Canada. Our three hotels in Hong Kong are situated within central hubs and are targeted at business traveler as well as visitors from the PRC. Our hospitality chain has a centralised management team to optimise revenue generation and ensuring efficient deployment of resources for achieving maximum cost benefit. The prime locations further allow us to cater to both business visitors and tourists, which has led us to maintain a high occupancy and RevPAR at our hotels.

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

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

Management Discussion and Analysis

In Shanghai, **we are building over 300 villas and apartments** in a traditional high end and low-density residential neighborhood in the Qingpu district, Puxi.

Management Discussion and Analysis

RESULTS

The Group's revenue for the year amounted to HK$1,308 million (2013: HK$1,027 million, adjusted for certain accounting changes), it recorded a HK$774 million (2013: HK$1,364 million) profit attributable to shareholders. The decrease in profit is a result of a reduction of revaluation gain of the Group's investment properties.

PROPERTY SALES AND DEVELOPMENT

The Group's property sales, development and leasing operation is carried out through Asia Standard International, its 50.9% owned listed subsidiary. In the last financial year, the HKSAR government implemented tax measures to regulate the upward trend of the property market. However, there are no adverse effect to the Group's current year result as there were no new property projects launched for sale in this year.

During the year, the Group completed and recognised a HK$160 million sales contract for the inventory retail podium of Canaryside in Yau Tong. We have sold all inventory of this development.

The Group is at present engaged in the development of several residential and commercial projects with an attributable GFA of approximately 4.0 million sq. ft., spanning over Hong Kong, Shanghai, Beijing and Macau.

In Hong Kong, our Hung Shui Kiu development is currently undergoing planning process. This is a major residential and commercial development on an 112,000 sq. ft. site, which will provide approximately 900 residential units and retail shops, with an approximate total GFA of 519,000 sq. ft. Our development is conveniently located adjacent to a light rail station linked to the West Rail network. We have another development nearby at the Lam Tei station which is also in the process of planning application.

Demolition is underway for the Group's luxurious high-rise residential development at Perkins Road, Jardine's Lookout. During the year, the Group acquired a building at Henderson Road, Jardine's Lookout on the Hong Kong Island, demolition was completed and foundation work is due to commence.

In Shanghai, we are building over 300 villas and apartments in a traditional high end and low-density residential neighborhood in the Qingpu district, Puxi. There are about a dozen international schools that surround our development, which makes the location very sought after. Furthermore, our development is minutes away from the Hongqiao transportation hub and is about 30 minutes drive from the Nanjing West Road CBD. This 50% joint venture project is now in superstructure stage. The development has a total floor area of approximately 1,080,000 sq. ft. on a 1.5 million sq. ft. site. We expect the development's pre-sale will commence in the 3rd quarter of 2014 and project completion in 2015.


Shanghai low-density residential project in progress

In Beijing, our group was successful in gaining planning approvals from the local government of Tongzhou. This 50% joint venture development is a waterfront residential/commercial development with a total floor area of approximately 2,360,000 sq. ft. Land premium has been paid and land clearances are under preparation.

In Macau, planning application for the 190,000 sq. ft. site is underway. This site is located within the proposed residential/commercial Seac Pai Van zoning outline indicated by the local Government.

LEASING

Rental income attributable to our 353,000 sq. ft. investment properties portfolio in Central, Wan Chai and Causeway Bay amounted to HK$134 million (2013: HK$117 million), an increase of 15%.

Revaluation gain (including that generated from an investment property owned by an associated company) of HK$270 million (2013: HK$1,419 million) was recorded.

HOTEL

The hotel and travel operation is carried out through Asia Standard Hotel, another separately listed subsidiary 70.1% owned by Asia Standard International, and 3% directly owned by the parent group.

Overnight-stay visitors to Hong Kong increased 9% to 26 million during the year. Growth has come from short haul markets where mainland China continues to be the most important inbound source.

In the face of a 5% increase in total hotel rooms supply, revenue arising from the hotel and travel segment amounted to HK$518 million (2013: HK$520 million, adjusted for accounting changes on certain travel business). Average room rates of the 3 Hong Kong hotels were slightly dropped as compared to last year while average occupancies stay above 95%. Contribution to segment results before depreciation was approximately HK$249 million (2013: HK$259 million).

Superstructure works of the new hotel project adjacent to the existing one in Causeway Bay had just commenced, while foundation work of the other new hotel in Tsimshatsui is in progress and schedule to complete by early 2015. These two new developed hotels will add 184 rooms to the portfolio upon completion in 2016/2017.

Empire Hotel Causeway Bay

Empire Hotel Kowloon

FINANCIAL INVESTMENTS

At 31st March 2014, the Group's financial investment portfolio amounted to HK$6,382 million (2013: HK$4,729 million), of which HK$5,714 million were held in the group's two listed subsidiaries. The increase arose from a mark-to-market valuation gain of HK$575 million and a further investment of HK$1,078 million.

Interest and dividend income for the year from these investments amounted to HK$489 million (2013: HK$378 million).

The Group's financial investments continue to benefit from the low-interest rate and ample liquidity environment for most part of the year. During the year, the Group recorded a net investment gain of HK$694 million (2013: HK$831 million) of which HK$580 million (2013: HK$590 million) unrealised gain arose from the mark to market valuation at year end.

These financial investments comprise 66% by listed debt securities (of which approximately 85% were issued by PRC real estate companies), and 34% by listed equity securities (of which approximately 70% were issued by large banks). They are denominated in different currencies with 60% in United States dollar, 12% in Sterling, 13% in Hong Kong dollar, 7% in Euro and 8% in Renminbi.

At 31st March 2014, an approximate value of HK$1,140 million (2013: HK$60 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

FINANCIAL REVIEW

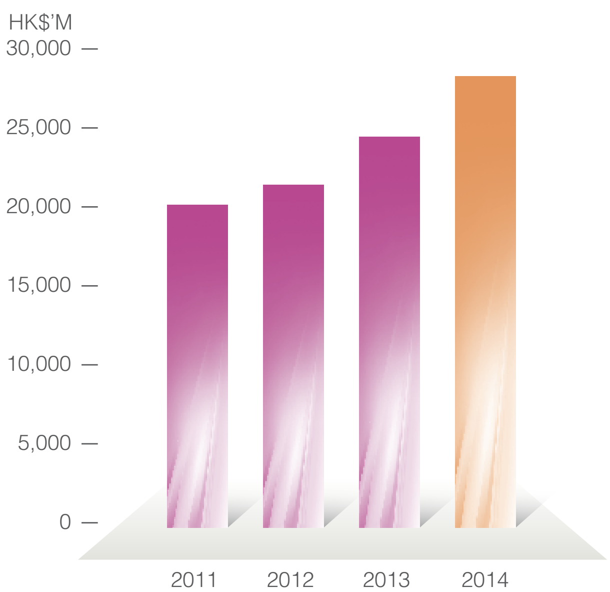
The financing and treasury activities of our three listed groups are independently administered. At 31st March 2014, the Group had approximately HK$5.7 billion cash and undrawn banking facilities which provide the Group with strong financing flexibility to meet any development opportunities as they arise.

At 31st March 2014, the Group's total assets amounted to approximately HK$25.4 billion (2013: HK$22.0 billion). Net assets were HK$19.0 billion (2013: HK$17.5 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group would be HK$28.3 billion (2013: HK$24.4 billion) and HK$22.4 billion (2013: HK$20.5 billion).

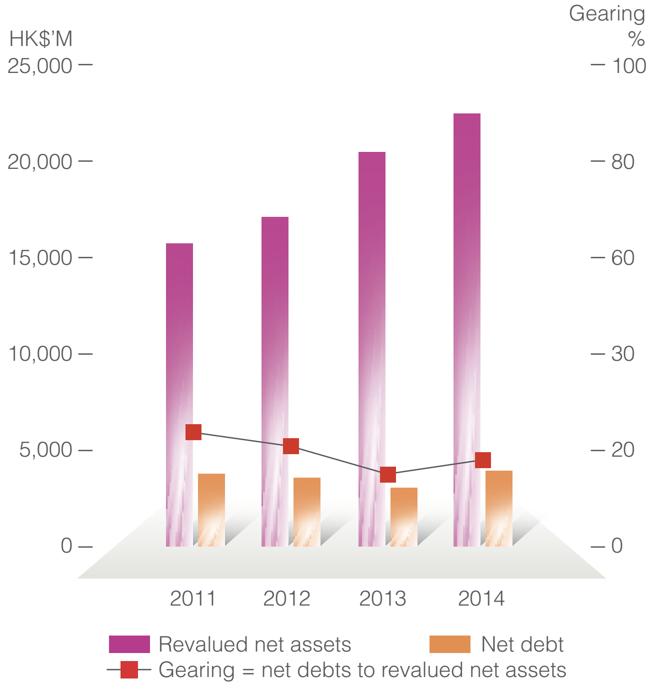
In April 2013, Asia Standard International issued RMB500 million medium term notes ("MTN") for a period of 5 years. The MTN represents a new funding source to the Group. In October 2013, Asia Standard International successfully raised a 4-year unsecured syndicated loan of HK$1 billion. These funding will be used for project development costs, future project acquisition and general working capital.

Net debt at 31st March 2014 was HK$3,948 million (2013: HK$3,006 million), of which HK$30 million (2013: HK$37 million) was attributable to the parent group. The Group's gearing, calculated as net debt to revalued net asset, was 21% (2013: 15%).

Revalued total assets



Revalued net assets, net debt and gearing ratio



75% of the debts are secured and 79% of the debts are at floating rates. As at 31st March 2014, HK$50 million (2013: HK$150 million) interest rate swap contract and RMB500 million cross currency swap contracts were held to hedge our borrowings. Total interest costs increased due to issuance of MTN and increased borrowings during the year.

Currently the maturities of our debts are well spread over a long period of up to 13 years. Revolving loans account for 8% and term loans secured by financial assets repayable between one to five years account for 9%. Term loans secured by property assets account for 58% with 9% repayable within 1 year, 34% repayable between one to five years and 15% repayable after five years. The remaining 25% comprise unsecured syndicated loan, medium term notes and convertible bonds. As at 31st March 2014, the Group had current assets of HK$9.1 billion (2013: HK$6.6 billion).

About 75% of the Group's borrowings are in Hong Kong dollar, 11% in Renminbi, 12% in US dollars, and the remaining 2% in other currencies.

At 31st March 2014, an approximate HK$16.9 billion (2013: HK$15.1 billion) book value of property assets and financial investments were pledged to banks as collateral for credit facilities granted to the Group. HK$380 million guarantee (2013: HK$339 million) was provided to financial institutions against credit facilities granted to joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

At 31st March 2014, the Group employed approximately 570 (2013: 608) full time employees. Their remuneration packages, commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

FUTURE PROSPECTS

Local and mainland property markets have all suffered from public interventions in various forms and consequently industry participants will have a very challenging time ahead until these non-market forces have been lifted.

Our hotel segment is being confronted with the new supply of hotel rooms in the market, the effects are however somewhat mitigated by the fact that our hotels are well positioned in the city hubs or tourist preferred area as opposed to those situated at peripheral areas far away from shopping centres.

Management holds a cautious stance but remains affirmative in the Group's performance.

Five-year Financial Summary

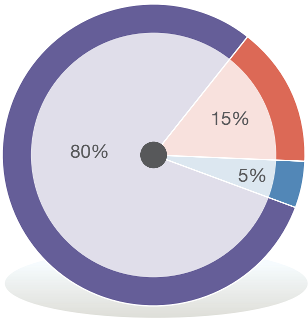
Year ended 31st March (in HK$ million)	2014	2013	2012	2011	2010
Results					
Revenue (restated)	**1,308**	1,027	1,253	194	50
Gross profit	**978**	836	877	156	41
Net investment gain	**694**	831	(1,690)	344	296
Fair value gain of investment properties	**213**	1,120	898	59	–
Share of profits less losses of					
Joint ventures	**(3)**	(5)	(6)	(5)	1
Associated companies	**74**	320	236	916	1,195
Gain on business combination	**–**	–	–	1,539	–
Profit/(loss) attributable to shareholders of the Company	**774**	1,364	(89)	2,791	1,749
Assets and liabilities					
Total assets	**25,434**	22,012	19,795	20,045	4,352
Total liabilities	**(6,429)**	(4,480)	(4,962)	(5,101)	(61)
Non-controlling interests	**(9,741)**	(9,159)	(7,853)	(7,898)	–
Equity attributable to shareholders of the Company	**9,264**	8,373	6,980	7,046	4,291

The Group's shareholdings in Asia Standard International Group Limited ("Asia Standard") increased to over 50% in end of January 2011, the status of Asia Standard thus changed from an associated company of the Group to a subsidiary from February 2011 onwards. The results were consolidated since then. Prior to that, the results of Asia Standard were equity accounted for as share of results of associated companies.

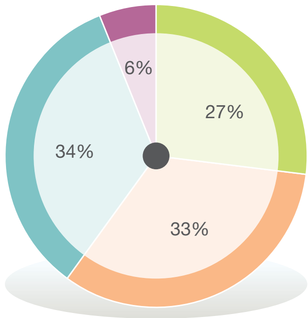
Principal Properties

As at 31st March 2014

Type of properties (by area)

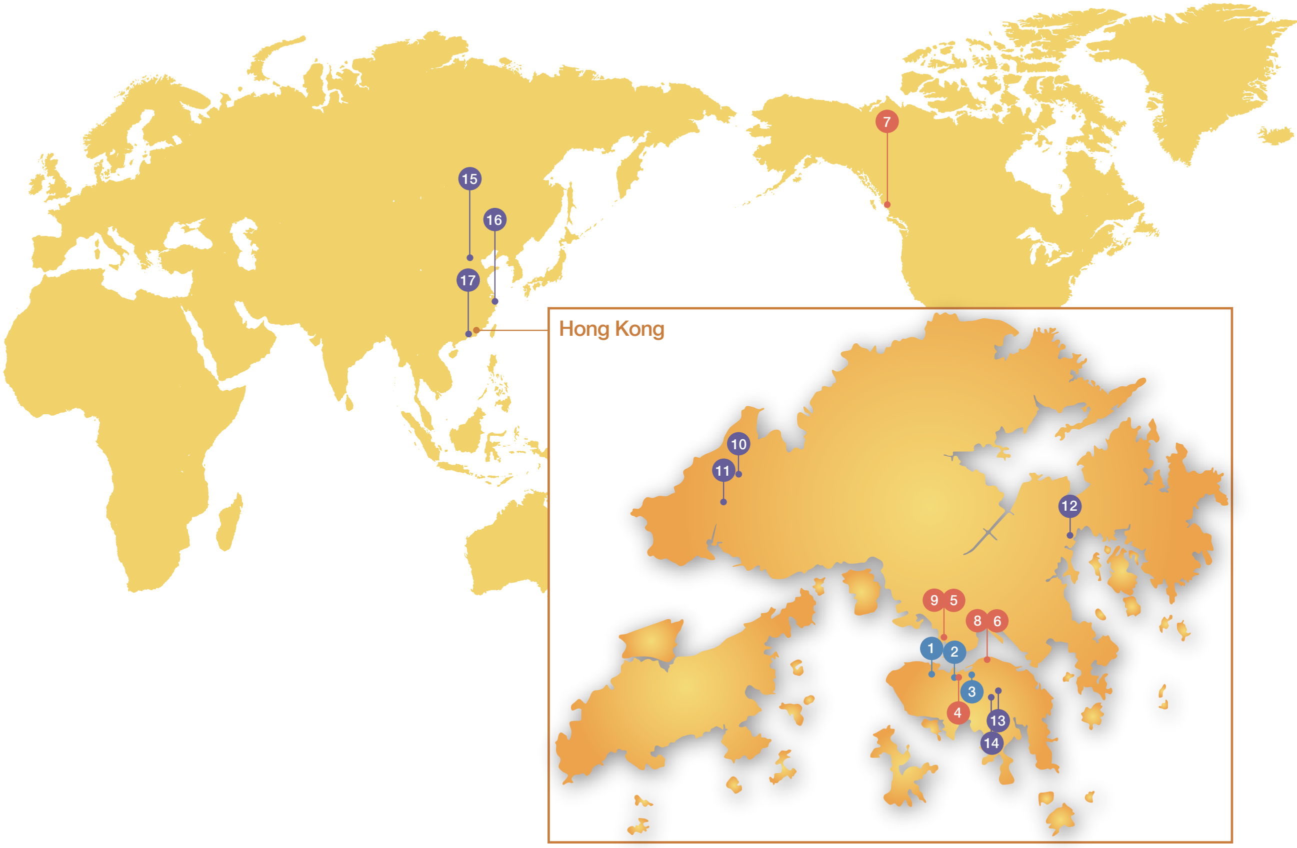


Properties by geographic location (by area)



	Attributable GFA (sq. ft.)
Properties under development for sale	2,064,000
Hotel properties	382,000
Investment properties	144,000
Total	**2,590,000**

	Attributable GFA (sq. ft.)
Hong Kong	689,000
Macau	866,000
Mainland China	876,000
Canada	159,000
Total	**2,590,000**



Principal Properties

As at 31st March 2014

	Properties	Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Type
I	**INVESTMENT PROPERTIES**				
01	Asia Standard Tower 59-65 Queen's Road Central, Hong Kong.	50.9%	7,800	133,000	Commercial
02	Asia Orient Tower Town Place, 33 Lockhart Road, Wanchai, Hong Kong.	50.9%	7,300	114,000	Commercial
03	Goldmark 502 Hennessy Road, Causeway Bay, Hong Kong.	16.8%	6,300	106,000	Commercial
II	**HOTEL PROPERTIES**				
04	Empire Hotel Hong Kong 33 Hennessy Road, Wanchai, Hong Kong.	38.7%	10,600	184,000 (363 rooms)	Hotel
05	Empire Hotel Kowloon 62 Kimberley Road, Tsimshatsui, Kowloon.	38.7%	11,400	220,000 (343 rooms)	Hotel
06	Empire Hotel Causeway Bay 8 Wing Hing Street, Causeway Bay, Hong Kong.	38.7%	6,200	108,000 (280 rooms)	Hotel
07	Empire Landmark Hotel 1400 Robson Street, Vancouver B.C., Canada.	38.7%	41,000	410,000 (358 rooms)	Hotel
08	New hotel (under development) 8A&B Wing Hing Street, Causeway Bay, Hong Kong.	38.7%	2,000	31,000 (94 rooms)	Hotel
09	New hotel (under development) 10-12 Kimberley Road, Tsimshatsui, Kowloon.	38.7%	2,800	34,000 (90 rooms)	Hotel

	Properties	Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Type	Stage
III	**PROPERTIES UNDER DEVELOPMENT FOR SALE**					
10	Hung Shui Kiu Yuen Long, New Territories.	50.9%	112,000	519,000	Residential/ Commercial	Planning application
11	Lam Tei Tuen Mun, New Territories.	50.9%	19,000	68,000	Residential	Planning application
12	Sha Ha Sai Kung, New Territories.	3.8%	620,000	300,000	Residential	Planning
13	Monterey Court 47-49 Perkins Road, Jardine's Lookout, Hong Kong	10.2%	23,000	69,000	Residential	Demolition
14	Henderson Road 2-2A Henderson Road, Jardine's Lookout, Hong Kong	50.92%	16,000	9,600	Residential	Schematic design in progress
15	72 Yong Shun Street West, Tongzhou District, Beijing, PRC	25.5%	550,000	2,360,000	Residential/ Commercial	Preparing land clearances
16	Qingpu District, Shanghai, PRC	25.5%	1,557,000	1,080,000	Residential	Superstructure
17	Seac Pai Van, Coloane, Macau	50.9%	190,000	1,700,000	Residential	Planning application

CORPORATE GOVERNANCE PRACTICES

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

BOARD OF DIRECTORS

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

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

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

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

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

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

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

Director	Title	Number of meetings attended/ Number of meetings held	
		Board meeting	General meeting
Fung Siu To, Clement	Chairman	5/5	1/1
Lim Yin Cheng	Deputy Chairman	5/5	1/1
Poon Jing	Managing Director and Chief Executive	4/5	1/1
Poon Hai	Executive Director	5/5	1/1
Lun Pui Kan	Executive Director	5/5	1/1
Kwan Po Lam, Phileas	Executive Director	5/5	1/1
Hung Yat Ming	Independent Non-executive Director	5/5	1/1
Cheung Kwok Wah	Independent Non-executive Director	5/5	1/1
Wong Chi Keung	Independent Non-executive Director	5/5	1/1

BOARD DIVERSITY POLICY

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In assessing the composition of the Board, the Company will seek to achieve board diversity through the consideration of a number of factors and measurable criteria, including gender, age, cultural and education background, industry experience, qualifications, skills, knowledge, and professional ethics. All Board appointments will be based on meritocracy and the candidates will be considered against objective criteria of their potential contributions to the Board and the Company, having due regard for the benefits of diversity on the Board.

During the year, no new director was appointed. If new directors are required to be appointed to the Board, the Board will elect the appropriate candidates by considering gender, age, cultural and education background, industry experience, qualifications, skills, knowledge, and professional ethics of the candidates.

REMUNERATION COMMITTEE

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

AUDIT COMMITTEE

The Audit Committee currently comprises all the Independent Non-executive Directors, Mr. Hung Yat Ming (as the Chairman), Mr. Cheung Kwok Wah 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 and internal controls and review of the published financial statements. The Audit Committee meets at least twice a year. During the year, the Audit Committee met twice to review the Company's annual and interim financial statements and the recommendation by the auditor on enhancement of internal control. All the members had attended the meetings. The Audit Committee has reviewed the annual financial statements for the year ended 31st March 2014.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Director of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year, and they all confirmed that they have fully complied with the required standard set out in the Model Code throughout the year ended 31st March 2014.

CORPORATE GOVERNANCE CODE

During the year, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, except the following derivations:–

1. Code Provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. All independent non-executive directors of the Company are not appointed for specific terms, but subject to retirement by rotations and re-elections at the annual general meeting of the Company in accordance with the Bye-Laws of the Company; and

2. Code Provision A.5.1 of the CG Code provides that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. The Company does not have a nomination committee. The Board as a whole is responsible for assessing the independence of independent non-executive directors, reviewing the structure, diversity, size and composition of the Board, the appointment of new Directors and the nomination of Directors for re-election by shareholders at the general meeting of the Company. Under the Bye-Laws of the Company, the Board may from time to time and at any time appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office until the next following annual general meeting of the Company and shall then eligible for re-election at the meeting.

INTERNAL CONTROL

It is the responsibility of the Board to ensure that the Group maintains sound and effective internal controls to safeguard the shareholders' investments and the Group's assets. During the year, the Board reviewed the effectiveness of the internal control system of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management functions of the Group.

AUDITOR'S REMUNERATION

PricewaterhouseCoopers has been appointed as the auditor of the Company by the shareholders at the annual general meeting. The services provided by PricewaterhouseCoopers include audit, taxation related and other services. A statement by PricewaterhouseCoopers about their reporting responsibilities as the auditor of the Company is included in the Independent Auditor's Report on page 43 of this annual report.

An amount of HK$7,652,000 (2013: HK$7,235,000) was charged to the financial statements of the Group for their audit services. Taxation services, review on interim results and other services provided by PricewaterhouseCoopers to the Group amounted to HK$1,694,000 (2013: HK$2,582,000).

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

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

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

(II) PROCEDURE FOR SHAREHOLDER TO CONVENE SPECIAL GENERAL MEETING

Shareholders holding not less than one-tenth (1/10) of the paid-up capital of the Company carrying the right of voting at the general meetings of the Company (the "SGM Requisitionists") may require the Board to convene a special general meeting of the Company ("SGM") by depositing a written requisition (the "SGM Requisition") at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and a copy thereof at the principal office of the Company in Hong Kong at 30/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for the attention of the Company Secretary.

The SGM Requisition must state the objects of the SGM and be signed by the SGM Requisitionists and may consist of one or more documents in like form, each signed by one or more of the SGM Requisitionists.

Upon receipt of the SGM Requisition, the Directors shall forthwith proceed duly to convene the SGM, and such SGM shall be held within two months after the deposit of the SGM Requisition.

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

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

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

PROFESSIONAL DEVELOPMENT

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

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

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

Director	Type of training
Fung Siu To, Clement	B
Lim Yin Cheng	B
Poon Jing	B
Poon Hai	B
Lun Pui Kan	A, B
Kwan Po Lam, Phileas	B
Hung Yat Ming	B
Cheung Kwok Wah	A, B
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

INVESTOR RELATIONSHIP

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

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

PROCEDURE FOR RAISING ENQUIRIES

Shareholders may at any time send their enquires and concerns to the Board in writing to the principal office of the Company in Hong Kong or by e-mail to aoinfo@asiastandard.com for the attention of the Company Secretary.

CORPORATE SOCIAL RESPONSIBILITY REPORT

We are committed to contributing to the sustainability of the environment and community in which we conduct business and where our stakeholders live.

ENVIRONMENTAL PROTECTION

(a) Property management

The Group is dedicated to the adoption of green management standards to promote environmental considerations. Within our property management division, process is designed to ensure energy saving through power out in non-operating hours of building facilities (such as non-reserved club house facilities), used clothes donation campaign was carried out to provide assistance to those in need and wasted paper recycling is encouraged in office building to respond to calls for conservation. As part of our energy conservation strategy, the Group has committed to replacement of obsolete lighting fixture with environmentally friendly alternative. Electric car recharging facilities are also adopted at Jadewater, Aberdeen to facilitate the recharging of the electric cars by the residents of the building.

(b) Property development

As a responsible developer, the Group is conscious of environmental protection issues on the design and construction of our properties. Over the years, the design and construction of our properties has been in line with the green features as laid down in the Joint Practice Note Nos. 1-2 in relation to "Green and Innovative Buildings" issued jointly by the Buildings Department, Lands Department and Planning Department. The objectives of such green features mainly encompass: (a) to maximize the use of natural renewable resources and recycled/green building material; (b) to minimize 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 Nos. 47-49 Perkins Road, Jardine's Lookout, Hong Kong, a number of green features will be designed by our environmental consultant and implemented in line with the latest government policy in fostering a quality and sustainably built environment, which will lead to BEAM PLUS Certification after the completion of the project.

(c) Hotel business

The design of our Empire Hotel in Causeway Bay was divided in four zones for optimal gas supply and energy saving. Airconditioning in Empire Hotel Causeway Bay and Empire Hotel Kowloon has a zone valve whereby electricity supply will be switched off on idle floors for energy preservation purposes. In our Empire Hotel Kowloon, the two newly renovated floors have an individual electric heater supply system and the system can be switched off individually for energy reduction purposes. In our Empire Hotel Hong Kong, the air cool chiller system has been replaced by a water cool chiller system, which is environmental friendly and has greater energy efficiency, better controllability, and longer life.

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 COMMUNITY

The Group has during the year made donations of HK$3,117,000 to a number of charitable organisations, such as Hong Kong Spinal Cord Injury Fund Limited, Hong Kong Paralympic Committee & Sports Association for the Physically Disabled, and Playright Children's Play Association.

'The Art of Caring' Community Care Program was launched in 2009 by Asia Standard Hotel Group Limited ("Asia Standard Hotel") in conjunction with SAHK, a rehabilitation service organisation. Since then, the Program has been giving support to local children and youth with special needs in their education and rehabilitation through the creation of art pieces and a series of educational workshops, learning events and life enriching activities. During 2013/2014, the following activities were organised:

- OLE^2 (Other Learning Experiences x Opportunities for Life Enrichment) Job Shadowing Project was designed in support of the new secondary school curriculum OLE (Other Learning Experiences), aiming to provide students from three special secondary schools of SAHK with valuable working and life experiences and better preparation in developing their future career. Students were selected to experiment a work life in the different departments of the hotel industry during February and April in 2014.

- School Outreach to the three special secondary school students of SAHK on 9th May 2014 at B.M. Kotewall Memorial School where latest tourism overview and information about hotel's operations and careers were shared.

- 100-hour Work Experience for a young adult with High Functioning Autistic Spectrum Disorders (HFA) was offered to SAHK. He was assigned to corporate sales office working as an office assistant during March to April 2014.

- Dining Etiquette Workshops in Empire's Kitchen of Empire Hotel Kowloon Tsim Sha Tsui where three groups of 15 secondary schools students of SAHK learnt the proper dining etiquette and table manner by the hotel's restaurant manager in December 2013.

- 'SAHK Angels in the Realm of Empire Glory' musical performances at Empire Hotel Kowloon Tsim Sha Tsui where school bands of three secondary schools from SAHK performed festive Christmas music in the hotel lobby on 23rd December 2013.

Other activities of "The Art of Caring" Community Program in the past include: Love & Sharing Cookies Making Workshops, Charity Bazaar, Schools Outreach, and sponsorships to parents' training workshops.

Joining hands with SAHK, Asia Standard Hotel will continue to expand the breadth and depth of 'The Art of Caring' Community Care Program enabling more learning opportunities and rehabilitation support for children and youth with special needs.

In addition, Asia Standard Hotel has been for a fifth year in a row awarded the Caring Company title 2013/14 by The Hong Kong Council of Social Service (HKCSS) in recognition of its contribution to the community. This recognition signifies a solid testimonial and a renewed impetus for the Group on its commitment to making positive contribution to society and communities.

THE PEOPLE

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

RESPONSIBLE SOURCING

The Group has adopted high standards for all building materials in our premises construction, and equipment and products varying from more efficient and environmentally-responsible refrigerators in the guest rooms of our Empire Hotel in Causeway Bay, to high-quality, durable linens and towels that are used in all our hotels.

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.

To reduce paper consumption, we maximise the use of electronic communications and file storage systems for general office work, guest logs and nightly reports and whenever possible we use e-confirmations for guest reservations.

Directors and Senior Management

EXECUTIVE DIRECTORS

FUNG Siu To, Clement

Aged 65, is the Chairman and a member of the Remuneration Committee of the Company. He is also the Chairman and an executive director and a member of the remuneration committee of the listed subsidiary, Asia Standard International Group Limited ("Asia Standard"), an executive director of the listed subsidiary, Asia Standard Hotel Group Limited ("Asia Standard Hotel"). 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 30 years of experience in project management and construction. He is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, an Executive Director and the Development Manager of the Company respectively. He is also the brother-in-law of Mr. Poon Jing and Dr. Lim Yin Cheng, the Managing Director and the Deputy Chairman of the Company respectively.

LIM Yin Cheng

Aged 69, is the Deputy Chairman of the Company. He is also the Deputy Chairman and an executive director of Asia Standard and the Deputy Chairman, Chief Executive, an executive director and the member of the remuneration committee of Asia Standard Hotel. Dr. Lim is a holder of a Bachelor of Science (Chemical Engineering) and Doctor of Philosophy degrees. He has over 30 years of experience in engineering, project management and administration. He joined the Group in 1992. He is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, an Executive Director and the Development Manager of the Company respectively. 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.

POON Jing

Aged 59, is the Chief Executive and Managing Director of the Company. He is also the Chief Executive, Managing Director and an executive director of Asia Standard, the Chairman and an executive director of Asia Standard Hotel. He is the father of Mr. Poon Hai and Mr. Poon Yeung, Roderick, an Executive Director and the Development Manager of the Company respectively. He is also the brother-in-law of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman and the Deputy Chairman of the Company respectively.

POON Hai

Aged 29, is an Executive Director of the Company, Asia Standard and Asia Standard Hotel. He is also a member of the remuneration committee of Asia Standard. Mr. Poon holds a Bachelor of Commerce degree from University of British Columbia. He is responsible for the business development and the project management of the Group. He is the son of Mr. Poon Jing and the brother of Mr. Poon Yeung, Roderick, the Managing Director and the Development Manager of the Company respectively. He is also the nephew of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman and the Deputy Chairman of the Company respectively. He joined the Group in 2009.

LUN Pui Kan

Aged 50, is the Finance Director of the Company and Asia Standard. Mr. Lun has over 25 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 55, is an Executive Director of the Company and Asia Standard. 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 25 years of experience in property sales, leasing and real estate management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

HUNG Yat Ming

Aged 62, is an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Hung graduated from The University of Hong Kong with a Bachelor degree in Mathematics and obtained a post-graduate diploma in Accountancy from University of Strathclyde, Scotland. He has over 30 years of experience in audit, accounting and financial management in several firms in Sydney and Hong Kong and is a financial controller of a Hong Kong listed company. He is a member of The Institute of Chartered Accountants of Scotland and HKICPA. Mr. Hung is also an independent non-executive director, the chairman of the audit committee and remuneration committee of Asia Standard Hotel. He is also an independent non-executive director of Hong Kong Life Sciences and Technologies Group Limited and Sunway International Holdings Limited, all of which are listed on the Stock Exchange. He joined the Group in September 2004.

CHEUNG Kwok Wah

Aged 57, is an Independent Non-executive Director and a member of the Audit Committee of the Company. Mr. Cheung has over 20 years of experience in the finance field, during which he held various senior management positions with many public listed companies. He is a solicitor of Hong Kong, and is now the Chief Business Development Officer of Future Bright Holdings Limited. He joined the Group in June 1996.

WONG Chi Keung

Aged 59, is an Independent Non-executive Director, a member of the Audit Committee and the Chairman of Remuneration Committee of the Company. Mr. Wong holds a Master degree in Business Administration from The University of Adelaide in Australia. He is a fellow member of HKICPA, ACCA and CPA Australia; an associate member of The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants. Mr. Wong is also a responsible officer for asset management, advising on securities and corporate finance activities for Greater China Capital Limited under the Securities and Futures Ordinance.

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, for over ten years. He is an independent non-executive director, the chairman of remuneration committee and a member of the audit committee of Asia Standard. He is also an independent non-executive director and a member of audit committee of Century City International Holdings Limited, China Nickel Resources Holdings Company Limited, China Ting Group Holdings Limited, ENM Holdings Limited, Golden Eagle Retail Group Limited, Ngai Lik Industrial Holdings Limited, PacMOS Technologies Holdings Limited, Paliburg Holdings Limited, Regal Hotels International Holdings Limited, Zhuguang Holdings Group Company Limited and TPV Technology Limited, all of which are listed on the Stock Exchange. Mr. Wong has over 35 years of experience in finance, accounting and management. He joined the Group in 2004.

SENIOR MANAGEMENT

NG Siew Seng, Richard

Aged 62, is the Group General Manager of Asia Standard Hotel and a director of a subsidiary of Asia Standard Hotel. Mr. Ng is responsible for the development and management of the hotel group's hospitality operations. With over 3 decades' extensive experience in hotel and travel industry for both local and overseas markets, Mr. Ng has held senior marketing and operational positions in a number of major international chain hotels and travel agents in Hong Kong and Macau. He joined Asia Standard Hotel Group in September 2007.

WOO Wei Chun, Joseph

Aged 50, is an Executive Director and the Group Financial Controller of Asia Standard Hotel. Mr. Woo is qualified as a 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 20 years of experience in accounting and finance. He joined the Asia Standard Hotel Group in 2006.

WONG Hoi Yan

Aged 41, is the General Manager of Project Management Division of Asia Standard. 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 Authorized Person under the Buildings Ordinance. She is also a LEED Accredited Professional and BEAM Pro under the Hong Kong Green Building Council. Ms. Wong is responsible for property development and project management. She has over 16 years of experience in project planning and management. She joined Asia Standard in March 2014.

LEUNG King Yin, Kevin

Aged 52, was the Head of Project Management Division of Asia Standard, responsible for property development and project management. Mr. Leung is an Authorized Person under the Buildings Ordinance, a registered architect in Hong Kong and Australia, and a member of both The Hong Kong Institute of Architects and Royal Australian Institute of Architects. Mr. Leung was a director of the Asia Standard for 5 years prior to his migration to Australia. He re-joined the Group in October 2007. Mr. Leung resigned in December 2013 and was subsequently succeeded by Ms. Wong above.

POON Yeung, Roderick

Aged 25, is the Development Manager of the Company and Asia Standard. He is responsible for the Group's project management, investment and business development. Mr. Poon is the nephew of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman and the Deputy Chairman of the Company respectively. He is also 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 joined the Group in 2012.

Note:

Messrs. Poon Jing, Fung Siu To, Clement, Poon Hai and Lun Pui Kan are directors of Teddington Holdings Limited and Heston Holdings Limited. Both companies have interests in the share capital of the Company discloseable to the Company under the provisions of Divisions 2 and 3 of the Part XV of the SFO.

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31st March 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 39 to the financial statements.

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 45.

The Company did not pay an interim dividend for the year ended 31st March 2014 (2013: Nil).

The Board recommends a final dividend of HK4 cents (2013: HK4.2 cents) per share with a scrip option, totaling HK$30,590,000 (2013: HK$29,995,000) for the year ended 31st March 2014.

FINANCIAL SUMMARY

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

CONVERTIBLE BONDS

Details of the convertible bonds of the Company are set out in note 32 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 28 to the financial statements.

RESERVES

Movement in the reserves of the Group and the Company during the year are set out in note 29 to the financial statements.

PRINCIPAL PROPERTIES

Details of the principal properties of the Group are set out on pages 15 to 17.

DONATIONS

During the year, the Group made charitable and other donations of HK$3,117,000 (2013: HK$4,136,000).

DIRECTORS

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

Mr. Fung Siu To, Clement
Dr. Lim Yin Cheng
Mr. Poon Jing
Mr. Poon Hai
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas
Mr. Hung Yat Ming
Mr. Cheung Kwok Wah
Mr. Wong Chi Keung

Messrs. Poon Hai, Lun Pui Kan and Hung Yat Ming will retire from office by rotation in accordance with the Bye-Laws of the Company at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set out on pages 28 to 30.

DIRECTORS' INTERESTS IN CONTRACTS

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the share option scheme of the Company as disclosed on pages 37 to 41, and that of subsidiaries, Asia Standard International Group Limited ("Asia Standard") and Asia Standard Hotel Group Limited ("Asia Standard Hotel"), at no time during the year was the Company, its subsidiaries or its fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31st March 2014, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) which (a) are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange were as follows:

(I) LONG POSITIONS IN SHARES

(a) The Company

	Number of shares held				
Director	**Personal interest**	**Corporate interest**	**Family interest**	**Total**	**Percentage of shares in issue (%)**
Poon Jing	234,145,614	136,375,288	4,995,066	375,515,968	49.87
Fung Siu To, Clement	14,500,440	–	–	14,500,440	1.92

(b) Associated corporations

		Number of shares held			
Director	**Associated corporations**	**Personal interest**	**Corporate interest**	**Total**	**Percentage of shares in issue (%)**
Poon Jing	Asia Standard	1,223,452	638,938,336 (Note 1)	640,161,788	51.01
Poon Jing	Asia Standard Hotel	50,050	1,132,669,492 (Note 1)	1,132,719,542	73.08
Fung Siu To, Clement	Mark Honour Limited	9	–	9	0.01

Notes:

1. By virtue of his controlling interest in the Company, Mr. Poon Jing is deemed to be interested in shares of Asia Standard and Asia Standard Hotel held by the Company and its subsidiaries.

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

(II) LONG POSITIONS IN UNDERLYING SHARES

Interests in share options

(a) The Company

Director	Outstanding as at 1st April 2013 and 31st March 2014
Fung Siu To, Clement	2,126,301
Lim Yin Cheng	2,126,301
Lun Pui Kan	2,126,301
Kwan Po Lam, Phileas	2,126,301

Notes:

1. Options were granted on 29th March 2007 and exercisable during the period from 29th March 2007 to 28th March 2017 at exercise price of HK$1.4315 (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.

(b) Associated corporations

– Asia Standard

Director	Outstanding as at 1st April 2013 and 31st March 2014
Fung Siu To, Clement	2,062,176
Lim Yin Cheng	2,062,176
Poon Jing	515,544
Lun Pui Kan	2,062,176
Kwan Po Lam, Phileas	2,062,176

Notes:

1. Options were granted on 30th March 2005 and exercisable during the period from 30th March 2005 to 29th March 2015 at exercise price of HK$3.15 (as adjusted) per share.

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

(II) LONG POSITIONS IN UNDERLYING SHARES (Continued)

Interests in share options (Continued)

(b) Associated corporations (Continued)

– Asia Standard Hotel

Director	Date of grant	Exercise price (HK$)	Exercise period	Outstanding as at 1st April 2013 and 31st March 2014
Fung Siu To, Clement	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
Lim Yin Cheng	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000
Lun Pui Kan	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000
Kwan Po Lam, Phileas	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000

Note:

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

Save as disclosed above, as at 31st March 2014, none of the Directors or chief executive (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31st March 2014, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executive.

LONG POSITIONS IN SHARES OF THE COMPANY

Shareholder	Capacity	Number of shares held	Percentage (%)
Heston Holdings Limited ("Heston") (Note 1)	Beneficial owner	47,360,116	6.29
Teddington Holdings Limited ("Teddington") (Note 1)	Beneficial owner	56,934,459	7.56
Dalton Investments LLC ("Dalton") (Note 2)	Investment manager	135,678,237	18.01
Clearwater Insurance Company ("Clearwater Insurance") (Note 2)	Trustee	48,341,035	6.42
Daswani Rajkumar Murlidhar	Beneficial owner	49,007,674	6.50

Notes:

1. Mr. Poon Jing, his family interest and the companies wholly owned by him namely Teddington, Heston and Full Speed Investments Limited together hold 375,515,968 shares. The interest of Teddington and Heston duplicate the interest of Mr. Poon Jing disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures".

2. Dalton is the investment manager for Clearwater Insurance. The interest of Clearwater Insurance in the shares duplicate the interest of Dalton disclosed above.

Save as disclosed above, as at 31st March 2014, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEMES

THE COMPANY

The share option scheme was adopted on 11th November 2002 (the "Company's Share Option Scheme"). The board of Directors of the Company may grant options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to the Company, its subsidiary or any invested entity, their discretionary trust or the companies owned by them. The purpose was to provide incentives, acknowledge the contributions of, motivate and maintain relationship with the eligible participants.

The total number of shares available for issue upon exercise of all options to be granted under the Company's Share Option Scheme must not exceed 57,857,634 shares, representing about 7.56% of the shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the Company's Share Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised, outstanding and cancelled options) under any option granted to the same participant under the Company's Share Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the shares in issue from time to time.

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

The subscription price shall be at the discretion of the board of Directors provided that it shall be not less than the highest of (i) the closing price of a share on the relevant date of grant; (ii) the average of the closing prices of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share. The Company's Share Option Scheme was effective for 10 years from 11th November 2002 and expired on 10th November 2012. All outstanding share options granted under the Company's Share Option Scheme and yet to be exercised shall remain valid.

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

Grantee	Outstanding as at 1st April 2013	Lapsed during the year	Outstanding as at 31st March 2014
Directors (Note 1)	8,505,204	–	8,505,204
Director of a subsidiary (Note 1)	3,469,228	–	3,469,228
Employees of subsidiaries (Note 1)	24,172,684	–	24,172,684
Employee of a subsidiary (Note 2)	5,780,000	(5,780,000)	–
	41,927,116	(5,780,000)	36,147,116

Notes:

1. These share options were granted on 29th March 2007 and exercisable during the period from 29th March 2007 to 28th March 2017 at an exercise price of HK$1.4315 (as adjusted) per share.

2. These share options were granted on 15th August 2008 and exercisable during the period from 15th August 2008 to 14th August 2018 at an exercise price of HK$1.07 per share.

3. Save as disclosed above, no option was granted, exercised, cancelled or lapsed during the year.

ASSOCIATED CORPORATIONS

– ASIA STANDARD

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

The total number of shares available for issue upon exercise of all options to be granted under the Asia Standard Share Option Scheme must not exceed 71,851,459 shares, representing about 5.72% of the Asia Standard'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 the Asia Standard Share Option Scheme and any other share option scheme must not exceed 30% of the Asia Standard'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 the Asia Standard Share Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the Asia Standard's shares in issue from time to time.

There was no requirement for a grantee to hold the Asia Standard option for a certain period before exercising the Asia Standard option unless otherwise determined by the Directors of Asia Standard. The exercise period should be any period determined by the board of Directors of Asia Standard 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.

The subscription price shall be at the discretion of the board of Directors of Asia Standard 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 Asia Standard Share Option Scheme is effective for 10 years from 27th August 2004.

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

Grantee	Date of grant	Exercise price (HK$)	Exercise period	Outstanding as at 1st April 2013	Granted during the year	Outstanding as at 31st March 2014
Directors	30th March 2005	3.15	30th March 2005 to 29th March 2015	8,764,248	–	8,764,248
Other employees	30th March 2005	3.15	30th March 2005 to 29th March 2015	2,577,717	–	2,577,717
	13th March 2014	2.00	10th March 2017 to 12th March 2024	–	1,000,000	1,000,000
				11,341,965	1,000,000	12,341,965

Note:

Save as disclosed above, during the year, no option was granted, exercised, cancelled or lapsed.

– ASIA STANDARD HOTEL

The share option scheme of Asia Standard Hotel was adopted on 28th August 2006 (the "Asia Standard Hotel Share Option Scheme"). The board of Directors of Asia Standard Hotel may grant options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to Asia Standard Hotel, its subsidiary 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 the Asia Standard Hotel Share Option Scheme must not exceed 125,088,061 shares, representing about 8.07% 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 the Asia Standard Hotel Share Option Scheme and any other share option scheme must not exceed 30% of the Asia Standard Hotel's shares in issue from time to time. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised, outstanding and cancelled options) under any option granted to the same participant under the Asia Standard Hotel Share Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the Asia Standard Hotel's shares in issue from time to time.

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 Asia Standard Hotel Share Option Scheme is effective for 10 years from 28th August 2006.

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

Grantee	Date of grant	Exercise price (HK$)	Exercise period	Outstanding as at 1st April 2013 and 31st March 2014
Directors	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	24,000,000
Director of a subsidiary	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000
Employees	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	30,999,999
				78,999,999

Note:

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

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.

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	68.9%
Percentage of purchases attributable to the Group's five largest suppliers	87.3%
Percentage of sales attributable to the Group's largest customer	15.7%
Percentage of sales attributable to the Group's five largest customers	36.0%

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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

On behalf of the Board

Fung Siu To, Clement
Chairman

Hong Kong, 26th June 2014

To the shareholders of Asia Orient Holdings Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Asia Orient Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 45 to 128, which comprise the consolidated and company balance sheets as at 31st March 2014, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26th June 2014

Consolidated Profit and Loss Account

For the year ended 31st March 2014

	Note	2014 HK$'000	2013 HK$'000 (Restated)
Revenue	*5*	**1,307,517**	1,027,278
Cost of sales		**(329,027)**	(190,948)
Gross profit		**978,490**	836,330
Selling and administrative expenses		**(195,792)**	(208,641)
Depreciation		**(164,933)**	(165,285)
Net investment gain	*6*	**693,573**	831,297
Fair value gain of investment properties		**213,067**	1,119,805
Operating profit		**1,524,405**	2,413,506
Net finance costs	*10*	**(90,906)**	(44,685)
Share of profits less losses of			
Joint ventures		**(4,542)**	(4,915)
Associated companies		**74,907**	320,225
Profit before income tax		**1,503,864**	2,684,131
Income tax expense	*11*	**(20,514)**	(33,366)
Profit for the year		**1,483,350**	2,650,765
Attributable to:			
Shareholders of the Company		**773,883**	1,363,791
Non-controlling interests		**709,467**	1,286,974
		1,483,350	2,650,765
Dividends	*13*	**30,590**	29,995
Earnings per share (HK$)			
Basic	*14*	**1.07**	1.91
Diluted	*14*	**0.98**	1.74

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2014

	2014 HK$'000	2013 HK$'000
Profit for the year	**1,483,350**	2,650,765
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss		
Net fair value (loss)/gain on available-for-sale investments	**(4,567)**	36,407
Impairment of available-for-sale investments charged to profit and loss account	**–**	395
Release of reserve upon disposal of available-for-sale investments	**–**	(1,319)
Cash flow hedges		
– fair value gains	**10,427**	–
– transfer to finance costs	**3,414**	–
Currency translation differences	**(33,800)**	(3,419)
Share of currency translation differences of joint ventures	**13,033**	18,805
	(11,493)	50,869
Total comprehensive income for the year	**1,471,857**	2,701,634
Attributable to:		
Shareholders of the Company	**773,359**	1,385,568
Non-controlling interests	**698,498**	1,316,066
	1,471,857	2,701,634

Consolidated Balance Sheet

As at 31st March 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	*15*	**7,224,741**	7,171,385
Investment properties	*16*	**5,535,909**	5,418,841
Joint ventures	*18*	**1,198,343**	1,121,706
Associated companies	*19*	**1,519,893**	1,441,984
Available-for-sale investments	*20*	**241,078**	241,390
Financial assets at fair value through profit or loss	*24*	**554,844**	–
Derivative financial instruments	*25*	**10,427**	–
Mortgage loans receivable	*21*	**2,797**	3,790
Deferred income tax assets	*31*	**3,573**	1,254
		16,291,605	15,400,350
Current assets			
Properties under development for sale	*22*	**1,748,797**	1,177,534
Completed properties held for sale	*22*	**3,816**	131,352
Hotel and restaurant inventories		**1,569**	2,218
Trade and other receivables	*23*	**307,066**	371,242
Income tax recoverable		**5,589**	815
Financial assets at fair value through profit or loss	*24*	**5,586,317**	4,487,788
Bank balances and cash	*26*	**1,489,650**	440,457
		9,142,804	6,611,406
Current liabilities			
Trade and other payables	*27*	**167,412**	155,121
Amounts due to joint ventures	*18*	**37,058**	69,686
Income tax payable		**37,139**	27,214
Derivative financial instruments	*25*	**982**	2,289
Convertible bonds	*32*	**48,149**	–
Borrowings	*30*	**929,483**	479,102
		1,220,223	733,412
Net current assets		**7,922,581**	5,877,994
Total assets less current liabilities		**24,214,186**	21,278,344

Consolidated Balance Sheet

As at 31st March 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current liabilities			
Long term borrowings	30	**3,849,758**	2,898,786
Convertible bonds	32	**–**	68,493
Medium term notes	33	**609,894**	–
Deferred income tax liabilities	31	**749,483**	778,613
		5,209,135	3,745,892
Net assets		**19,005,051**	17,532,452
Equity			
Share capital	28	**75,294**	71,416
Reserves	29	**9,188,928**	8,301,776
Equity attributable to shareholders of the Company		**9,264,222**	8,373,192
Non-controlling interests		**9,740,829**	9,159,260
		19,005,051	17,532,452

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Balance Sheet

As at 31st March 2014

	Note	2014 HK$'000	2013 HK$'000
Non-current assets			
Subsidiaries	*17*	**2,925,619**	2,923,909
Current assets			
Amount due from subsidiaries	*17*	**2,426,795**	1,890,446
Trade and other receivables		**109**	109
Bank balances and cash	*26*	**185**	330
		2,427,089	1,890,885
Current liabilities			
Trade and other payables		**2,972**	3,172
Convertible bonds	*32*	**48,149**	–
		51,121	3,172
		2,375,968	1,887,713
Non-current liabilities			
Convertible bonds	*32*	**–**	68,493
Net assets		**5,301,587**	4,743,129
Equity			
Share capital	*28*	**75,294**	71,416
Reserves	*29*	**5,226,293**	4,671,713
		5,301,587	4,743,129

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Consolidated Statement of Cash Flows

For the year ended 31st March 2014

	Note	2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Net cash (used in)/generated from operations	*37*	**(543,274)**	725,001
Net income tax paid		**(46,810)**	(28,757)
Interest paid		**(147,286)**	(73,482)
Interest received from bank deposit and other receivables		**9,152**	4,929
Net cash (used in)/generated from operating activities		**(728,218)**	627,691
Cash flows from investing activities			
Purchase of available-for-sale investments		**–**	(17,462)
Proceeds from disposal of available-for-sale investments		**–**	18,618
Addition to investment properties		**(287)**	(1,662)
Proceeds from disposal of property, plant and equipment		**9,200**	–
Addition to property, plant and equipment		**(148,647)**	(221,232)
Increase in investments in associated companies and joint ventures		**(26,518)**	(29,000)
Advances to associated companies and joint ventures		**(74,975)**	(69,330)
Dividend received from an associated company		**–**	199,500
Net cash used in investing activities		**(241,227)**	(120,568)
Net cash (used)/generated before financing activities		**(969,445)**	507,123
Cash flows from financing activities			
Drawdown of long term borrowings		**1,432,879**	709,055
Repayment of long term borrowings		**(188,940)**	(409,873)
Net increase/(decrease) in short term borrowings		**184,997**	(798,744)
Net proceeds from medium term notes		**613,308**	–
Dividends paid		**(9,003)**	–
Dividends paid to non-controlling interests		**(17,254)**	(2,125)
Net cash generated from/(used in) financing activities		**2,015,987**	(501,687)
Net increase in cash and cash equivalents		**1,046,542**	5,436
Cash and cash equivalents at the beginning of the year		**413,968**	408,155
Changes in exchange rates		**1,742**	377
Cash and cash equivalents at the end of the year		**1,462,252**	413,968
Analysis of the balances of cash and cash equivalents			
Bank balances and cash (excluding restricted bank balances)	*26*	**1,462,252**	413,968

Consolidated Statement of Changes in Equity

For the year ended 31st March 2014

	Equity attributable to shareholders of the Company			Non-controlling interests	Total
	Share capital HK$'000	Reserves HK$'000	Total HK$'000	HK$'000	HK$'000
Group					
At 31st March 2012	71,416	6,908,343	6,979,759	7,853,184	14,832,943
Net fair value gain on available-for-sale investments	–	13,995	13,995	22,412	36,407
Impairment of available-for-sale investments charged to profit and loss account	–	152	152	243	395
Release of reserve upon disposal of available-for-sale investments	–	(587)	(587)	(732)	(1,319)
Currency translation differences	–	8,217	8,217	7,169	15,386
Profit for the year	–	1,363,791	1,363,791	1,286,974	2,650,765
Total comprehensive income for the year	–	1,385,568	1,385,568	1,316,066	2,701,634
Net increase in shareholding of subsidiaries	–	7,865	7,865	(7,865)	–
Dividends paid by a subsidiary	–	–	–	(2,125)	(2,125)
Total transactions with owners	–	7,865	7,865	(9,990)	(2,125)
At 31st March 2013	71,416	8,301,776	8,373,192	9,159,260	17,532,452
Net fair value loss on available-for-sale investments	–	(1,141)	(1,141)	(3,426)	(4,567)
Cash flow hedges					
– fair value gains	–	5,310	5,310	5,117	10,427
– transfer from finance costs	–	1,738	1,738	1,676	3,414
Currency translation differences	–	(6,431)	(6,431)	(14,336)	(20,767)
Profit for the year	–	773,883	773,883	709,467	1,483,350
Total comprehensive income for the year	–	773,359	773,359	698,498	1,471,857
Conversion of convertible bonds	2,636	24,357	26,993	–	26,993
Share options granted by a subsidiary	–	4	4	2	6
Net increase in shareholding of subsidiaries	–	99,677	99,677	(99,677)	–
Dividends paid	1,242	(10,245)	(9,003)	(17,254)	(26,257)
Total transactions with owners	3,878	113,793	117,671	(116,929)	742
At 31st March 2014	**75,294**	**9,188,928**	**9,264,222**	**9,740,829**	**19,005,051**

1 GENERAL INFORMATION

The Company is a limited liability company incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

2 PRINCIPAL ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

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

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.

The principal accounting policies applied 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.

(B) THE ADOPTION OF NEW/REVISED HKFRS

The accounting policies and methods of computation used in the preparation of these annual financial statements are consistent with those used in 2013, except for the new derivative contracts designated as cash flow hedge instruments (note 2 (AH)) and the adoption of new standards, which are relevant to the Group's operations and are applicable to the Group's accounting periods beginning on 1st April 2013.

The following new standards are relevant to the Group's operations and are mandatory for accounting periods beginning on or after 1st January 2013:

Amendment to HKAS 1	Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

The following new standard is relevant to the Group's operation but not yet effective

HKFRS 9	Financial Instruments

HKFRS 9 established the principles for financial reporting of financial assets. Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

The Group has not early adopted the above new standard. The Group has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether they will have substantial change to the Group's accounting policies and presentation of the consolidated financial statements.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(C) CHANGE OF ACCOUNTING ON REVENUE RECOGNITION FOR THE GROUP'S TRAVEL OPERATION

The principal activity of the Group's travel operation is the provision of air ticket sales, hotel reservation arrangement and incentive travel tour.

During the year, the Group has reassessed its policy regarding the recognition of revenue on a gross versus a net basis in relation to its travel operation segment.

To determine whether the Group's travel operation is acting as a principal or as an agent requires judgement and consideration of all relevant facts and circumstances. The guidance from the authoritative accounting literature indicates that evaluating the relevant factors is subject to critical accounting judgement and significant subjectivity. Management has conducted a comprehensive review for this matter and determined that it is more appropriate and in line with current market practices for the revenue to be recognised as commission earned only (net basis) for the majority of the Group's travel operation revenue transactions except for certain custom-made incentive travel tours. Previously, all of the Group's travel operation revenue was presented on a gross basis. As required by HKAS 8 "Accounting Policies, Changes in Accounting Estimate and Errors", this restatement has been made retrospectively and as presented in the table below, the impact of the change in revenue recognition is to decrease revenue and corresponding cost of sales, with no impact to gross profit, profit for the year, earnings per share in the consolidated profit and loss account or to other primary statements at all.

	For the year ended 31st March 2013 (As previously presented) HK$'000	Effect of amendment to revenue recognition HK$'000	For the year ended 31st March 2013 (As restated) HK$'000
Revenue	1,226,529	(199,251)	1,027,278
Cost of sales	(390,199)	199,251	(190,948)
Gross profit	836,330	–	836,330

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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

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 owner. 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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(D) BASIS OF CONSOLIDATION (Continued)

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.

(E) 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.

(F) JOINT ARRANGEMENTS

Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Investments in joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments, in joint ventures include advances that are equity in nature, in substance forming part of the investments, and goodwill (net of any accumulated impairment loss) identified on acquisition.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(F) JOINT ARRANGEMENTS (Continued)

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

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

(G) 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. The Group's investments in associated companies include advances that are equity in nature, in substance forming part of the investments, and goodwill (net of any accumulated impairment loss) identified on acquisition.

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(G) ASSOCIATED COMPANIES (Continued)

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

(H) 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 asset/liability component is initially stated at fair value and subsequently carried at amortised cost. The equity component is recognised at cost.

(I) 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.

(J) FINANCIAL ASSETS/LIABILITIES

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(J) FINANCIAL ASSETS/LIABILITIES (Continued)

(i) Financial assets at fair value through profit or loss and derivative financial instruments

This category represents financial assets that are either designated in this category at inception by the management or held for trading, i.e. if acquired for the purpose of selling them in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

(iii) Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the balance sheet date.

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(J) FINANCIAL ASSETS/LIABILITIES (Continued)

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale investments, a significant or prolonged decline in the fair value of the securities below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale investments, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss – is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment test of receivables is described in note 2(Q).

Derivatives financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivative financial instruments not applying hedge accounting are recognised immediately in the profit and loss account.

The accounting policy for derivative financial instruments designated as cash flow hedges is described in note 2(AH).

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(K) PROPERTY, PLANT AND EQUIPMENT

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

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

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

Leasehold land	Remaining lease term
Hotel and other building in Hong Kong	Shorter of 50 years or the remaining lease period of the land on which the buildings are located
Hotel buildings in overseas	25 years
Other equipment	3 to 10 years

No depreciation is provided for buildings and hotel properties under development.

Freehold land is not amortised.

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(L) IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life or are not yet available for use and are not subject to depreciation or amortisation are at least 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.

(M) INVESTMENT PROPERTIES

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

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

(N) PROPERTIES UNDER 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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(O) 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.

(P) HOTEL INVENTORIES

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

(Q) TRADE AND OTHER RECEIVABLES

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

(R) TRADE PAYABLES

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

(S) PROVISIONS

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

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 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-marketing 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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(U) EMPLOYEE BENEFITS (Continued)

(iii) Share-based compensation (Continued)

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.

The Group has adopted the transitional provisions under HKFRS 2 for options granted after 7th November 2002 and vested at the effective date of HKFRS 2.

(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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(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.

(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 sales of properties is recognised upon the later of completion of the properties and the sale and purchase contracts, where the risks and rewards of the properties are transferred to the purchasers. Deposits and installments received on properties sold prior to the date of revenue recognition are included under current liabilities.

(ii) Investment properties

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

(iii) Hotel, travel operation and management services businesses

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

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

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

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

Management services fee income is recognised when services are rendered.

(iv) Financial investments

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

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

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 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 available for sale are analysed between translation differences resulting from changes in the amortised cost of the securities and other changes in the carrying amount of the securities. Translation differences related to changes in the amortised cost are recognised in the profit and loss account, and other changes in the carrying amount are recognised in other comprehensive income.

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

(iii) Group companies

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

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

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

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

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 profit and loss account as part of the gain or loss on disposal.

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

(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.

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

(AB) OPERATING LEASES

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

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

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

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

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

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

3 FINANCIAL RISK MANAGEMENT

(I) FINANCIAL RISK FACTORS

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

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

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

At 31st March 2014, the Group's entities with functional currency of Hong Kong dollar had United States dollar net monetary assets of HK$3,879,381,000 (2013: HK$2,931,234,000). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to United States dollar, management considers that there is no significant foreign exchange risk with respect to United States dollar.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

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

	2014			2013		
	Net monetary assets/ (liabilities) Amount HK$'000	Increase/(decrease) on profit attributable to the shareholders of the Company if exchange rate changes by +5% HK$'000	−5% HK$'000	Net monetary assets/ (liabilities) amount HK$'000	Increase/(decrease) on profit attributable to the shareholders of the Company if exchange rate changes by +5% HK$'000	−5% HK$'000
Sterling	738,152	19,650	(19,650)	1,050,078	26,204	(26,204)
Euro	444,583	12,171	(12,171)	232,084	6,338	(6,338)
Renminbi	544,073	13,392	(13,392)	160,598	3,629	3,629
Japanese Yen	(51,041)	(824)	824	(55,929)	(898)	898

(ii) Price risk

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

The Group's listed investments in equity and debt securities of other entities (classified as "available-for-sale investments" and "financial assets at fair value through profit or loss") are traded in the Hong Kong Stock Exchange, London Stock Exchange, New York Stock Exchange, Singapore Stock Exchange and Luxembourg Stock Exchange. The price of the Group's unlisted investments are quoted from brokers. Gains and losses arising from changes in fair value of available-for-sale investments and financial assets at fair value through profit or loss are dealt with in other comprehensive income and the profit and loss account respectively.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

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

	2014				2013			
	Increase/(decrease) in result attributable to shareholders of the Company if price changes by		Increase/(decrease) in available-for-sale investments 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 available-for-sale investments 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 fair value through profit or loss	318,687	(318,687)	–	–	231,601	(231,601)	–	–
Available-for-sale investments	–	–	9,604	(9,604)	–	–	9,501	(9,501)

(iii) Cash flow interest risk

Other than bank balances and deposits, financial investments with fixed coupons, mortgage loans receivable, loans receivable 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 limited use of floating-to-fixed interest rate swaps.

At 31st March 2014, with all other variables held constant, if the interest rate had increased/decreased by 10 basis point, the Group's post tax profit attributable to shareholders of the Company would have been HK$691,000 (2013: HK$1,076,000) lower/higher.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(b) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents (note 26), financial assets at fair value through profit or loss (note 24), derivative financial instruments (note 25), as well as credit exposures to mortgage loans receivable and trade and other receivables.

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

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

(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 2014, the unutilised credit facilities available to the Group amounted to HK$4,436,000,000.

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

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

	Group					Company		
	On demand HK$'000	Within 1 year HK$'000	Between 1 to 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flows HK$'000	Within 1 year HK$'000	Between 1 to 5 years HK$'000	Total undiscounted cash flows HK$'000
At 31st March 2014								
Non-derivative financial liabilities								
Trade and other payables	–	165,372	–	–	165,372	931	–	931
Amounts due to joint ventures	–	37,058	–	–	37,058	–	–	–
Convertible bonds	–	54,836	–	–	54,836	54,836	–	54,836
Medium term notes	–	23,150	693,436	–	716,586	–	–	–
Borrowings	441,531	595,670	3,224,183	901,785	5,163,169	–	–	–
	441,531	876,086	3,917,619	901,785	6,137,021	55,767	–	55,767
Derivative financial liabilities								
Interest rate swap								
– Outflow	–	921	–	–	921	–	–	–
	441,531	877,007	3,917,619	901,785	6,137,942	55,767	–	55,767
At 31st March 2013								
Non-derivative financial liabilities								
Trade and other payables	–	155,121	–	–	155,121	3,172	–	3,172
Amounts due to joint ventures	–	69,686	–	–	69,686	–	–	–
Convertible bonds	–	5,200	85,200	–	90,400	5,200	85,200	90,400
Borrowings	277,180	264,928	1,670,922	1,456,072	3,669,102	–	–	–
	277,180	494,935	1,756,122	1,456,072	3,984,309	8,372	85,200	93,572
Derivative financial liabilities								
Interest rate swap								
– Outflow	–	1,215	876	–	2,091	–	–	–
	277,180	496,150	1,756,998	1,456,072	3,986,400	8,372	85,200	93,572

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

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

	Within 1 year HK$'000	Between 1 to 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flow HK$'000
31st March 2014	**11,379**	**40,243**	**–**	**51,622**
31st March 2013	11,118	44,471	8,338	63,927

(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. Revalued net assets ("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 in operation, prepared for readers' information only, are set out in note 15(a) to the financial statements.

3 FINANCIAL RISK MANAGEMENT (Continued)

(II) CAPITAL RISK MANAGEMENT (Continued)

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

The gearing ratios at 31st March 2014 and 2013 were as follows:

	2014	2013
	HK$'000	HK$'000
Borrowings (note 30)	**4,779,241**	3,377,888
Convertible bonds (note 32)	**48,149**	68,493
Medium term notes (note 33)	**609,894**	–
Less: bank balances and cash (note 26)	**(1,489,650)**	(440,457)
Net debt	**3,947,634**	3,005,924
Revalued net assets	**22,430,963**	20,518,516
Gearing ratio against Revalued net assets	**18%**	15%

(III) FAIR VALUE ESTIMATION

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(III) FAIR VALUE ESTIMATION (Continued)

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

	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
2014			
Assets			
Financial assets at fair value through profit or loss	**6,132,297**	**8,864**	**6,141,161**
Available-for-sale investments	**218,492**	**22,586**	**241,078**
Derivative financial instruments – applying hedge accounting	**–**	**10,427**	**10,427**
	6,350,789	**41,877**	**6,392,666**
Liabilities			
Derivative financial instruments – not applying hedge accounting	**–**	**982**	**982**

There were no transfers between levels 1 and 2 during the year.

	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
2013			
Assets			
Financial assets at fair value through profit or loss	4,487,788	–	4,487,788
Available-for-sale investments	223,923	17,467	241,390
	4,711,711	17,467	4,729,178
Liabilities			
Derivative financial instruments – not applying hedge accounting	–	2,289	2,289

3 FINANCIAL RISK MANAGEMENT (Continued)

(III) FAIR VALUE ESTIMATION (Continued)

(i) Financial instruments in level 1

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

(ii) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (over-the-counter derivatives) is determined by using latest available transaction price or valuation techniques. 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.

Quoted market prices or dealer quotes for similar instruments are used for long term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(A) ESTIMATE OF FAIR VALUE OF INVESTMENT PROPERTIES

At 31st March 2014, the Group had investment properties with fair value of HK$5,535,909,000 (2013: HK$5,418,841,000). 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 are 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.

(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; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

Details of the judgement and assumptions have been disclosed in note 16.

(B) IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

The policy for provision for impairment of receivables of the Group is based on the evaluation of collectibility and ageing analysis and by management judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(C) INCOME TAXES

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

Recognition of deferred income tax assets (note 31), 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.

(D) FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative financial instruments (note 25) that are not traded in active markets are determined by using valuation techniques. Where valuation techniques are used to determine fair values, they are periodically reviewed. To the extent practical, models use only observable data, however areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the fair values of derivative financial instruments.

(E) IMPAIRMENT OF AVAILABLE-FOR-SALE INVESTMENTS

The Group follows the guidance of HKAS 39 to determine when an available-for-sale investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors the duration and extent to which the fair value of an investment is less than its cost.

(F) REVENUE RECOGNITION ON A GROSS VERSUS NET BASIS FOR TRAVEL OPERATION

Determining whether the Group is acting as a principal or as an agent requires judgement and consideration of all relevant facts and circumstances, including the factors whether (1) the Group is the primary obligor in the provision of travel related services from the perspective of the customer; (2) the Group retains the general inventory risk of air tickets or hotel room bookings before and after the customer order; (3) the Group has the latitude in establishing ticket pricing, hotel room rate or tour pricing; and (4) the Group bears the credit risk for collecting cash from customers. If the conclusion reaches that the Group acts as an agent without assuming all the risks and rewards of travel related services rendered/to be rendered, revenue recognised by the Group should only be its commission.

5 SEGMENT INFORMATION

The Group is principally engaged in property management, development and investment, hotel, travel operation and securities investments. Revenue includes revenue from property management, 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, available-for-sale investments, other non-current assets, hotel inventories, properties, trade and other receivables and financial assets at fair value through profit or loss. Segment liabilities comprise mainly borrowings.

	Property sales HK$'000	Property leasing HK$'000	Hotel and travel HK$'000	Financial investments HK$'000	Others HK$'000	Total HK$'000
2014						
Gross income	160,000	110,236	729,989	2,009,299	28,979	3,038,503
Segment revenue	160,000	110,236	517,616	490,686	28,979	1,307,517
Contribution to segment results	31,592	101,671	248,747	490,202	8,209	880,421
Depreciation	–	–	(157,988)	–	(6,945)	(164,933)
Net investment gain	–	–	–	693,573	–	693,573
Fair value gain of investment properties	–	213,067	–	–	–	213,067
Share of profits less losses of						
Joint ventures	(3,353)	–	–	–	(1,189)	(4,542)
Associated companies	–	74,935	–	–	(28)	74,907
Segment results	28,239	389,673	90,759	1,183,775	47	1,692,493
Unallocated corporate expenses						(97,723)
Net finance costs						(90,906)
Profit before income tax						1,503,864

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
2013						
Gross income	833	90,861	719,492	2,575,273	37,422	3,423,881
Segment revenue (restated)	833	90,861	520,241	377,921	37,422	1,027,278
Contribution to segment results	131	81,288	259,135	377,921	11,066	729,541
Depreciation	–	–	(159,441)	–	(5,844)	(165,285)
Net investment gain	–	–	–	831,297	–	831,297
Fair value gain of investment properties	–	1,119,805	–	–	–	1,119,805
Share of profits less losses of						
Joint ventures	(4,915)	–	–	–	–	(4,915)
Associated companies	–	320,225	–	–	–	320,225
Segment results	(4,784)	1,521,318	99,694	1,209,218	5,222	2,830,668
Unallocated corporate expenses						(101,852)
Net finance costs						(44,685)
Profit before income tax						2,684,131

Notes:

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

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

5 SEGMENT INFORMATION (Continued)

	Business segments						
	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
2014							
Assets	2,968,339	7,059,892	7,075,098	6,537,159	264,499	1,529,422	25,434,409
Assets include:							
Joint ventures and associated companies	1,215,450	1,470,128	–	–	931	31,727	2,718,236
Addition to non-current assets*	36,618	287	154,264	–	9,527	26,518	227,214
Liabilities							
Borrowings	1,968,371	444,776	1,410,553	955,541	–	–	4,779,241
Other unallocated liabilities							1,650,117
							6,429,358
2013							
Assets	2,554,943	6,835,321	7,126,750	4,869,666	346,913	278,163	22,011,756
Assets include:							
Joint ventures and associated companies	1,167,571	1,395,193	–	–	926	–	2,563,690
Addition to non-current assets*	190,362	1,662	221,194	–	4,072	–	417,290
Liabilities							
Borrowings	1,115,500	474,932	1,474,202	313,254	–	–	3,377,888
Other unallocated liabilities							1,101,416
							4,479,304

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

5 SEGMENT INFORMATION (Continued)

	2014	2013
	HK$'000	HK$'000
		(Restated)
Revenue		
Hong Kong	**826,020**	604,381
Overseas	**481,497**	422,897
	1,307,517	1,027,278
Non-current assets*		
Hong Kong	**14,153,871**	13,816,119
Overseas	**1,325,015**	1,337,797
	15,478,886	15,153,916

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

6 NET INVESTMENT GAIN

	2014	2013
	HK$'000	HK$'000
Financial assets at fair value through profit or loss		
– net unrealised gain from market price movements	**506,471**	643,207
– net unrealised exchange gain/(loss)	**73,312**	(52,968)
– net realised gain (note)	**113,790**	236,900
Available-for-sale investments		
– net realised gain	**–**	4,553
– impairment	**–**	(395)
	693,573	831,297

Note:

	2014	2013
Net realised gain on financial assets at fair value through profit or loss		
Gross consideration	**1,518,613**	2,197,352
Cost of investments	**(1,287,235)**	(1,931,544)
Total gain	**231,378**	265,808
Less: net unrealised gain recognised in prior years	**(117,588)**	(28,908)
Net realised gain recognised in current year	**113,790**	236,900

7 INCOME AND EXPENSES BY NATURE

	2014 HK$'000	2013 HK$'000
Income		
Net rental income (note)	**101,671**	81,288
Interest income		
– Listed investments	**452,068**	339,856
– Unlisted investments	**–**	405
– A joint venture	**2,283**	1,489
– Other receivables	**3,476**	2,260
– Bank deposits	**5,677**	1,180
Dividend income		
– Listed investments	**36,809**	37,207
Gain on disposal of property, plant and equipment	**3,757**	–
Expenses		
Auditor's remuneration	**7,652**	7,235
Cost of properties and goods sold (restated)	**148,591**	24,348
Employee benefit expense including Director's emoluments (note 8)	**191,099**	192,085
Loss on disposal of property, plant and equipment	**–**	688
Operating lease rental expense for land and buildings	**3,725**	6,944

Note:

	2014 HK$'000	2013 HK$'000
Net rental income		
Investment properties	**110,189**	89,956
Properties held for sale	**47**	905
	110,236	90,861
Outgoings	**(8,565)**	(9,573)
	101,671	81,288

8 EMPLOYEE BENEFIT EXPENSE

	2014 HK$'000	2013 HK$'000
Wages and salaries	**185,035**	186,340
Share option expense	**6**	–
Retirement benefits costs (note (a))	**6,308**	5,945
	191,349	192,285
Capitalised under properties under development	**(250)**	(200)
	191,099	192,085

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

Notes:

(a) Retirement benefits costs

	2014 HK$'000	2013 HK$'000
Gross contributions	**5,900**	5,861
Termination benefit	**408**	84
	6,308	5,945

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% (2013: 5%) or a fixed sum and 4.95% (2013: 4.95%) respectively, of the employee's relevant income in accordance with the local legislative requirements.

As at 31st March 2014, no forfeiture (2013: Nil) 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, Asia Standard International Group Limited ("Asia Standard") and Asia Standard Hotel Group Limited ("Asia Standard Hotel"), listed subsidiaries, 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, Asia Standard and Asia Standard Hotel respectively. The consideration to be paid on each grant of option is HK$1 for the Company, Asia Standard and Asia Standard Hotel respectively.

Company

Details of share options held under the scheme as at 31st March 2014 are as follows:

			Number of share options		
Date of grant	Exercise price per share	Expiry date	Outstanding at 31st March 2013	Lapsed during the year	Outstanding at 31st March 2014
29th March 2007	HK$1.4315 (as adjusted)	29th March 2017			
Directors			8,505,204	–	8,505,204
Employees			24,172,684	–	24,172,684
Directors of Asia Standard Hotel			3,469,228	–	3,469,228
15th August 2008	HK$1.0700	15th August 2018			
Employees			5,780,000	(5,780,000)	–
			41,927,116	(5,780,000)	36,147,116

During the year, no share options were granted, exercised or cancelled (2013: Nil).

8 EMPLOYEE BENEFIT EXPENSE (Continued)

Notes: (Continued)

(b) Share options (Continued)

Asia Standard

Details of share options held under the share option scheme of Asia Standard as at 31st March 2014 are as follows:

			Number of share options		
Date of grant	Exercise price per share	Expiry date	Outstanding at 1st April 2013	Granted during the year	Outstanding at 31st March 2014
30th March 2005	HK$3.15	29th March 2015			
Directors			8,764,248	–	8,764,248
Employees			2,577,717	–	2,577,717
13th March 2014	HK$2.00	12th March 2024			
Employee			–	1,000,000	1,000,000
			11,341,965	1,000,000	12,341,965

During the year, no share option was exercised, cancelled or lapsed. In 2013, no share option was granted, exercised or cancelled except 2,062,176 share options lapsed.

8 EMPLOYEE BENEFIT EXPENSE (Continued)

Notes: (Continued)

(b) Share options (Continued)

Asia Standard Hotel

Details of share options held under the share option scheme of Asia Standard Hotel as at 31st March 2014 are as follows:

Date of grant	Exercise price per share	Expiry date	Number of share options outstanding at 31st March 2013 and 2014
29th March 2007	HK$1.296	28th March 2017	
Directors			8,000,000
Employees			8,000,000
			16,000,000
2nd April 2007	HK$1.300	1st April 2017	
Directors			24,000,000
Director of Asia Standard Hotel			8,000,000
Employees			30,999,999
			62,999,999
			78,999,999

During the year, no share options were granted, exercised or cancelled or lapsed (2013: Nil).

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 2014 and 2013 are set out as below.

Name of Director	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonus	Employer's contribution to retirement benefits scheme	Total emoluments (note)
2014 (in HK$'000)					
Executive					
Mr. Fung Siu To, Clement	–	2,504	–	42	2,546
Dr. Lim Yin Cheng	–	2,423	–	60	2,483
Mr. Poon Jing	–	13,110	12,040	15	25,165
Mr. Poon Hai	–	1,590	6,000	30	7,620
Mr. Lun Pui Kan	–	2,140	500	106	2,746
Mr. Kwan Po Lam, Phileas	–	1,682	1,592	55	3,329
	–	23,449	20,132	308	43,889
Independent Non-executive					
Mr. Cheung Kwok Wah	200	–	–	–	200
Mr. Hung Yat Ming	300	–	–	–	300
Mr. Wong Chi Keung	360	–	–	–	360
	860	–	–	–	860
	860	23,449	20,132	308	44,749

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

(a) (Continued)

Name of Director	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonus	Employer's contribution to retirement benefits scheme	Total emoluments (note)
2013 (in HK$'000)					
Executive					
Mr. Fung Siu To, Clement	–	2,323	–	42	2,365
Dr. Lim Yin Cheng	–	2,108	2,500	60	4,668
Mr. Poon Jing	–	12,835	12,040	15	24,890
Mr. Poon Hai (appointed on 9th July 2012)	–	912	4,080	21	5,013
Mr. Lun Pui Kan	–	2,056	400	102	2,558
Mr. Kwan Po Lam, Phileas	–	1,543	2,588	53	4,184
	–	21,777	21,608	293	43,678
Non-executive					
Mr. Chan Sze Hung (resigned on 9th July 2012)	–	–	–	–	–
Independent Non-executive					
Mr. Cheung Kwok Wah	200	–	–	–	200
Mr. Hung Yat Ming	300	–	–	–	300
Mr. Wong Chi Keung	360	–	–	–	360
	860	–	–	–	860
	860	21,777	21,608	293	44,538

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

(a) (Continued)

Note:

Total emoluments of HK$44,749,000 (2013: HK$44,538,000) include HK$38,149,000 (2013: HK$37,938,000) paid and payable by subsidiaries of Asia Standard, which in turn include HK$15,453,000 (2013: HK$19,793,000) paid and payable by subsidiaries of Asia Standard Hotel.

During the year, no emolument was paid or is payable by the Group to any of the above directors or past directors as an inducement to join or upon joining the Group or as compensation for loss of office (2013: Nil).

(b) The five highest paid individuals in the Group for the year include five (2013: 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	
	2014	2013
HK$0 – HK$1,000,000	**2**	–
HK$1,000,001 – HK$2,000,000	**3**	2

10 NET FINANCE COSTS

	2014 HK$'000	2013 HK$'000
Interest expense		
Long term bank loans	**(86,677)**	(57,416)
Short term bank loan and overdrafts	**(3,838)**	(11,035)
Convertible bonds	**(11,106)**	(10,945)
Medium term notes	**(39,367)**	–
Interest income from hedging derivative financial instruments	**6,084**	–
Interest capitalised (note)	**53,023**	26,233
	(81,881)	(53,163)
Other incidental borrowing costs	**(15,569)**	(7,603)
Net foreign exchange gain on borrowings	**8,651**	12,369
Fair value gain on derivative financial instrument		
Cash flow hedge, transfer to reserve (note 29)	**(3,414)**	–
Not applying hedging accounting	**1,307**	3,712
	(90,906)	(44,685)

Note:

Borrowing costs were capitalised at rates ranging from 1.4% to 3.5% (2013: 1.6% to 3.5%) per annum.

11 INCOME TAX EXPENSE

	2014 HK$'000	2013 HK$'000
Current income tax expense		
Hong Kong profits tax	**(51,267)**	(33,495)
Under-provision in prior years	**(696)**	(99)
	(51,963)	(33,594)
Deferred income tax credit	**31,449**	228
	(20,514)	(33,366)

11 INCOME TAX EXPENSE (Continued)

Hong Kong profits tax is provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit for the year. Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the rates of tax prevailing in the countries in which the Group operates.

Share of income tax expenses of joint ventures and associated companies for the year of HK$50,000 (2013: HK$1,180,000) and HK$3,588,000 (2013: HK$4,037,000) are included in the profit and loss account as share of profits less losses of joint ventures and associated companies respectively.

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

	2014 **HK$'000**	2013 HK$'000
Profit before income tax	**1,503,864**	2,684,131
Share of profits less losses of joint ventures and associated companies	**(70,365)**	(315,310)
	1,433,499	2,368,821
Calculated at a tax rate of 16.5% (2013: 16.5%)	**(236,527)**	(390,855)
Under-provision in prior years	**(696)**	(99)
Effect of different tax rates in other countries	**3,284**	3,693
Income not subject to income tax	**228,766**	368,000
Expenses not deductible for tax purposes	**(9,998)**	(9,528)
Tax losses not recognised	**(8,925)**	(5,861)
Utilisation of previously unrecognised tax losses	**1,870**	7,002
Others	**1,712**	(5,718)
Income tax expense	**(20,514)**	(33,366)

12 PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of HK$540,468,000 (2013: HK$423,792,000).

13 DIVIDENDS

	2014 **HK$'000**	2013 HK$'000
Interim, nil (2013: Nil)	**–**	–
Final, proposed, of HK4 cents (2013: HK4.2 cents) per share	**30,590**	29,995
	30,590	29,995

At a meeting held on 26th June 2014, the Board of Directors has proposed to pay a final dividend of HK4 cents (2013: HK4.2 cents) with a scrip option for the year ended 31st March 2014. The proposed dividend is not reflected in the financial statements, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2015.

The amount of HK$30,590,000 is based on 764,760,849 issued shares as at 26th June 2014.

14 EARNINGS PER SHARE

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

	2014 HK$'000	2013 HK$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	**773,883**	1,363,791
Effect of dilutive potential shares:		
Interest expense saved on convertible bonds	**9,093**	8,624
Profit for calculation of diluted earnings per share	**782,976**	1,372,415

	Number of shares	
Weighted average number of shares for calculation of basic earnings per share	**725,113,473**	714,157,660
Effect of dilutive potential shares:		
a portion of share options of the Company assumed to be exercised	**4,691,434**	685,601
convertible bonds assumed to be converted at beginning of the year	**67,965,129**	72,727,272
Weighted average number of shares for calculation of diluted earnings per share	**797,770,036**	787,570,533

Diluted earnings per share for the years ended 31st March 2014 and 31st March 2013 did not assume the exercise of the outstanding share options of Asia Standard and Asia Standard Hotel since their exercise would have an anti-dilutive effect.

15 PROPERTY, PLANT AND EQUIPMENT

	Freehold land of a hotel in Canada HK$'000	Leasehold land in Hong Kong HK$'000	Hotel buildings HK$'000	Other buildings HK$'000	Other equipments HK$'000	Total HK$'000
Cost						
At 31st March 2012	250,745	5,403,640	2,191,614	66,304	55,114	7,967,417
Currency translation differences	(1,304)	–	(7,878)	–	67	(9,115)
Additions	–	198,639	22,555	2,110	1,962	225,266
Transferred from properties under development for sale	–	388,649	–	–	–	388,649
Disposals	–	–	(1,084)	–	(63)	(1,147)
At 31st March 2013	249,441	5,990,928	2,205,207	68,414	57,080	8,571,070
Accumulated depreciation						
At 31st March 2012	–	451,142	737,132	7,437	44,467	1,240,178
Currency translation differences	–	–	(5,362)	–	43	(5,319)
Charge for the year	–	83,389	77,414	1,218	3,264	165,285
Disposals	–	–	(396)	–	(63)	(459)
At 31st March 2013	–	534,531	808,788	8,655	47,711	1,399,685
Net book value						
At 31st March 2013	249,441	5,456,397	1,396,419	59,759	9,369	7,171,385
Cost						
At 31st March 2013	249,441	5,990,928	2,205,207	68,414	57,080	8,571,070
Currency translation differences	(23,101)	–	(40,335)	–	167	(63,269)
Additions	–	33,917	34,532	2,966	91,577	162,992
Transferred from investment properties (note 16)	–	86,461	–	9,825	–	96,286
Disposals	–	–	(641)	(3,975)	(26,280)	(30,896)
At 31st March 2014	**226,340**	**6,111,306**	**2,198,763**	**77,230**	**122,544**	**8,736,183**
Accumulated depreciation						
At 31st March 2013	–	534,531	808,788	8,655	47,711	1,399,685
Currency translation differences	–	–	(27,855)	–	131	(27,724)
Charge for the year	–	83,771	75,777	1,389	3,996	164,933
Disposals	–	–	(380)	(376)	(24,696)	(25,452)
At 31st March 2014	**–**	**618,302**	**856,330**	**9,668**	**27,142**	**1,511,442**
Net book value						
At 31st March 2014	**226,340**	**5,493,004**	**1,342,433**	**67,562**	**95,402**	**7,224,741**

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

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

	2014 HK$'000	2013 HK$'000
Hotel properties		
Hotel buildings	**1,342,433**	1,396,419
Hotel freehold land	**226,340**	249,441
Hotel leasehold land	**5,236,923**	5,284,902
	6,805,696	6,930,762

Supplementary information with hotel properties in operation at valuation:

The aggregate open market value, on a highest and best use basis, of the four hotel properties in Hong Kong and Canada based on valuations conducted by Vigers Appraisal & Consulting Limited ("Vigers") and CBRE Limited ("CBRE") respectively, independent professional valuers, amounted to HK$9,000,577,000 (2013: HK$8,702,579,000), is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13.

The hotel properties portfolio in Hong Kong comprised 3 hotels. Vigers used the discounted cash flow ("DCF") method, which is considered the most appropriate valuation approach for assessing the market value of the properties as it would better reflect specific characteristics of the income-producing properties such as occupancies, average room rates, potential income growth and all out-goings, subject to future economic conditions in the markets. The direct comparison method was also used as a check on the valuation arrived at from the DCF method. For the hotel property in Canada, CBRE used the direct comparison method for assessing the market value of the property taking into account of its re-development potential. This approach directly uses market comparable transactions to determine the market value. Appropriate adjustments are applied to the comparable transactions to adjust for the discrepancies between the property and the comparables. Last year, DCF method based on hotel operations was adopted. The directors believe that the change in valuation technique was reasonable to arrive at a more appropriate market value of the property.

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

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes: (Continued)

(b) As at 31st March 2014, the aggregate net book value of property, plant and equipment pledged as security for loans amounted to HK$7,058,282,000 (2013: HK$7,087,450,000).

(c) As at 31st March 2014, the cost of hotel properties under development amounted to HK$641,936,000 (2013: HK$590,559,000) of which HK$388,649,000 was transferred from properties under development for sale. The additions during the year amounted to HK$51,377,000 (2013: HK$201,910,000).

(d) The carrying amount of properties is as follows:

	2014 **HK$'000**	2013 HK$'000
Freehold in Canada	**356,116**	408,766
Long term leases in Hong Kong	**4,565,313**	4,486,627
Medium term leases in Hong Kong	**2,207,910**	2,266,623
	7,129,339	7,162,016

16 INVESTMENT PROPERTIES

	2014 **HK$'000**	2013 HK$'000
At the beginning of the year	**5,418,841**	4,297,374
Addition	**287**	1,662
Transferred to property, plant and equipment (note 15)	**(96,286)**	–
Fair value gain	**213,067**	1,119,805
At the end of the year	**5,535,909**	5,418,841

16 INVESTMENT PROPERTIES (Continued)

Investment properties are situated on long term leasehold land in Hong Kong.

The aggregate net book value of investment properties pledged as securities for loans amounted to HK$5,535,909,000 (2013: HK$5,418,841,000).

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 International Limited, independent professional valuers, on an open market value basis as at 31st March 2014 and 2013.

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 are no changes to the valuation techniques during the year.

Information about fair value measurements using significant unobservable inputs

	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Office	Direct comparison	Adjusted market price (HK$/square feet)	11,500 – 22,400
Retail	Direct comparison	Adjusted market price (HK$/square feet)	26,400 – 160,600

17 SUBSIDIARIES

	2014 HK$'000	2013 HK$'000
Unlisted shares, at cost	**2,823,639**	2,823,639
Listed shares, at cost	**101,980**	100,270
	2,925,619	2,923,909
Amounts due from subsidiaries less provisions	**2,426,795**	1,890,446
	5,352,414	4,814,355
Market value of listed shares	**101,977**	68,193

As at 31st March 2014 and 31st March 2013, the shares of certain subsidiaries are pledged to secure loan facilities granted to the Group.

The amounts receivable are unsecured, interest free and have no fixed terms of repayment.

Details of the principal subsidiaries are set out in note 39.

Extracts of published audited financial information of Asia Standard in which the Group has material non-controlling interest is set out in note 40.

18 JOINT VENTURES

	2014 HK$'000	2013 HK$'000
Share of net assets	**772,027**	745,321
Advances to joint ventures	**454,170**	404,239
Provision for advances to joint ventures	**(27,854)**	(27,854)
	1,198,343	1,121,706
Amounts due to joint ventures included in current liabilities	**(37,058)**	(69,686)
	1,161,285	1,052,020

18 JOINT VENTURES (Continued)

Advances to joint ventures are equity in nature and made to finance property development projects. The advances to joint ventures are denominated in Hong Kong dollar. As at 31st March 2014, except for an amount of HK$175,491,000 (2013: HK$161,075,000) advance to a joint venture which is bearing interest at 1% above The Hong Kong and Shanghai Banking Corporation prime rate, the advances to joint ventures are unsecured, interest free and have no fixed terms of repayment. 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 36). There are no contingent liabilities relating to the Group's interests in joint ventures.

The principal joint ventures are held under Asia Standard and their details are set out in the published consolidated financial statements of Asia Standard.

The Group's share of assets and liabilities and results of joint ventures:

	2014 HK$'000	2013 HK$'000
Assets		
Non-current assets	**868,522**	1,057,799
Current assets	**799,742**	495,670
	1,668,264	1,553,469
Liabilities		
Non-current liabilities	**394,529**	353,016
Current liabilities	**501,708**	455,132
	896,237	808,148
Net assets	**772,027**	745,321
Income	**700**	79,340
Expenses	**(5,192)**	(83,075)
Loss before income tax	**(4,492)**	(3,735)
Income tax expense	**(50)**	(1,180)
Loss for the year	**(4,542)**	(4,915)

There is no joint venture as at 31st March 2014, which in the opinion of the Directors, is individually material to the Group.

19 ASSOCIATED COMPANIES

	2014 HK$'000	2013 HK$'000
Share of net assets	**1,415,672**	1,337,821
Advances to associated companies	**642,033**	641,975
Provisions for advances to associated companies	**(537,812)**	(537,812)
	1,519,893	1,441,984

As at 31st March 2014 and 2013, the shares of an associated company are pledged to secure the loan facilities granted to the Group.

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

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

The principal associated companies are held under Asia Standard and their details are set out in the published consolidated financial statements of Asia Standard.

The Group's share of assets and liabilities and results of associated companies:

	2014 HK$'000	2013 HK$'000
Assets	**1,568,531**	1,490,689
Liabilities	**(152,859)**	(152,868)
Net assets (note a)	**1,415,672**	1,337,821
Revenue	**23,681**	25,984
Profit for the year (note b)	**74,907**	320,225
Dividend received from an associated company	**–**	199,500

19 ASSOCIATED COMPANIES (Continued)

Notes:

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

(b) mainly represented share of fair value gain arising from the revaluation of an investment property held by an associated company. The investment property was revalued by Prudential Surveyors International Limited, independent professional valuers, on an open market value basis as at 31st March 2014 using the following significant unobservable inputs.

	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Office	Direct comparison	Adjusted market price (HK$/square feet)	11,700 – 13,500
Retail	Direct comparison	Adjusted market price (HK$/square feet)	23,100 – 456,400

20 AVAILABLE-FOR-SALE INVESTMENTS

	2014 HK$'000	2013 HK$'000
Equity securities		
– Listed in Hong Kong	**218,492**	223,923
– Unlisted	**22,586**	17,467
	241,078	241,390

No impairment provision on available-for-sale investments was made during the year (2013: HK$395,000 impairment provision was recognised in the profit and loss account (note 6)).

21 MORTGAGE LOANS RECEIVABLE

	2014 HK$'000	2013 HK$'000
Mortgage loans receivable	**3,294**	4,462
Less: current portion included in current assets	**(497)**	(672)
	2,797	3,790

The mortgage loans receivable carry interest at rates ranged from HSBC prime rate plus 1.5 to 2% (2013: HSBC prime rate plus 1.5% to 2%) per annum. The effective interest rate at 31st March 2014 was 6.07% (2013: 6.12%) per annum. The mortgage loans receivable are denominated in Hong Kong dollar. The carrying amounts of the mortgage loans receivable approximate their fair values.

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

	2014 HK$'000	2013 HK$'000
Properties under development for sale		
Leasehold land	**1,615,429**	1,085,827
Development costs	**133,368**	91,707
	1,748,797	1,177,534
Completed properties held for sale		
Leasehold land	**2,990**	111,204
Development costs	**826**	20,148
	3,816	131,352

At 31st March 2014, properties amounting to HK$1,702,882,000 (2013: HK$1,132,327,000) were pledged to banks to secure certain banking facilities of the Group.

At 31st March 2014 and 2013, all the properties under development for sale were not scheduled for completion within twelve months.

For the last year, a property under development for sale was transferred from Asia Standard to Asia Standard Hotel for redevelopment to a hotel and hence reclassified to property, plant and equipment (note 15).

23 TRADE AND OTHER RECEIVABLES

	2014 HK$'000	2013 HK$'000
Trade receivables		
Fully performing	**44,220**	66,425
Past due but not impaired	**12,665**	15,236
Impaired	**–**	9
	56,885	81,670
Less: provision for impairment of receivables	**–**	(9)
Trade receivables, net	**56,885**	81,661
Accrued interest and dividend receivable	**141,586**	113,714
Loan receivables	**55,068**	55,243
Deposits paid for purchase of properties	**1,951**	78,000
Prepayments	**9,619**	9,769
Utility and other deposits	**13,891**	9,865
Other receivables	**28,066**	22,990
	307,066	371,242

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

	2014 HK$'000	2013 HK$'000
0 day to 60 days	**51,847**	80,019
61 days to 120 days	**1,083**	1,642
121 days to 180 days	**3,955**	–
	56,885	81,661

23 TRADE AND OTHER RECEIVABLES (Continued)

The majority of past due but not impaired trade receivables are less than 60 days. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2014 **HK$'000**	2013 HK$'000
0 day to 60 days	**8,007**	15,047
61 days to 120 days	**3,027**	189
121 days to 180 days	**1,631**	–
	12,665	15,236

As at 31st March 2014, no trade receivables (2013: HK$9,000) were impaired.

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.

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

	2014 **HK$'000**	2013 HK$'000
Hong Kong dollar	**161,481**	227,004
United States dollar	**121,422**	116,519
Renminbi	**15,318**	3,616
Sterling	**–**	14,941
Canadian dollar	**7,572**	8,013
Others	**1,273**	1,149
	307,066	371,242

Loan receivables were interest bearing from HSBC prime rate to 2% above HSBC prime rate per annum.

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

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2014 HK$'000	2013 HK$'000
Equity securities		
– Listed in Europe	**733,825**	533,988
– Listed in the USA	**595,964**	553,712
– Listed in Hong Kong	**48,854**	345,883
	1,378,643	1,433,583
Debt securities		
– Listed in Singapore	**2,475,801**	1,470,547
– Listed in Hong Kong	**1,081,121**	582,478
– Listed in Europe	**641,888**	1,001,180
	4,198,810	3,054,205
Unlisted fund	**8,864**	–
Total amount included in current assets	**5,586,317**	4,487,788
Equity securities included in non-current assets		
– Listed in Hong Kong (note d)	**554,844**	–
	6,141,161	4,487,788

Notes:

(a) The debt securities carry fixed coupons ranging from 2% to 13.875% (2013: from 2% to 13.875%) per annum and their nominal values are equivalent to HK$4,415,723,000 (2013: HK$3,432,351,000).

(b) At 31st March 2014, financial assets at fair value through profit or loss equivalent to HK$1,137,619,000 (2013: HK$60,165,000) were pledged as security for borrowings.

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

Notes: (Continued)

(c) Financial assets at fair value through profit or loss are denominated in the following currencies:

	2014 HK$'000	2013 HK$'000
United States dollar	3,840,050	2,775,303
Sterling	733,825	987,111
Euro	437,788	222,507
Hong Kong dollar	603,698	345,883
Renminbi	525,800	156,984
	6,141,161	4,487,788

(d) During the year, the Group has decided to hold certain listed equity securities in Hong Kong for long term purpose, hence these securities were reclassified from current assets to non-current assets.

25 DERIVATIVE FINANCIAL INSTRUMENTS

	2014 HK$'000	2013 HK$'000
Non-current assets		
Cross currencies swap contracts (cash flow hedges)	10,427	–
Current liabilities		
Interest rate swap – Hong Kong dollar (not applying hedge accounting)	982	2,289

The notional principal amounts of the outstanding Renminbi versus United States dollar and Hong Kong dollar swaps were RMB500,000,000 (2013: Nil). The full fair values of these hedging derivatives are classified as non-current assets as the remaining maturity of the hedged items (i.e. medium term notes) is more than 12 months.

The notional principal amounts of the outstanding Hong Kong dollar interest rate swap contracts at 31st March 2014 were HK$50,000,000 (2013: HK$150,000,000).

The Group's derivative financial instruments are settled on a net basis, except for the cross currencies swap contracts which are settled on gross basis.

The maximum exposure to credit risk at the balance sheet date is the fair value of the derivative assets in the balance sheet.

26 BANK BALANCES AND CASH

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**149,500**	169,168	**185**	330
Short term bank deposits	**1,312,752**	244,800	**–**	–
Cash and cash equivalents	**1,462,252**	413,968	**185**	330
Restricted bank balances	**27,398**	26,489	**–**	–
	1,489,650	440,457	**185**	330

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

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**855,057**	199,146	**185**	330
United States dollar	**572,632**	83,663	**–**	–
Canadian dollar	**2,461**	50,999	**–**	–
Renminbi	**49,437**	50,049	**–**	–
Sterling	**4,328**	48,026	**–**	–
Others	**5,735**	8,574	**–**	–
	1,489,650	440,457	**185**	330

27 TRADE AND OTHER PAYABLES

	2014 HK$'000	2013 HK$'000
Trade payables	**18,112**	26,067
Accrual and other payables	**84,323**	85,808
Building management account surplus	**18,440**	17,540
Rental and management fee deposits	**27,804**	25,706
Medium term notes interest payable	**18,733**	–
	167,412	155,121

Aging analysis of trade payables is as follows:

	2014 HK$'000	2013 HK$'000
0 day to 60 days	**17,487**	25,715
61 days to 120 days	**243**	161
121 days to 180 days	**226**	130
More than 180 days	**156**	61
	18,112	26,067

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

28 SHARE CAPITAL

Shares of HK$0.1 each	Number of shares	Amount
		HK$'000
Authorised:		
At 31st March 2013 and 2014	3,000,000,000	300,000

	Number of shares		Amount	
	2014	2013	**2014**	2013
			HK$'000	HK$'000
Issued and fully paid:				
At the beginning of the year	**714,157,660**	714,157,660	**71,416**	71,416
Scrip dividend (note 1)	**12,421,373**	–	**1,242**	–
Conversion of convertible bonds (note 2)	**26,363,635**	–	**2,636**	–
At the end of the year	**752,942,668**	714,157,660	**75,294**	71,416

Notes:

1. In September 2013, 12,421,373 new shares were allotted and issued at HK$1.69 per share in lieu of dividend.

2. During the year, 26,363,635 new shares were allotted and issued at HK$1.1 per share upon conversion.

29 RESERVES

	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Convertible bonds reserve HK$'000	Share options reserve HK$'000	Hedging reserve HK$'000	Available-for-sale investments reserve HK$'000	Currency translation reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
Group										
At 31st March 2012	2,100,310	398,021	60,257	18,980	11,466	–	(17,021)	7,333	4,328,997	6,908,343
Net fair value gain on available-for-sale investments	–	–	–	–	–	–	13,995	–	–	13,995
Impairment of available-for-sale investments charged to profit and loss account	–	–	–	–	–	–	152	–	–	152
Release of reserve upon disposal of available-for-sale investments	–	–	–	–	–	–	(587)	–	–	(587)
Currency translation differences	–	–	–	–	–	–	–	8,217	–	8,217
Profit for the year	–	–	–	–	–	–	–	–	1,363,791	1,363,791
Net increase in shareholding of subsidiaries	–	–	–	–	–	–	–	–	7,865	7,865
At 31st March 2013	2,100,310	398,021	60,257	18,980	11,466	–	(3,461)	15,550	5,700,653	8,301,776
Representing:										
2013 final dividend proposed	–	–	–	–	–	–	–	–	29,995	29,995
Others	2,100,310	398,021	60,257	18,980	11,466	–	(3,461)	15,550	5,670,658	8,271,781
At 31st March 2013	2,100,310	398,021	60,257	18,980	11,466	–	(3,461)	15,550	5,700,653	8,301,776
At 31st March 2013	2,100,310	398,021	60,257	18,980	11,466	–	(3,461)	15,550	5,700,653	8,301,776
Cash flow hedges										
– fair value gains	–	–	–	–	–	5,310	–	–	–	5,310
– transfer from finance costs	–	–	–	–	–	1,738	–	–	–	1,738
Net fair value loss on available-for-sale investments	–	–	–	–	–	–	(1,141)	–	–	(1,141)
Currency translation differences	–	–	–	–	–	–	–	(6,431)	–	(6,431)
Profit for the year	–	–	–	–	–	–	–	–	773,883	773,883
Share options lapsed	–	–	–	–	(1,260)	–	–	–	1,260	–
Share options granted by a subsidiary	–	–	–	–	4	–	–	–	–	4
2013 final dividend	19,750	–	–	–	–	–	–	–	(29,995)	(10,245)
Conversion of convertible bonds	24,357	–	–	(6,880)	–	–	–	–	6,880	24,357
Net increase in shareholding of subsidiaries	–	–	–	–	–	–	–	–	99,677	99,677
At 31st March 2014	**2,144,417**	**398,021**	**60,257**	**12,100**	**10,210**	**7,048**	**(4,602)**	**9,119**	**6,552,358**	**9,188,928**
Representing:										
2014 final dividend proposed	–	–	–	–	–	–	–	–	30,590	30,590
Others	2,144,417	398,021	60,257	12,100	10,210	7,048	(4,602)	9,119	6,521,768	9,158,338
At 31st March 2014	**2,144,417**	**398,021**	**60,257**	**12,100**	**10,210**	**7,048**	**(4,602)**	**9,119**	**6,552,358**	**9,188,928**

29 RESERVES (Continued)

	Share premium HK$'000	Contributed surplus HK$'000	Convertible bonds reserve HK$'000	Share options reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
Company						
At 31st March 2012	2,100,310	1,895,806	18,980	11,466	221,359	4,247,921
Profit for the year	–	–	–	–	423,792	423,792
At 31st March 2013	2,100,310	1,895,806	18,980	11,466	645,151	4,671,713
Representing:						
2013 final dividend proposed	–	–	–	–	29,995	29,995
Others	2,100,310	1,895,806	18,980	11,466	615,156	4,641,718
At 31st March 2013	2,100,310	1,895,806	18,980	11,466	645,151	4,671,713
At 31st March 2013	2,100,310	1,895,806	18,980	11,466	645,151	4,671,713
Profit for the year	–	–	–	–	540,468	540,468
Share options lapsed	–	–	–	(1,260)	1,260	–
2013 final dividend	19,750	–	–	–	(29,995)	(10,245)
Conversion of convertible bonds	24,357	–	(6,880)	–	6,880	24,357
At 31st March 2014	**2,144,417**	**1,895,806**	**12,100**	**10,206**	**1,163,764**	**5,226,293**
Representing:						
2014 final dividend proposed	–	–	–	–	30,590	30,590
Others	2,144,417	1,895,806	12,100	10,206	1,133,174	5,195,703
At 31st March 2014	**2,144,417**	**1,895,806**	**12,100**	**10,206**	**1,163,764**	**5,226,293**

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

30 BORROWINGS

	2014 HK$'000	2013 HK$'000
Current liabilities		
Short term bank loans and overdrafts		
Secured	373,045	213,253
Unsecured	20,000	–
	393,045	213,253
Current portion of long term bank loans	498,159	213,040
Portion of long term bank loans containing a repayment on demand clause	38,279	52,809
	929,483	479,102
Non-current liabilities		
Long term bank loans, secured	3,849,758	2,898,786
	4,779,241	3,377,888

The maturity 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:

	2014 HK$'000	2013 HK$'000
Repayable within one year	498,159	213,040
Repayable between one and two years	447,870	476,501
Repayable between two and five years	2,604,167	1,093,641
Repayable after five years	836,000	1,381,453
	4,386,196	3,164,635
Current portion included in current liabilities	(498,159)	(213,040)
	3,888,037	2,951,595

30 BORROWINGS (Continued)

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

	2014	2013
	HK$'000	HK$'000
Hong Kong dollar	**4,002,260**	3,213,708
United States dollar	**677,385**	44,250
Japanese Yen	**51,110**	56,003
Canadian dollar	**48,486**	63,927
	4,779,241	3,377,888

The interest rates of the borrowing at the balance sheet date range from 0.61% to 3.71% (2013: 0.58% to 3.51%) per annum.

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

31 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 related to the same tax jurisdiction. The offset amounts are as follows:

	2014	2013
	HK$'000	HK$'000
Deferred income tax assets	**3,573**	1,254
Deferred income tax liabilities	**(749,483)**	(778,613)
	(745,910)	(777,359)

31 DEFERRED INCOME TAX (Continued)

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

DEFERRED INCOME TAX ASSETS

	Accelerated accounting depreciation		Tax loss		Difference in cost base of properties		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**20**	24	**1,439**	5,672	**58,100**	58,706	**59,559**	64,402
Recognised in the profit and loss account	**(20)**	(4)	**780**	(4,233)	**(2,034)**	(606)	**(1,274)**	(4,843)
At the end of the year	**–**	20	**2,219**	1,439	**56,066**	58,100	**58,285**	59,559

DEFERRED INCOME TAX LIABILITIES

	Accelerated tax depreciation		Revaluation of properties		Fair value adjustments		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**(63,558)**	(67,692)	**(702,618)**	(718,926)	**(70,742)**	(59,269)	**(836,918)**	(845,887)
Recognised in the profit and loss account	**(661)**	4,134	**24,895**	12,410	**8,489**	(11,473)	**32,723**	5,071
Recognised in share of profits less losses of a joint venture	**–**	–	**–**	3,898	**–**	–	**–**	3,898
At the end of the year	**(64,219)**	(63,558)	**(677,723)**	(702,618)	**(62,253)**	(70,742)	**(804,195)**	(836,918)

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$84 million (2013: HK$82 million) in respect of losses amounting to HK$505 million (2013: HK$489 million) that can be carried forward against future taxable income. Except for tax losses of HK$488 million (2013: HK$475 million) which have no expiry date, the balance will expire at various dates up to and including 2029.

32 CONVERTIBLE BONDS

	2014	2013
	HK$'000	HK$'000
At the beginning of the year	**68,493**	62,348
Excess of effective finance costs over interest paid	**6,649**	6,145
Conversion during the year	**(26,993)**	–
At the end of the year	**48,149**	68,493

On 14th October 2011, the Company issued the convertible bonds with principal amount of HK$80 million which bears interest at 6.5% per annum payable semi-annually in arrears. The bondholders have the option to convert the bonds into fully paid shares at HK$1.1 per share at any time within three years from the date of issue. Unless previously converted or purchased, the convertible bonds will be redeemed on 14th October 2014 at redemption price equal to 100% of the principal amount. During the year, convertible bonds with principal amount of HK$29 million were converted into equity shares. At 31st March 2014, the remaining outstanding principal amount was HK$51 million. Subsequent to the year end, further HK$13 million principal amount of convertible bonds were converted.

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

33 MEDIUM TERM NOTES

In April 2013, Asia Standard issued RMB500 million notes at coupon of 6.5% per annum for a period of 5 years under a medium term note programme. Cross currencies swap contracts were entered into simultaneously to hedge the principal repayment and interest payments to HK$ and US$ and reduce the effective interest rate to 5.5% per annum. The notes are listed on The Stock Exchange of Hong Kong Limited. The carrying amount approximates its fair value.

34 CAPITAL COMMITMENTS

Capital commitments at the balance sheet date are as follows:

	2014	2013
	HK$'000	HK$'000
Property, plant and equipment		
Contracted but not provided for	**53,025**	15,427
Authorised but not contracted for	**306,448**	400,549
Joint ventures		
Contracted but not provided for	**349,432**	–
Authorised but not contracted for	**57,650**	–
	766,555	415,976

35 OPERATING LEASE ARRANGEMENTS

(A) LESSOR

The Group leases out certain properties under operating leases, the remaining lease terms at 31st March 2014 runs between 1 and 5 years.

At 31st March 2014, the future aggregate minimum rental receipts receivable under non-cancellable operating leases were as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
In respect of land and buildings:		
Within one year	**112,790**	101,464
In the second to fifth year inclusive	**182,749**	245,428
	295,539	346,892

35 OPERATING LEASE ARRANGEMENTS (Continued)

(B) LESSEE

At 31st March 2014, the future aggregate minimum lease payments payable under non-cancellable operating leases were as follows:

	Group	
	2014	2013
	HK$'000	HK$'000
In respect of land and buildings:		
Within one year	**2,018**	4,780
In the second to fifth year inclusive	**443**	7,733
After the fifth year	**–**	793
	2,461	13,306

36 FINANCIAL GUARANTEES

	Group		Company	
	2014	2013	**2014**	2013
	HK$'000	HK$'000	**HK$'000**	HK$'000
Guarantees for the banking and loan facilities of joint ventures	**380,075**	339,126	**–**	–

37 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

RECONCILIATION OF PROFIT BEFORE INCOME TAX TO NET CASH (USED IN)/ GENERATED FROM OPERATIONS

	2014 HK$'000	2013 HK$'000
Profit before income tax	1,503,864	2,684,131
Share of profits less losses of		
Joint ventures	4,542	4,915
Associated companies	(74,907)	(320,225)
Depreciation	164,933	165,285
Net investment gain	(693,573)	(831,297)
Fair value gain of investment properties	(213,067)	(1,119,805)
Share option expense	6	–
(Gain)/loss on disposal of property, plant and equipment	(3,757)	688
Net foreign exchange gain on borrowings	(5,237)	(12,369)
Interest income	(11,436)	(6,419)
Interest expense	80,975	49,851
Operating profit before working capital changes	752,343	614,755
Decrease in mortgage loans receivable	1,168	10,767
Increase in properties under development for sale		
(excluding interest expense capitalised)	(405,850)	(11,158)
Decrease in hotel and restaurant inventories	649	124
Decrease/(increase) in trade and other receivables	60,078	(154,522)
(Increase)/decrease in financial assets at fair value through profit or loss	(959,800)	248,264
(Increase)/decrease in restricted bank balances	(909)	5,516
Increase in trade and other payables	9,047	11,255
Net cash (used in)/generated from operations	(543,274)	725,001

38 RELATED PARTY TRANSACTIONS

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

	2014	2013
	HK$'000	HK$'000
Income from a joint venture		
Management fee (note (a))	**–**	1,080
Project management fee (note (a))	**–**	1,849
Agency fee (note (a))	**–**	1,500
Interest income (note (b))	**10,016**	4,631

Notes:

(a) Project management fee, management fee and agency fee are subject to mutually agreed fee.

(b) The details of balances with joint ventures and associated companies are disclosed in notes 18 and 19 respectively.

(c) 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.

(B) KEY MANAGEMENT COMPENSATION

	2014	2013
	HK$'000	HK$'000
Fee	**860**	860
Salaries, allowances and benefits in kind	**49,097**	46,754
Employer's contribution to retirement benefit scheme	**367**	325
	50,324	47,939

Key management includes the Company's Directors and five (2013: two) senior management members of the Group.

39 PRINCIPAL SUBSIDIARIES

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

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

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Incorporated in the British Virgin Islands			
Asia Orient Holdings (BVI) Limited[1]	Investment holding	US$100	100%
Impetus Holdings Limited	Investment holding	US$1	100%
Persian Limited	Investment holding	US$49,050	100%
Sunrich Holdings Limited	Securities investment	US$1	100%

[1] *Direct subsidiary of the Company*

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Incorporated in Hong Kong			
Asia Orient Company Limited	Investment holding	US$126,729,833	100%
Hitako Limited	Securities investment	HK$20	100%
Ocean Hand Investments Limited	Investment holding	HK$2	100%
Pan Bright Investment Limited	Investment holding	HK$20	100%
Pan Harbour Investment Limited	Investment holding	HK$2	100%
Pan Inn Investment Limited	Investment holding	HK$20	100%
Pan Kite Investment Limited	Investment holding	HK$20	100%
Pan Pearl Investment Limited	Investment holding	HK$20	100%
Pan Spring Investment Limited	Investment holding	HK$20	100%
Prosperity Land Cleaning Service Limited	Cleaning services	HK$100 and non-voting deferred share capital of HK$100	100%
Prosperity Land Estate Management Limited	Property management	HK$150 and non-voting deferred share capital of HK$1,500,000	100%
Union Home Development Limited	Investment holding	HK$2	100%
Incorporated in Liberia			
Bassindale Limited	Investment holding	US$500	100%
Incorporated in Bermuda and listed in Hong Kong			
Asia Standard Hotel Group Limited[2]	Investment holding	HK$30,996,847	38.7%
Asia Standard International Group Limited[3]	Investment holding	HK$12,548,215	50.9%

[2] *The Group directly holds 3.01%.*
[3] *The Group directly holds 50.92%.*

Their principal subsidiaries are included in their own published consolidated financial statements.

40 EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS OF ASIA STANDARD

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

Set out below are the summary of the audited consolidated financial statements of Asia Standard in which 49% were owned by non-controlling interests, that are material to the Group for the year ended 31st March 2014.

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2014

	2014 **HK$'000**	2013 HK$'000
Revenue	**1,220,319**	962,120
Cost of sales	**(243,934)**	(183,039)
Gross profit	**976,385**	779,081
Selling and administrative expenses	**(185,420)**	(198,845)
Depreciation	**(86,305)**	(86,588)
Net investment gain	**639,855**	732,432
Fair value gain of investment properties	**214,289**	1,119,805
Operating profit	**1,558,804**	2,345,885
Net finance costs	**(78,793)**	(32,613)
Share of profits less losses of		
Joint ventures	**(4,542)**	14,812
Associated companies	**74,907**	320,225
Profit before income tax	**1,550,376**	2,648,309
Income tax expense	**(45,544)**	(45,800)
Profit for the year	**1,504,832**	2,602,509
Profit allocated to non-controlling interests	**709,467**	1,286,974
Dividends paid to non-controlling interests	**17,254**	2,215
Total comprehensive income for the year	**1,511,385**	2,653,378

40 EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS OF ASIA STANDARD (Continued)

CONSOLIDATED BALANCE SHEET

As at 31st March 2014

	2014 HK$'000	2013 HK$'000
Non-current assets		
Investment properties	**5,567,131**	5,418,841
Property, plant and equipment	**3,170,244**	3,049,588
Joint ventures	**1,104,112**	1,027,476
Associated companies	**1,577,266**	1,499,356
Available-for-sale investments	**241,078**	241,390
Financial assets at fair value through profit or loss	**554,844**	–
Derivative financial instruments	**10,427**	–
Mortgage loans receivable	**2,797**	3,790
Deferred income tax assets	**3,400**	805
	12,231,299	11,241,246
Current assets		
Properties under development for sale	**1,737,935**	1,166,672
Completed properties held for sale	**3,617**	55,515
Hotel and restaurant inventories	**1,569**	2,218
Trade and other receivables	**291,972**	354,106
Income tax recoverable	**5,589**	815
Financial assets at fair value through profit or loss	**4,917,765**	3,942,393
Bank balances and cash	**1,461,233**	409,426
	8,419,680	5,931,145

40 EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS OF ASIA STANDARD (Continued)

CONSOLIDATED BALANCE SHEET (Continued)

As at 31st March 2014

	2014	2013
	HK$'000	HK$'000
Current liabilities		
Trade and other payables	**141,936**	130,020
Amounts due to joint ventures	**37,058**	69,686
Derivative financial instruments	**982**	2,289
Borrowings	**919,483**	479,102
Income tax payable	**37,139**	27,214
	1,136,598	708,311
Net current assets	**7,283,082**	5,222,834
Non-current liabilities		
Long term borrowings	**3,849,758**	2,898,786
Medium term notes	**609,894**	–
Deferred income tax liabilities	**71,760**	75,995
	4,531,412	2,974,781
Net assets	**14,982,969**	13,489,299

Supplementary information with hotel properties in operation at valuation		
Revalued total assets	**27,358,510**	23,499,789
Revalued net assets	**21,652,208**	19,791,923

40 EXTRACTS FROM THE AUDITED FINANCIAL STATEMENTS OF ASIA STANDARD (Continued)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March 2014

	2014 HK$'000	2013 HK$'000
Net cash generated before working capital changes	**761,085**	567,998
Change in working capital	**(1,484,501)**	64,898
Net cash (used in)/generated from operating activities	**(723,416)**	632,896
Net cash used in investing activities	**(241,051)**	(120,543)
Net cash generated from/(used in) financing activities	**2,014,523**	(501,686)
Net increase in cash and cash equivalents	**1,050,056**	10,667
Cash and cash equivalents at the beginning the of year	**400,477**	389,433
Changes in exchange rates	**1,742**	377
Cash and cash equivalents at the end of the year	**1,452,275**	400,477

41 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 26th June 2014.

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