Asia Orient Holdings Limited

Annual Report 2020

HKSE Stock Code: 214

Contents

Corporate Information

DIRECTORS

Executive

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

Independent Non-executive

Mr. 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

Victoria Place,
5th Floor,
31 Victoria Street,
Hamilton HM 10,
Bermuda

PRINCIPAL OFFICE IN HONG KONG

30th Floor, YF Life Tower,
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)
Industrial and Commercial Bank of China (Asia)
Hang Seng Bank
United Overseas Bank
Chiyu Banking Corporation
The Bank of East Asia
Chong Hing Bank
Dah Sing Bank
Shanghai Commercial Bank
UBS
Bank of Singapore
Bank Morgan Stanley
Credit Suisse AG
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

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22nd Floor, Prince's Building,
Central, Hong Kong

SHARE REGISTRAR IN BERMUDA

MUFG Fund Services (Bermuda) Limited
4th Floor North,
Cedar House,
41 Cedar Avenue,
Hamilton HM 12,
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

Financial Highlights

For the year ended 31st March (In HK$ million, except otherwise indicated)	2020	2019	Change
Consolidated profit and loss account			
Revenue	**2,632**	2,420	+9%
Operating profit	**1,623**	1,969	-18%
Profit attributable to shareholders of the Company	**554**	810	-32%
Earnings per share – basic (HK$)	**0.66**	0.96	-31%
Consolidated balance sheet			
Total assets	**43,893**	43,673	+1%
Net assets	**23,126**	24,830	-7%
Equity attributable to shareholders of the Company	**12,229**	13,097	-7%
Net debt	**17,920**	16,390	+9%

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

Revalued total assets	**49,448**	49,694	-1%
Revalued net assets	**29,219**	31,401	-7%
Equity attributable to shareholders of the Company	**15,023**	16,110	-7%
Gearing – net debt to revalued net assets	**61%**	52%	+9%

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

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

Chairman's Statement

Dukes Place in Jardine's Lookout

This year has been a challenging year for the Group, with the local political events lasting from second half of 2019, and the corona virus pandemic outbreak in the beginning of 2020, which significantly impacted the business and operating environment of Hong Kong. Against that background, the Group strived every effort and delivered a profit attributable to shareholders of HK$554 million for the year.

The result of the Group's property sales in Beijing and Shanghai was satisfactory before the virus outbreak, and is encouraging upon the mainland government gradually re-opens the economy, when we recorded a rebound in April and May. Sales of the Dukes Place in Jardine's Lookout Hong Kong also progressed well where over HK$1 billion sales were contracted as of end May 2020.

Income from financial investments grew by more than 25% and continues to be a strong pillar of the Group's recurring income and liquid assets. The US monetary easing provides abundant liquidity into the financial systems and upkeeps the momentum of the financial market.

The Group's leasing income from its asset management business had benefited from the repositioned tenant mix of its Wanchai commercial asset and was stable for the past two years. Nevertheless, its investment property portfolio recorded a revaluation decrease, following the market trend.

Hotel performance was weak, and management has exerted great efforts in minimising cost before recovery is seen.

The pandemic, Sino-US political conflicts and local social events impose a significant threat to the Hong Kong economy. Management stays cautious and prudent in the challenges and uncertainties we face. On the other hand, the adequate liquidity places the Group in a strong financial position to capture any development and investment opportunity that may arise.

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

Fung Siu To, Clement
Chairman

Hong Kong, 26th June 2020

Business Model and Strategies

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

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

(i) Build on our reputation and track record of premium property development in Greater China
Our development strategy is to continue to invest primarily in Hong Kong and first-tier cities in China. The Group will continue to expand its property development business through carefully selected opportunities in luxury as well as mass market residential development. Leveraging our expertise as a premium residential developer with an international standard, we will continue to look for opportunities to increase our presence in Greater China.

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

(iii) To expand and grow our hotel business in prime CBDs and to strive for excellence in management and operations
The Group owns and operates five hotels under the "Empire" brand, all of which are in Hong Kong. Our hotels in Hong Kong are situated within central hubs and are targeted at business travelers as well as visitors from the PRC. Our hospitality chain has a centralised management team 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 together with our competitive pricing 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 debt exposures in a disciplined and prudent manner. The Group strives to maintain a strong financial position with a healthy level of liquidity and reasonable level of gearing.

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

Management Discussion and Analysis

RESULTS

The Group's revenue for the year amounted to HK$2,632 million (2019: HK$2,420 million), with profit attributable to shareholders of the Company at HK$554 million (2019: HK$810 million). The increase in investment income has well compensated the income reduction in our hotel segment, resulting in a net increase of 9% in total revenue. Furthermore, the Group recorded a revaluation loss from its investment properties, which when compared with the surplus last year, resulted in a decrease in profit attributable to shareholders.

Recurring income (Gross revenue)

Development project (“北京 • 東灣”) in **Tongzhou, Beijing**

PROPERTY SALES, DEVELOPMENT AND LEASING

SALES AND DEVELOPMENT

Mainland China

In Tongzhou, Beijing, sub-structure works for the residential towers of our 2.3 million sq. ft. GFA joint venture mixed-use development has been completed shortly after interim period. Superstructure works have also commenced this year and is well in progress. Presale of the residential units has commenced since mid-July 2019 and has been well received. Up to end of May 2020, the project recorded a contracted sales of approximately RMB1.7 billion. Profit recognition will begin upon delivery of the flats to its buyers.

In Shanghai’s Queen’s Gate, a high-end joint venture villas and apartments development, sales of the last phase has also begun in mid-July 2019. Up to end of May 2020, more than 90% units of this phase has been sold, resulted in a contracted sales of approximately RMB0.9 billion. Approximately 80% of these sales was recognised in the year.

Hong Kong

In Jardine’s Lookout, the Group has continued its sales and marketing efforts of the joint venture residential development, Dukes Place, which comprises sixteen residential apartments ranging from 2,850 sq. ft. to over 6,800 sq. ft. Up to end of May 2020, sales have amounted to approximately HK$1.2 billion. The related profits will be accounted for in the coming financial year when these units are delivered to the homebuyers.

On Po Shan Road, foundation works of another luxurious joint venture residential development had just completed, while superstructure works is due to commence.

In Hung Shui Kiu, Yuen Long, provisional basic terms of land exchange for the commercial and residential development has been concluded. We are now in the course of land premium negotiation with Lands Department. The development will provide approximately 520,000 sq. ft. of GFA, of which approximately 90% are of residential apartments for sale. Another residential development at Lam Tei light-rail station nearby is in the early stage of land exchange application with the government. The development has approximately 67,000 sq. ft. of residential GFA.

Landmark on Robson: residential development project in downtown Vancouver

In Kowloon Bay, the commercial building Octa Tower has been renamed to "Harbourside HQ". The commercial building provides approximately 800,000 sq. ft. leaseable GFA. The building is undergoing renovation and refurbishment and completion is expected to be towards the 4th quarter of 2020.

During the year, the Group, through a joint venture, has accumulated some agricultural land in the New Territories, which is zoned as "residential use" under the current outline zoning plan.

In March 2020, the Group with its 50% joint venture partner acquired a detached house in Repulse Bay, which would be re-developed into brand new single-family estate.

Canada (development through hotel subsidiary group)

Demolition of our Empire Landmark Hotel is substantially completed and excavation and shoring works are ongoing. Upon completion, the redevelopment of the hotel will provide approximately 400,000 sq. ft. GFA mixed-use development with two residential towers ("Landmark on Robson"). Since the launch of presale in 2018, the development had achieved a contracted sales of CAD140 million up to 31st March 2020.

Development permit of a joint venture redevelopment of high-end residential complex of approximate 627,000 sq. ft. GFA in Alberni Street, downtown Vancouver has been submitted, where the Prior-to Letter outlining the conditions for approval was received from local city council in June 2019.

Another joint venture development that is also located on Alberni Street in downtown Vancouver is in the planning stage for development into premium residential units for sale. The rezoning package has been submitted to the City in early 2020.

LEASING

Leasing income of YF Life Tower (previously MassMutual Tower), 33 Lockhart Road in Wanchai and Asia Standard Tower in Queen's Road Central has slightly increased comparing to last year. Average occupancies of these office towers remained high at above 95% for both financial years.

Overall leasing income attributable to Asia Standard International for the year was HK$236 million (2019: HK$235 million). Net revaluation loss (taking into account our share of revaluation loss (2019: gain) from the investment property owned by an associated company) of HK$274 million (2019: gain of HK$885 million) was recorded.

Empire Hotel Hong Kong – Executive studio suite

HOTEL

During the financial year, overnight stay visitors to Hong Kong had decreased by 42.5% to approximately 17.3 million. Mainland visitors, which traditionally dominated this segment with 68% share, also saw their arrivals decreased by 43% from last year. Total hotel rooms in Hong Kong are approximately 84,000 rooms, an increase of 1% over last year.

Following the local socio-political events in the second half of 2019 and the worldwide lockdowns from the outbreak of COVID-19 in January 2020, our hotel operation was severely impacted with annual revenue declined by 45% to HK$297 million (2019: HK$543 million). During the financial year, average occupancies for our hotels were approximately 61% (2019: 93%) while average room rates fell by one third. The losses increased drastically in the first quarter 2020 and management took immediate action to reduce operational costs, deferred capital spending plans, preserve cash resources and retain adequate banking facilities to finance working capital needs. Overall, contribution to segment results before depreciation decreased from HK$210 million to HK$24 million, a decrease of 88%.

FINANCIAL INVESTMENTS

At 31st March 2020, the Group held financial investments of approximately HK$16,331 million (2019: HK$17,609 million), with HK$14,436 million (2019: HK$15,601 million) held by the two listed subsidiary groups. The investment portfolio comprised of 96% listed debt securities (mostly issued by PRC-based real estate companies), 2% by listed equity securities and 2% unlisted investments. They are denominated in different currencies with 96% in United States dollar, 4% in other currencies (mostly Hong Kong dollar).

The portfolio's decrease was due to net addition of HK$1,198 million and a mark-to-market valuation net loss of HK$2,476 million, of which a net investment loss of HK$157 million was charged to profit and loss while the remaining HK$2,319 million were recognised in the investment reserve account. The net investment loss comprised net fair value losses of listed equity securities, exchange losses, and provisions for expected credit loss and impairment charges, compensated by realised gain upon partial disposal/redemption of the securities. The drop in market price is mainly due to the significant market sell-off in March 2020 following the COVID-19 pandemic outbreak. Afterwards in April and May 2020, the market experienced a strong rebound.

Income from this investment portfolio amounted to HK$2,060 million (2019: HK$1,635 million). The increase was resulted from further investment in debt securities.

At 31st March 2020, an approximate value of HK$2,560 million (2019: HK$2,120 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

FINANCIAL REVIEW

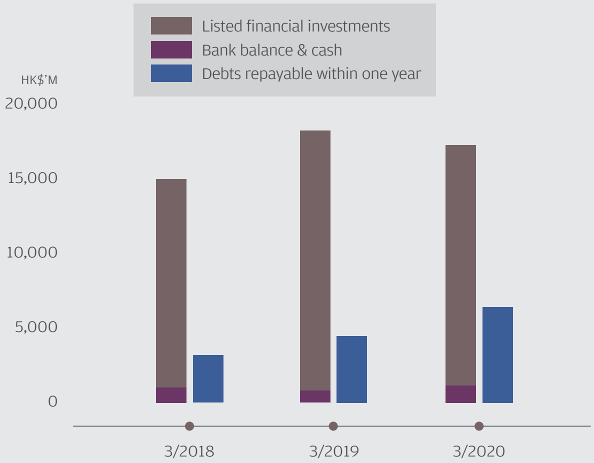
At 31st March 2020, the Group had over HK$6.2 billion (2019: HK$7.7 billion) cash and undrawn banking facilities. The financing and treasury activities of our three listed groups are independently administered.

At 31st March 2020, the Group's total assets were approximately HK$43.9 billion (2019: HK$43.7 billion), the net assets were HK$23.1 billion (2019: HK$24.8 billion). Adopting market value of hotel properties in operation, the revalued total assets were HK$49.4 billion (2019: HK$49.7 billion), a decrease of 1%, and the revalued net assets were HK$29.2 billion (2019: HK$31.4 billion), a decrease of 7%.

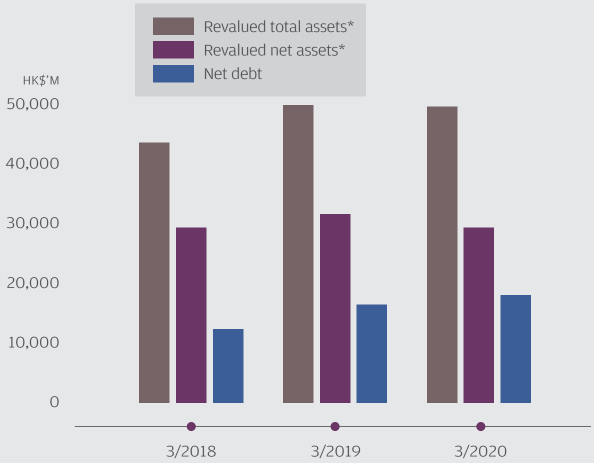
Net debt was HK$17.9 billion (2019: HK$16.4 billion), of which HK$0.6 billion (2019: HK$0.7 billion) was attributable to the parent group. Total interest cost increased as a result of increased borrowings together with market interest rate hikes. Currently, the Group's gearing ratio (net debt to revalued net asset value) is approximately 61% (2019: 52%). As at 31st March 2020, the Group had net current assets of HK$11.5 billion (2019: HK$14.7 billion) and the HK$17.4 billion aggregate amount of marketable securities and cash together represented 2.7 times of the HK$6.4 billion current debt repayable within 12 months.

64% of the debts are secured and 99% of the debts are at floating rates. As at 31st March 2020, about 25% of these floating rates debts have been hedged against HIBOR fluctuations by entering into various interest rate swap contracts of HK$4,900 million in total, with approximately 84% having maturities of 5 years, and the remaining between 2 and 10 years. The maturities of our debts spread over a long period of up to 6 years, with 3% repayable after 5 years and 64% repayable between one to five years. The remaining 33% comprise medium term notes, overdraft, revolving and short-term loans and are repayable within 1 year. The medium term notes were fully redeemed in April 2020.

Liquidity & cash reserves



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



* with hotel properties in operation stated at valuation

Approximately 94% of the Group's borrowings are in Hong Kong dollars and the remaining 6% in United States dollars and Canadian dollars.

As at 31st March 2020, property assets with an aggregate net book value of HK$21.5 billion (2019: HK$20.0 billion) were pledged to secure banking facilities of the Group. HK$2,999 million (2019: HK$2,733 million) guarantees were provided to financial institutions and third parties against outstanding loans of joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

At 31st March 2020, the Group employed approximately 340 (2019: 470) employees. The remuneration packages including basic salary, annual bonus, share options, retirement and other benefits are commensurate with their job nature and level of experience.

FUTURE PROSPECT

Since the start of 2020, economies worldwide were adversely affected by the corona-virus outbreak. Economic recession data were repeatedly reported during periods of social lockdown. Central governments have since rolled out stimulus packages in an effort to sustain employment and survival of various industries. As the governments have experienced success in containing the pandemic, they are cautiously re-opening their economies, aiming to restore the economy to its original state before the outbreak.

Hong Kong's economy has been adversely impacted by local political event since the second half of 2019, and was deeply worsened following the pandemic outbreak. The impact has already demonstrated in our hotel operation performance and also in most service sectors. The leasing segment, especially the retail portion, has also been negatively affected. With the pandemic under control in Hong Kong, we are seeing a gradual re-opening of various economies. On the other hand, Hong Kong's residential property market remains very strong, as seen in the encouraging sales of our Jardine's Lookout project lately.

Property sales of our Beijing and Shanghai joint venture projects is satisfactory following the resumption of sales activities after the lockdown. The Shanghai projects was almost fully sold and with the stabilisation of mainland property market, we expect the performance of the Beijing project would remain favourable for its remaining phases.

Financial markets continue to be volatile, especially from the Sino-US trade disputes, now further exaggerated by the US accusation of China on various fronts. The US Federal Reserve and other central banks have made deep interest rates cut to counteract the negative economic impact brought by the pandemic which, together with the tremendous liquidity injected into the financial system, has helped sustain the upward momentum. Our investment in fixed income securities continues to be a strong pillar in providing a stable income stream and liquidity and enables us to capitalise on any other investment and development opportunities should they arise.

Management exerts tremendous caution and prudence to alleviate and mitigate any negative impact in this restless environment.

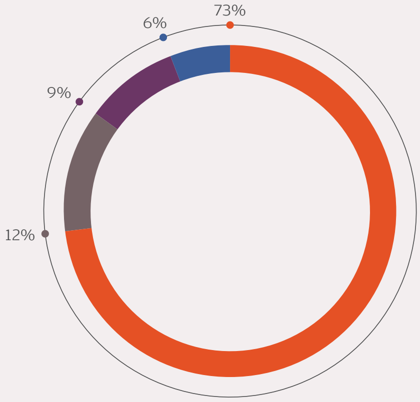
As at 31st March 2020

Principal Properties

Principal Properties

As at 31st March 2020

Type of principal properties (by area)



Attributable GFA (sq. ft.)	
Properties under development for sale	1,598,000
Hotel properties	264,000
Investment properties	192,000
Completed properties held for sale	141,000
Total	2,195,000

		Group's interest	Approx. site area (sq. ft.) (Note 1)	Approx. gross floor area (sq. ft.) (Note 1)	Type (Note 2)	Stage/ Estimated completion year	Land lease expiry
01	**Asia Standard Tower** 59-65 Queen's Road Central, Hong Kong	51.8%	7,800	133,000	C	Completed	2842
02	**YF Life Tower** 33 Lockhart Road, Wanchai, Hong Kong	51.8%	12,600	202,000	C	Completed	2127
03	**Goldmark** 502 Hennessy Road, Causeway Bay, Hong Kong	17.1%	6,300	106,000	C	Completed	2842
04	**Empire Hotel Hong Kong** 33 Hennessy Road, Wanchai, Hong Kong	45.9%	10,600	184,000 (363 rooms)	H	Completed	2062
05	**Empire Hotel Kowloon** 62 Kimberley Road, Tsim Sha Tsui, Kowloon	45.9%	11,400	220,000 (343 rooms)	H	Completed	2047
06	**Empire Hotel Causeway Bay** 8 Wing Hing Street, Causeway Bay, Hong Kong	45.9%	6,200	108,000 (280 rooms)	H	Completed	2072
07	**Empire Prestige Causeway Bay** 8A Wing Hing Street, Causeway Bay, Hong Kong	45.9%	2,000	31,000 (94 rooms)	H	Completed	2072
08	**Empire Prestige Tsim Sha Tsui** 8 Kimberley Street, Tsim Sha Tsui, Kowloon	45.9%	2,800	34,000 (90 rooms)	H	Completed	2038

Principal Properties

As at 31st March 2020

		Group's interest	Approx. site area (sq. ft.) (Note 1)	Approx. gross floor area (sq. ft.) (Note 1)	Type (Note 2)	Stage/Estimated completion year
09	**Queen's Gate** 228 Zhu Guang Road, Qingpu District, Shanghai, PRC	25.9%	1,557,000	116,000 (Note 3)	R	Completed
10	**北京•東灣** 72 Yong Shun Street West, Tongzhou District, Beijing, PRC	25.9%	550,000	2,360,000	R/C	Superstructure/2022
11	**Dukes Place** 47-49 Perkins Road, Jardine's Lookout, Hong Kong	10.4%	23,000	69,000	R	Completed
12	23 Po Shan Road, Hong Kong	20.7%	15,000	81,000	R	Superstructure/2022
13	Hung Shui Kiu DD124, Yuen Long, New Territories	51.8%	104,000	521,000	R/C	Land exchange/-
14	Lam Tei DD130, Tuen Mun, New Territories	51.8%	18,500	66,500	R	Land exchange/-
15	Sha Ha DD221, Sai Kung, New Territories	3.9%	638,000	936,000	R	Planning/-
16	Kwu Tung DD95, Kwu Tung North, New Territories	25.9%	269,000	941,000	R	Planning/-
17	**Octa Tower** **(renamed as Harbourside HQ)** 8 Lam Chak Street, Kowloon Bay, Kowloon	13.0%	70,400	800,000	C	Completed
18	92 Repulse Bay Road, Hong Kong	25.9%	10,100	7,600	R	Planning/-
19	**Landmark on Robson** 1400 Robson Street, Vancouver, B.C., Canada	45.9%	41,000	400,000	R/C	Excavations & Shoring /2023
20	1394 Robson Street, Vancouver, B.C., Canada	45.9%	8,600	75,000	R	Planning/-
21	1468 Alberni Street, Vancouver, B.C., Canada	18.4%	43,300	627,000	R/C	Planning/-
22	1650 Alberni Street, Vancouver, B.C., Canada	18.4%	17,300	276,000	R/C	Planning/-

Notes:

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

Five-year Financial Summary

Year ended 31st March (in HK$ million)	**2020**	2019	2018	2017	2016
Results					
Revenue	**2,632**	2,420	1,925	1,862	1,461
Gross profit	**2,391**	2,132	1,602	1,553	1,183
Operating profit	**1,623**	1,969	1,717	1,929	1,266
Profit attributable to shareholders of the Company	**554**	810	814	1,011	550
Assets and liabilities					
Total assets	**43,893**	43,673	38,424	31,454	29,572
Total liabilities	**(20,767)**	(18,842)	(14,656)	(9,370)	(8,842)
Non-controlling interests	**(10,897)**	(11,734)	(11,237)	(10,469)	(10,348)
Equity attributable to shareholders of the Company	**12,229**	13,097	12,531	11,615	10,382

Supplementary information with hotel properties at valuation:

Revalued total assets	**49,448**	49,694	43,367	36,101	33,370
Revalued net assets	**29,219**	31,401	29,273	27,142	25,037
Equity attributable to shareholders of the Company	**15,023**	16,110	15,055	13,935	12,071

REPORTING STANDARD AND SCOPE

This environmental, social and governance report covers the financial year ended 31st March 2020 (the "reporting year") and addresses all the "comply or explain" provision under each Aspect of the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

ENVIRONMENTAL PROTECTION

A1 EMISSIONS

The Group did not generate significant greenhouse gas emissions as the emissions were indirectly and principally generated from electricity and gases at the consumed workplace, vehicles and business travels by employees.

The Group did not generate hazardous waste during its business operation; discharges of water and non-hazardous waste were divided into recyclable or non-recyclable waste and handled in an environmentally responsible manner in line with the applicable environmental protection laws and regulations whenever practicable.

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

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

		2020	2019
A1.1	Emissions		
	- NO_x (i)	**56kg**	74kg
	- SO_x (i)	**0.7kg**	0.9kg
	- PM (ii)	**3kg**	3kg
A1.2	Greenhouse gas emissions data		
	Scope 1 – Direct emission or removal from sources	**184 tonnes**	200 tonnes
	Scope 2 – Energy indirect emissions	**13,403 tonnes**	13,783 tonnes
	Scope 3 – Other indirect emissions	**67 tonnes**	100 tonnes
A1.3	Total non-hazardous waste produced		
	Construction and demolition waste	**1,843 tonnes**	4,749 tonnes
	Recycled waste		
	- Construction material	**1,378 tonnes**	1,120 tonnes
	- Toner/cartridge	**143 pieces**	238 pieces
	- Cooking oil	**4,446 liters**	6,336 liters

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

(ii) The data only includes vehicular emissions.

A2 USE OF RESOURCES

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

The air cool chiller system of Empire Hotel Hong Kong and Empire Hotel Kowloon had been replaced by water cool chiller system in 2012 and 2017, respectively. The old air cool chiller system of YF Life Tower has been replaced by new air cool chiller system during the year. The new systems are environmental friendly and have greater energy efficiency and better controllability. In our Empire Hotel Kowloon, the two latest renovation floors have an individual electric heater supply system and the system can be switched off individually for energy reduction purposes.

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

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

		2020	2019
A2.1	Direct and indirect energy consumption		
	Electricity ('000kWh)	**19,185**	19,386
	Fuel ('000MJ)	**5,211**	8,860
A2.2	Water consumption	**128,676 m^3**	237,193 m^3
A2.3	Construction materials used		
	Concrete	**53,907 m^3**	13,657 m^3
	Steel	**7,663 tonnes**	2,071 tonnes

A3 THE ENVIRONMENT AND NATURAL RESOURCES

Property development

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

Hotel business

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

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

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

SOCIAL ASPECT

B1 EMPLOYMENT

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

B2 HEALTH AND SAFETY

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

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

The Group complied with all the relevant laws and regulations that have a significant impact on the Group relating to health and safety during the reporting year in all material aspects.

B3 DEVELOPMENT AND TRAINING

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

In addition, our staff are eligible to apply for Educational Sponsorships to pursue external professional courses.

B4 LABOUR STANDARDS

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

B5 SUPPLY CHAIN MANAGEMENT

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

Hospitality

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

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

Property development

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

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

B6 PRODUCT RESPONSIBILITY

Our catering operations adhere to all relevant legislations.

Compliance with laws and regulations

Compliance procedures are in place to ensure adherence to applicable laws and regulations, which have significant impact on the Group.

During the reporting year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

Data privacy

We only collect personal data for operational needs and clearly inform all customers or persons about the intended use of the data and their rights to review and revise their information. All collected personal data is treated as confidential and kept securely, accessible by designated personnel only.

During the reporting year, there were no substantiated complaints received concerning breaches of customer privacy and losses of customer data.

B7 ANTI-CORRUPTION

We do not tolerate any form of corruption or malpractice such as bribery, extortion and fraud. Expected professional conduct at the workplace is outlined in the employee handbook.

During the reporting year, there were no reported cases of corruption and non-compliance with any rules and regulations as regards anti-corruption such as the Prevention of Bribery Ordinance.

B8 COMMUNITY INVESTMENT

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

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

Caring for society

"The Art of Caring" Community Care Program was launched in 2009 by the Empire Hotels (owned and managed by Asia Standard Hotel Group Limited) in conjunction with SAHK, a rehabilitation service organisation. Since then, the program has been giving support to local children and youth with special needs in their education and rehabilitation through creation of art pieces and a series of educational workshops, learning events and life enriching activities. With ten years of unrelenting, concerted efforts with SAHK, in 2019, the Empire Hotels group was awarded the "10 Years + Caring Company Logo" by the Hong Kong Council of Social Service ("HKCSS") to recognise its contribution to the community.

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

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

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

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

Charity activities

The Group has during the reporting year made donations of HK$1,220,000 to a number of charitable organisations, such as Hong Kong Hereditary Breast Cancer Family Registry Limited, Hong Kong Breast Cancer Foundation Limited, APO Relief Fund Limited and Suicide Prevention Services Limited.

Community Recognition

In 2019, Asia Standard Hotel Group Limited was awarded the "10 Years + Caring Company Logo" by the HKCSS to recognise its contribution to the community. This recognition signifies a solid testimonial and a renewed impetus for the Group on its commitment to making positive contribution to the society and communities.

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

Corporate Governance Report

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

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

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

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

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

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

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

BOARD DIVERSITY POLICY AND NOMINATION POLICY

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

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

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

REMUNERATION COMMITTEE

Mr. 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 Remuneration Committee include making recommendations to the Board on the remuneration policy and structure of the Directors and senior management, approving the remuneration, determining the remuneration packages of all Executive Directors and senior management and approving the compensation to all Directors and senior management on termination or dismissal. The remuneration packages including basic salary, annual bonus, retirement and/or other benefits such as share options are commensurate with their job nature and experience level. No director may be involved in any decisions as to his own remuneration or other benefits. The Group's remuneration policy seeks to provide a fair market remuneration so as to attract, retain and motivate high quality staff. The remuneration is determined with reference to his duties and responsibility, remuneration benchmark in the industry and prevailing market conditions. During the year, the Remuneration Committee held one meeting, which all members had attended, to review, discuss and approve the remuneration packages of the Directors and senior management.

AUDIT COMMITTEE

The Audit Committee currently comprises all the Independent Non-executive Directors, Mr. Hung Yat Ming (as the Chairman), Mr. 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 review and supervision of the Group's financial reporting process, risk management and internal control systems and review of the published financial statements. The Audit Committee meets at least twice a year. During the year, the Audit Committee met twice to review the Company's annual and interim financial statements and the recommendation by the auditor on enhancement of risk management and internal control systems. All the members had attended the meetings held during the year. The Audit Committee has reviewed the annual financial statements for the year ended 31st March 2020.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year, and they all confirmed that they have fully complied with the required standard set out in the Model Code throughout the year ended 31st March 2020.

CORPORATE GOVERNANCE CODE

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

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

2. Code Provision A.4.1 of the Code provides that non-executive directors should be appointed for a specific term, subject to re-election. All Independent Non-executive Directors of the Company are not appointed for specific terms, but subject to retirement by rotations and re-elections at the AGM of the Company in accordance with the Bye-Laws; and

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

RISK MANAGEMENT

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

INTERNAL CONTROL

The Group's internal control systems comprise a well-established organisational structure, comprehensive budgeting, reporting, policies and procedures, aiming to identify and manage risks that could adversely hinder the achievement of business objectives of the Group, provide reasonable, but not absolute, assurance against failure in operational system, material error, loss or fraud to the Group. Proper controls are in place for the recording of complete, accurate and timely accounting and management information. Regular reviews and internal audits are carried out for an independent appraisal of the adequacy and effectiveness of the systems and the compliance with applicable laws and regulations.

INTERNAL AUDIT FUNCTION

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

A discussion on the principal risks and uncertainties encountered by the Group are set out on pages 46 to 47 in Report of the Directors.

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

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

For the financial year under review, two Audit Committee meetings with senior management and Group's external auditors were held. The Audit Committee has not identified any significant control failings or weaknesses and it concurred with the management's confirmation on the effectiveness of the Company's risk management and internal control systems. The Board is of the view that the risk management and internal control systems in place for the financial year under review is effective and adequate to safeguard the interests of shareholders, customers and employees, and the Group's assets.

AUDITOR'S REMUNERATION

PricewaterhouseCoopers has been appointed as the auditor of the Company by the shareholders at the AGM. The services provided by PricewaterhouseCoopers include audit, taxation related and other services. A statement by PricewaterhouseCoopers about their reporting responsibilities as the auditor of the Company is included in the Independent Auditor's Report on pages 49 to 56 of this annual report.

An amount of HK$10,265,000 (2019: HK$9,727,000) 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$2,784,000 (2019: HK$1,911,000).

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

A copy of the Requisition, or two or more copies which between them contain the signatures of all the Requisitionists, shall be lodged at the Company's registered office in Bermuda at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and a copy thereof at the principal office of the Company in Hong Kong at 30th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong, for the attention of the Company Secretary (i) not less than six (6) weeks before the AGM in the case of a Requisition requiring notice of a resolution, unless an AGM is called for a date six (6) weeks or less after the deposit of the Requisition, in which case the Requisition will be deemed to have been properly deposited; or (ii) not less than one (1) week before the relevant general meeting in the case of any other Requisition.

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

(II) PROCEDURE FOR 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 the Company's registered office in Bermuda at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and a copy thereof at the principal office of the Company in Hong Kong at 30th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong for the attention of the Company Secretary.

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

Upon receipt of the SGM Requisition, the Directors shall forthwith proceed duly to convene the SGM, and such SGM shall be held within two (2) months after the deposit of the SGM Requisition.

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

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

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

PROFESSIONAL DEVELOPMENT

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

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

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

Directors	**Type of training**
Fung Siu To, Clement	B
Poon Jing	B
Poon Hai	B
Poon Yeung, Roderick	B
Lun Pui Kan	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.

DIVIDEND POLICY

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

CONSTITUTIONAL DOCUMENTS

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

Directors and Senior Management

EXECUTIVE DIRECTORS

FUNG SIU TO, CLEMENT

Aged 71, is the Chairman and a member of the Remuneration Committee of the Company. He is also the Chairman, an executive director and a member of the remuneration committee of the listed subsidiary, Asia Standard International Group Limited ("Asia Standard"), and an executive director of the listed subsidiary, Asia Standard Hotel Group Limited ("Asia Standard Hotel"). Mr. Fung is also a director of certain subsidiaries of the Company. Mr. Fung is a holder of a Bachelor of Applied Science (Civil Engineering) degree and is also a fellow member of the Hong Kong Institution of Engineers. He joined the Company and its subsidiaries (together the "Group") in 1988 and has over 35 years of experience in project management and construction. He is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors of the Company. He is also the brother-in-law of Mr. Poon Jing and Dr. Lim Yin Cheng, the Managing Director of the Company and the Deputy Chairman of Asia Standard Hotel respectively.

POON JING

Aged 65, 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, and the Chairman and an executive director of Asia Standard Hotel. Mr. Poon is also a director of certain subsidiaries of the Company. He is the founder of the Group. He is the father of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors of the Company. He is also the brother-in-law of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman of the Company and the Deputy Chairman of Asia Standard Hotel respectively.

POON HAI

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

POON YEUNG, RODERICK

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

LUN PUI KAN

Aged 56, is the Finance Director of the Company and Asia Standard. Mr. Lun is also a director of certain subsidiaries of the Company. Mr. Lun has over 30 years of experience in accounting and finance. He is a holder of a Bachelor of Science (Engineering) degree and is an associate member of The Hong Kong Institute of Certified Public Accountants ("HKICPA") and a fellow member of The Association of Chartered Certified Accountants ("ACCA"). He joined the Group in 1994.

KWAN PO LAM, PHILEAS

Aged 61, is an Executive Director of the Company and Asia Standard. Mr. Kwan is also a director of certain subsidiaries of the Company. Mr. Kwan is a holder of a Bachelor of Business Administration degree. He joined the Group in 1986 and is responsible for property sales and leasing. He has over 35 years of experience in property sales, leasing and real estate management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

CHEUNG KWOK WAH

Aged 63, is an Independent Non-executive Director and a member of the Audit Committee of the Company. Mr. Cheung has over 30 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.

HUNG YAT MING

Aged 68, 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 35 years of experience in audit, accounting and financial management in several firms in Sydney and Hong Kong and is a financial controller of a Hong Kong listed company. 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, a company listed on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He joined the Group in September 2004.

WONG CHI KEUNG

Aged 65, 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 and advising on securities for CASDAQ International Capital Market (HK) Company Limited under the Securities and Futures Ordinance (the "SFO").

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

Mr. Wong is also an independent non-executive director of TPV Technology Limited which was privatised with effect from 15th November 2019.

Mr. Wong was an independent non-executive director of Nickel Resources International Holdings Company Limited from 2nd May 2005 to 20th February 2020 whose shares were delisted on the Stock Exchange with effect from 14th February 2020.

SENIOR MANAGEMENT

LIM YIN CHENG

Aged 75, is the Deputy Chairman, Chief Executive, an executive director and a member of the remuneration committee of Asia Standard Hotel. Dr. Lim is also a director of certain subsidiaries of the Company. Dr. Lim is a holder of a Bachelor of Science (Chemical Engineering) and Doctor of Philosophy degrees. He has over 35 years of experience in engineering, project management and administration. He joined the Group in 1992. He is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors of the Company. He is also the brother-in-law of Mr. Poon Jing and Mr. Fung Siu To, Clement, the Managing Director and the Chairman of the Company respectively.

NG SIEW SENG, RICHARD

Aged 68, is the Group General Manager of Asia Standard Hotel. Mr. Ng is also a director of a subsidiary of Asia Standard Hotel. Mr. Ng is responsible for the development and management of the hotel group's hospitality operations. With over 4 decades' extensive experience in hotel and travel industry for both local and overseas markets, Mr. Ng has held senior marketing and operational positions in a number of major international chain hotels and travel agents in Hong Kong and Macau. He joined Asia Standard Hotel Group in September 2007.

WOO WEI CHUN, JOSEPH

Aged 56, is an executive director and the Group Financial Controller of Asia Standard Hotel. Mr. Woo is also a director of certain subsidiaries of Asia Standard Hotel. Mr. Woo is qualified as 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 25 years of experience in accounting and finance. He joined Asia Standard Hotel Group in 2006.

WONG HOI YAN

Aged 47, 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 Authorised Person under the Buildings Ordinance. She is also a BEAM Pro under the Hong Kong Green Building Council. Ms. Wong is responsible for property development and project management. She has over 20 years of experience in project planning and management. She joined Asia Standard in March 2014.

Note: Messrs. Poon Jing, Fung Siu To, Clement, Poon Hai, Poon Yeung, Roderick 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 2020.

PRINCIPAL ACTIVITIES

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

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 57.

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

The Board has resolved not to recommend the payment of a final dividend for the year ended 31st March 2020 (2019: HK1.8 cents per share, totaling HK$15,136,000).

FINANCIAL SUMMARY

A five-year financial summary of the results and of the assets and liabilities of the Group is set out on page 15.

EQUITY LINKED AGREEMENTS

Save as disclosed in the sections "Share Option Schemes" on pages 40 to 44 and "Convertible Notes" on page 45, no equity linked agreements were entered into during the year or subsisted at the end of the year.

SHARES ISSUED IN THE YEAR

Details of the shares of the Company issued in the year ended 31st March 2020 are set out in note 28 to the financial statements.

PRINCIPAL PROPERTIES

Details of the principal properties of the Group are set out on pages 12 to 14.

DONATIONS

During the year, the Group made charitable and other donations of HK$1,220,000 (2019: HK$1,197,000).

DIRECTORS

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

Mr. Fung Siu To, Clement
Mr. Poon Jing
Mr. Poon Hai
Mr. Poon Yeung, Roderick
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas
Mr. Cheung Kwok Wah
Mr. Hung Yat Ming
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 (the "Bye-Laws") at the forthcoming annual general meeting ("AGM") and, being eligible, offer themselves for re-election.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

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

PERMITTED INDEMNITY PROVISIONS

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the share option schemes of the Company as disclosed on pages 40 to 44, 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 or its 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 2020, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the 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	273,607,688	145,213,900	5,318,799	424,140,387	50.44
Fung Siu To, Clement	15,440,225	–	–	15,440,225	1.83
Poon Hai	10,444,319	–	–	10,444,319	1.24

(I) LONG POSITIONS IN SHARES (Continued)

(b) Associated corporations

Director	Associated corporation	Number of shares held: Personal interest	Number of shares held: Corporate interest	Number of shares held: Total	Percentage of shares in issue (%)
Poon Jing	Asia Standard	1,308,884	683,556,392 (Notes)	684,865,276	51.89
	Asia Standard Hotel	152,490	1,346,158,049 (Notes)	1,346,310,539	66.71
Fung Siu To, Clement	Mark Honour Limited	9	-	9	0.01

Notes:

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

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

(II) LONG POSITIONS IN UNDERLYING SHARES

INTERESTS IN SHARE OPTIONS

(a) The Company

Director	Outstanding as at 1st April 2019 and 31st March 2020
Poon Hai	3,500,000
Poon Yeung, Roderick	3,500,000

Notes:

1. Options were granted on 11th December 2015 under 2014 Share Option Scheme (as described under the heading "Share Option Schemes") and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK$1.42 per share.

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

(II) LONG POSITIONS IN UNDERLYING SHARES (Continued)

INTERESTS IN SHARE OPTIONS (Continued)

(b) Associated corporation – Asia Standard

Director	Outstanding as at 1st April 2019 and 31st March 2020
Poon Hai	3,500,000
Poon Yeung, Roderick	3,500,000

Notes:

1. Options were granted on 11th December 2015 under 2014 Asia Standard Share Option Scheme (as described under the heading "Share Option Schemes") and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK$1.38 per share.

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

(c) Associated corporation – Asia Standard Hotel

Director	Outstanding as at 1st April 2019 and 31st March 2020
Poon Hai	14,400,000
Poon Yeung, Roderick	14,400,000

Notes:

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

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

(III) LONG POSITIONS IN UNDERLYING SHARES AND DEBENTURES

INTERESTS IN CONVERTIBLE NOTES

Associated corporation - Asia Standard Hotel

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

Note: By virtue of Mr. Poon Jing's controlling interest in the Company, he is deemed to be interested in the convertible notes (the "ASH Convertible Notes") held by the Company and its subsidiaries which are convertible into 2,692,316,098 shares of Asia Standard Hotel. The ASH Convertible Notes are redeemable at the redemption value of HK$0.453 per convertible note. Please refer to the section "Convertible Notes" on page 45 for details of the ASH Convertible Notes issued by Asia Standard Hotel.

Save as disclosed above, as at 31st March 2020, none of the Directors or Chief Executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31st March 2020, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executive of the Company.

LONG POSITIONS IN SHARES OF THE COMPANY

Shareholder	Capacity	Number of shares held	Percentage of shares in issue (%)
Heston Holdings Limited ("Heston") (Note 1)	Beneficial owner	50,429,573	5.99
Teddington Holdings Limited ("Teddington") (Note 1)	Beneficial owner	60,624,439	7.20
Dalton Investments LLC ("Dalton") (Note 2)	Investment manager	165,906,485	19.73
Clearwater Insurance Company ("Clearwater Insurance") (Note 2)	Trustee	48,341,035	5.74
Daswani Rajkumar Murlidhar	Beneficial owner	53,910,548	6.41

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 424,140,387 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 duplicates the interest of Dalton disclosed above.

Save as disclosed above, as at 31st March 2020, the Directors were not aware of any other persons (other than the Directors and Chief Executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEMES

THE COMPANY

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

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

The total number of shares available for issue upon exercise of all options to be granted under 2014 Share Option Scheme must not exceed 76,476,084 shares, representing about 9.09% of the shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under 2014 Share Option Scheme and any other share option scheme of the Company must not exceed 30% of the shares in issue from time to time. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised, outstanding and cancelled options) under any option granted to the same participant under 2014 Share Option Scheme or any other share option scheme of the Company within any 12 months period, must not exceed 1% of the shares in issue from time to time.

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

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

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

Grantee	Outstanding as at 1st April 2019 and 31st March 2020
Directors	7,000,000

Notes:

1. Options were granted on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK$1.42 per share.

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

ASSOCIATED CORPORATIONS

ASIA STANDARD
Share Option Scheme adopted on 27th August 2004 (the "2004 Asia Standard Share Option Scheme")

The 2004 Asia Standard Share Option Scheme was adopted on 27th August 2004. Under 2004 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 adviser of or contractor to Asia Standard, its subsidiaries or any invested entity, their discretionary trust or the companies owned by them. The purpose was to provide incentives, acknowledge the contributions of, motivate and maintain relationship with the eligible participants.

The total number of shares available for issue upon exercise of all options granted under 2004 Asia Standard Share Option Scheme must not exceed 71,851,459 shares, representing about 5.44% 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 2004 Asia Standard Share Option Scheme and any other share option scheme of Asia Standard 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 2004 Asia Standard Share Option Scheme or any other share option scheme of Asia Standard within any 12 months period, must not exceed 1% of the Asia Standard's shares in issue from time to time.

Under 2004 Asia Standard Share Option Scheme, there was no requirement for a grantee to hold the Asia Standard option for a certain period before exercising 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 2004 Asia Standard Share Option Scheme was effective for 10 years from 27th August 2004 and expired on the tenth anniversary of such adoption date. Following the expiry of 2004 Asia Standard Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2004 Asia Standard Share Option Scheme and yet to be exercised shall remain valid and exercisable.

The following table discloses details of Asia Standard options granted under 2004 Asia Standard Share Option Scheme held by employees (including Directors):

Grantee	Outstanding as at 1st April 2019 and 31st March 2020
Employee	1,000,000

Notes:

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

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

ASSOCIATED CORPORATIONS (Continued)

ASIA STANDARD (Continued)

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

The 2014 Asia Standard Share Option Scheme was adopted on 29th August 2014. Under 2014 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 adviser of or contractor to Asia Standard, its subsidiaries or any invested entity, their discretionary trust or the companies owned by them. The purpose was to provide incentives, acknowledge the contributions of, motivate and maintain relationship with the eligible participants.

The total number of shares available for issue upon exercise of all options to be granted under 2014 Asia Standard Share Option Scheme must not exceed 125,482,152 shares, representing about 9.50% 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 2014 Asia Standard Share Option Scheme and any other share option scheme of Asia Standard 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 2014 Asia Standard Share Option Scheme or any other share option scheme of Asia Standard within any 12 months period, must not exceed 1% of the Asia Standard's shares in issue from time to time.

Under 2014 Asia Standard Share Option Scheme, 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 2014 Asia Standard Share Option Scheme is effective for 10 years from 29th August 2014.

The following table discloses details of Asia Standard options granted under 2014 Asia Standard Share Option Scheme held by employees (including Directors):

Grantee	Outstanding as at 1st April 2019 and 31st March 2020
Directors	7,000,000

Notes:

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

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

ASSOCIATED CORPORATIONS (Continued)

ASIA STANDARD HOTEL

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

The 2006 Asia Standard Hotel Share Option Scheme was adopted on 28th August 2006. Under 2006 Asia Standard Hotel Share Option Scheme, the board of Directors of Asia Standard Hotel may grant options to any Director, employee, consultant, customer, supplier, agent, partner or adviser of or contractor to Asia Standard Hotel, its subsidiaries or any invested 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 granted under 2006 Asia Standard Hotel Share Option Scheme must not exceed 125,088,061 shares, representing about 6.19% of the Asia Standard Hotel's shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under 2006 Asia Standard Hotel Share Option Scheme and any other share option scheme of Asia Standard Hotel must not exceed 30% of the Asia Standard Hotel's shares in issue from time to time. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised, outstanding and cancelled options) under any option granted to the same participant under 2006 Asia Standard Hotel Share Option Scheme or any other share option scheme of Asia Standard Hotel within any 12 months period, must not exceed 1% of the Asia Standard Hotel's shares in issue from time to time.

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

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

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

Grantee	Outstanding as at 1st April 2019 and 31st March 2020
Directors	28,800,000

Note:

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

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

ASSOCIATED CORPORATIONS (Continued)

ASIA STANDARD HOTEL (Continued)

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

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

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

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

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

CONVERTIBLE NOTES

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

Each noteholder has the option to convert the ASH Convertible Notes into fully paid ordinary share of Asia Standard Hotel on a one to one basis (subject to adjustment to certain corporate actions) at any time from the first business day immediately following the date of issue of the ASH Convertible Notes up to and including the date falling on the 10th business day prior to the thirtieth anniversary of the date of issue of the ASH Convertible Notes. Unless previously converted, the ASH Convertible Notes will be redeemed on the thirtieth anniversary of the date of issue of the ASH Convertible Notes at a redemption price equal to 100% of the principal amount.

During the year, no ASH Convertible Note (2019: Nil) was converted into ordinary share of Asia Standard Hotel.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACTS

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

BUSINESS REVIEW

A fair review of business of the Group, particulars of important events affecting the Group that have occurred since the end of the financial year, if any, an analysis using financial key performance indicators and indication of likely future development of the Group are set out in the section "Management Discussion and Analysis" on pages 6 to 11. Discussion on environmental policies and performance of the Group is set out in the section "Environmental, Social and Governance Report" on pages 16 to 21.

COMPLIANCE WITH LAWS AND REGULATIONS

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risks pertaining to property sales and leasing

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

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

Risks pertaining to hotel and travel operations

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

As five of the Group's hotels are located in Hong Kong, the revenue from this business is sensitive to changes in the tourism industry in Hong Kong, which is greatly influenced by the attractiveness of Hong Kong as a destination for tourists, business travellers and conferences, in particular for those from the People's Republic of China which comprised approximately 68% of the total overnight visitor arrivals to Hong Kong, and is the major source of business for our hotels.

The Group reviews and optimises its asset portfolio to ensure that it is sufficiently cost effective and efficient. The risk of adverse economic conditions is managed by ensuring proper monitoring of the business performance, and constant assessment of economic conditions and the appropriateness of the prevailing investment and business strategy.

Risks pertaining to hotel and property developments

The Group engages external contractors to provide various services, including construction of hotel expansions, hotel and property development projects. Completion of these projects is subject to performance of external contractors, including the pre-agreed schedule for completion. Any delay in obtaining or failure to obtain the relevant government approvals or permits also affects completion. Furthermore, the government may re-enter the land if we fail to comply with the land grant conditions.

Risks pertaining to financing

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

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

Risks pertaining to financial investments

The Group's financial performance is exposed to financial and capital market risks, including changes in interest rates, foreign exchange rates, credit spreads, equity prices, the performance of the economy in general and other factors outside our control. For further details of such risks and relevant management policies, please refer to note 3 to the financial statements from pages 83 to 94.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group appreciates the importance of maintaining a good relationship with its customers to meet its immediate and long-term business goals. The Group values the feedback from customers through daily communication, and address customers' concern in a timely manner.

During the year ended 31st March 2020, there is no circumstance of any event between the Group and its customers which will have a significant impact on the Group's business and on which the Group's success depends. The account of key relationship with employees and suppliers on which the Group's success depends are set out in the section "Environmental, Social and Governance Report" on pages 16 to 21.

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	17%
Percentage of purchases attributable to the Group's five largest suppliers	31%
Percentage of sales attributable to the Group's largest customer	24%
Percentage of sales attributable to the Group's five largest customers	43%

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

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined balance sheet of affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31st March 2020 are as follow:

	Proforma combined balance sheet HK$'000	Group's attributable interest HK$'000
Non-current assets	4,228,126	1,444,942
Current assets	21,322,601	8,130,187
Current liabilities	(7,453,964)	(2,553,196)
Non-current liabilities	(7,304,940)	(2,406,597)
	10,791,823	4,615,336

The proforma combined balance sheet of the affiliated companies is prepared by combining their balance sheet, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the balance sheet as at 31st March 2020.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Confirmation of independence pursuant to the independence guidelines under Rule 3.13 of the Listing Rules has been received from each of the Independent Non-executive Directors of the Company and the Company considers all existing Independent Non-executive Directors are independent.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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

On behalf of the Board

Fung Siu To, Clement
Chairman

Hong Kong, 26th June 2020

Independent Auditor's Report

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

OPINION

WHAT WE HAVE AUDITED

The consolidated financial statements of Asia Orient Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 57 to 148, which comprise:

- the consolidated balance sheet as at 31st March 2020;
- the consolidated profit and loss account for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

OUR OPINION

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st March 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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

INDEPENDENCE

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

KEY AUDIT MATTERS

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

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment of listed debt securities which are classified as financial assets at fair value through other comprehensive income and the related accrued interest	
Refer to notes 4, 6, 18 and 20 to the consolidated financial statements As at 31st March 2020, the Group has a substantial portfolio of listed debt securities which are classified as financial assets at fair value through other comprehensive income. The related charge in expected credit losses ("ECL") for the year is accounted for in the consolidated profit or loss accounts. The Group adopts a "three-stage" model for impairment assessment based on changes in credit quality since initial recognition to estimate the expected credit losses for individual debt securities and related accrued interest.	The procedures we performed included: – Testing the Group's key controls over ECL, including the controls over model selection and staging determination to assess any significant increase in credit risk, forecasts of expected cash flows per contract as compared to under default situation, benchmarking analysis of credit worthiness, etc. – With the assistance of our internal valuation/modelling specialists, we performed the following procedures: • Evaluating whether the ECL models were built appropriately to assess the Group's financial assets at fair value through other comprehensive income and the related accrued interest. • Evaluating the reasonableness of staging determination against the Group's historical credit loss experience, the circumstances concerning the business and financial affairs of the underlying companies at the time of initial recognition as well as at the end of the reporting period, industry information and expected outlook.

KEY AUDIT MATTERS (Continued)

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

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
Refer to notes 4, 14 and 16 to the consolidated financial statements As at 31st March 2020, the Group's investment properties portfolio included investment properties held by subsidiaries and an associated company. Management engaged an independent valuer to estimate the fair value of investment properties of the Group and the associated company as at 31st March 2020 based on the direct comparison method. The key assumptions used in the independent valuation of investment properties require significant judgement and estimation and therefore this matter is our audit focus.	Our audit procedures in relation to the valuation of investment properties included: • Evaluating the independent valuers' competence, capabilities and objectivity; • Obtaining the valuation reports and holding meetings with the independent valuer, together with our internal property valuation specialists, to discuss and evaluate the valuation methodology and key assumptions adopted, focusing on market comparables; • Assessing the market comparables used by the independent valuer by benchmarking these against recent transactions for similar properties and locations. We found the methodology used in the valuation of investment properties was appropriate and key assumptions used were supported by the available evidence.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of properties under development for sale and impairment of property held for development for sale	
Refer to notes 4, 16, and 19 to the consolidated financial statements The Group has a number of properties under development for sale and property held for development for sale ("property development projects") held by subsidiaries and joint ventures. Management assessed the recoverability of properties under development for sale based on estimates of the net realisable values of the underlying properties for each project and concluded no provision is necessary as at 31st March 2020. This involved the estimation of construction costs to be incurred to complete the properties under development based on existing plans and forecast of future sales. The estimation of net realisable values depends on key assumptions that require significant management judgement, including selling price per square foot and budgeted costs of construction. The property held for development for sale represents a piece of land in Macau ("Macau Project"). The provisional 25 year lease has expired in December 2015. In February 2017, the Macau Government issued a Declaration of Expiry of Land Concession based on Article 48 of the Land Law ("Declared Expiry"). The Group lodged a judicial appeal against the Declared Expiry in March 2017 which was rejected by the Second Instance Court of Macau in November 2019. The Group further lodged an appeal with the Last Instance Court of Macau in December 2019. The appeal is now pending at the Last Instance Court of Macau. Based on an assessment of the available facts and circumstances, the Group considered the full write-down against the Macau Project made in prior year continues to be appropriate as at 31st March 2020. We focused on the net realisable value assessment of the above items as it involved significant judgement.	Our audit procedures in relation to evaluating management's assessment of recoverability of property development projects included: • Comparing the expected future sales prices to its recent transaction prices or current market prices of comparable properties; • Meetings with project managers for major properties under development for sale to understand the progress of development and challenge the assumptions for forecast development costs to complete; • Corroborating the cost estimates provided by management and project managers to latest approved budgets and approved development plans; • Benchmarking estimated construction costs to external industry data; • Performing independent legal title searches and site visits of major projects; • In respect of the Macau Project, we inspected correspondence with the Macau Government and relevant departments and obtained the Group's external legal counsel opinion. We also held discussions with the Group's external legal counsel to understand the Declared Expiry process and their legal interpretation of this matter, the merits of the judicial appeal and any further actions that might be undertaken by the Group to claim for compensation and for damages. We found management's assessment of recoverability of property under development for sale and write-down were supported by the available evidence.

OTHER INFORMATION

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Liao Weining.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26th June 2020

Consolidated Profit and Loss Account

For the year ended 31st March 2020

	Note	2020 HK$'000	2019 HK$'000
Sales of goods and services, leasing and other revenue	*5*	**600,280**	811,543
Interest revenue		**2,031,758**	1,608,335
Total revenue	*5*	**2,632,038**	2,419,878
Cost of sales		**(241,103)**	(287,470)
Gross profit		**2,390,935**	2,132,408
Selling and administrative expenses		**(266,968)**	(281,081)
Depreciation		**(217,732)**	(195,897)
Net investment loss	*6*		
Net realised and unrealised loss		**(64,239)**	(88,163)
Change in expected credit losses and other credit Impairment charges		**(92,791)**	(441,112)
Fair value (loss)/gain of investment properties	*14*	**(125,949)**	842,813
Operating profit		**1,623,256**	1,968,968
Net finance costs	*10*	**(625,394)**	(514,063)
Share of profits less losses of			
Joint ventures		**64,433**	16,750
Associated companies		**(142,835)**	54,593
Profit before income tax		**919,460**	1,526,248
Income tax expense	*11*	**(3,996)**	(31,251)
Profit for the year		**915,464**	1,494,997
Attributable to:			
Shareholders of the Company		**553,577**	810,091
Non-controlling interests		**361,887**	684,906
		915,464	1,494,997
Earnings per share (HK$)			
Basic	*13*	**0.66**	0.96
Diluted	*13*	**0.66**	0.96

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2020

	2020 HK$'000	2019 HK$'000
Profit for the year	**915,464**	1,494,997
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss		
Net fair value loss on debt securities at fair value through other comprehensive income	**(2,179,648)**	(134,697)
Cash flow hedges		
- fair value (loss)/gain	**(39,048)**	1,796
- transfer to finance costs	**3,987**	(3,660)
- realised loss	**–**	(446)
Currency translation differences	**(30,811)**	(15,696)
Share of currency translation differences of joint ventures	**(141,188)**	(130,908)
Items that will not be reclassified to profit or loss:		
Revaluation gain arising from transfer of property, plant and equipment to investment properties	**22,225**	-
Equity securities at fair value through other comprehensive income		
- net fair value loss	**(218,300)**	(105,568)
- realised gain	**186**	-
	(2,582,597)	(389,179)
Total comprehensive (charge)/income for the year	**(1,667,133)**	1,105,818
Attributable to:		
Shareholders of the Company	**(851,742)**	585,930
Non-controlling interests	**(815,391)**	519,888
	(1,667,133)	1,105,818

Consolidated Balance Sheet

As at 31st March 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Investment properties	*14*	**9,693,400**	9,778,075
Property, plant and equipment	*15*	**8,122,670**	7,617,072
Investment in joint ventures and associated companies	*16*	**4,652,194**	4,249,182
Amount due from joint ventures and associated companies	*16*	**1,981,167**	1,223,093
Loan receivables	*17*	**1,235**	1,411
Financial investments	*18*	**473,918**	642,508
Deferred income tax assets	*27*	**100,184**	60,731
		25,024,768	23,572,072
Current assets			
Properties under development for sale	*19*	**1,134,767**	1,749,208
Completed properties held for sale	*19*	**3,680**	3,680
Hotel and restaurant inventories		**20,144**	21,615
Trade and other receivables	*20*	**728,895**	555,609
Income tax recoverable		**5,545**	3,553
Financial investments	*18*	**15,856,713**	16,966,629
Bank balances and cash	*21*	**1,118,373**	800,303
		18,868,117	20,100,597
Current liabilities			
Trade and other payables	*22*	**176,719**	186,568
Contract liabilities	*23*	**197,582**	199,405
Amount due to joint ventures	*16(a)*	**213,951**	199,855
Amount due to an associated company	*16(b)*	**224,400**	224,400
Amount due to non-controlling interests		**44,511**	39,225
Income tax payable		**99,993**	70,214
Borrowings	*24*	**6,144,544**	4,361,162
Medium term notes	*25*	**249,940**	99,820
		7,351,640	5,380,649
Net current assets		**11,516,477**	14,719,948

Consolidated Balance Sheet

As at 31st March 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current liabilities			
Long term borrowings	24	**12,644,292**	12,480,033
Medium term notes	25	**–**	249,035
Derivative financial instruments	26	**39,048**	-
Lease liabilities		**2,335**	-
Deferred income tax liabilities	27	**729,184**	732,794
		13,414,859	13,461,862
Net assets		**23,126,386**	24,830,158
Equity			
Share capital	28	**84,087**	84,087
Reserves	29	**12,145,593**	13,012,471
Equity attributable to shareholders of the Company		**12,229,680**	13,096,558
Non-controlling interests		**10,896,706**	11,733,600
		23,126,386	24,830,158

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Consolidated Statement of Cash Flows

For the year ended 31st March 2020

	Note	2020 HK$'000	2019 HK$'000
Cash flows from operating activities			
Net cash generated from/(used in) operations	*33(a)*	**721,800**	(3,283,248)
Net income tax paid		**(16,014)**	(30,227)
Interest paid		**(626,233)**	(480,255)
Interest received from bank deposit and other receivables		**24,704**	87,105
Net cash generated from/(used in) operating activities		**104,257**	(3,706,625)
Cash flows from investing activities			
Purchase of financial investments		**(74,014)**	(8,148)
Addition to investment properties		**(24,719)**	(10,695)
Addition to property, plant and equipment		**(70,385)**	(96,131)
Loan repayment from a joint venture partner		**–**	280,000
(Increase)/decrease in investments in joint ventures		**(577,618)**	30,882
Advances to associated companies and joint ventures		**(869,812)**	(634,396)
Dividend received from an associated company		**80,850**	-
Net cash used in investing activities		**(1,535,698)**	(438,488)
Net cash used before financing activities		**(1,431,441)**	(4,145,113)
Cash flows from financing activities			
Redemption of medium term notes		**(100,000)**	(313,356)
Drawdown of long term borrowings		**1,372,196**	5,624,547
Repayment of long term borrowings		**(669,900)**	(2,398,621)
Net increase in short term borrowings		**1,211,409**	998,711
Dividends paid		**(15,136)**	(20,181)
Dividends paid to non-controlling interests		**(21,503)**	(23,480)
Contribution from non-controlling interests		**5,286**	39,225
Principal elements of lease liabilities		**(2,254)**	-
Net cash generated from financing activities		**1,780,098**	3,906,845
Net increase/(decrease) in cash and cash equivalents		**348,657**	(238,268)
Cash and cash equivalents at the beginning of the year		**605,357**	847,437
Changes in exchange rates		**(4,733)**	(3,812)
Cash and cash equivalents at the end of the year		**949,281**	605,357
Analysis of the balances of cash and cash equivalents			
Bank balances and cash (excluding restricted bank balances)	*21*	**949,281**	605,357

Consolidated Statement of Changes in Equity

For the year ended 31st March 2020

	Equity attributable to shareholders of the Company				
	Share capital HK$'000	Reserves HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 31st March 2018	84,087	12,446,722	12,530,809	11,237,192	23,768,001
Net fair value loss on financial assets at FVOCI	-	(149,947)	(149,947)	(90,318)	(240,265)
Cash flow hedges					
- fair value gain	-	930	930	866	1,796
- transfer to finance costs	-	(1,895)	(1,895)	(1,765)	(3,660)
- realised loss	-	(353)	(353)	(93)	(446)
Currency translation differences	-	(72,896)	(72,896)	(73,708)	(146,604)
Profit for the year	-	810,091	810,091	684,906	1,494,997
Total comprehensive income for the year	-	585,930	585,930	519,888	1,105,818
Total transactions with owners					
Dividends paid	-	(20,181)	(20,181)	(23,480)	(43,661)
At 31st March 2019	84,087	13,012,471	13,096,558	11,733,600	24,830,158
Financial assets at FVOCI					
- net fair value loss	-	(1,314,682)	(1,314,682)	(1,083,266)	(2,397,948)
- realised gain of equity securities	-	96	96	90	186
Revaluation gain arising from transfer of property, plant and equipment to investment property	-	11,510	11,510	10,715	22,225
Cash flow hedges					
- fair value loss	-	(19,953)	(19,953)	(19,095)	(39,048)
- transfer to finance costs	-	2,065	2,065	1,922	3,987
Currency translation differences	-	(84,355)	(84,355)	(87,644)	(171,999)
Profit for the year	-	553,577	553,577	361,887	915,464
Total comprehensive charge for the year	-	(851,742)	(851,742)	(815,391)	(1,667,133)
Total transactions with owners					
Dividends paid	-	(15,136)	(15,136)	(21,503)	(36,639)
At 31st March 2020	84,087	12,145,593	12,229,680	10,896,706	23,126,386

1 GENERAL INFORMATION

Asia Orient Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited ("HKEX"). The address of its principle office is 30th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong.

2 PRINCIPAL ACCOUNTING POLICIES

(A) BASIS OF PREPARATION

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

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

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

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

The accounting policies and methods of computation used in the preparation of these annual financial statements are consistent with those used in 2019, except adoption of the following new or revised standards, amendments and improvements to standard and interpretations of HKFRS that are effective for the first time for this year which are relevant to the Group's operation and are mandatory for accounting periods beginning on or after 1st January 2019:

HKFRS 16	Leases
Annual Improvement	Annual improvements to HKFRS 2015-2017 cycle
Amendments to HKFRS 9	Prepayment features with negative compensation
Amendments to HKAS 19	Plan, amendment, curtailment or settlement
Amendments to HKAS 28	Long-term interests in associates and joint ventures
HK (IFRIC) – Interpretation 23	Uncertainty over income tax treatments

Except for HKFRS 16, the adoption of the other new and revised standards, amendments and improvement to standards and interpretations of HKFRS stated above did not have significant impact to the consolidated financial statements in the current and prior years.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

HKFRS16 Leases

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

Effect on adoption of HKFRS 16 are as follows:

	HK$'000
Operating lease commitments disclosed as at 1st April 2019	6,332
Discounted using the lessee's incremental borrowing rate at the date of initial application	3,753
Less: short-term leases recognised on a straight-line basis as expense	(1,827)
Lease liabilities recognised as at 1st April 2019	1,926
Of which are:	
Current – included in trade and other payables	1,098
Non-current – lease liabilities	828
	1,926

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

HKFRS16 Leases (Continued)

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

Consolidated balance sheet (extract)

		Effect of adoption of HKFRS 16		
	As previously reported	**Reclassification**	**Recognition of leases**	**As adjusted**
	HK$'000	HK$'000	HK$'000	HK$'000
Assets				
Property, plant and equipment				
Leasehold land in Hong Kong	5,781,934	(5,781,934)	–	–
Right-of-use assets	–	5,781,934	1,926	5,783,860
Liabilities				
Current – trade and other payables	186,568	–	1,098	187,666
Non-current – lease liabilities	–	–	828	828

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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

Effective for accounting periods beginning on or after:

1st January 2020	
Amendments to HKAS 1 and HKAS 8	Definition of material
Amendments to HKFRS 3	Definition of a business
Conceptual framework for Financial reporting 2018	Revised conceptual framework for financial reporting
1st January 2023	
HKFRS 17	Insurance contracts
To be determined	
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture

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

(C) BASIS OF CONSOLIDATION

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(C) BASIS OF CONSOLIDATION (Continued)

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

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

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

(D) SUBSIDIARIES

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(E) JOINT ARRANGEMENTS

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

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

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

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

(F) ASSOCIATED COMPANIES

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(F) ASSOCIATED COMPANIES (Continued)

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

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

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

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(H) GOODWILL

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

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

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

(I) FINANCIAL INVESTMENTS

(i) Classification

The Group classifies its financial assets in the following measurement categories:

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

- those to be measured at amortised cost.

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) FINANCIAL INVESTMENTS (Continued)

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

(a) Debt instruments

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) FINANCIAL INVESTMENTS (Continued)

(iii) Measurement (Continued)

(a) Debt instruments (Continued)

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

(b) Equity instruments

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

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

(iv) Impairment

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

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

(v) Offsetting financial instruments

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(J) PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

No depreciation is provided for buildings under development.

Freehold land is not amortised.

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

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

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

(K) IMPAIRMENT OF NON-FINANCIAL ASSETS

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(L) INVESTMENT PROPERTIES

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

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

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

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

(M) PROPERTIES HELD FOR DEVELOPMENT FOR SALE

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

(N) PROPERTIES UNDER DEVELOPMENT FOR SALE

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

(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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(P) HOTEL AND RESTAURANT INVENTORIES

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

(Q) TRADE AND OTHER RECEIVABLES

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

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 20 for further information about the Group's accounting for trade receivables and note 4(c) for a description of the Group's impairment policies.

(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 probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

(T) BORROWINGS

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(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.

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

(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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(V) CURRENT AND DEFERRED INCOME TAX (Continued)

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

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

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

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

(W) SHARE CAPITAL

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

(X) SEGMENT REPORTING

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(Y) REVENUE RECOGNITION

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

(i) Properties

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

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

(ii) Investment properties

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

(iii) Hotel, travel operation and management services businesses

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

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

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

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

Management service fee income is recognised when services are rendered.

(iv) Financial investments

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(Z) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated profit and loss account, except when deferred in equity as qualifying cash flow hedges.

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

Translation differences on non-monetary financial assets and liabilities such as equities held at FVPL are recognised in the consolidated profit and loss account as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as financial assets at FVOCI are included OCI.

(iii) Group companies

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

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

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

(c) all resulting currency translation differences are recognised in OCI.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(Z) FOREIGN CURRENCY TRANSLATION (Continued)

(iii) Group companies (Continued)

On consolidation, exchange currency translation arising from the translation of the net investment in foreign operations, are taken to other comprehensive income. When a foreign operation is sold, all of the differences accumulated in equity are reclassified to the consolidated profit and loss account as part of the gain or loss on disposal.

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

(AA) BORROWING COSTS

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

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

(AB) LEASES

As the lessor

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

As the lessee

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(AB) LEASES (Continued)

As the lessee (Continued)

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

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

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

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

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

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(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.

(AF) SCRIP DIVIDEND

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

(AG) FINANCIAL GUARANTEE (INSURANCE CONTRACTS)

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

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

(AH) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

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

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

3 FINANCIAL RISK MANAGEMENT

(I) FINANCIAL RISK FACTORS

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

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

The Group is also exposed to foreign currency risk with respect to financial investments, bank balances and borrowings which are denominated in United States dollars, Sterling pounds, Euros and Renminbi.

At 31st March 2020, the Group's entities with functional currency of Hong Kong dollar had United States dollars net monetary assets of HK$15.8 billion (2019: HK$17.1 billion). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to United States dollars, management considers that there is no significant foreign exchange risk with respect to United States dollars.

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:

	2020			2019		
	Net monetary assets amount	**Increase/(decrease) in result attributable to the shareholders of the Company if exchange rate changes by**		Net monetary assets amount	Increase/(decrease) in result attributable to the shareholders of the Company if exchange rate changes by	
		+5%	**-5%**		+5%	-5%
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Sterling	**59,144**	**2,460**	**(2,460)**	309,389	12,913	(12,913)
Renminbi	**7,667**	**170**	**(170)**	12,814	522	(522)
Euro	**4,845**	**103**	**(103)**	2,588	52	(52)

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(ii) Price risk

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

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:

	2020				2019			
	Increase/(decrease) in result attributable to shareholders of the Company if price changes by		**Increase/(decrease) in investment revaluation reserve of the Company if price changes by**		Increase/(decrease) in result attributable to shareholders of the Company if price changes by		Increase/(decrease) in investment revaluation reserve of the Company if price changes by	
	+10%	**-10%**	**+10%**	**-10%**	+10%	-10%	+10%	-10%
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at FVPL	**13,536**	**(13,536)**	**-**	**-**	68,631	(68,631)	-	-
Financial assets at FVOCI	**-**	**-**	**881,570**	**(881,570)**	-	-	875,776	(875,776)

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(iii) Cash flow interest risk

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

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

At 31st March 2020, 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$5,774,000 (2019: HK$6,980,000) lower/higher.

(b) Credit risk

The credit risk of the Group mainly arises from bank balances and cash (note 21), financial investments (note 18), as well as credit exposures to loan receivables, trade and other receivables.

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

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

Measurement of expected credit losses

(i) Segmentation of financial instrument

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

The key definition of the three stages are summarised below:

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(b) Credit risk (Continued)

Measurement of expected credit losses (Continued)

(i) Segmentation of financial instrument (Continued)

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

(ii) Significant change in credit risk

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

(iii) Definition of default and credit-impaired assets

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due. The Group closely monitors its liquidity through maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of 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 2020, the unutilised credit facilities available to the Group amounted to HK$5,332,000,000 (2019: HK$7,295,000,000).

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

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

	Group				
	On demand HK$'000	Within 1 year HK$'000	Between 1 and 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flows HK$'000
At 31st March 2020					
Non-derivative					
Trade and other payables	-	174,612	-	-	174,612
Amount due to joint ventures	-	213,951	-	-	213,951
Amount due to an associated company	-	224,400	-	-	224,400
Borrowings	3,596,747	3,170,755	12,884,452	512,819	20,164,773
Medium term notes	-	250,744	-	-	250,744
Lease liabilities	-	2,211	2,380	-	4,591
	3,596,747	4,036,673	12,886,832	512,819	21,033,071
Derivative financial instruments					
Net inflow	-	(42,181)	(156,770)	(14,104)	(213,055)
	3,596,747	3,994,492	12,730,062	498,715	20,820,016
At 31st March 2019					
Non-derivative					
Trade and other payables	-	186,568	-	-	186,568
Amount due to joint ventures	-	199,855	-	-	199,855
Amount due to an associated company	-	224,400	-	-	224,400
Borrowings	1,209,181	3,681,097	12,758,362	869,574	18,518,214
Medium term notes	-	113,193	250,718	-	363,911
	1,209,181	4,405,113	13,009,080	869,574	19,492,948

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 interest rate at the end of the reporting period. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Within 1 year HK$'000	Between 1 and 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flow HK$'000
31st March 2020	**70,911**	**–**	**–**	**70,911**
31st March 2019	73,491	–	–	73,491

(II) CAPITAL RISK MANAGEMENT

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio against revalued net assets (note 3(II)(a)). Revalued net assets are prepared having taken into account the fair value of hotel properties, net of relevant deferred income taxes, in addition to the net assets shown in the consolidated balance sheet prepared in accordance with HKFRS. According to the Group's accounting policies, no properties other than investment properties are to be carried at valuation. Details of the valuation of the hotel properties, prepared for readers' information only, are set out in note 15(a) to the financial statements.

3 FINANCIAL RISK MANAGEMENT (Continued)

(II) CAPITAL RISK MANAGEMENT (Continued)

The gearing ratio against Revalued net assets is calculated as net debt divided by Revalued net assets.

Net debt is calculated as total borrowings (including current and non-current as shown in the consolidated balance sheet) and medium term notes less bank balances and cash.

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

	2020 **HK$'000**	2019 HK$'000
Borrowings (note 24)	**18,788,836**	16,841,195
Medium term notes (note 25)	**249,940**	348,855
Less: bank balances and cash (note 21)	**(1,118,373)**	(800,303)
Net debt	**17,920,403**	16,389,747
Revalued net assets (note (a))	**29,218,618**	31,401,177
Gearing ratio against revalued net assets	**61%**	52%

Notes:

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(III) FAIR VALUE ESTIMATION

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

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

The following table presents the Group's financial instruments that are measured at fair value at 31st March 2020 and 2019.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
2020			
Assets			
Financial investments			
Financial assets at FVOCI	**282,622**	**15,717,051**	**98,482**
Financial assets at FVPL	**81,363**	**58,299**	**92,814**
	363,985	**15,775,350**	**191,296**
Liabilities			
Derivative financial instruments	**–**	**39,048**	**–**

There were no transfer between levels I, 2 and 3 during the year.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
2019			
Assets			
Financial investments			
Financial assets at FVOCI	527,871	15,697,029	42,867
Financial assets at FVPL	1,126,672	62,064	152,634
	1,654,543	15,759,093	195,501

3 FINANCIAL RISK MANAGEMENT (Continued)

(III) FAIR VALUE ESTIMATION (Continued)

(i) Financial instruments in level 1

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

(ii) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (over-the-counter investments and derivatives) is determined by using latest available transaction price or valuation techniques. Judgements as to whether there is an active market may include, but not restricted to, consideration of factors such as the magnitude and frequency of trading activities, the availability of prices and the size of bid/ask spreads. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

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

(iii) Financial instruments in level 3

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(III) FAIR VALUE ESTIMATION (Continued)

(iii) Financial instruments in level 3 (Continued)

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

	Financial assets at FVOCI HK$'000	Financial assets at FVPL HK$'000
At 31 March 2018	39,945	67,576
Addition	-	88,960
Fair value gain recognised in OCI	2,914	-
Fair value gain/(loss) recognised in profit or loss	8	(3,902)
At 31 March 2019	42,867	152,634
Addition/(disposal)	**56,281**	**(63,131)**
Fair value gain recognised in OCI	**408**	**–**
Fair value (loss)/gain recognised in profit or loss	**(1,074)**	**3,311**
At 31 March 2020	**98,482**	**92,814**

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing this consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st March 2019.

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

(A) ESTIMATE OF FAIR VALUE OF INVESTMENT PROPERTIES

At 31st March 2020, the Group had investment properties with fair value of HK$9,693,400,000 (2019: HK$9,778,075,000). 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; and

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

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

Detail of the judgement and assumptions have been disclosed in note 14.

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

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

The Group held a 100% interest in a piece of land ("Property" or "Land") situated in Seac Pai Van, Coloane, Macau. This property held for development for sale is stated at lower of cost and net realisable value. In February 2017, Macau government has officially declared expiry of the land concession and reclaimed the land, thus full provision of HK$799 million for the Property was made by the Group in the year ended 31st March 2017.

Several defence and appeal were filed since then. In November 2019, the Second Instance Court dismissed the opposition and appeal. In December 2019, another appeal was filed to the Last Instance Court of Macau against the first appeal decision. The legal proceeding is still continuing.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

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

Management have performed an updated assessment and consider the provision still applicable. The Directors will review the provision from time to time according to the development of the circumstances surrounding this case.

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

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

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

(D) INCOME TAXES

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

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

(E) EXPECTED CREDIT LOSS AND IMPAIRMENT FOR FINANCIAL INVESTMENTS

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

5 SEGMENT INFORMATION

The Group is principally engaged in property 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, financial investments, other non-current assets, hotel inventories, properties under development/held for sale and trade and other receivables. Segment liabilities comprise mainly borrowings, trade and other payables and contract liabilities.

	Property sales HK$'000	Property leasing HK$'000	Hotel and travel HK$'000	Financial investments HK$'000	Others HK$'000	Total HK$'000
2020						
Segment revenue	170	213,202	297,203	2,059,830	61,633	2,632,038
Contribution to segment results	(4,763)	175,479	24,493	2,055,585	50,798	2,301,592
Depreciation	(11,818)	–	(189,695)	–	(16,219)	(217,732)
Net investment loss	–	–	–	(157,030)	–	(157,030)
Fair value loss of investment properties	–	(125,949)	–	–	–	(125,949)
Share of profits less losses of						
Joint ventures	63,758	–	–	–	675	64,433
Associated companies	–	(140,976)	–	–	(1,859)	(142,835)
Segment results	47,177	(91,446)	(165,202)	1,898,555	33,395	1,722,479
Unallocated corporate expenses						(177,625)
Net finance costs						(625,394)
Profit before income tax						919,460

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
2019						
Segment revenue	1,350	209,248	543,367	1,634,504	31,409	2,419,878
Contribution to segment results	(22,102)	180,320	209,779	1,630,115	22,681	2,020,793
Depreciation	(18,310)	-	(165,752)	-	(11,835)	(195,897)
Net investment loss	-	-	-	(529,275)	-	(529,275)
Fair value gain of investment properties	-	842,813	-	-	-	842,813
Share of profits less losses of						
Joint ventures	10,647	-	-	-	6,103	16,750
Associated companies	-	55,062	-	-	(469)	54,593
Segment results	(29,765)	1,078,195	44,027	1,100,840	16,480	2,209,777
Unallocated corporate expenses						(169,466)
Net finance costs						(514,063)
Profit before income tax						1,526,248

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
2020							
Assets	**6,571,129**	**11,011,535**	**6,193,625**	**16,928,607**	**261,943**	**2,926,046**	**43,892,885**
Assets include:							
Joint ventures and associated companies	**5,309,006**	**1,273,754**	**-**	**-**	**48,425**	**2,176**	**6,633,361**
Addition to non-current assets*	**577,374**	**24,719**	**18,241**	**-**	**5,170**	**51,039**	**676,543**
Liabilities							
Borrowings	**3,167,531**	**1,001,890**	**3,522,554**	**1,862,545**	**-**	**9,234,316**	**18,788,836**
Other liabilities							**1,977,663**
							20,766,499
2019							
Assets	5,879,004	11,316,795	6,402,363	18,044,330	214,608	1,815,569	43,672,669
Assets include:							
Joint ventures and associated companies	3,938,947	1,495,579	-	-	34,668	3,081	5,472,275
Addition to non-current assets*	79,338	10,695	58,062	-	12,360	-	160,455
Liabilities							
Borrowings	3,216,658	1,049,841	3,407,533	1,897,949	-	7,269,214	16,841,195
Other liabilities							2,001,316
							18,842,511

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

5 SEGMENT INFORMATION (Continued)

	2020 HK$'000	2019 HK$'000
Revenue		
Hong Kong	**617,902**	791,509
Overseas	**2,014,136**	1,628,369
	2,632,038	2,419,878
Non-current assets*		
Hong Kong	**21,413,014**	20,084,470
Overseas	**3,036,417**	2,782,952
	24,449,431	22,867,422

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

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

	2020 HK$'000	2019 HK$'000
Revenue from contracts with customers		
- Recognised at a point in time	**20,388**	42,141
- Recognised over time	**332,457**	527,340
	352,845	569,481
Other sources	**247,435**	242,062
	600,280	811,543

6 NET INVESTMENT LOSS

	2020 HK$'000	2019 HK$'000
Financial assets at FVPL		
- net unrealised gain/(loss) from market price movements	**12,151**	(113,047)
- net unrealised exchange loss	**(3,083)**	(24,846)
- net realised gain/(loss) (note(a))	**36,887**	(8,779)
Financial assets at FVOCI		
- net unrealised exchange (loss)/gain	**(172,235)**	4,561
- net realised gain (note (b))	**62,041**	52,222
- changes in expected credit losses and other credit impairment charges (note (c))	**(92,791)**	(441,112)
Derivative financial instruments		
- net realised gain	**–**	1,726
	(157,030)	(529,275)

Note:

	2020 HK$'000	2019 HK$'000
a) Net realised gain/(loss) on financial assets at FVPL		
Gross consideration	**1,196,960**	333,006
Cost of investments	**(973,432)**	(488,048)
Total gain/(loss)	**223,528**	(155,042)
(Less)/add: net unrealised (gain)/loss recognised in prior years	**(186,641)**	146,263
Net realised gain/(loss) recognised in current year	**36,887**	(8,779)
b) Net realised gain on financial assets at FVOCI		
Gross consideration	**4,716,262**	4,514,768
Cost of investments	**(4,622,687)**	(4,428,894)
Total gain	**93,575**	85,874
Transfer from investment revaluation reserve	**(31,534)**	(33,652)
Net realised gain recognised in current year	**62,041**	52,222

6 NET INVESTMENT LOSS (Continued)

Note: (Continued)

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

	2020 **HK$'000**	2019 HK$'000
Opening loss allowance as at 1st April	**(588,370)**	(147,258)
Increase in loss allowance recognised in consolidated profit and loss account	**(92,791)**	(441,112)
Closing loss allowance as at 31st March	**(681,161)**	(588,370)

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

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

6 NET INVESTMENT LOSS (Continued)

Supplementary information of net investment loss on financial investments:

During the year, 11 debt securities and 9 equity securities had been disposed of/redeemed. Listed below are the securities disposed, redeemed or exchanged that contributed to the majority of realised gain/loss.

	Realised gain/(loss) in this year HK$'000
Debt Securities	
Ronshine China Holdings Limited ("Ronshine") 11.25% notes	43,484
Modern Land (China) Co., Limited ("Modern Land") 15.5% notes	9,837
Jiayuan International Group Limited ("Jiayuan") 12% notes	9,250
Xinyuan Real Estate Co., Limited ("Xinyuan") 9.875% notes	4,720
Mingfa Group (International) Company Limited ("Mingfa") 15% notes	(4,730)
Others	(520)
Equity Securities	
Citigroup Inc. ("Citigroup")	89,610
Royal Bank of Scotland ("RBS")	(13,174)
Lloyds Banking Group ("Lloyds")	(10,166)
Others	467
Unlisted fund	
Bohai Betta LP	(29,850)
	98,928

6 NET INVESTMENT LOSS (Continued)

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

Modern Land is principally engaged in real estate development, property development, hotel operation, project management, real estate agency services in the PRC. Its shares are listed on HKEX (stock code: 1107). The notes derecognised were rated "B3" by Moody's and were listed on SGX-ST.

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

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

Mingfa is principally engaged in property development, property investment and hotel operation in the PRC. Its shares are listed on the HKEX (stock: 846). The notes derecognised were not rated and were listed on SGX-ST.

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

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

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

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

Net unrealised loss for the year was generated from the fair value changes of the financial investments that comprised 70 (2019: 58) securities as at 31st March 2020. Please refer to note 18 for the details.

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

	2020 **HK$'000**	2019 HK$'000
Equity securities	**8,449**	(128,914)
Debt securities	**(172,147)**	821
Unlisted fund	**531**	(5,239)
	(163,167)	(133,332)

7 INCOME AND EXPENSES BY NATURE

	2020 HK$'000	2019 HK$'000
Income		
Net rental income (note)	**183,064**	180,320
Interest income from financial assets at FVOCI/FVPL		
Listed investments	**2,001,908**	1,578,378
Unlisted investments	**5,187**	4,056
Interest income from financial assets that are measured at amortised cost		
Joint ventures	**18,562**	11,303
Loan receivables	**2,072**	9,848
Bank deposits	**4,029**	4,750
Dividend income		
Listed investments	**40,168**	49,126
Expenses		
Auditor's remuneration		
Audit services	**10,265**	9,727
Non-audit services	**2,784**	1,911
Cost of properties and goods sold	**80,686**	89,788
Employee benefit expense including Director's emoluments (note 8)	**221,362**	227,569
Impairment/loss allowance for trade receivables	**9,385**	4,242
Loss on disposal of property, plant and equipment	**457**	1,455
Operating lease rental expense for land and buildings	**1,040**	3,416
Note:		
Gross rental income		
Investment properties	**213,148**	208,810
Properties held for sale	**54**	438
	213,202	209,248
Outgoings	**(30,138)**	(28,928)
Net rental income	**183,064**	180,320

8 EMPLOYEE BENEFIT EXPENSE

	2020 **HK$'000**	2019 HK$'000
Wages and salaries	**219,392**	224,823
Retirement benefit costs (note (a))	**5,941**	5,848
	225,333	230,671
Capitalised under properties under development for sale	**(3,971)**	(3,102)
	221,362	227,569

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

Notes:

(a) Retirement benefits costs

	2020 **HK$'000**	2019 HK$'000
Gross contributions	**5,744**	5,831
Termination benefit	**197**	17
Net contributions	**5,941**	5,848

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

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

8 EMPLOYEE BENEFIT EXPENSE (Continued)

Notes: (Continued)

(a) Retirement benefits costs (Continued)

The Group also participates in the MPF schemes, which are available to all employees not joining the ORSO schemes in Hong Kong and in the CPP organised by the Canadian Government for all employees in Canada. Monthly contributions to the MPF scheme and CPP are made equal to 5% (2019: 5%) and 5.10% (2019: 5.10%) respectively, or a fixed sum of the employee's relevant income in accordance with the local legislative requirements.

As at 31st March 2020 and 2019, no forfeiture was available to reduce the Group's future contributions to the ORSO Scheme.

(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 share option scheme as at 31st March 2020 and 2019 are as follows:

Date of grant		Exercise price per share	Expiry date	Number of share options Outstanding as at 31st March 2020 and 2019
11th December 2015	Directors	HK$1.42	10th December 2025	7,000,000

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

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 2020 and 2019 are as follows:

Date of grant		Exercise price per share	Expiry date	Number of share options Outstanding as at 31st March 2020 and 2019
13th March 2014	Employee	HK$2.00	12th March 2024	1,000,000
11th December 2015	Directors	HK$1.38	10th December 2025	7,000,000
				8,000,000

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

Asia Standard Hotel

Details of share options held under the share option scheme of Asia Standard Hotel as at 31st March 2020 and 2019 are as follows:

Date of grant		Exercise price per share	Expiry date	Number of share options Outstanding as at 31st March 2020 and 2019
11th December 2015	Directors	HK$0.343	10th December 2025	28,800,000

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

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) The aggregate amount of emoluments paid and payable to Directors of the Company for the years ended 31st March 2020 and 2019 are set out as below:

Name of Director	Fees	Salaries	Discretionary bonuses	Allowance and benefit in kind	Employer's contribution to retirement benefit scheme	Total emoluments
2020 (in HK$'000)						
Executive						
Mr. Fung Siu To, Clement	–	1,253	183	1,595	42	3,073
Mr. Poon Jing	–	1,303	16,200	13,425	18	30,946
Mr. Poon Hai	–	2,904	15,000	–	36	17,940
Mr. Poon Yeung, Roderick	–	1,892	14,000	–	36	15,928
Mr. Lun Pui Kan	–	1,657	1,000	1,044	134	3,835
Mr. Kwan Po Lam, Phileas	–	2,275	1,000	480	108	3,863
	–	11,284	47,383	16,544	374	75,585
Independent Non-executive						
Mr. Cheung Kwok Wah	300	–	–	–	–	300
Mr. Hung Yat Ming	350	–	–	–	–	350
Mr. Wong Chi Keung	400	–	–	–	–	400
	1,050	–	–	–	–	1,050
	1,050	11,284	47,383	16,544	374	76,635

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

(a) The aggregate amount of emoluments paid and payable to Directors of the Company for the years ended 31st March 2020 and 2019 are set out as below (Continued):

Name of Director	Fees	Salaries	Discretionary bonuses	Allowance and benefit in kind	Employer's contribution to retirement benefit scheme	Total emoluments
2019 (in HK$'000)						
Executive						
Mr. Fung Siu To, Clement	-	1,239	200	1,450	42	2,931
Mr. Poon Jing	-	1,303	14,800	13,119	18	29,240
Mr. Poon Hai	-	2,792	11,680	673	36	15,181
Mr. Poon Yeung, Roderick	-	1,821	10,615	-	36	12,472
Mr. Lun Pui Kan	-	1,564	800	1,044	130	3,538
Mr. Kwan Po Lam, Phileas	-	2,213	2,000	432	105	4,750
	-	10,932	40,095	16,718	367	68,112
Independent Non-executive						
Mr. Cheung Kwok Wah	300	-	-	-	-	300
Mr. Hung Yat Ming	350	-	-	-	-	350
Mr. Wong Chi Keung	400	-	-	-	-	400
	1,050	-	-	-	-	1,050
	1,050	10,932	40,095	16,718	367	69,162

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

(a) The aggregate amount of emoluments paid and payable to Directors of the Company for the years ended 31st March 2020 and 2019 are set out as below (Continued):

Notes:

(i) Total emoluments of HK$76,635,000 (2019: HK$69,162,000) include HK$69,935,000 (2019: HK$62,472,000) paid and payable by subsidiaries of Asia Standard, which in turn include HK$25,394,000 (2019: HK$18,301,000) paid and payable by subsidiaries of Asia Standard Hotel.

(ii) 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 (2019: Nil).

(iii) No transactions, arrangement and 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 and his connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2019: Nil).

(b) The five highest paid individuals in the Group for the year include five (2019: 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	
	2020	2019
HK$1,000,001 – HK$2,000,000	**1**	1
HK$2,000,001 – HK$3,000,000	**3**	3

10 NET FINANCE COSTS

	2020 HK$'000	2019 HK$'000
Interest expense		
Long term bank loans	**(551,709)**	(436,546)
Short term bank loans and overdrafts	**(40,480)**	(42,753)
Medium term notes	**(14,162)**	(17,744)
Lease liabilities	**(140)**	-
Interest income from hedging derivative financial instruments	**239**	740
Interest capitalised (note)	**44,099**	32,361
	(562,153)	(463,942)
Other incidental borrowing costs	**(64,108)**	(49,546)
Net foreign exchange gain/(loss) on borrowings	**4,854**	(4,235)
Fair value (loss)/gain on derivative financial instrument		
Cash flow hedge, transfer from reserve	**(3,987)**	3,660
	(625,394)	(514,063)

Note:

Borrowing costs were capitalised at rates ranged from 2.99% to 4.30% (2019: 2.21% to 3.87%) per annum.

11 INCOME TAX EXPENSE

	2020 HK$'000	2019 HK$'000
Current income tax expense		
Hong Kong profits tax	**(36,687)**	(52,413)
Overseas profits tax	**–**	(6,660)
(Under)/over provision in prior years	**(7,136)**	620
	(43,823)	(58,453)
Deferred income tax credit	**39,827**	27,202
	(3,996)	(31,251)

11 INCOME TAX EXPENSE (Continued)

Hong Kong profits tax is provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the year. Overseas profits tax has been provided on the estimated assessable profit for the year at the rate prevailing in the countries in which the Group operates.

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

	2020 **HK$'000**	2019 HK$'000
Profit before income tax	**919,460**	1,526,248
Add/(less):		
Share of losses/(profits) of joint ventures and associated companies	**78,402**	(71,343)
	997,862	1,454,905
Calculated at a tax rate of 16.5% (2019: 16.5%)	**(164,647)**	(240,059)
(Under)/over provision in prior years	**(7,136)**	620
Effect of different tax rates in other countries	**3,062**	1,577
Income not subject to income tax	**324,043**	407,465
Expenses not deductible for tax purposes	**(116,089)**	(163,550)
Tax losses not recognised	**(39,314)**	(32,656)
Utilisation of previously unrecognised tax losses	**36**	328
Others	**(3,951)**	(4,976)
Income tax expense	**(3,996)**	(31,251)

12 DIVIDENDS

	2020 **HK$'000**	2019 HK$'000
Interim, nil (2019: Nil)	**–**	-
Final, proposed, nil (2019: HK1.8 cents) per share	**–**	15,136
	–	15,136

At a meeting held on 26th June 2020, the Board of Directors has resolved not to recommend the payment of a final dividend for the year ended 31st March 2020 (2019: HK1.8 cents per share).

13 EARNINGS PER SHARE

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

	2020 **HK$'000**	2019 HK$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	**553,577**	810,091
Effect of dilutive potential shares:		
A portion of share options of the subsidiaries assumed to be exercised	**–**	(789)
Profit for calculation of diluted earnings per share	**553,577**	809,302

	Number of shares	
Weighted average number of shares for calculation of basic earnings per share	**840,873,996**	840,873,996
Effect of dilutive potential shares:		
A portion of share options of the Company assumed to be exercised	**–**	1,090,369
Weighted average number of shares for calculation of diluted earnings per share	**840,873,996**	841,964,365

The diluted earnings per share is equal to the basic earnings per share since there exist no dilutive potential share during the year ended 31st March 2020.

14 INVESTMENT PROPERTIES

	2020 HK$'000	2019 HK$'000
At the beginning of the year	**9,778,075**	8,924,567
Addition	**24,719**	10,695
Transferred from property, plant and equipment	**93,119**	-
Transferred to property, plant and equipment (note 15)	**(76,564)**	-
Net fair value (loss)/gain	**(125,949)**	842,813
At the end of the year	**9,693,400**	9,778,075

As at 31st March 2020 the aggregate net book value of investment properties pledged as securities for loans amounted to HK$9,682,005,000 (2019: HK$9,778,075,000).

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

VALUATION TECHNIQUES AND PROCESS

Investment properties were revalued by Prudential Surveyors (Hong Kong) Limited, independent professional valuers, on an open market value basis as at 31st March 2020 and 2019.

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 2020	2019
Office	Direct comparison	Adjusted market price (HK$/square feet)	**23,500 – 36,800**	22,400 - 34,600
Retail – Ground floor	Direct comparison	Adjusted market price (HK$/square feet)	**42,500 – 120,700**	47,300 - 134,900
Retail – Others	Direct comparison	Adjusted market price (HK$/square feet)	**14,000 – 28,000**	16,300 - 32,700

Notes to the Financial Statements

15 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land in Hong Kong HK$'000	Hotel buildings HK$'000	Other buildings HK$'000	Other equipments HK$'000	Right-of-use assets HK$'000	Total HK$'000
Cost						
At 31st March 2018	6,836,476	2,172,676	326,574	182,845	-	9,518,571
Currency translation differences	-	-	-	(1,685)	-	(1,685)
Additions	2,110	56,384	27,784	13,609	-	99,887
Disposals	-	(978)	-	(1,787)	-	(2,765)
At 31st March 2019	6,838,586	2,228,082	354,358	192,982	-	9,614,008
Accumulated depreciation						
At 31st March 2018	962,048	752,360	16,991	71,480	-	1,802,879
Exchange differences	-	-	-	(531)	-	(531)
Charge for the year	94,604	64,832	3,398	33,063	-	195,897
Disposals	-	(575)	-	(734)	-	(1,309)
At 31st March 2019	1,056,652	816,617	20,389	103,278	-	1,996,936
Net book value						
At 31st March 2019	5,781,934	1,411,465	333,969	89,704	-	7,617,072
Cost						
At 31st March 2019	6,838,586	2,228,082	354,358	192,982	-	9,614,008
Adoption of HKFRS 16 on 1st April 2019	(6,838,586)	-	-	-	6,840,512	1,926
Currency translation differences	-	-	-	(3,101)	(66)	(3,167)
Additions	-	18,241	31,020	21,124	4,812	75,197
Transferred from properties under development for sale	-	-	61,938	-	579,914	641,852
Transferred from investment properties	-	-	4,463	-	72,101	76,564
Transferred to investment properties	-	-	(6,479)	-	(66,938)	(73,417)
Disposals	-	(118)	-	(1,068)	-	(1,186)
At 31st March 2020	**-**	**2,246,205**	**445,300**	**209,937**	**7,430,335**	**10,331,777**
Accumulated depreciation						
At 31st March 2019	1,056,652	816,617	20,389	103,278	-	1,996,936
Adoption of HKFRS 16 on 1st April 2019	(1,056,652)	-	-	-	1,056,652	-
Currency translation differences	-	-	-	(2,286)	(24)	(2,310)
Charge for the year	-	73,861	4,702	27,266	111,903	217,732
Transferred to investment properties	-	-	(798)	-	(1,724)	(2,522)
Disposals	-	(55)	-	(674)	-	(729)
At 31st March 2020	**-**	**890,423**	**24,293**	**127,584**	**1,166,807**	**2,209,107**
Net book value						
At 31st March 2020	**-**	**1,355,782**	**421,007**	**82,353**	**6,263,528**	**8,122,670**

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

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

	2020 HK$'000	2019 HK$'000
Hotel properties		
Hotel buildings	**1,355,782**	1,411,465
Hotel leasehold land	**4,758,973**	4,864,959
	6,114,756	6,276,424

Supplementary information with hotel properties in operation at valuation:

The aggregate open market value, on a highest and best use basis, of the five (2019: five) completed hotel properties in Hong Kong based on valuations conducted by Vigers Appraisal & Consulting Limited ("Vigers"), independent professional valuers, is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13. The five (2019: five) hotel properties in Hong Kong amounted to HK$11,669,800,000 (2019: HK$12,297,900,000).

The hotel properties portfolio in Hong Kong comprised five (2019: five) hotels. Vigers used the discounted cash flow ("DCF") method, which is considered the most appropriate valuation approach for assessing the market value of the properties as it would better reflect specific characteristics of the income-producing properties such as occupancies, average room rates, potential income growth and all out-goings, subject to future economic conditions in the markets.

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.

(b) As at 31st March 2020, the aggregate net book value of property, plant and equipment pledged as security for loans amounted to HK$7,964,827,000 (2019: HK$7,456,310,000).

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes: (Continued)

(c) Right-of-use assets

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

	2020	2019
	HK$'000	HK$'000
Right-of-use assets		
Leasehold land in Hong Kong	**6,259,096**	-
Leased properties – offices and warehouses	**4,432**	-
	6,263,528	-

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

	For the year ended 31st March	
	2020	2019
	HK$'000	HK$'000
Depreciation charge of right-of-use assets		
Leasehold land in Hong Kong	**109,639**	-
Leased properties – offices and warehouses	**2,264**	-
	111,903	-

16 JOINT VENTURES AND ASSOCIATED COMPANIES

	2020 HK$'000	2019 HK$'000
Investment in		
Joint ventures	**3,376,264**	2,750,522
Associated companies	**1,275,930**	1,498,660
	4,652,194	4,249,182
Amount due from		
Joint ventures	**1,981,016**	1,221,930
Associated companies	**151**	1,163
	1,981,167	1,223,093

(A) JOINT VENTURES

	2020 HK$'000	2019 HK$'000
Share of net assets	**3,376,264**	2,750,522
Advances to joint ventures	**2,125,780**	1,366,694
Provision for advances to joint ventures	**(144,764)**	(144,764)
	5,357,280	3,972,452
Amount due to a joint venture included in current liabilities	**(213,951)**	(199,855)
	5,143,329	3,772,597

Advances to joint ventures are made to finance property development projects. The advances to joint ventures are denominated in Hong Kong dollar and Canadian dollar. As at 31st March 2020, except for an amount of HK$306,076,000 (2019: HK$253,499,000) and HK$330,485,000 (2019: HK$317,800,000) advance to joint ventures which is bearing interest at 1% (2019: 1%) above The Hong Kong and Shanghai Banking Corporation ("HSBC") prime rate per annum and 15% (2019: 15%) per annum respectively. The advances to joint ventures are unsecured, interest free and have no fixed terms of repayment. The interest amounted to HK$79,592,000 (2019: HK$60,071,000). The carrying amounts of the advances approximate their fair values. The Group has provided financial guarantee for banking facilities granted to certain joint ventures (note 32). There are no contingent liabilities relating to the Group's interests in joint ventures.

16 JOINT VENTURES AND ASSOCIATED COMPANIES (Continued)

(A) JOINT VENTURES (Continued)

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

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

	2020 **HK$'000**	2019 HK$'000
Profit before income tax	**120,927**	38,527
Income tax expense	**(56,494)**	(21,777)
Profit for the year	**64,433**	16,750
Other comprehensive charge	**(141,188)**	(130,908)
Total comprehensive charge for the year	**(76,755)**	(114,158)

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

(B) ASSOCIATED COMPANIES

	2020 **HK$'000**	2019 HK$'000
Share of net assets (note (a))	**1,275,930**	1,498,660
Advances to associated companies	**420,884**	421,990
Provisions for advances to associated companies	**(420,733)**	(420,827)
	1,276,081	1,499,823
Amount due to an associated company included in current liabilities	**(224,400)**	(224,400)
	1,051,681	1,275,423

As at 31st March 2020 and 2019, the shares of an associated company are pledged to secure the loan facilities granted to the Group.

16 JOINT VENTURES AND ASSOCIATED COMPANIES (Continued)

(B) ASSOCIATED COMPANIES (Continued)

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

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.

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

	2020 **HK$'000**	2019 HK$'000
(Loss)/profit before income tax (note (b))	**(141,271)**	57,227
Income tax expense	**(1,564)**	(2,634)
(Loss)/profit and total comprehensive (charge)/income for the year	**(142,835)**	54,593

Notes:

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

(b) Mainly represented share of fair value (loss)/gain arising from the revaluation of an investment property held by an associated company. The investment property was revalued by Prudential Surveyors (Hong Kong) Limited, independent professional valuers, on an open market value basis as at 31st March 2020 and 2019 using the following significant unobservable inputs.

	Valuation techniques	**Unobservable inputs**	**Range of unobservable inputs 2020**	**2019**
Office	Direct comparison	Adjusted market price (HK$/square feet)	**16,500 - 20,000**	18,000 - 20,100
Retail - Ground floor	Direct comparison	Adjusted market price (HK$/square feet)	**273,400 - 353,700**	223,100 - 632,500
Retail - Others	Direct comparison	Adjusted market price (HK$/square feet)	**14,400 - 55,400**	17,100 - 61,000

17 LOAN RECEIVABLES

	2020 HK$'000	2019 HK$'000
Mortgage loan receivables	**1,411**	1,577
Less: current portion included in current assets	**(176)**	(166)
	1,235	1,411

The loan receivables carry interest at HSBC prime rate plus 1.5% (2019: HSBC prime rate plus 1.5%) per annum. The loan receivables are denominated in Hong Kong dollar. The carrying amounts of the loan receivables approximate their fair value.

18 FINANCIAL INVESTMENTS

	2020 HK$'000	2019 HK$'000
Non-current assets		
Equity securities		
– Listed in Hong Kong	**282,622**	527,871
– Unlisted	**98,482**	42,867
Unlisted fund	**92,814**	71,770
	473,918	642,508
Current assets		
Equity securities		
– Listed in Hong Kong	**81,363**	89,221
– Listed in the USA	**–**	784,841
– Listed in Europe	**–**	252,610
	81,363	1,126,672

18 FINANCIAL INVESTMENTS (Continued)

	2020 HK$'000	2019 HK$'000
Debt securities		
- Listed in Singapore	**13,602,445**	14,277,867
- Listed in Europe	**1,538,348**	1,174,864
- Listed in Hong Kong	**577,536**	245,784
- Unlisted	**50,700**	51,479
	15,769,029	15,749,994
Unlisted fund	**6,321**	89,963
	15,856,713	16,966,629
	16,330,631	17,609,137
Non-current assets		
Financial assets at FVOCI	**381,104**	570,738
Financial assets at FVPL	**92,814**	71,770
	473,918	642,508
Current assets		
Financial assets at FVOCI	**15,717,051**	15,697,029
Financial assets at FVPL	**139,662**	1,269,600
	15,856,713	16,966,629
	16,330,631	17,609,137

Notes:

(a) As at 31st March 2020, financial investments equivalent to HK$2,557,387,000 (2019: HK$2,119,511,000) were pledged as security for borrowings.

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

	2020 HK$'000	2019 HK$'000
United States dollar	**15,639,954**	16,630,943
Hong Kong dollar	**614,685**	668,571
Sterling	**58,613**	308,137
Japanese Yen	**16,101**	–
Euro	**1,278**	1,486
	16,330,631	17,609,137

18 FINANCIAL INVESTMENTS (Continued)

Supplementary information of financial investments:

EQUITY SECURITIES

As at 31st March 2020, the Group held 19 (2019: 25) listed equity securities and 2 (2019: 1) unlisted equity securities. The summary of equity securities portfolio of financial investments as at 31st March 2020 and 2019 and their corresponding unrealised gain/(loss) and dividend income for the year ended 31st March 2020 and 2019 are as follows:

	Market value as at 31st March		Unrealised gain/(loss) for the year ended 31st March		Dividend income for the year ended 31st March	
	2020	2019	**2020**	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
MGM China ("MGM")	**148,056**	333,109	**(158,512)**	(77,698)	**2,390**	3,266
HSBC Holdings PLC ("HSBC")	**134,566**	194,762	**(60,196)**	(30,784)	**7,173**	12,196
Citigroup	**–**	781,642	**–**	(66,168)	**9,794**	20,964
Lloyds	**–**	133,300	**–**	(16,404)	**6,782**	8,756
RBS	**–**	119,311	**–**	(15,613)	**11,804**	975
Others	**179,845**	135,287	**8,857**	(27,815)	**2,225**	2,969
	462,467	1,697,411	**(209,851)**	(234,482)	**40,168**	49,126

MGM is a company principally engaged in development and operation of casino game and related hotel and resort facilities in Macau, and its shares are listed on HKEX (stock code: 2282). As at 31st March 2020, a total of 0.5% of shareholding of MGM was held by the Group.

HSBC is the banking and financial services company. It operates across various geographical regions, and its shares are listed on HKEX (stock code: 5) with an "A" rated by S&P. As at 31st March 2020, a total of 0.02% of shareholding of HSBC was held by the Group.

Part of an equity security measured at FVOCI with no dividend income recognised during the year had been sold during the year ended 31 March 2020. The fair value of the financial investment at the date of derecognition was approximately HK$26,727,000 with cumulative gain on disposal of approximately HK$1,682,000.

18 FINANCIAL INVESTMENTS (Continued)

DEBT SECURITIES

As at 31st March 2020, the Group held 44 (2019: 28) debt securities, 36 of them are listed in Singapore, 2 in Hong Kong, 3 in Europe and 3 is unlisted. Approximately 98% (2019: 99%) of the mark to market valuation comprising 40 (2019: 26) debt securities were issued by PRC-based real estate companies, the shares of which are all listed in Hong Kong with the exception of 1 that is listed in the United States.

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

	As at 31st March	
	2020	2019
	HK$'000	HK$'000
Principal amount of notes	**19,736,557**	17,103,090
Investment cost	**19,037,896**	16,650,598
Market value	**15,769,028**	15,749,994
Coupon	**7% to 15.5%**	7.25% to 15.5%
Maturity	**May 2020 – Jun 2025**	Sep 2018 – Oct 2042
Rating	**NR to B**	NR to B

	For the year ended 31st March	
	2020	2019
	HK$'000	HK$'000
Interest income	**2,007,095**	1,582,434
Unrealised (loss)/gain		
– to profit and loss account	**(172,147)**	821
– other comprehensive income	**(2,086,601)**	(515,309)

As at 31st March 2020, the 44 (2019: 28) debt securities of financial investments gave rise to a net unrealised fair value loss of HK$2,259 million (2019: HK$514 million) for the year ended 31st March 2020. A total of 8 (2019: 17) debt securities have recorded unrealised fair value gain, with the remaining 36 (2019: 11) debt securities that recorded unrealised fair value losses.

18 FINANCIAL INVESTMENTS (Continued)

DEBT SECURITIES (Continued)

As at 31st March 2020, the mark to market valuation of the largest single debt securities within the Group's financial investments represents approximately 8.0% (2019: 10.0%) of the Group's revalued total assets, and the mark to market valuation of the five largest debt securities held represents approximately 27.2% (2019: 19.6%). The remaining 39 debt securities represent 26.7% of the Group's revalued total assets, with each of them less than 1.8%.

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

	Market value				Unrealised gain/(loss) for the year ended 31st March		Interest income for the year ended 31st March	
	31st March 2020 HK$'000	**% of the debt securities portfolio**	31st March 2019 HK$'000	% of the debt securities portfolio	**2020 HK$'000**	2019 HK$'000	**2020 HK$'000**	2019 HK$'000
Kaisa 9.375% notes	**3,976,028**	**25%**	4,945,726	31%	**(969,698)**	(135,024)	**542,477**	520,250
Jiayuan 11.375% notes	**1,220,368**	**7%**	-	-	**(27,176)**	-	**153,750**	-
Mingfa 11% notes	**1,063,793**	**7%**	1,092,296	7%	**(28,503)**	(14,201)	**120,228**	120,723
Evergrande 8.75% notes	**919,144**	**6%**	1,177,942	7%	**(258,797)**	(72,008)	**108,909**	110,091
Xinyuan 8.875% notes	**784,697**	**5%**	896,917	5%	**(112,220)**	11,944	**107,552**	83,346

" Kaisa 9.375% notes", issued by Kaisa Group Holdings Limited ("Kaisa") and carries fixed coupon rate of 9.375% per annum. It is denominated in United States dollar ("US$") and matures on 30th June 2024. The notes are rated "B2" by Moody's and listed on SGX-ST. Kaisa is principally engaged in the property development, property investment, property management and hotel and catering operations in the PRC. Its shares are listed on HKEX (stock code: 1638).

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

"Mingfa 11% notes", issued by Mingfa and carries fixed coupon of 11% per annum. It is denominated in US$ and matures on 18th May 2020. The notes are not rated and listed on SGX-ST. Refer to note 6 for principal activities of Mingfa.

"Evergrande 8.75% notes", issued by China Evergrande Group ("Evergrande") and carries fixed coupon of 8.75% per annum. It is denominated in US$ and matures on 28th June 2025. The notes are rated "B2" by Moody's and listed on SGX-ST. Evergrande is principally engaged in the property development, property investment, property management, property construction, hotel operations, finance business, internet business and health industry business in the PRC. Its shares are listed on HKEX (stock code: 3333).

"Xinyuan 8.875% notes", issued by Xinyuan and carries fixed coupon of 8.875% per annum. It is denominated in US$ and matures on 22nd November 2020. The notes are rated "CCC+" by S&P and were listed on SGX-ST. Refer to note 6 for principal activities of Xinyuan.

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

	2020 HK$'000	2019 HK$'000
Properties under development for sale		
Leasehold land	**743,160**	1,434,661
Development costs	**391,607**	314,547
	1,134,767	1,749,208
Completed properties held for sale		
Leasehold land	**2,950**	2,950
Development costs	**730**	730
	3,680	3,680

Notes:

(a) As at 31st March 2020, properties amounting to HK$1,082,668,000 (2019: HK$1,697,874,000) were pledged to banks to secure certain banking facilities of the Group.

(b) As at 31st March 2020 and 2019, all the properties under development for sale were not scheduled for completion within twelve months

20 TRADE AND OTHER RECEIVABLES

	2020 HK$'000	2019 HK$'000
Trade receivables	**38,303**	65,577
Less: Loss allowance	**(3,098)**	(7,340)
	35,205	58,237
Accrued interest and dividend receivables	**581,409**	435,289
Loan receivables	**28,619**	166
Prepayments	**24,758**	13,775
Utility and other deposits	**16,245**	10,421
Other receivables	**42,659**	37,721
	728,895	555,609

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

	2020 HK$'000	2019 HK$'000
0 month to 6 months	**34,732**	55,677
7 months to 12 months	**15**	1,588
More than 12 months	**458**	972
	35,205	58,237

Movement on loss allowance for trade receivable are as follows:

	2020 HK$'000	2019 HK$'000
At the beginning of the year	**7,340**	3,098
(Write-off)/increase in loss allowance	**(4,242)**	4,242
At the end of the year	**3,098**	7,340

20 TRADE AND OTHER RECEIVABLES (Continued)

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

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

	2020	2019
	HK$'000	HK$'000
United States dollar	**573,611**	435,289
Hong Kong dollar	**133,888**	100,246
Canadian dollar	**20,018**	19,687
Renminbi	**1,378**	387
	728,895	555,609

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.

21 BANK BALANCES AND CASH

	2020 HK$'000	2019 HK$'000
Cash at bank and in hand	**562,656**	228,857
Short term bank deposits	**386,625**	376,500
Cash and cash equivalents	**949,281**	605,357
Restricted bank balances	**169,092**	194,946
	1,118,373	800,303

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

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

	2020 HK$'000	2019 HK$'000
Hong Kong dollar	**611,553**	492,349
United States dollar	**383,803**	114,701
Canadian dollar	**112,400**	176,929
Renminbi	**6,289**	12,260
Others	**4,328**	4,064
	1,118,373	800,303

22 TRADE AND OTHER PAYABLES

	2020 HK$'000	2019 HK$'000
Trade payables	**11,016**	22,744
Accrual and other payables	**105,517**	103,191
Building management account surplus	**4,631**	6,543
Rental and management fee deposits	**50,928**	50,730
Medium term notes interest payable	**2,520**	3,360
Lease liabilities	**2,107**	-
	176,719	186,568

Aging analysis of trade payables is as follows:

	2020 HK$'000	2019 HK$'000
0 month to 6 months	**10,350**	21,950
7 months to 12 months	**80**	206
More than 12 months	**586**	588
	11,016	22,744

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

23 CONTRACT LIABILITIES

	2020 HK$'000	2019 HK$'000
Deposits received in advance from customers	**197,582**	199,405
At the beginning of the year	**199,405**	56,833
Net increase for transactions during the current year	**8,533**	144,391
Exchange differences	**(10,356)**	(1,819)
At the end of the year	**197,582**	199,405

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

24 BORROWINGS

	2020 HK$'000	2019 HK$'000
Current liabilities		
Short term bank loans		
Secured	2,564,747	1,713,181
Unsecured	1,084,825	729,825
Current portion of long term bank loans		
Secured	1,377,682	1,141,870
Unsecured	1,117,290	776,286
	6,144,544	4,361,162
Non-current liabilities		
Long term bank loans		
Secured	8,237,717	8,038,349
Unsecured	4,406,575	4,441,684
	12,644,292	12,480,033
	18,788,836	16,841,195

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

	2020 HK$'000	2019 HK$'000
Repayable within one year	2,494,972	1,918,156
Repayable between one and two years	4,831,718	2,878,358
Repayable between two and five years	7,312,574	8,771,875
Repayable after five years	500,000	829,800
	15,139,264	14,398,189
Current portion included in current liabilities	(2,494,972)	(1,918,156)
	12,644,292	12,480,033

24 BORROWINGS (Continued)

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

	2020 HK$'000	2019 HK$'000
Hong Kong dollar	**17,645,216**	16,681,354
United States dollar	**1,074,747**	86,350
Canadian dollar	**68,873**	73,491
	18,788,836	16,841,195

The interest rates of the borrowing at the balance sheet date range from 1.49% to 4.64% (2019: from 2.73% to 4.51%) per annum.

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

25 MEDIUM TERM NOTES

	2020 HK$'000	2019 HK$'000
Unlisted		
HK$100 million at coupon of 4.8% per annum due July 2019	**–**	100,000
HK$250 million at coupon of 3% above HIBOR per annum due April 2020	**250,000**	250,000
	250,000	350,000
Less: deferred issue expenses	**(60)**	(1,145)
	249,940	348,855
Included in current liabilities	**(249,940)**	(99,820)
	–	249,035

The carrying amounts of these notes approximate their fair values

26 DERIVATIVE FINANCIAL INSTRUMENTS

	2020 HK$'000	2019 HK$'000
Non-current liability		
Interest rate swap contracts	39,048	–

The principal amounts of the outstanding interest rate swaps were HK$4,900,000,000 (2019: Nil).

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

27 DEFERRED INCOME TAX

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

	2020 HK$'000	2019 HK$'000
Deferred income tax assets	100,184	60,731
Deferred income tax liabilities	(729,184)	(732,794)
	(629,000)	(672,063)

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	
	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000	2020 HK$'000	2019 HK$'000
At the beginning of the year	38	8	73,197	53,613	56,264	56,264	129,499	109,885
Recognised in the profit and loss account	(38)	30	35,218	19,584	–	–	35,180	19,614
At the end of the year	–	38	108,415	73,197	56,264	56,264	164,679	129,499

27 DEFERRED INCOME TAX (Continued)

DEFERRED INCOME TAX LIABILITIES

	Accelerated tax depreciation		Revaluation of properties		Fair value adjustments		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**(101,477)**	(96,813)	**(615,650)**	(628,065)	**(84,435)**	(82,274)	**(801,562)**	(807,152)
Recognised in the profit and loss account	**(6,319)**	(4,664)	**12,415**	12,415	**(1,471)**	(163)	**4,625**	7,588
Recognised in the investment reserve	**–**	–	**–**	–	**3,258**	(1,998)	**3,258**	(1,998)
At the end of the year	**(107,796)**	(101,477)	**(603,235)**	(615,650)	**(82,648)**	(84,435)	**(793,679)**	(801,562)

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$109 million (2019: HK$97 million) in respect of losses amounting to HK$616 million (2019: HK$560 million) that can be carried forward against future taxable income. As at 31st March 2020, except for the tax losses of HK$644 million (2019: HK$536 million) which have no expiry date, the balance will expire at various dates up to and including 2039.

28 SHARE CAPITAL

Shares of HK$0.1 each	**Number of shares**	**Amount**
		HK$'000
Authorised:		
At 31st March 2020 and 2019	**3,000,000,000**	300,000

	Number of shares		Amount	
	2020	2019	**2020**	2019
			HK$'000	HK$'000
Issued and fully paid:				
At the beginning and the end of the year	**840,873,996**	840,873,996	**84,087**	84,087

29 RESERVES

	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Share options reserve HK$'000	Hedging reserve HK$'000	Investment revaluation reserve HK$'000	Property revaluation reserve HK$'000	Currency translation reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
At 31st March 2018	2,257,745	398,021	60,257	4,111	1,318	(60,521)	19,657	14,843	9,751,291	12,446,722
Net fair value loss on financial assets at FVOCI	-	-	-	-	-	(149,947)	-	-	-	(149,947)
Cash flow hedges										
- fair value gain	-	-	-	-	930	-	-	-	-	930
- transfer to finance costs	-	-	-	-	(1,895)	-	-	-	-	(1,895)
- realised loss	-	-	-	-	(353)	-	-	-	-	(353)
Currency translation differences	-	-	-	-	-	-	-	(72,896)	-	(72,896)
Profit for the year	-	-	-	-	-	-	-	-	810,091	810,091
2018 final dividend	-	-	-	-	-	-	-	-	(20,181)	(20,181)
At 31st March 2019	2,257,745	398,021	60,257	4,111	-	(210,468)	19,657	(58,053)	10,541,201	13,012,471
Representing:										
2019 final dividend proposed	-	-	-	-	-	-	-	-	20,181	20,181
Others	2,257,745	398,021	60,257	4,111	-	(210,468)	19,657	(58,053)	10,521,020	12,992,290
At 31st March 2019	2,257,745	398,021	60,257	4,111	-	(210,468)	19,657	(58,053)	10,541,201	13,012,471
At 31st March 2019	2,257,745	398,021	60,257	4,111	-	(210,468)	19,657	(58,053)	10,541,201	13,012,471
Financial assets at FVOCI										
- net fair value loss	-	-	-	-	-	(1,314,682)	-	-	-	(1,314,682)
- realised gain of equity securities	-	-	-	-	-	96	-	-	-	96
Transfer gain on disposal of equity securities at FVOCI to revenue reserve	-	-	-	-	-	(871)	-	-	871	-
Revaluation gain arising from transfer of property, plant and equipment to investment property	-	-	-	-	-	-	11,510	-	-	11,510
Cash flow hedges										
- fair value loss	-	-	-	-	(19,953)	-	-	-	-	(19,953)
- transfer to finance costs	-	-	-	-	2,065	-	-	-	-	2,065
Currency translation differences	-	-	-	-	-	-	-	(84,355)	-	(84,355)
Profit for the year	-	-	-	-	-	-	-	-	553,577	553,577
2019 final dividend	-	-	-	-	-	-	-	-	(15,136)	(15,136)
At 31st March 2020	**2,257,745**	**398,021**	**60,257**	**4,111**	**(17,888)**	**(1,525,925)**	**31,167**	**(142,408)**	**11,080,513**	**12,145,593**

30 COMMITMENTS

Commitments at the balance sheet date are as follows:

	2020 HK$'000	2019 HK$'000
Contracted but not provided for		
Investment properties	**4,247**	14,538
Property, plant and equipment	**78,579**	4,430
	82,826	18,968

31 OPERATING LEASE ARRANGEMENTS

(A) LESSOR

As at 31st March 2020 and 2019, the future aggregate minimum rental receipts receivable under non-cancellable operating leases were as follows:

	2020 HK$'000	2019 HK$'000
In respect of land and buildings:		
Within one year	**166,325**	200,102
In the second to fifth year inclusive	**248,742**	320,042
Over five years	**35,761**	72,702
	450,828	592,846

(B) LESSEE

As at 31st March 2020 and 2019, the future aggregate minimum lease payments payable under non-cancellable operating leases were as follows:

	2020 HK$'000	2019 HK$'000
In respect of land and buildings:		
Within one year	**–**	3,204
In the second to fifth year inclusive	**–**	3,128
	–	6,332

32 FINANCIAL GUARANTEES

	2020	2019
	HK$'000	HK$'000
Guarantees for the banking and loan facilities of joint ventures	**2,999,366**	2,732,795

33 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2020	2019
	HK$'000	HK$'000
Profit before income tax	**919,460**	1,526,248
Share of profits less losses of		
Joint ventures	**(64,433)**	(16,750)
Associated companies	**142,835**	(54,593)
Depreciation	**217,732**	195,897
Net investment loss	**157,030**	529,275
Fair value loss/(gain) of investment properties	**125,949**	(842,813)
Loss on disposal of property, plant and equipment	**457**	1,455
Net foreign exchange loss on borrowings	**–**	53
Interest income	**(135,776)**	(105,370)
Interest expense	**625,394**	464,044
Operating profit before working capital changes	**1,988,648**	1,697,446
Decrease in mortgage loans receivable	**166**	678
Increase in properties under development for sale (excluding interest expense capitalised)	**(13,120)**	(798,802)
Decrease/(increase) in hotel and restaurant inventories	**1,471**	(7,524)
Increase in trade and other receivables	**(173,317)**	(10,451)
Net increase in financial investments	**(1,094,415)**	(4,189,142)
Decrease/(increase) in restricted bank balances	**15,424**	(46,813)
Decrease in trade and other payables	**(11,590)**	(128,045)
Increase in contract liabilities	**8,533**	199,405
Net cash generated from/(used in) operations	**721,800**	(3,283,248)

33 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(B) RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings	Medium term notes	Lease liabilities	Total
	HK$'000	HK$'000	HK$'000	HK$'000
At 1st April 2018	12,603,775	656,987	–	13,260,762
Financing cash flows				
Net drawdown/(redemption)	4,224,637	(313,356)	–	3,911,281
Non-cash changes				
Amortisation of loan facilities fee and issue expenses	14,574	1,564	–	16,138
Exchange translation differences	(1,791)	3,660	–	1,869
At 31st March 2019	16,841,195	348,855	–	17,190,050
At 31st March 2019	16,841,195	348,855	–	17,190,050
Adoption of HKFRS 16	–	–	1,926	1,926
At 1st April 2019	16,841,195	348,855	1,926	17,191,976
Financing cash flows				
Net drawdown/(redemption)	1,913,705	(100,000)	–	1,813,705
Lease payment	–	–	(2,254)	(2,254)
Non-cash changes				
Amortisation of loan facilities fee and issue expenses	38,555	1,085	–	39,640
Addition of lease liabilities	–	–	4,812	4,812
Exchange translation differences	(4,619)	–	(42)	(4,661)
At 31st March 2020	**18,788,836**	**249,940**	**4,442**	**19,043,218**

34 RELATED PARTY TRANSACTIONS

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

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

KEY MANAGEMENT COMPENSATION

	2020 **HK$'000**	2019 HK$'000
Fee	**1,050**	1,050
Salaries, allowances and benefits in kind	**84,002**	75,969
Employer's contribution to retirement benefit scheme	**410**	403
	85,462	77,422

Key management includes the Company's Directors and four (2019: four) senior management members of the Group. No significant transactions have been entered with the Directors of the Company (being the key management personnel) during the year other than the emoluments paid to them as disclosed in note 9.

35 BALANCE SHEET OF THE COMPANY

As at 31st March 2020

	2020 HK$'000	2019 HK$'000
Non-current assets		
Subsidiaries (note (a))	**2,931,314**	2,931,314
Current assets		
Amount due from subsidiaries	**2,784,060**	2,771,622
Trade and other receivables	**1,086**	137
Bank balances and cash	**444**	222
	2,785,590	2,771,981
Current liabilities		
Trade and other payables	**2,118**	1,125
Net current assets	**2,783,472**	2,770,856
Net assets	**5,714,786**	5,702,170
Equity		
Share capital	**84,087**	84,087
Reserves (note (b))	**5,630,699**	5,618,083
	5,714,786	5,702,170

Fung Siu To, Clement
Director

Lun Pui Kan
Director

35 BALANCE SHEET OF THE COMPANY (Continued)

Notes:

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

Details of the principal subsidiaries are set out in note 36.

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

(b) Reserve movement of the Company

	Share premium HK$'000	Contributed surplus HK$'000	Share options reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
At 31st March 2018	2,257,745	1,895,806	3,066	1,450,006	5,606,623
Profit for the year	-	-	-	31,641	31,641
2018 final dividend	-	-	-	(20,181)	(20,181)
At 31st March 2019	2,257,745	1,895,806	3,066	1,461,466	5,618,083
At 31st March 2019	2,257,745	1,895,806	3,066	1,461,466	5,618,083
Profit for the year	-	-	-	27,752	27,752
2019 final dividend	-	-	-	(15,136)	(15,136)
At 31st March 2020	**2,257,745**	**1,895,806**	**3,066**	**1,474,082**	**5,630,699**

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

36 PRINCIPAL SUBSIDIARIES

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%
Pleasant Ridge Global Limited	Securities investment	US$1	100%
Sunrich Holdings Limited	Securities investment	US$1	100%
Incorporated in Hong Kong			
Asia Orient Company Limited	Investment holding	US$126,729,833	100%
Asia Orient Finance Company Limited	Financing services	HK$1	100%
Asia Orient Management Services Limited	Management services	HK$2	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$200	100%
Prosperity Land Estate Management Limited	Property management	HK$1,500,150	100%
Union Home Development Limited	Investment holding	HK$2	100%

36 PRINCIPAL SUBSIDIARIES (Continued)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
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$40,360,809	35.7%
Asia Standard International Group Limited[3]	Investment holding	HK$13,197,822	51.8%

[1] *Directly subsidiary of the Company.*
[2] *The Group directly holds 2.35%.*
[3] *The Group directly holds 51.79%.*

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

37 EXTRACTS FROM THE PUBLISHED AUDITED FINANCIAL INFORMATION 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 48.2% (2019: 48.2%) were owned by non-controlling interests, that are material to the Group for the year ended 31st March 2020.

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

37 EXTRACTS FROM THE PUBLISHED AUDITED FINANCIAL INFORMATION OF ASIA STANDARD (Continued)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2020

	2020 **HK$'000**	2019 HK$'000
Sales of goods and services, leasing and other revenue	**577,619**	807,714
Interest revenue	**1,797,397**	1,399,766
Total revenue	**2,375,016**	2,207,480
Cost of sales	**(242,868)**	(288,543)
Gross profit	**2,132,148**	1,918,937
Selling and administrative expenses	**(256,051)**	(270,120)
Depreciation	**(140,138)**	(118,282)
Net investment loss		
Net realised and unrealised loss	**(46,553)**	(84,047)
Changes in expected credit losses and other credit impairment charges	**(85,358)**	(398,203)
Fair value (loss)/gain of investment properties	**(123,793)**	852,158
Operating profit	**1,480,255**	1,900,443
Net finance costs	**(594,864)**	(484,975)
Share of profits less losses of		
Joint ventures	**64,433**	16,750
Associated companies	**(142,835)**	54,593
Profit before income tax	**806,989**	1,486,811
Income tax expense	**(12,178)**	(38,722)
Profit for the year	**794,811**	1,448,089
Profit allocated to non-controlling interests	**361,887**	684,906
Dividends paid to non-controlling interests	**21,503**	23,480
Total comprehensive (charge)/income for the year	**(1,540,379)**	1,112,576
Total comprehensive (charge)/income allocated to non-controlling interests	**(815,391)**	519,888

37 EXTRACTS FROM THE PUBLISHED AUDITED FINANCIAL INFORMATION OF ASIA STANDARD (Continued)

CONSOLIDATED BALANCE SHEET

As at 31st March 2020

	2020 **HK$'000**	2019 HK$'000
Non-current assets		
Investment properties	**9,769,964**	9,869,038
Property, plant and equipment	**4,647,644**	4,070,568
Investment in joint ventures and associated companies	**4,615,336**	4,212,324
Amount due from joint ventures and associated companies	**1,981,167**	1,223,093
Loan receivables	**1,235**	1,411
Financial investments	**415,305**	586,982
Deferred income tax assets	**97,562**	58,615
	21,528,213	20,022,031
Current assets		
Properties held for development for sale	**969,177**	1,583,618
Completed properties held for sale	**3,481**	3,481
Hotel and restaurant inventories	**20,144**	21,615
Trade and other receivables	**670,092**	504,921
Income tax recoverable	**5,545**	3,553
Financial investment	**14,020,231**	15,014,101
Bank balances and cash	**1,018,279**	759,358
	16,706,949	17,890,647

37 EXTRACTS FROM THE PUBLISHED AUDITED FINANCIAL INFORMATION OF ASIA STANDARD (Continued)

CONSOLIDATED BALANCE SHEET (Continued)

As at 31st March 2020

	2020 HK$'000	2019 HK$'000
Current liabilities		
Trade and other payables	**162,586**	168,438
Contract liabilities	**197,582**	199,405
Amount due to joint ventures	**213,951**	199,855
Amount due to an associated company	**224,400**	224,400
Amount due to non-controlling interests	**44,511**	39,225
Income tax payable	**86,693**	61,714
Borrowings	**5,644,992**	3,934,536
Medium term notes	**249,940**	99,820
	6,824,655	4,927,393
Net current assets	**9,882,294**	12,963,254
Non-current liabilities		
Long term borrowings	**12,385,072**	12,180,255
Medium term notes	**–**	249,035
Convertible notes	**7,530**	7,078
Derivative financial instruments	**39,048**	-
Lease liabilities	**2,335**	-
Deferred income tax liabilities	**125,949**	117,080
	12,559,934	12,553,448
Net assets	**18,850,573**	20,431,837
Supplementary information with hotel properties in operation at valuation		
Revalued total assets	**47,118,000**	47,265,000
Revalued net assets	**27,734,000**	29,784,000

37 EXTRACTS FROM THE PUBLISHED AUDITED FINANCIAL INFORMATION OF ASIA STANDARD (Continued)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st March 2020

	2020 **HK$'000**	2019 HK$'000
Net cash generated before working capital changes	**1,749,550**	1,500,770
Change in working capital	**(1,656,236)**	(5,325,896)
Net cash generated from/(used in) operating activities	**93,314**	(3,825,126)
Net cash used in investing activities	**(1,534,872)**	(438,471)
Net cash generated from financing activities	**1,744,272**	4,061,324
Net increase/(decrease) in cash and cash equivalents	**302,714**	(202,273)
Cash and cash equivalents at the beginning the of year	**570,955**	777,040
Changes in exchange rates	**(4,733)**	(3,812)
Cash and cash equivalents at the end of the year	**868,936**	570,955

38 APPROVAL OF FINANCIAL STATEMENTS

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