

Annual Report 2021





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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. Wong Chi Keung
Mr. Cheung Kwok Wah
Mr. Leung Wai Keung, *JP*

Audit Committee

Mr. Wong Chi Keung (*Chairman*)
Mr. Cheung Kwok Wah
Mr. Leung Wai Keung, *JP*

Remuneration Committee

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

Authorised Representatives

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

Company Secretary

Mr. Tung Kwok Lui

Registered Office

Victoria Place,
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Hamilton HM 10,
Bermuda

Principal Office in Hong Kong

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

Principal Bankers

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

Legal Advisers

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

Appleby
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Taikoo Place,
18 Westlands Road,
Quarry Bay, 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)	2021	2020	Change
Consolidated profit and loss account			
Revenue	2,740	2,632	+4%
Operating profit	2,185	1,623	+35%
Profit attributable to shareholders of the Company	1,007	554	+82%
Earnings per share – basic (HK\$)	1.20	0.66	+82%
Consolidated balance sheet			
Total assets	48,565	43,893	+11%
Net assets	27,448	23,126	+19%
Equity attributable to shareholders of the Company	14,677	12,229	+20%
Net debt	15,819	17,920	-12%

Supplementary information with hotel properties at valuation (note):

Revalued total assets	54,091	49,448	+9%
Revalued net assets	33,499	29,219	+15%
Equity attributable to shareholders of the Company	17,452	15,023	+16%
Gearing – net debt to revalued net assets	47%	61%	-14%

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

The hotel properties were revalued by Vigers Appraisal & Consulting Limited ("Vigers") (2020: Vigers), independent professional valuer, on an open market value basis.

Chairman's Statement



Development project "Capital Cove" in Tongzhou, Beijing

The financial year began with the gradual widespread of COVID-19 across the globe, which abruptly impacted the business and operating environment in Hong Kong. Although our Group's businesses are adversely affected by the global pandemic, we have remained financially prudent and cautious in navigating this uncertain environment. As a result, the Group recorded a profit attributable to shareholders of HK\$1,007 million for the year, more than 80% increase from last year.

The Group's property development business were encouraging both locally in Hong Kong and China. In Hong Kong, the sales of Dukes Place in Jardine's Lookout progressed well and have sold 50% of the units as of end of March 2021. Our mass-market residential development in Hung Shui Kiu had concluded the land premium negotiation and has completed the land exchange with the government. This development is currently in its foundation works and is expected to launch in 2H2022. In China, our Group's residential development in Tongzhou, Beijing is expected to complete in 2H2022 while our Shanghai villa development has also concluded its sales.

Upon the continuing housing demand and urbanisation in the Mainland China, the Group's financial investment in debt securities of China real estate developers continues to be a strong pillar of the Group's recurring income stream, with 20% increases over last year.

The Group's leasing income experienced a 10% decrease over the year and our hotels performances also suffered substantial setback. Recovery in these sectors would depend on the removal of travel bans and re-opening of borders, which hopefully could be achieved in the near future with the continuous roll out of vaccination campaign by the government.

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, 28 June 2021

Business Model and Strategies

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

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

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

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

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

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

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

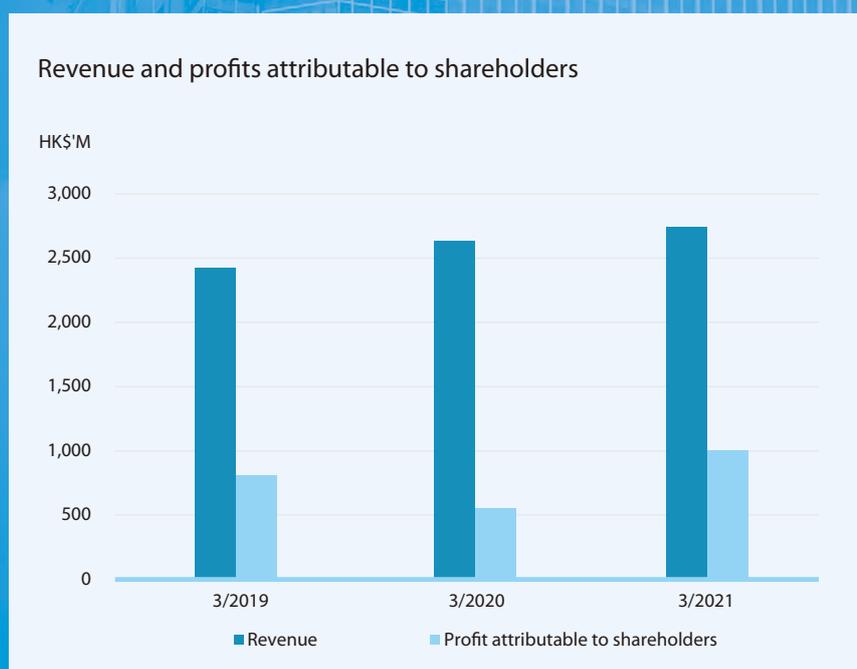
As the Group operates in a capital intensive business, we adopt a comprehensive risk management framework to monitor risk and manage debt exposures in a conservative and prudent manner, seeking to maintain the strength of our balance sheet with reasonable level of gearing. We will continuously maintain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

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

Management Discussion and Analysis

Results

The Group recorded a revenue of HK\$2,740 million (2020: HK\$2,632 million) for the financial year with profit attributable to shareholders of the Company at HK\$1,007 million (2020: HK\$554 million). The increase in investment income compensated the income reduction from our hotel and travel segment triggered by the global COVID-19 pandemic, resulting in a 4% increase in total revenue. The increase in investment income, reduced finance cost and turnaround of net investment loss to gain all together exceeded the impact of loss from hotel operation and increased revaluation loss from investment properties, leading to an 82% increase in profit attributable to shareholders.



Management Discussion and Analysis



Residential development at Po Shan Road

PROPERTIES SALES, DEVELOPMENT AND LEASING

Sales and Development

Mainland China

In Tongzhou, Beijing, superstructure for the 6 residential towers of our mixed use development has been topped out. Up to end of March 2021, presale of the residential units, which commenced in mid-July 2019, has reached RMB3 billion and profit recognition will begin upon delivery of the flats in mid-2022. Sub-structure works for the 2 commercial towers are in

progress. The entire joint venture development comprises 2.3 million sq. ft. GFA.

In Shanghai's Queen's Gate, all units of last phase, approximately RMB1.1 billion, has been sold. About 70% of these sales was recognised last year, and most of the remaining was recognised in this financial year.

Hong Kong

In Jardine's Lookout, the Group's joint venture development, Dukes Place, comprising sixteen residential apartments ranging from 2,850 sq. ft. to over 6,800 sq. ft. was met with encouraging enquiries and demand. Up to end of March 2021, half of the units comprising one third of the saleable area was sold, with sales amounted to approximately HK\$1.5 billion. The entire amount has been recognised in this financial year.

At Po Shan Road, superstructure works of another joint venture residential development is on-going, of which construction is expected to complete in early 2022. After the financial year end, the Group increased its stake by 10% in May 2021.

In Hung Shui Kiu, Yuen Long, we are pleased to conclude the land exchange for the residential and commercial development in October 2020, at a land premium of HK\$2.1 billion. The development will provide approximately 520,000 sq. ft. of GFA, of which approximately 90% are residential apartments for sale, with the remaining 10% being retail units all with street frontage. Foundation works are in progress.

Management Discussion and Analysis



Development project "Landmark on Robson" in Vancouver, Canada

In Lam Tei, Tuen Mun, we are continuing the land exchange application with the government on another residential development near the light-rail station. The development has approximately 67,000 sq. ft. of residential GFA.

Towards the end of last financial year, the Group, through a joint venture, has accumulated some longer term landbank in Kwu Tung, the New Territories, which is zoned as "residential use" under the current outline zoning plan. During the financial year, the Group further increased its stake by 10%. It is in the early stage of land exchange application with the government.

In Kowloon East, the renovation of the commercial building, Harbourside HQ, with approximately 800,000 sq. ft. leasable GFA was completed. Following the upgrading works, efforts are being directed towards repositioning of tenant mix to enhance the value of this joint venture investment.

Canada (development through hotel subsidiary group)

The redevelopment of our Empire Landmark hotel progressed well, with the podium level of the "Landmark on Robson" development almost

completed. This redevelopment, upon completion, will become an approximately 400,000 sq. ft. GFA with two residential towers. The Group will closely monitor the market and is ready to launch a new presale campaign once social distancing measures are further relaxed.

Regarding its joint venture redevelopment of high-end residential complex of approximately 627,000 sq. ft. GFA in Alberni Street, downtown Vancouver, the Group has responded to the City's Prior-to-letter and are awaiting confirmation from the City on the issuing of the development permit for the project. Simultaneously, the development team is determining the most efficient method for achieving coordinated construction designs that optimise construction costs.

Another joint venture development that is also located on Alberni Street in downtown Vancouver is in its planning stage for development into premium residential units for sale. The rezoning package has been submitted to the City in early 2020. We passed the Urban Design Panel in October 2020, which is a prerequisite for the development permit application, in the context of our ongoing application for the rezoning approval.

Management Discussion and Analysis

Leasing

Leasing income of YF Life Tower, 33 Lockhart Road in Wanchai and Asia Standard Tower in Queen's Road Central had decreased by 10% compared to last year, while average occupancies of these office towers decreased by 9% to 87%. Following the heavy impact of in-bound travel restriction and social distancing measures, leasing income from our 33% owned Goldmark in Causeway Bay decreased substantially by 70% with the lease expiry of a retail anchor tenant.

Overall leasing income attributable to Asia Standard International for the year was HK\$203 million (2020: HK\$236 million). Net revaluation loss (taking into account our share of revaluation loss from the investment property owned by an associated company) of HK\$321 million (2020: HK\$274 million) was recorded.

HOTEL

With the outbreak of COVID-19, the performance of hotel sector has been adversely affected by people's unwillingness to travel and the quarantine requirements towards incoming visitors instituted by local government to contain the pandemic. During the financial year, incoming visitors to Hong Kong has dropped by over 99%. Our hotel and travel operation revenue declined by 87% to HK\$37 million (2020: HK\$297 million), and with management's immediate remedial action to reduce operating costs, the segment still resulted in a loss before depreciation of HK\$40 million (2020: profit before depreciation of HK\$24 million).

FINANCIAL INVESTMENTS

At 31st March 2021, the Group held financial investments of approximately HK\$17,502 million (2020: HK\$16,331 million), with HK\$15,152 million (2020: HK\$14,436 million) held by the two listed subsidiary groups. The investment portfolio comprised of 95% listed debt securities (predominantly issued by PRC-based real estate companies), 4% by listed equity securities and 1%



YF Life Tower in Wanchai

unlisted investments. They are denominated in different currencies with 72% in United States dollar, 24% in Renminbi and 4% in other currencies (mostly Hong Kong dollar).

The portfolio's increase was primarily due to a mark to market valuation net gain recognised in the investment revaluation reserve account. During the year, income from this investment portfolio amounted to HK\$2,460 million (2020: HK\$2,060 million). A net investment gain of HK\$196 million (2020: net loss of HK\$157 million) was credited/charged to profit and loss account while a net gain of HK\$2,394 million (2020: net loss of HK\$2,398 million) was recognised in investment revaluation reserve account.

At 31st March 2021, an approximate value of HK\$4,070 million (2020: HK\$2,560 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

Management Discussion and Analysis

FINANCIAL REVIEW

At 31st March 2021, the Group has over HK\$12.1 billion (2020: HK\$6.2 billion) cash and undrawn banking facilities. The financing and treasury activities of our three listed groups are independently administered.

At 31st March 2021, the Group's total assets were approximately HK\$48.6 billion (2020: HK\$43.9 billion), with net assets of HK\$27.4 billion (2020: HK\$23.1 billion). Adopting market value of hotel properties in operation, the revalued total assets of the Group were HK\$54.1 billion (2020: HK\$49.4 billion), while the revalued net assets of the Group were HK\$33.5 billion (2020: HK\$29.2 billion).

Net debt was HK\$15.8 billion (2020: HK\$17.9 billion), of which HK\$0.5 billion (2020: HK\$0.6 billion) was attributable to the parent group. Total interest cost decreased as a result of decreased borrowings

together with low interest rate environment. Currently, the Group's net gearing ratio (net debt to revalued net asset value) is approximately 47% (2020: 61%). As at 31st March 2021, the Group had net current assets of HK\$11.8 billion (2020: HK\$11.5 billion) and the HK\$19.7 billion aggregate amount of marketable securities and cash together represented 4.1 times of the HK\$4.8 billion current debt repayable within 12 months.

70% of the debts are secured and majority of the debts are at floating rates. As at 31st March 2021, about 49% of these floating rates debts have been hedged against HIBOR fluctuations by various interest rate swap contracts of approximately HK\$8,760 million in total, with approximately 83% having remaining maturities of 4 years, and the remaining between 1 and 9 years. The maturities of our debts spread over a period of up to 5 years, with 16% repayable between one to two years and 57% repayable between two to five years. The remaining 27% comprise overdraft, revolving and short-term loans and are repayable within 1 year.

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

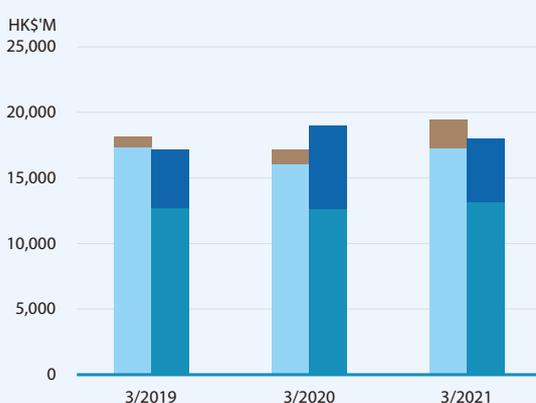
- Revalued total assets *
- Revalued net assets *
- Net debt
- ▲ Gearing – net debt to revalued net assets



* with hotel properties at valuation

Liquidity & cash reserves

- Listed financial investments
- Bank balance & cash
- Debts repayable within one year
- Debts repayable after one year



Management Discussion and Analysis

Approximately 96% of the Group's borrowings are in Hong Kong dollars and the remaining 4% in United States dollars and Canadian dollars.

As at 31st March 2021, property assets with an aggregate net book value of HK\$23.5 billion (2020: HK\$21.5 billion) were pledged to secure credit facilities of the Group. HK\$2,889 million (2020: HK\$2,999 million) guarantees were provided to financial institutions and third parties against outstanding banking and loan facilities of joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

At 31st March 2021, the Group employed approximately 330 (2020: 340) 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

After a year's non-stop efforts in researches of the corona virus, vaccines for emergency application were finally rolled out. Resources are being deployed by all countries for vaccination of their citizens. Though quarantine policies and social distancing measures are still in place before the pandemic is conquered, countries are planning for the recovery and revitalisation of their economies.

Rebound of our hotel operation is dependent on the successful removal of in-bound travel restriction and the effect is yet to be seen. The leasing segment, especially the retail portion, is also looking upon such measures. On the residential sector, Hong Kong market remains resilient, evidenced by the encouraging sales of Dukes Place, our Jardine's Lookout luxury residential project, and other first-hand sales from local developers.

Sales of our Beijing and Shanghai joint venture projects is performing well upon the release of purchasing power piled up during the lockdown. The Shanghai project is fully sold and the Beijing project is maintaining its favourable sales momentum.

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

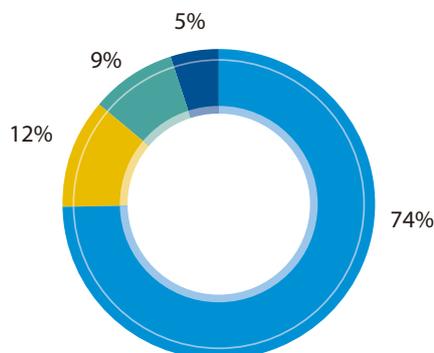
Principal Properties

As at 31st March 2021



Principal Properties

As at 31st March 2021



Attributable GFA (sq. ft.)

Properties under development for sale	1,644,000
Hotel properties	264,000
Investment properties	192,000
Completed property held for sale	108,000
Total	2,208,000

Properties	Group's interest	Approx. site area (sq. ft.) (Note 1)	Approx. gross floor area (sq. ft.) (Note 1)	Type (Note 2)	Stage/ Estimated completion year	Land lease expiry
01 Asia Standard Tower 59-65 Queen's Road Central, Hong Kong	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 2021

Properties	Group's interest	Approx. site area (sq. ft.) (Note 1)	Approx. gross floor area (sq. ft.) (Note 1)	Type (Note 2)	Stage/Estimated completion year
9 Capital Cove 72 Yong Shun Street West, Tongzhou District, Beijing, PRC	25.9%	550,000	2,360,000	R/C	(R) Superstructure/2022 (C) Foundation/2024
10 Dukes Place 47-49 Perkins Road, Jardine's Lookout, Hong Kong	10.4%	13,700	41,000 (Note 3)	R	Completed
11 23 Po Shan Road, Hong Kong	20.7%	15,000	81,000	R	Superstructure/2022
12 Hung Shui Kiu DD124, Yuen Long, New Territories	51.8%	104,000	521,000	R/C	Foundation/2024
13 Lam Tei DD130, Tuen Mun, New Territories	51.8%	18,500	66,500	R	Land exchange/-
14 Sha Ha DD221, Sai Kung, New Territories	3.9%	638,000	936,000	R	Planning/-
15 Kwu Tung DD95, Kwu Tung North, New Territories	31.1%	269,000	941,000	R	Land exchange/-
16 Harbourside HQ (previously named Octa Tower) 8 Lam Chak Street, Kowloon Bay, Kowloon	13.0%	70,400	800,000	C	Completed
17 Landmark on Robson 1400 Robson Street, Vancouver, B.C., Canada	45.9%	41,000	400,000	R/C	Superstructure/2023
18 1394 Robson Street, Vancouver, B.C., Canada	45.9%	8,600	75,000	R	Planning/-
19 1468 Alberni Street Vancouver, B.C., Canada	18.4%	43,300	627,000	R/C	Planning/-
20 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 projects.

Five-year Financial Summary

Year ended 31st March (in HK\$ million)	2021	2020	2019	2018	2017
Results					
Revenue	2,740	2,632	2,420	1,925	1,862
Gross profit	2,674	2,391	2,132	1,602	1,553
Operating profit	2,185	1,623	1,969	1,717	1,929
Profit attributable to shareholders of the Company	1,007	554	810	814	1,011
Assets and liabilities					
Total assets	48,565	43,893	43,673	38,424	31,454
Total liabilities	(21,117)	(20,767)	(18,842)	(14,656)	(9,370)
Non-controlling interests	(12,771)	(10,897)	(11,734)	(11,237)	(10,469)
Equity attributable to shareholders of the Company	14,677	12,229	13,097	12,531	11,615
Supplementary information with hotel properties at valuation:					
Revalued total assets	54,091	49,448	49,694	43,367	36,101
Revalued net assets	33,499	29,219	31,401	29,273	27,142
Equity attributable to shareholders of the Company	17,452	15,023	16,110	15,055	13,935

Environmental, Social and Governance Report

REPORTING STANDARD AND SCOPE

This environmental, social and governance report covers the financial year ended 31st March 2021 (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 consumed at the 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.

		2021	2020
A1.1	Emissions		
	– NOx (i)	50kg	56kg
	– SOx (i)	0.8kg	0.7kg
	– PM (ii)	3.2kg	3kg
A1.2	Greenhouse gas emissions data		
	Scope 1 – Direct emission or removal from sources	208 tonnes	184 tonnes
	Scope 2 – Energy indirect emissions	10,556 tonnes	13,403 tonnes
	Scope 3 – Other indirect emissions	50 tonnes	67 tonnes
A1.4	Total non-hazardous waste produced		
	Construction and demolition waste	3,793 tonnes	1,843 tonnes
	Recycled waste		
	– Construction material	763 tonnes	1,378 tonnes
	– Cartridge	55 pieces	143 pieces
	– Cooking oil	441 liters	4,446 liters

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

(ii) The data only includes vehicular emissions.

Environmental, Social and Governance Report

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 in 2019. 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.

		2021	2020
A2.1	Direct and indirect energy consumption		
	Electricity ('000 kWh)	15,587	19,185
	Fuel ('000 MJ)	2,838	5,211
A2.2	Water consumption	118,626 m ³	128,676 m ³
A2.3	Construction materials used		
	Concrete	27,545 m ³	53,907 m ³
	Steel	6,166 tonnes	7,663 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 and Po Shan Road, Mid-Level West, Hong Kong, a number of green features has been designed by our consultants team and implemented in line with the latest government policy in fostering a quality and sustainably built environment, which will lead to BEAM-Plus Certification after the completion of the projects. BEAM-Plus is a comprehensive environmental assessment scheme for buildings recognised by The Hong Kong Green Building Council Limited.

Environmental, Social and Governance Report

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.

An extra raft of anti-epidemic measures against COVID-19 has been implemented to safeguard health and safety of our staff members and guests. These include compulsory testing for all front-line staff (hotel operation and building management), stepping up of environmental hygiene and sanitation procedures within our hotel and commercial building premises, installation of thermometric turrets at building entrances for measuring body temperature, provision of disposable face masks to employees and hand sanitizers in all public areas, enforcing health declaration on hotel guests check-in and the government's "Leave Home Safe" risk-exposure app, distribution of Health Advice on Prevention of Severe Respiratory Disease for hotel guests and the periodic disinfectant spray of public area of commercial buildings managed by our Group. In support of the government's territory-wide Vaccination Programme when it became available in February 2021, our Group encourages and incentivizes employees by offering vaccine leave after each injection. On construction aspect, the Group has requested all contractors to take regular testing of site workers and prevent those with symptoms from entering our sites. The Group shall continue to closely monitor and observe the governmental rules and regulations in the fight of COVID-19.

Environmental, Social and Governance Report

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

The Group complied with all the relevant laws and regulations that have a significant impact on the Group relating to health and safety during the year ended 31st March 2021.

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.

Environmental, Social and Governance Report

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.

Environmental, Social and Governance Report

Caring for society

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



Hotel representatives presenting the anti-epidemic supplies to the Superintendent of the SAHK Apleichau Pre-school Centre (far right)

Due to the coronavirus pandemic and the strict compliance with the social-distancing measures, hotels group’s close collaboration with SAHK has been disrupted and a series of planned activities during the past year was shelved. However, to render our continued support to SAHK’s protection to the children under its care, the hotels group donated anti-epidemic supplies including 7,500 disposable junior face masks and 150 bottles of 50ml hand sanitizer to SAHK Apleichau Pre-school Centre on 17th November, 2020.

Charity activities

The Group has during the reporting year made donations of HK\$260,000 to a number of charitable organisations, such as AHK Fund Limited, Police Welfare Fund and Yan Chai Hospital.

Community Recognition

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

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

BOARD OF DIRECTORS

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

According to the bye-laws of the Company (the “Bye-Laws”), at every annual general meeting of the Company (“AGM”), 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 AGM 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.

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

Director	Title	Number of meetings attended/ Number of meetings held	
		Board meeting	General meeting
Fung Siu To, Clement	Chairman	4/4	1/1
Poon Jing	Managing Director and Chief Executive	2/4	0/1
Poon Hai	Executive Director	4/4	1/1
Poon Yeung, Roderick	Executive Director	4/4	1/1
Lun Pui Kan	Executive Director	4/4	1/1
Kwan Po Lam, Phileas	Executive Director	4/4	1/1
Cheung Kwok Wah	Independent Non-executive Director	4/4	1/1
Hung Yat Ming ¹	Independent Non-executive Director	2/3	1/1
Wong Chi Keung	Independent Non-executive Director	4/4	1/1
Leung Wai Keung ²	Independent Non-executive Director	1/1	N/A

Notes: 1. Mr. Hung resigned as an Independent Non-executive Director on 15th January 2021.

2. Mr. Leung was appointed as an Independent Non-executive Director on 15th January 2021.

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 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.

Corporate Governance Report

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, is the Chairman of the Remuneration Committee. After the resignation of Mr. Hung Yat Ming as a member and the appointment of Mr. Leung Wai Keung as a member on 15th January 2021, the Remuneration Committee currently comprises the Chairman of the Company, Mr. Fung Siu To, Clement, and two Independent Non-executive Directors, Mr. Wong Chi Keung and Mr. Leung Wai 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 responsibilities, 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

After the resignation of Mr. Hung Yat Ming as the Chairman and the appointments of Mr. Wong Chi Keung as the Chairman and Mr. Leung Wai Keung as a member on 15th January 2021, the Audit Committee currently comprises all the Independent Non-executive Directors, Mr. Wong Chi Keung (as the Chairman), Mr. Cheung Kwok Wah and Mr. Leung Wai 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 financial statements before publication. The Audit Committee meets at least twice a year. During the year, the Audit Committee met twice to review the Company's annual and interim financial statements 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 2021.

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 2021.

Corporate Governance Report

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

RISK MANAGEMENT AND INTERNAL CONTROL

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

Risk Management

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

Corporate Governance Report

Internal Audit Function

Internal audit function was in place in the financial year under review to assist the Audit Committee in reviewing and evaluating the adequacy and effectiveness of the risk management and internal control systems of the Group at least once each financial year and to manage the risks inherent in the achievement of business objectives of the Group. Internal audit function adopts 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 (if any) and also the recommended steps and actions to enhance the internal control of the Group are reported to the senior management.

A discussion on the principal risks and uncertainties encountered by the Group are set out on pages 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 Group'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 Group's risk management and internal control systems. The Board is of the view that the risk management and internal control systems in place for the financial year under review is effective and adequate to safeguard the interests of shareholders, customers and employees, and the Group's assets.

AUDITOR'S REMUNERATION

PricewaterhouseCoopers has been appointed as the auditor of the Company by the shareholders at the AGM. The services provided by PricewaterhouseCoopers 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 57 of this annual report.

An amount of HK\$9,905,000 (2020: HK\$10,265,000) was charged to the financial statements of the Group for their audit services. Taxation services, review on interim results and other assurance services provided by PricewaterhouseCoopers to the Group amounted to HK\$2,978,000 (2020: HK\$2,784,000).

Corporate Governance Report

SHAREHOLDERS' RIGHTS

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

(I) Procedure for Shareholders to Make Proposals at Shareholders' Meeting

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

- i. any number of Shareholders representing not less than one-twentieth (1/20) of the total voting rights of all the Shareholders having a right to vote at the AGM or the relevant general meeting; or
- ii. not less than one hundred (100) Shareholders.

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

Corporate Governance Report

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.

Corporate Governance Report

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

Director	Type of training
Fung Siu To, Clement	B
Poon Jing	B
Poon Hai	B
Poon Yeung, Roderick	B
Lun Pui Kan	B
Kwan Po Lam, Phileas	B
Wong Chi Keung	A, B
Cheung Kwok Wah	B
Leung Wai Keung	A, B, C

- A: Attending seminar(s)/training session(s)/conference(s)/forum(s) relevant to directors' profession and/or duties and/or other relevant topics
- B: Reading materials in relation to corporate governance, regulatory development and other relevant topics
- C: Giving talks at seminar(s) and/or training session(s)/conference(s)/forum(s) relevant to directors' profession and/or duties and/or other relevant topics

INVESTOR RELATIONSHIP

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

The Company has also maintained a website at <http://www.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 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 72, 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 66, 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 35, 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 32, 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.

Directors and Senior Management

Lun Pui Kan

Aged 57, 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 62, 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

Wong Chi Keung

Aged 66, is an Independent Non-executive Director and the Chairman of the Audit Committee and the 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; and an associate member of The Chartered Governance Institute (“CGI”) and The Chartered Institute of Management Accountants. Mr. Wong is also a responsible officer for asset management and advising on securities for CASDAQ International Capital Market (HK) Company Limited under the 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 of Hong Kong Limited (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. On 15th January 2021, he was appointed as an independent non-executive director and the chairman of the audit committee and the remuneration committee of Asia Standard Hotel. He is also an independent non-executive director and a member of audit committee of Century City International Holdings Limited, Changyou Alliance Group Limited, China Ting Group Holdings Limited, Golden Eagle Retail Group Limited, Paliburg Holdings Limited, Regal Hotels International Holdings Limited, Yuan Heng Gas Holdings Limited and Zhuguang Holdings Group Company Limited, all of the above companies are listed on the Stock Exchange. Mr. Wong has over 40 years of experience in finance, accounting and management. He joined the Group in 2004.

On 13th April 2021, Mr. Wong was appointed as an independent non-executive director, a member of the audit committee, the remuneration committee and the nomination committee of Guoan International Limited, a company listed on the Stock Exchange (the “Appointment”). Mr. Wong resigned from the Appointment on 9th June 2021.

Cheung Kwok Wah

Aged 64, 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. He joined the Group in 1996.

Directors and Senior Management

Leung Wai Keung, JP

Aged 58, is an Independent Non-executive Director and a member of the Audit Committee and the Remuneration Committee of the Company and Asia Standard. He is also an independent non-executive director and a member of the audit committee of Asia Standard Hotel. He joined the Group in 2021.

Mr. Leung is currently a Barrister-at-Law. He has about 10 years of experience in accounting and financial management in several firms and thereafter been practicing as a barrister since 1996. Mr. Leung is a member of HKICPA, The Hong Kong Institute of Chartered Secretaries ("HKICS"), ACCA, CGI and The Chartered Institute of Arbitrators ("CI Arb"). He was admitted to the High Court of Hong Kong as a barrister in 1994. He holds a Master degree in Accounting and Finance from University of Lancaster and obtained a Bachelor of Laws from Manchester Metropolitan University. He was the President of HKICS in 2006 and the Chairman of the CI Arb (East Asia Branch) in 2015/16 and 2016/17. Mr. Leung had sit on various statutory tribunals such as the Board of Review, the Guardianship Board and the Registration of Persons Tribunal. From 2012 to 2018, Mr. Leung also held the position as the Chairman of the Appeal Board for the Hotel and Guesthouse Accommodation, the Clubs (Safety of Premises) and Bedspace Apartments. From 27th June 2019 to 26th June 2021, Mr. Leung also held the position as a member of the Disciplinary Board Panel (Land Survey). Mr. Leung currently is the Chairman of the Appeal Tribunal (Buildings). On 1st July 2018, Mr. Leung was appointed as a Justice of the Peace by the Government.

SENIOR MANAGEMENT

Lim Yin Cheng

Aged 76, 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 69, 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 Asia Standard Hotel group's hospitality operations. With over 4 decades' extensive experience in hotel and travel industry for both local and overseas markets, Mr. Ng has held senior marketing and operational positions in a number of major international chain hotels and travel agents in Hong Kong and Macau. He joined Asia Standard Hotel group in 2007.

Woo Wei Chun, Joseph

Aged 57, 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 30 years of experience in accounting and finance. He joined Asia Standard Hotel group in 2006.

Directors and Senior Management

Wong Hoi Yan

Aged 48, 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 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.

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31st March 2021.

PRINCIPAL ACTIVITIES

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

The activities of the Group are mainly based in Hong Kong. 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 58.

The Company did not pay an interim dividend for the year ended 31st March 2021 (2020: Nil).

The board of Directors (the "Board") recommends the payment of a final dividend of HK3.6 cents per share (2020: Nil), totaling HK\$30,271,000 (2020: Nil) for the year ended 31st March 2021.

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 39 to 45 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 2021 are set out in note 26 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\$260,000 (2020: HK\$1,220,000).

Report of the Directors

DIRECTORS

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

Mr. Fung Siu To, Clement
Mr. Poon Jing
Mr. Poon Hai
Mr. Poon Yeung, Roderick
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas
Mr. Wong Chi Keung
Mr. Cheung Kwok Wah
Mr. Hung Yat Ming (resigned on 15th January 2021)
Mr. Leung Wai Keung (appointed on 15th January 2021)

Messrs. Kwan Po Lam, Phileas, Cheung Kwok Wah and Leung Wai Keung will retire from office by rotation in accordance with the bye-laws of the Company (the "Bye-Laws") and Mr. Poon Jing will retire to comply with Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at the forthcoming annual general meeting of the Company ("AGM") and, being eligible, offer themselves for re-election.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set out on pages 30 to 33.

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 and his connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

PERMITTED INDEMNITY PROVISIONS

Subject to the Bermuda Companies Act 1981, the Bye-Laws and other relevant statutes, the Directors for the time being acting in relation to any of the 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 39 to 45, 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 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Report of the Directors

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

As at 31st March 2021, 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 by the Company under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules on the Stock Exchange were as follows:

(I) Long Positions in Shares

(a) The Company

Director	Number of shares held			Total	Percentage of shares in issue (%)
	Personal interest	Corporate interest	Family interest		
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

(b) Associated corporations

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

Notes:

- 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.
- 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.

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

(II) Long Positions in Underlying Shares

INTERESTS IN SHARE OPTIONS

(a) *The Company*

Director	Outstanding as at 1st April 2020 and 31st March 2021
Poon Hai	3,500,000
Poon Yeung, Roderick	3,500,000

Notes:

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

(b) *Associated corporation – Asia Standard*

Director	Outstanding as at 1st April 2020 and 31st March 2021
Poon Hai	3,500,000
Poon Yeung, Roderick	3,500,000

Notes:

- 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.
- 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 2020 and 31st March 2021
Poon Hai	14,400,000
Poon Yeung, Roderick	14,400,000

Notes:

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

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

(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 2021, 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 THE SHARES AND UNDERLYING SHARES

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31st March 2021, 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	Approximate percentage of shares in issue (%)
Allied Group Limited ("Allied Group") (Note 1)	Interest of controlled corporation	171,589,784	20.40
Lee Seng Huang (Note 1)	Interest of controlled corporation	171,589,784	20.40
Lee Seng Hui (Note 1)	Interest of controlled corporation	171,589,784	20.40
Lee Su Hwei (Note 1)	Interest of controlled corporation	171,589,784	20.40
Shipshape Investments Limited ("Shipshape") (Note 1)	Interest of controlled corporation	171,589,784	20.40
Sun Hung Kai & Co. Limited ("SHKC") (Note 1)	Interest of controlled corporation	171,589,784	20.40

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES (CONTINUED)

Long Positions in Shares of the Company (Continued)

Shareholder	Capacity	Number of shares held	Approximate percentage of shares in issue (%)
Sun Hung Kai Strategic Capital Limited ("SHKSC") (Note 1)	Beneficial owner and other (Note 2)	171,589,784	20.40
Dalton Investments LLC	Investment manager	93,389,081	11.11
Teddington Holdings Limited ("Teddington") (Note 3)	Beneficial owner	60,624,439	7.20
Daswani Rajkumar Murlidhar	Beneficial owner	53,910,548	6.41
Heston Holdings Limited ("Heston") (Note 3)	Beneficial owner	50,429,573	5.99

Notes:

1. SHKSC was a wholly-owned subsidiary of Shipshape, a wholly-owned subsidiary of SHKC, which in turn was an indirect non-wholly owned subsidiary of Allied Group as to 72.74%. Mr. Lee Seng Huang, Mr. Lee Seng Hui and Ms. Lee Su Hwei were the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controlled approximately 74.96% of the total number of issued shares of Allied Group (inclusive of Mr. Lee Seng Hui's personal interests). Accordingly, Mr. Lee Seng Huang, Mr. Lee Seng Hui, Ms. Lee Su Hwei, Allied Group, Shipshape and SHKC were deemed to be interested in the shares as held by SHKSC by virtue of Part XV of the SFO.
2. According to the disclosure of interests filings, among these 171,589,784 shares, SHKSC directly held 78,200,703 shares and was deemed to have an interest in 93,389,081 shares by virtue of the right of first refusal granted to SHKSC for such shares under a shareholders' agreement.
3. 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 interests 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 the shares, underlying shares and debentures".

Save as disclosed above, as at 31st March 2021, 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 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.

Report of the Directors

SHARE OPTION SCHEMES (CONTINUED)

The Company (Continued)

Share option scheme adopted on 29th August 2014 (the “2014 Share Option Scheme”) (Continued)

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 but in any event the exercise period should not be later than 10 years from the date of grant. The grantee has to accept an option within 21 days from the date of offer by making a non-refundable payment of HK\$1 to the Company.

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

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

Grantee	Outstanding as at 1st April 2020 and 31st March 2021
Directors	7,000,000

Notes:

- 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.
- 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.

Report of the Directors

SHARE OPTION SCHEMES (CONTINUED)

Associated Corporations (Continued)

Asia Standard (Continued)

Share option scheme adopted on 27th August 2004 (the “2004 Asia Standard Share Option Scheme”) (Continued)

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 2020 and 31st March 2021
Employee	1,000,000

Notes:

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

Report of the Directors

SHARE OPTION SCHEMES (CONTINUED)

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 2020 and 31st March 2021
Directors	7,000,000

Notes:

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

SHARE OPTION SCHEMES (CONTINUED)

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.

Report of the Directors

SHARE OPTION SCHEMES (CONTINUED)

Associated Corporations (Continued)

Asia Standard Hotel (Continued)

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

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 2020 and 31st March 2021
Directors	28,800,000

Notes:

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

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

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

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

Report of the Directors

SHARE OPTION SCHEMES (CONTINUED)

Associated Corporations (Continued)

Asia Standard Hotel (Continued)

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

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

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

CONVERTIBLE NOTES

On 23rd February 2017, Asia Standard Hotel issued a total of 2,693,204,266 ASH Convertible Notes with a total principal amount of HK\$1,220 million (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 (2020: 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.

Report of the Directors

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 PRC which comprised approximately 55% 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.

Report of the Directors

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks pertaining to hotel and property developments

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

Risks pertaining to financing

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

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

Risks pertaining to financial investments

The Group's financial performance is exposed to financial and capital market risks, including changes in interest rates, foreign exchange rates, credit spreads, equity prices, 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 81 to 91.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

During the year ended 31st March 2021, 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	90%
Percentage of purchases attributable to the Group's five largest suppliers	99%
Percentage of sales attributable to the Group's largest customer	14%
Percentage of sales attributable to the Group's five largest customers	39%

To the knowledge of the Directors, none of the Directors, their close associates or shareholders (which to the knowledge of the Directors own more than 5% of the number of issued shares of the Company) held any interests in the share capital of the suppliers or customers noted above.

Report of the Directors

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 2021 are as follow:

	Proforma combined balance sheet HK\$'000	Group's attributable interest HK'000
Non-current assets	4,038,018	1,390,341
Current assets	25,400,314	10,073,561
Current liabilities	(8,609,798)	(3,537,352)
Non-current liabilities	(9,988,923)	(3,171,527)
	10,839,611	4,755,023

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 2021.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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

On behalf of the Board

Fung Siu To, Clement
Chairman

Hong Kong, 28th June 2021

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 58 to 140, which comprise:

- the consolidated balance sheet as at 31st March 2021;
- 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 2021, 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 ("HKSA") 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.

Independent Auditor's Report

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
<p>Impairment assessment of listed debt securities which are classified as financial assets at fair value through other comprehensive income and the related accrued interest</p> <p><i>Refer to notes 4, 6, 17 and 19 to the consolidated financial statements</i></p> <p>As at 31st March 2021, 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 account. The Group adopts a "three-stage" model for impairment assessment based on changes in credit quality since initial recognition to estimate the expected credit losses for individual debt securities and related accrued interest.</p>	<p>The procedures we performed included:</p> <ul style="list-style-type: none">– Understanding management's controls and processes for determining the impairment of financial assets at fair value through other comprehensive income and the related accrued interest and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied;

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>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)</p> <p>We identified impairment assessment under HKFRS 9 as a key audit matter, as it is complex and significant management judgments have been involved in:</p> <ol style="list-style-type: none"> 1) Staging determination 2) Application of model assumptions 3) Forward-looking adjustment 	<ul style="list-style-type: none"> – 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: <ul style="list-style-type: none"> • 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.

Independent Auditor's Report

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)	<ul style="list-style-type: none">• 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:<ul style="list-style-type: none">• 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.– Assessing the adequacy of the disclosures related to the impairment of listed debt securities which are classified as financial assets at fair value through other comprehensive income and the related accrued interest in the context of HKFRS disclosure requirements. <p>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.</p>

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of investment properties</p> <p><i>Refer to notes 4, 14 and 16 to the consolidated financial statements</i></p> <p>As at 31st March 2021, the Group's investment properties portfolio included investment properties held by subsidiaries and an associated company.</p> <p>Management engaged an independent valuer to estimate the fair value of investment properties of the Group and the associated company as at 31st March 2021 based on the direct comparison method.</p> <p>We focused on the valuation of investment properties because the estimation of fair value is subject to estimation uncertainty. It is inherently subjective due to, among other factors, the individual nature of each property, its location, prevailing market returns and the expected future rentals for that particular property.</p> <p>The key assumptions used in the independent valuation of investment properties require significant judgement and estimation and therefore this matter is our audit focus.</p>	<p>Our audit procedures in relation to the valuation of investment properties included:</p> <ul style="list-style-type: none"> • Evaluating the independent valuers' competence, capabilities and objectivity; • Obtaining the valuation reports and holding meetings with the independent valuer, together with our own 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. • Assessing the adequacy of the disclosures related to the valuation of investment properties in the context of HKFRS disclosure requirements. <p>We found the methodology used in the valuation of investment properties was appropriate and key assumptions used were supported by the available evidence.</p>

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Recoverability of properties under development for sale and impairment of property held for development for sale</p> <p><i>Refer to notes 4, 16 and 18 to the consolidated financial statements</i></p> <p>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.</p> <p>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 2021. 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.</p> <p>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.</p> <p>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 and in November 2019 which were rejected by the Second Instance Court of Macau and the Last Instance Court respectively. In March 2021, statement of claim was filed by the Group against the Macau government at the Administrative Court, with a view to recover the damages caused by the Macau government's failure to create the conditions necessary for the Group to develop the property. The litigation case is being handled by the Administrative Court and no decision has been made by the court up to the date of this report. Hence, no recovery has been accounted for as at 31st March 2021.</p> <p>We focused on the net realisable value assessment of the above items as it involved significant judgement.</p>	<p>Our audit procedures in relation to evaluating management's assessment of recoverability of property development projects included:</p> <ul style="list-style-type: none">• Comparing the expected future sales prices to current market prices of comparable properties;• Meetings with project managers for major properties under development for sale to understand the progress of development and challenge the assumptions for forecast development costs to complete;• Corroborating the cost estimates provided by management and project managers to latest approved budgets and approved development plans;• Benchmarking estimated construction costs to external industry data;• Performing independent legal title searches and site visits of major projects;• 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 of 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.• Assessing the adequacy of the disclosures related to the recoverability of properties under development for sales and impairment of property held for development for sale in the context of HKFRS disclosure requirements. <p>We found management's assessment of recoverability of property under development for sale and write-down were supported by the available evidence.</p>

Independent Auditor's Report

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.

Independent Auditor's Report

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 HKSA's 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 HKSA's, 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.

Independent Auditor's Report

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

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

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

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

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28th June 2021

Consolidated Profit and Loss Account

For the year ended 31st March 2021

	Note	2021 HK\$'000	2020 HK\$'000
Interest revenue		2,488,923	2,031,758
Sales of goods and services, leasing and other revenue	5	251,440	600,280
Total revenue	5	2,740,363	2,632,038
Cost of sales		(66,084)	(241,103)
Gross profit		2,674,279	2,390,935
Selling and administrative expenses		(239,980)	(266,968)
Depreciation		(203,904)	(217,732)
Net investment gain/(loss)	6		
Net realised and unrealised gain/(loss)		335,714	(64,239)
Change in expected credit losses		(139,674)	(92,791)
Fair value loss of investment properties	14	(241,715)	(125,949)
Operating profit		2,184,720	1,623,256
Net finance costs	10	(406,686)	(625,394)
Share of profits less losses of			
Joint ventures		85,193	64,433
Associated companies		(82,650)	(142,835)
Profit before income tax		1,780,577	919,460
Income tax expense	11	(69,996)	(3,996)
Profit for the year		1,710,581	915,464
Attributable to:			
Shareholders of the Company		1,006,781	553,577
Non-controlling interests		703,800	361,887
		1,710,581	915,464
Earnings per share (HK\$)			
Basic	13	1.20	0.66
Diluted	13	1.20	0.66

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2021

	2021 HK\$'000	2020 HK\$'000
Profit for the year	1,710,581	915,464
Other comprehensive income/(charge)		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value gain/(loss) on debt securities at fair value through other comprehensive income	2,274,183	(2,179,648)
Cash flow hedges		
– fair value loss	(44,007)	(35,061)
– deferred tax on derivative financial instruments	13,046	–
Currency translation differences	60,817	(30,811)
Share of currency translation differences of joint ventures	186,814	(141,188)
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 gain/(loss)	113,666	(218,300)
– realised gain	6,134	186
	2,610,653	(2,582,597)
Total comprehensive income/(charge) for the year	4,321,234	(1,667,133)
Attributable to:		
Shareholders of the Company	2,447,420	(851,742)
Non-controlling interests	1,873,814	(815,391)
	4,321,234	(1,667,133)

Consolidated Balance Sheet

As at 31st March 2021

	Note	2021 HK\$'000	2020 HK\$'000
Non-current assets			
Investment properties	14	9,454,087	9,693,400
Property, plant and equipment	15	8,013,671	8,122,670
Investment in joint ventures and associated companies	16	4,791,881	4,652,194
Amount due from joint ventures and associated companies	16	2,126,982	1,981,167
Loan receivables		1,052	1,235
Financial investments	17	5,175,585	473,918
Derivative financial instruments	24	26,965	–
Deferred income tax assets	25	127,894	100,184
		29,718,117	25,024,768
Current assets			
Properties under development for sale	18	3,623,391	1,134,767
Completed properties held for sale	18	3,680	3,680
Hotel and restaurant inventories		18,546	20,144
Trade and other receivables	19	698,696	728,895
Income tax recoverable		855	5,545
Financial investments	17	12,326,746	15,856,713
Bank balances and cash	20	2,174,641	1,118,373
		18,846,555	18,868,117
Current liabilities			
Trade and other payables	21	1,274,840	176,719
Contract liabilities	22	224,843	197,582
Amount due to joint ventures	16(A)	337,775	213,951
Amount due to an associated company	16(B)	219,450	224,400
Amount due to non-controlling interests		46,640	44,511
Income tax payable		174,798	99,993
Borrowings	23	4,817,052	6,144,544
Medium term notes		–	249,940
		7,095,398	7,351,640
Net current assets		11,751,157	11,516,477

Consolidated Balance Sheet

As at 31st March 2021

	Note	2021 HK\$'000	2020 HK\$'000
Non-current liabilities			
Borrowings	23	13,176,979	12,644,292
Derivative financial instruments	24	106,631	39,048
Lease liabilities		843	2,335
Deferred income tax liabilities	25	737,201	729,184
		14,021,654	13,414,859
Net assets			
		27,447,620	23,126,386
Equity			
Share capital	26	84,087	84,087
Reserves	27	14,593,013	12,145,593
Equity attributable to shareholders of the Company			
		14,677,100	12,229,680
Non-controlling interests			
		12,770,520	10,896,706
		27,447,620	23,126,386

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Consolidated Statement of Cash Flows

For the year ended 31st March 2021

	Note	2021 HK\$'000	2020 HK\$'000
Cash flows from operating activities			
Net cash generated from operations	31(A)	2,678,720	721,800
Net income tax paid		(79)	(16,014)
Interest paid		(427,114)	(626,233)
Interest received from bank deposit and other receivables		5,719	24,704
Net cash generated from operating activities		2,257,246	104,257
Cash flows from investing activities			
Purchase of financial investments		(15,144)	(74,014)
Addition to investment properties		(2,402)	(24,719)
Net addition to property, plant and equipment		(92,601)	(70,385)
Increase in investment in joint ventures		(5,131)	(577,618)
Repayment from/(advances to) associated companies and joint ventures		64,618	(869,812)
Dividend received from an associated company		–	80,850
Net cash used in investing activities		(50,660)	(1,535,698)
Net cash generated/(used) before financing activities		2,206,586	(1,431,441)
Cash flows from financing activities			
Redemption of medium term notes		(250,000)	(100,000)
Drawdown of long term borrowings		4,780,387	1,372,196
Repayment of long term borrowings		(2,498,616)	(669,900)
Net (decrease)/increase in short term borrowings		(3,118,632)	1,211,409
Dividends paid		–	(15,136)
Dividends paid to non-controlling interests		–	(21,503)
Contribution from non-controlling interests		2,129	5,286
Principal elements of lease payments		(2,837)	(2,254)
Net cash (used in)/generated from financing activities		(1,087,569)	1,780,098
Net increase in cash and cash equivalents		1,119,017	348,657
Cash and cash equivalents at the beginning of the year		949,281	605,357
Changes in exchange rates		20,191	(4,733)
Cash and cash equivalents at the end of the year		2,088,489	949,281
Analysis of the balances of cash and cash equivalents			
Bank balances and cash (excluding restricted bank balances)	20	2,088,489	949,281

Consolidated Statement of Changes in Equity

For the year ended 31st March 2021

	Equity attributable to shareholders of the Company			Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Reserves HK\$'000	Total HK\$'000		
At 31st March 2019	84,087	13,012,471	13,096,558	11,733,600	24,830,158
Financial assets at fair value through other comprehensive income					
– 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	–	(17,888)	(17,888)	(17,173)	(35,061)
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
Financial assets at fair value through other comprehensive income					
– net fair value gain	–	1,333,756	1,333,756	1,054,093	2,387,849
– realised gain of equity securities	–	3,176	3,176	2,958	6,134
Cash flow hedges					
– fair value loss	–	(21,724)	(21,724)	(22,283)	(44,007)
– deferred tax on derivative financial instruments	–	6,536	6,536	6,510	13,046
Currency translation differences	–	118,895	118,895	128,736	247,631
Profit for the year	–	1,006,781	1,006,781	703,800	1,710,581
Total comprehensive income for the year	–	2,447,420	2,447,420	1,873,814	4,321,234
At 31st March 2021	84,087	14,593,013	14,677,100	12,770,520	27,447,620

Notes to the Financial Statements

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 principal office is 30th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong.

2 PRINCIPAL ACCOUNTING POLICIES

(A) Basis of Preparation

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

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

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

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

The accounting policies and methods of computation used in the preparation of these annual financial statements are consistent with those used in 2020, except adoption of the following new standards and amendments to standards 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 2020:

Amendments to HKAS1 and HKAS 8	Definition of material
Amendments to HKFRS 3	Definition of a business
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest rate benchmark reform
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting

The adoption of the new standards and amendments to standards stated above did not have significant impact to the consolidated financial statements in the current and prior years.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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

Effective for accounting periods beginning on or after:

1st June 2020

Amendments to HKFRS 16	COVID-19 related rent concessions
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1st January 2021

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest rate benchmark reform – phase 2
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1st January 2022

Amendments to HKAS 16	Property, plant and equipment: Proceeds before intended use
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract
Amendments to HKFRS 3	Reference to the conceptual framework
Amendments to HKFRS	Annual improvements to HKFRS Standards 2018-2020

1st January 2023

HKFRS 17	Insurance contracts
Amendments to HKAS 1	Classification of liabilities as current or non-current and related amendments to Hong Kong interpretation 5 (2020)

To be determined

Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture
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The Group is in the process of making an assessment of the impact of these new standards and amendments to standards and is not yet in a position to state whether they would have a significant impact on the Group's results and financial position.

Notes to the Financial Statements

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(C) Basis of Consolidation

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

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

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

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(D) Subsidiaries

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

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

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

(E) Joint 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.

Notes to the Financial Statements

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(F) Associated Companies

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

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

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

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

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

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

(G) Balances with Subsidiaries, Joint Ventures and Associated Companies

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

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(H) Goodwill

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

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

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

(I) Financial Investments

(i) Classification

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

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

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

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

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

(ii) Recognition and derecognition

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

Notes to the Financial Statements

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(I) Financial Investments (Continued)

(iii) Measurement

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

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

(a) Debt instruments

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest revenue using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "net investment gain/(loss)" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated profit and loss account.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "net investment gain/(loss)". Interest income from these financial assets is included in interest revenue using the effective interest rate method. Foreign exchange gains and losses are presented in "net investment gain/(loss)" and impairment expenses are presented as separate line item in the consolidated profit and loss account.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "net investment gain/(loss)" in the period in which it arises.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(I) Financial Investments (Continued)

(iii) Measurement (Continued)

(b) *Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as "sales of goods and services, 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.

(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.

Notes to the Financial Statements

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(J) Property, Plant and Equipment (Continued)

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

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

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

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

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

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

(K) Impairment of Non-Financial Assets

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

(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.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(L) Investment Properties (Continued)

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 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.

(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.

Notes to the Financial Statements

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(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 19 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.

(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.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(U) Employee Benefits (Continued)

(ii) Retirement benefits obligations

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

(iii) Share-based compensation

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

When the options are exercised, the Company 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.

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.

Notes to the Financial Statements

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(V) Current and Deferred Income Tax (Continued)

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.

(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.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(Y) Revenue Recognition (Continued)

(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.

(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.

(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.

Notes to the Financial Statements

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(Z) Foreign Currency Translation (Continued)

(ii) Transactions and balances (Continued)

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

(iii) Group companies

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

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each profit and loss account and statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (c) all resulting currency translation differences are recognised in OCI.

On consolidation, 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.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(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

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 the consolidated profit and loss account.

Notes to the Financial Statements

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).

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(AH) Derivative Financial Instruments and Hedging Activities (Continued)

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

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

When a hedging instrument expires, 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.

(AI) Government Grants

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

3 FINANCIAL RISK MANAGEMENT

(I) Financial Risk Factors

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

(a) Market risk

(i) Foreign exchange risk

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

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

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

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

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

The Group is also exposed to foreign currency risk with respect to financial investments, derivative financial instruments, bank balances and borrowings which are denominated in United States dollar, Renminbi, Sterling pound, Euro and Japanese yen.

At 31st March 2021, the Group's entities with functional currency of Hong Kong dollar had United States dollars net monetary assets of HK\$13.4 billion (2020: HK\$15.8 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 dollar.

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:

	2021			2020		
	Net monetary assets amount HK\$'000	Increase/(decrease) in result attributable to the shareholders of the Company if exchange rate changes by		Net monetary assets amount HK\$'000	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
Renminbi	4,653,013	111,686	(111,686)	7,667	170	(170)
Sterling	78,734	3,280	(3,280)	59,144	2,460	(2,460)
Euro	7,722	153	(153)	4,845	103	(103)

Notes to the Financial Statements

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"), Shanghai Stock Exchange ("SSE") 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:

	2021				2020			
	Increase/(decrease) in result attributable to shareholders of the Company if price changes by +10%		Increase/(decrease) in investment revaluation reserve of the Company if price changes by -10%		Increase/(decrease) in result attributable to shareholders of the Company if price changes by +10%		Increase/(decrease) in investment revaluation reserve of the Company if price changes by -10%	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at FVPL	184,289	(184,289)	-	-	13,536	(13,536)	-	-
Financial assets at FVOCI	-	-	793,020	(793,020)	-	-	881,570	(881,570)

(iii) Cash flow interest risk

Other than bank balances and deposits, financial investments with fixed coupons, mortgage loans receivables, loans 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.

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

(a) Market risk (Continued)

(iii) Cash flow interest risk (Continued)

At 31st March 2021, 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\$6,124,000 (2020: HK\$5,774,000) lower/higher.

(b) Credit risk

The credit risk of the Group mainly arises from bank balances and cash (note 20), financial investments (note 17), derivative financial instruments (note 24), 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;
- Stage 3: For financial instruments show objective evidence of impairment at the end of the reporting period, lifetime expected credit losses are recognised and interest revenue is calculated on the net carrying amount of the asset.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

(b) Credit risk (Continued)

Measurement of expected credit losses (Continued)

(ii) Significant change in credit risk

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

(iii) Definition of default and credit-impaired assets

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

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

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

Notes to the Financial Statements

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 2021, the unutilised credit facilities available to the Group amounted to HK\$10,115,000,000 (2020: HK\$5,332,000,000).

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.

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

(c) Liquidity risk (Continued)

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

	On demand HK\$'000	Within 1 year HK\$'000	Between 1 and 5 years HK\$'000	After 5 years HK\$'000	Total undiscounted cash flows HK\$'000
At 31st March 2021					
Non-derivative					
Trade and other payables	-	1,272,577	-	-	1,272,577
Amount due to joint ventures	-	337,775	-	-	337,775
Amount due to an associated company	-	219,450	-	-	219,450
Borrowings	533,325	4,617,615	13,723,850	-	18,874,790
Lease liabilities	-	2,263	855	-	3,118
	533,325	6,449,680	13,724,705	-	20,707,710
Derivative financial instruments					
Net outflow	-	75,820	214,046	11,510	301,376
	533,325	6,525,500	13,938,751	11,510	21,009,086
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

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(II) Capital Risk Management

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

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

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

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

The gearing ratios at 31st March 2021 and 2020 were as follows:

	2021 HK\$'000	2020 HK\$'000
Borrowings (note 23)	17,994,031	18,788,836
Medium term notes	–	249,940
Less: bank balances and cash (note 20)	(2,174,641)	(1,118,373)
Net debt	15,819,390	17,920,403
Revalued net assets (note (a))	33,498,895	29,218,618
Gearing ratio against revalued net assets	47%	61%

Notes:

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

Notes to the Financial Statements

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 2021 and 2020.

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
2021			
Assets			
Financial investments			
Financial assets at FVOCI	396,332	12,656,411	56,353
Financial assets at FVPL	183,591	4,078,410	131,234
Derivative financial instruments	–	26,965	–
	579,923	16,761,786	187,587
Liabilities			
Derivative financial instruments	–	106,631	–

There were no transfer between levels 1, 2 and 3 during the year.

	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	–

Notes to the Financial Statements

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.

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(III) Fair Value Estimation (Continued)

(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.

The following table presents the changes in level 3 financial instruments for the year ended 31st March 2021 and 2020.

	Financial assets at FVOCI HK\$'000	Financial assets at FVPL HK\$'000
At 31 March 2019	42,867	152,634
Net 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
Net (disposal)/addition	(42,245)	15,144
Fair value loss recognised in OCI	(44)	–
Fair value gain recognised in profit or loss	160	23,276
At 31 March 2021	56,353	131,234

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 2020.

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.

Notes to the Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(A) Estimate of Fair Value of Investment Properties

At 31st March 2021, the Group had investment properties with fair value of HK\$9,454,087,000 (2020: HK\$9,693,400,000). 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's property held for development for sale is stated at lower of cost and net realisable value. As at 31st March 2021, the amount represents a 100% interest in a piece of land ("Property" or "Land") situated in Seac Pai Van, Coloane, Macau.

In February 2017, Macau government has officially declared expiry of the land concession and reclaimed the land. Several defence and appeal were filed since then. In July 2020, the Last Instance Court dismissed the opposition and appeal. In March 2021, statement of claim was filed by the Group against the Macau government at the Administrative Court, with a view to recover the damages caused by the Macau government's failure to create the conditions necessary for the Group to develop the Property. The legal proceeding is continuing and no decision has been made by the court up to the date of this report.

As Macau government has officially declared expiry of the land concession and reclaimed the land and the appeal was dismissed by the Last Instance Court, the Group has no rights to use the land concession, accordingly the Property and a full impairment provision for the Property made in prior years were written-off during the year ended 31st March 2021.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(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.

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 25), 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.

Notes to the Financial Statements

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/hold 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
2021						
Segment revenue	-	195,866	37,251	2,459,598	47,648	2,740,363
Contribution to segment results	(3,805)	168,788	(39,816)	2,452,230	35,796	2,613,193
Depreciation	(5,713)	-	(176,031)	-	(22,160)	(203,904)
Net investment gain	-	-	-	196,040	-	196,040
Fair value loss of investment properties	-	(241,715)	-	-	-	(241,715)
Share of profits less losses of						
Joint ventures	83,748	-	-	-	1,445	85,193
Associated companies	-	(80,975)	-	-	(1,675)	(82,650)
Segment results	74,230	(153,902)	(215,847)	2,648,270	13,406	2,366,157
Unallocated corporate expenses						(178,894)
Net finance costs						(406,686)
Profit before income tax						1,780,577

Notes to the Financial Statements

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
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

Notes to the Financial Statements

5 SEGMENT INFORMATION (CONTINUED)

	Business segments						Total HK\$'000
	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Unallocated HK\$'000	
2021							
Assets	9,424,658	10,682,175	6,010,798	18,047,001	231,495	4,168,545	48,564,672
Assets include:							
Joint ventures and associated companies	5,691,208	1,192,778	–	–	34,375	502	6,918,863
Addition to non-current assets*	3,988	2,402	10,979	–	211	81,446	99,026
Liabilities							
Borrowings	4,615,009	1,788,371	3,609,603	2,490,865	–	5,490,183	17,994,031
Other liabilities							3,123,021
							21,117,052
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

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

Notes to the Financial Statements

5 SEGMENT INFORMATION (CONTINUED)

	2021 HK\$'000	2020 HK\$'000
Revenue		
Hong Kong	328,819	617,902
Overseas	2,411,544	2,014,136
	2,740,363	2,632,038
Non-current assets*		
Hong Kong	21,249,645	21,413,014
Overseas	3,136,976	3,036,417
	24,386,621	24,449,431

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

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

	2021 HK\$'000	2020 HK\$'000
Revenue from contracts with customers		
– Recognised at a point in time	3,005	20,388
– Recognised over time	64,344	332,457
	67,349	352,845
Other sources	184,091	247,435
	251,440	600,280

Notes to the Financial Statements

6 NET INVESTMENT GAIN/(LOSS)

	2021 HK\$'000	2020 HK\$'000
Financial assets at FVPL		
– net unrealised gain from market price movements	219,005	12,151
– net unrealised exchange loss	(23,998)	(3,083)
– net realised gain (note(a))	7,654	36,887
Financial assets at FVOCI		
– net unrealised exchange gain/(loss)	32,132	(172,235)
– net realised gain (note (b))	92,539	62,041
– changes in expected credit losses (note (c))	(139,674)	(92,791)
Derivative financial instruments		
– net unrealised gain	8,382	–
	196,040	(157,030)
Notes:		
(a) Net realised gain on financial assets at FVPL		
Gross consideration	104,997	1,196,960
Cost of investments	(97,683)	(973,432)
Total gain	7,314	223,528
Add/(less): net unrealised loss/(gain) recognised in prior years	340	(186,641)
Net realised gain recognised in current year	7,654	36,887
(b) Net realised gain on financial assets at FVOCI		
Gross consideration	10,965,133	4,716,262
Cost of investments	(10,763,772)	(4,622,687)
Total gain	201,361	93,575
Transfer from investment revaluation reserve	(108,822)	(31,534)
Net realised gain recognised in current year	92,539	62,041

Notes to the Financial Statements

6 NET INVESTMENT GAIN/(LOSS) (CONTINUED)

Notes: (Continued)

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

	2021 HK\$'000	2020 HK\$'000
Opening loss allowance as at 1st April	(681,161)	(588,370)
Increase in loss allowance recognised in consolidated profit and loss account	(139,674)	(92,791)
Closing loss allowance as at 31st March	(820,835)	(681,161)

Except for one fully impaired debt securities where the issuer had defaulted on redemption at maturity, and one partially impaired debt securities which has significant increase in credit risk, all of the Group's other debt securities 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.

Notes to the Financial Statements

6 NET INVESTMENT GAIN/(LOSS) (CONTINUED)

Supplementary information of net investment gain on financial investments:

During the year, 30 debt securities and 10 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) HK\$'000
Debt Securities	
Jiayuan International Group Limited ("Jiayuan") 11.375% notes	43,463
Modern Land (China) Co., Limited ("Modern Land") 12.85% notes	15,240
Kaisa Group Holdings Limited ("Kaisa") 8.5% notes	12,923
KWG Group Holdings Limited ("KWG") 7.875% notes	12,502
Ronshine China Holdings Limited ("Ronshine") 11.25% notes	11,731
Xinyuan Real Estate Co., Limited ("Xinyuan") 14.2% notes	8,435
VCREDIT Holdings Limited ("VCREDIT") 11% notes	7,420
Fantasia Holdings Group Co. Ltd ("Fantasia") 12.25% notes	6,859
Xinyuan 8.875% notes	3,846
Kaisa 9.375% notes	(38,521)
Others	8,641
Equity Securities	
The Cross-Harbour (Holdings) Limited	5,070
Others	2,584
	100,193

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 derecognised were rated "B3" by Moody's Investor Service ("Moody's") and listed on FSE.

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

Kaisa is principally engaged in the property development, property investment, property management and hotel and catering operation in the PRC. Its shares are listed on HKEX (stock code: 1638). The notes derecognised were rated "B2" by Moody's and listed on SGX-ST.

KWG is principally engaged in the property development, property investment and hotel operation in the PRC. Its shares are listed on HKEX (stock code: 1813). The notes derecognised were rated "B2" by Moody's and listed on SGX-ST.

Notes to the Financial Statements

6 NET INVESTMENT GAIN/(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 and listed on SGX-ST.

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

VCREDIT is a provider of consumer financial services in the PRC. Its shares are listed on HKEX (stock code: 2003). The notes derecognised were not rated and listed on HKEX.

Fantasia is principally engaged in the property development, property investment, property agency services, property operation services and hotel operations in the PRC. Its shares are listed on HKEX (stock code: 1777). The notes derecognised were rated "B3" by Moody's and listed on SGX-ST.

Net unrealised gain/(loss) for the year was generated from the fair value changes of the financial investments that comprised 71 (2020: 70) securities as at 31st March 2021. Please refer to note 17 for the details.

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

	2021 HK\$'000	2020 HK\$'000
Equity securities	36,212	8,449
Debt securities	165,226	(172,147)
Unlisted fund	25,701	531
	227,139	(163,167)

Notes to the Financial Statements

7 INCOME AND EXPENSES BY NATURE

	2021 HK\$'000	2020 HK\$'000
Income		
Net rental income (note)	170,188	183,064
Interest income from financial assets at FVOCI		
Listed investments	2,381,478	2,001,908
Interest income from financial assets at FVPL		
Listed investments	59,116	–
Unlisted investments	7,077	5,187
Interest income from financial assets at amortised cost		
Joint ventures	37,088	18,562
Loan receivables	3,332	2,072
Bank deposits	832	4,029
Dividend income		
Listed investments	6,445	40,168
Expenses		
Auditor's remuneration		
Audit services	9,905	10,265
Non-audit services	2,978	2,784
Cost of properties and goods sold	4,794	80,686
Employee benefit expense including Director's emoluments (note 8)	176,329	221,362
Impairment for trade receivable	–	9,385
Operating lease rental expense for land and buildings	1,088	1,040
Note:		
Gross rental income		
Investment properties	195,812	213,148
Properties held for sale	54	54
Outgoings	195,866 (25,678)	213,202 (30,138)
Net rental income	170,188	183,064

Notes to the Financial Statements

8 EMPLOYEE BENEFIT EXPENSE

	2021 HK\$'000	2020 HK\$'000
Wages and salaries	177,051	219,392
Retirement benefit costs (note (a))	3,674	5,941
	180,725	225,333
Capitalised under properties under development for sale	(4,396)	(3,971)
	176,329	221,362

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

Notes:

- (a) Retirement benefits costs

	2021 HK\$'000	2020 HK\$'000
Gross contributions	3,653	5,744
Termination benefit	21	197
Net contributions	3,674	5,941

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

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

The Group also participates in the MPF 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% (2020: 5%) or a fixed sum and 5.45% (2020: 5.25%) respectively, of the employee's relevant income in accordance with the local legislative requirements.

As at 31st March 2021 and 2020, no forfeiture was available to reduce the Group's future contributions to the ORSO Scheme.

Notes to the Financial Statements

8 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

Notes: (Continued)

(b) Share options

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

Company

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

Date of grant		Exercise price per share	Expiry date	Number of share options Outstanding as at 31st March 2020 and 2021
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.

Asia Standard

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

Date of grant		Exercise price per share	Expiry date	Number of share options Outstanding as at 31st March 2020 and 2021
13th March 2014	Employee	HK\$2.00	12th March 2024	1,000,000
11th December 2015	Directors	HK\$1.38	10th December 2025	7,000,000
				8,000,000

No 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 are as follows:

Date of grant		Exercise price per share	Expiry date	Number of share options Outstanding as at 31st March 2020 and 2021
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.

Notes to the Financial Statements

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 2021 and 2020 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
2021 (in HK\$'000)						
Executive						
Mr. Fung Siu To, Clement	-	1,294	188	1,306	42	2,830
Mr. Poon Jing	-	1,303	16,200	14,689	18	32,210
Mr. Poon Hai	-	2,947	16,200	650	36	19,833
Mr. Poon Yeung, Roderick	-	1,919	14,000	620	36	16,575
Mr. Lun Pui Kan	-	1,835	1,600	1,044	136	4,615
Mr. Kwan Po Lam, Phileas	-	2,315	600	946	110	3,971
	-	11,613	48,788	19,255	378	80,034
Independent Non-executive						
Mr. Cheung Kwok Wah	300	-	-	-	-	300
Mr. Hung Yat Ming (resigned on 15th January 2021)	277	-	-	-	-	277
Mr. Wong Chi Keung	431	-	-	-	-	431
Mr. Leung Wai Keung (appointed on 15th January 2021)	116	-	-	-	-	116
	1,124	-	-	-	-	1,124
	1,124	11,613	48,788	19,255	378	81,158

Notes to the Financial Statements

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 2021 and 2020 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
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

Notes:

- (i) Total emoluments of HK\$81,158,000 (2020: HK\$76,635,000) include HK\$74,457,000 (2020: HK\$69,935,000) paid and payable by subsidiaries of Asia Standard, which in turn include HK\$25,237,000 (2020: HK\$25,394,000) 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 in respect of accepting office as a director or as compensation for loss of office (2020: 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 (2020: Nil).

Notes to the Financial Statements

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

- (b) The five highest paid individuals in the Group for the year include five (2020: 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	
	2021	2020
HK\$1,000,001 – HK\$2,000,000	2	1
HK\$2,000,001 – HK\$3,000,000	2	3

10 NET FINANCE COSTS

	2021 HK\$'000	2020 HK\$'000
Interest (expense)/income		
Long term bank loans	(322,295)	(551,709)
Short term bank loans and overdrafts	(37,003)	(40,480)
Medium term notes	(756)	(14,162)
Lease liabilities	(116)	(140)
Loan from a joint venture	(1,918)	–
Derivative financial instruments	(48,177)	239
Interest capitalised (note)	58,950	44,099
	(351,315)	(562,153)
Other incidental borrowing costs	(48,141)	(64,108)
Net foreign exchange (loss)/gain on borrowings	(2,237)	4,854
Fair value loss on derivative financial instrument		
Cash flow hedge	(4,993)	(3,987)
	(406,686)	(625,394)

Note:

Borrowing costs were capitalised at rates ranged from 2.63% to 4.16% (2020: 2.99% to 4.3%) per annum.

Notes to the Financial Statements

11 INCOME TAX EXPENSE

	2021 HK\$'000	2020 HK\$'000
Current income tax expense		
Hong Kong profits tax	(93,883)	(36,687)
Overseas profits tax	(322)	–
Over/(under) provision in prior years	5,730	(7,136)
	(88,475)	(43,823)
Deferred income tax credit	18,479	39,827
	(69,996)	(3,996)

Hong Kong profits tax is provided at the rate of 16.5% (2020: 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:

	2021 HK\$'000	2020 HK\$'000
Profit before income tax	1,780,577	919,460
(Less)/add:		
Share of (profits)/losses of joint ventures and associated companies	(2,543)	78,402
	1,778,034	997,862
Calculated at a tax rate of 16.5% (2020: 16.5%)	(293,376)	(164,647)
Over/(under) provision in prior years	5,730	(7,136)
Effect of different tax rates in other countries	2,643	3,062
Income not subject to income tax	326,527	324,043
Expenses not deductible for tax purposes	(76,864)	(116,089)
Tax losses not recognised	(39,257)	(39,314)
Utilisation of previously unrecognised tax losses	2,194	36
Recognition of previously unrecognised tax losses	6,986	–
Others	(4,579)	(3,951)
Income tax expense	(69,996)	(3,996)

Notes to the Financial Statements

12 DIVIDENDS

	2021 HK\$'000	2020 HK\$'000
Interim, nil (2020: Nil)	–	–
Final, proposed, of HK3.6 cents per share (2020: Nil)	30,271	–
	30,271	–

At a meeting held on 28th June 2021, the Board of Directors of the Company has proposed to pay a final dividend of HK3.6 cents per share (2020: Nil) for the year ended 31st March 2021. The proposed dividend is not reflected in the financial statements, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2022.

The amount of HK\$30,271,000 is based on 840,873,996 issued shares as at 28th June 2021.

13 EARNINGS PER SHARE

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

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

	2021 HK\$'000	2020 HK\$'000
Profit attributable to shareholders of the Company	1,006,781	553,577
	Number of shares	
Weighted average number of shares in issue	840,873,996	840,873,996

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 2021 and 2020.

Notes to the Financial Statements

14 INVESTMENT PROPERTIES

	2021 HK\$'000	2020 HK\$'000
At the beginning of the year	9,693,400	9,778,075
Addition	2,402	24,719
Transfer from property, plant and equipment	–	93,119
Transfer to property, plant and equipment (note 15)	–	(76,564)
Net fair value loss	(241,715)	(125,949)
At the end of the year	9,454,087	9,693,400

As at 31st March 2021, the aggregate net book value of investment properties pledged as securities for loans amounted to HK\$9,442,450,000 (2020: HK\$9,682,005,000).

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 2021 and 2020.

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	
			2021 HK\$	2020 HK\$
Office	Direct comparison	Adjusted market price (HK\$/square feet)	21,800-32,300	23,500-36,800
Retail – Ground floor	Direct comparison	Adjusted market price (HK\$/square feet)	36,100-112,500	42,500 – 120,700
Retail – Others	Direct comparison	Adjusted market price (HK\$/square feet)	13,400-26,800	14,000 – 28,000

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 2019	6,838,586	2,228,082	354,358	192,982	–	9,614,008
Adoption of HKFRS 16	(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
Transfer from properties under development for sale	–	–	61,938	–	579,914	641,852
Transfer from investment properties	–	–	4,463	–	72,101	76,564
Transfer 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	(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
Transfer 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
Cost						
At 31st March 2020	–	2,246,205	445,300	209,937	7,430,335	10,331,777
Currency translation differences	–	–	–	5,665	120	5,785
Additions	–	9,614	77,629	5,518	1,282	94,043
Disposals	–	(584)	–	(1,678)	(881)	(3,143)
At 31st March 2021	–	2,255,235	522,929	219,442	7,430,856	10,428,462
Accumulated depreciation						
At 31st March 2020	–	890,423	24,293	127,584	1,166,807	2,209,107
Currency translation differences	–	–	–	4,478	65	4,543
Total charge for the year	–	70,171	4,658	19,506	109,569	203,904
Disposals	–	(554)	–	(1,328)	(881)	(2,763)
At 31st March 2021	–	960,040	28,951	150,240	1,275,560	2,414,791
Net book value						
At 31st March 2021	–	1,295,195	493,978	69,202	6,155,296	8,013,671

Notes to the Financial Statements

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

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

	2021 HK\$'000	2020 HK\$'000
Hotel properties		
Hotel buildings	1,295,195	1,355,782
Hotel leasehold land	4,655,545	4,758,973
	5,950,740	6,114,755

Supplementary information with hotel properties at valuation:

The aggregate open market value, on a highest and best use basis, of the five (2020: five) hotel properties in Hong Kong based on valuations conducted by Vigers Appraisal & Consulting Limited ("Vigers"), independent professional valuers, amounted to HK\$11,404,900,000 (2020: HK\$11,669,800,000), is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13.

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

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

- (b) As at 31st March 2021, the aggregate net book value of property, plant and equipment pledged as security for loans amounted to HK\$7,868,938,000 (2020: HK\$7,964,827,000).
- (c) Right-of-use assets

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

	2021 HK\$'000	2020 HK\$'000
Right-of-use assets		
Leasehold land in Hong Kong	6,151,965	6,259,096
Leased properties – offices and warehouse	3,331	4,432
	6,155,296	6,263,528

Notes to the Financial Statements

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes: (Continued)

(c) Right-of-use assets (Continued)

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

	For the year ended 31st March	
	2021 HK\$'000	2020 HK\$'000
Depreciation charge of right-of-use assets		
Leasehold land in Hong Kong	107,131	109,639
Leased properties – offices and warehouse	2,438	2,264
	109,569	111,903

16 JOINT VENTURES AND ASSOCIATED COMPANIES

	2021 HK\$'000	2020 HK\$'000
Investment in		
Joint ventures	3,598,601	3,376,264
Associated companies	1,193,280	1,275,930
	4,791,881	4,652,194
Amount due from		
Joint ventures	2,126,802	1,981,016
Associated companies	180	151
	2,126,982	1,981,167

Notes to the Financial Statements

16 JOINT VENTURES AND ASSOCIATED COMPANIES (CONTINUED)

A. Joint Ventures

	2021 HK\$'000	2020 HK\$'000
Share of net assets	3,598,601	3,376,264
Advances to joint ventures	2,271,566	2,125,780
Provision for advances to joint ventures	(144,764)	(144,764)
	5,725,403	5,357,280
Amount due to a joint venture included in current liabilities	(337,775)	(213,951)
	5,387,628	5,143,329

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 2021, except for an amount of HK\$269,204,000 (2020: HK\$306,076,000) and HK\$382,518,000 (2020: HK\$330,485,000) advance to joint ventures which is bearing interest at 1% to 3% (2020: 1%) above The Hong Kong and Shanghai Banking Corporation ("HSBC") prime rate per annum and 15% (2020: 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\$72,039,000 (2020: HK\$79,592,000). 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 30). There are no contingent liabilities relating to the Group's interests in joint ventures.

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

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

	2021 HK\$'000	2020 HK\$'000
Profit before income tax	121,643	120,927
Income tax expense	(36,450)	(56,494)
Profit for the year	85,193	64,433
Other comprehensive income/(charge)	186,814	(141,188)
Total comprehensive income/(charge) for the year	272,007	(76,755)

There is no joint venture as at 31st March 2021 and 2020, which in the opinion of the Directors, is individually material to the Group.

Notes to the Financial Statements

16 JOINT VENTURES AND ASSOCIATED COMPANIES (CONTINUED)

B. Associated companies

	2021	2020
	HK\$'000	HK\$'000
Share of net assets (note (a))	1,193,280	1,275,930
Advances to associated companies	420,913	420,884
Provisions for advances to associated companies	(420,733)	(420,733)
	1,193,460	1,276,081
Amount due to an associated company included in current liabilities	(219,450)	(224,400)
	974,010	1,051,681

As at 31st March 2021 and 2020, the shares of an associated company are pledged to secure the loan facilities granted to the Group.

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

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.

Notes to the Financial Statements

16 JOINT VENTURES AND ASSOCIATED COMPANIES (CONTINUED)

B. Associated companies (Continued)

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

	2021 HK\$'000	2020 HK\$'000
Loss before income tax (note (b))	(82,893)	(141,271)
Income tax credit/(expense)	243	(1,564)
Loss and total comprehensive charge for the year	(82,650)	(142,835)

Notes:

- (a) Mainly represented share of net assets of an associated company holding an investment property.
- (b) Mainly represented share of fair value loss arising from the revaluation of an investment property held by an associated company. The investment property was revalued by Prudential Surveyors (Hong Kong) Limited, independent professional valuers, on an open market value basis as at 31st March 2021 and 2020.

The significant unobservable inputs used are as follows:

	Valuation techniques	Unobservable inputs	Range of unobservable inputs	
			2021 HK\$	2020 HK\$
Office	Direct comparison	Adjusted market price (HK\$/square feet)	14,200-22,900	16,500 – 20,000
Retail – Ground floor	Direct comparison	Adjusted market price (HK\$/square feet)	269,800-323,000	273,400 – 353,700
Retail – Others	Direct comparison	Adjusted market price (HK\$/square feet)	15,000-50,000	14,400 – 55,400

Notes to the Financial Statements

17 FINANCIAL INVESTMENTS

	2021 HK\$'000	2020 HK\$'000
Non-current assets		
Equity securities		
– Listed in Hong Kong	396,332	282,622
– Unlisted	56,353	98,482
	452,685	381,104
Debt securities		
– Listed in the PRC	4,283,776	–
– Listed in Singapore	307,890	–
	4,591,666	–
Unlisted fund	131,234	92,814
	5,175,585	473,918
Current assets		
Equity securities		
– Listed in Hong Kong	183,591	81,363
Debt securities		
– Listed in Singapore	10,958,965	13,602,445
– Listed in Europe	921,722	1,538,348
– Listed in Hong Kong	233,276	577,536
– Listed in the PRC	20,446	–
– Unlisted	–	50,700
	12,134,409	15,769,029
Unlisted fund	8,746	6,321
	12,326,746	15,856,713
	17,502,331	16,330,631

Notes to the Financial Statements

17 FINANCIAL INVESTMENTS (CONTINUED)

	2021 HK\$'000	2020 HK\$'000
Non-current assets		
Financial assets at FVOCI	976,005	381,104
Financial assets at FVPL	4,199,580	92,814
	5,175,585	473,918
Current assets		
Financial assets at FVOCI	12,133,091	15,717,051
Financial assets at FVPL	193,655	139,662
	12,326,746	15,856,713
	17,502,331	16,330,631

Financial investments are denominated in the following currencies:

	2021 HK\$'000	2020 HK\$'000
United States dollar	12,583,673	15,639,954
Renminbi	4,243,456	–
Hong Kong dollar	579,923	614,685
Sterling	78,328	58,613
Japanese Yen	15,633	16,101
Euro	1,318	1,278
	17,502,331	16,330,631

As at 31st March 2021, financial investments equivalent to HK\$4,057,693,000 (2020: HK\$2,557,387,000) were pledged as security for borrowings.

Notes to the Financial Statements

17 FINANCIAL INVESTMENTS (CONTINUED)

Supplementary information of financial investments:

Equity Securities

As at 31st March 2021, the Group held 23 (2020: 19) listed equity securities and 1 (2020: 2) unlisted equity securities. The summary of equity securities portfolio of financial investments as at 31st March 2021 and 2020 and their corresponding unrealised gain/(loss) and dividend income for the year ended 31st March 2021 and 2020 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	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
MGM China ("MGM")	257,651	148,056	109,595	(158,512)	1,550	2,390
HSBC Holdings PLC ("HSBC")	138,680	134,566	4,115	(60,196)	3,547	7,173
Amer Sports Corporation ("Amer Sports")	56,353	55,623	116	(659)	-	-
China Evergrande New Energy Vehicle Group Ltd ("Evergrande Vehicle")	50,315	-	31,568	-	-	-
Others	133,277	124,222	4,483	9,516	1,348	30,605
	636,276	462,467	149,877	(209,851)	6,445	40,168

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 2021, 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) and LSE (stock code: HSBA), with an "A-" rated by S&P. As at 31st March 2021, a total of 0.02% of shareholding of HSBC was held by the Group.

Amer Sports is an unlisted global sporting goods company headquartered in Finland with internationally recognised brands. It is a subsidiary of Anta Sports Products Limited ("Anta Sports"). Anta Sports is principally engaged in the manufacture and trading of sporting goods, including footwear, apparel and accessories in the PRC. Its shares are listed on HKEX (stock code: 2020).

Evergrande Vehicle is principally engaged in technology research and development, production and sales of new energy vehicles, health management, international hospitals, and elderly care and rehabilitation in the PRC. Its shares are listed on HKEX (stock code: 708). As at 31st March 2021, a total of 0.01% shareholding of Evergrande Vehicle was held by the Group.

An equity securities measured at FVOCI had been sold during the year ended 31st March 2021. The fair value of the financial investment at the date of derecognition was approximately HK\$48,993,000 with cumulative gain on disposal of approximately HK\$32,058,000 was credited to revenue reserve directly. No dividend income was recognised during the year.

Notes to the Financial Statements

17 FINANCIAL INVESTMENTS (CONTINUED)

Debt Securities

As at 31st March 2021, the Group held 42 (2020: 44) debt securities, 31 of them are listed in Singapore, 7 in the PRC, 3 in Europe and 1 in Hong Kong. Approximately 99% (2020: 98%) of the mark to market valuation comprising 40 (2020: 40) 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 and 1 is unlisted.

The summary of debt securities portfolio of financial investments as at 31st March 2021 and 2020 and their corresponding unrealised gain/(loss) and interest income for the year ended 31st March 2021 and 2020 are as follows:

	As at 31st March	
	2021 HK\$'000	2020 HK\$'000
Principal amount of notes	19,218,758	19,736,557
Investment cost	17,519,671	19,037,896
Market value	16,726,075	15,769,028
Coupon	6.58% to 15%	7% to 15.5%
Maturity	Oct 2021 – Feb 2026	May 2020 – Jun 2025
Rating	NR to B2	NR to B2

	For the year ended 31st March	
	2021 HK\$'000	2020 HK\$'000
Interest income	2,447,671	2,007,095
Unrealised gain/(loss)		
– to profit and loss account	165,227	(172,147)
– other comprehensive income	1,039,635	(2,086,601)

As at 31st March 2021, the 42 (2020: 44) debt securities of financial investments gave rise to a net unrealised fair value gain of HK\$1,205 million (2020: loss of HK\$2,259 million) for the year ended 31st March 2021. A total of 31 (2020: 8) debt securities have recorded unrealised fair value gain, with the remaining 11 (2020: 36) debt securities that recorded unrealised fair value losses.

As at 31st March 2021, the mark to market valuation of the largest single debt securities within the Group's financial investments represents approximately 4.0% (2020: 8.0%) of the Group's revalued total assets, and the mark to market valuation of the five largest debt securities held represents approximately 13.1% (2020: 11.6%). The remaining 37 debt securities represent 17.8% of the Group's revalued total assets, with each of them less than 1.6%.

Notes to the Financial Statements

17 FINANCIAL INVESTMENTS (CONTINUED)

Debt Securities (Continued)

The five largest debt securities held at 31st March 2021, are as follows:

	Market value				Unrealised gain/(loss)		Interest income	
	31st	% of	31st	% of	for the year		for the year	
	March	The debt	March	The debt	ended 31st March		ended 31st March	
	2021	Securities	2020	Securities	2021	2020	2021	2020
	Portfolio	Portfolio	Portfolio					
	HK\$'000		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Scenery 12% notes	2,177,903	13%	776,631	5%	50,725	(121,971)	306,426	19,322
Kaisa 9.375% notes	1,585,854	9%	3,976,028	25%	388,600	(969,698)	450,618	542,477
Evergrande 12% notes	1,474,975	9%	550,245	3%	210,396	(192,803)	176,918	11,904
Evergrande 8.75% notes	989,351	6%	919,144	6%	70,206	(258,797)	108,625	108,909
Pearl River 7.5% notes	931,283	6%	-	-	1,159	-	2,197	-

"Scenery 12% notes", issued by Scenery Journey Limited, an indirect subsidiary of China Evergrande Group ("Evergrande") and carried fixed coupon rate of 12% per annum. It is denominated in United States dollar ("USD") and matures on 24th October 2023. The notes are rated "B2" by Moody's and listed on SGX-ST. Evergrande is principally engaged in the property development, property investment, property management, property construction, hotel operations, finance business, internet business and health industry business in the PRC. Its shares are listed on HKEX (stock code: 3333).

"Kaisa 9.375% notes", issued by Kaisa and carries fixed coupon rate of 9.375% per annum. It is denominated in USD and matures on 30th June 2024. The notes are rated "B2" by Moody's and listed on SGX-ST.

"Evergrande 12% notes", issued by Evergrande and carries fixed coupon rate of 12% per annum. It is denominated in USD and matures on 22nd January 2024. The notes are rated "B2" by Moody's and listed on SGX-ST.

"Pearl River 7.5% notes", issued by Guangdong Pearl River Investment Co., Ltd ("Pearl River") and carries fixed coupon rate of 7.5% per annum. It is denominated in Renminbi, matures on 19th February 2026 and has an option for the holders to put for redemption on 19th February 2023. The notes are rated "AA+" by Lianhe Ratings Global Limited and listed on SSE. The Group acquired them through total return swap ("TRS") arranged by Morgan Stanley & Co. International plc, a public limited company incorporated in England and Wales. Pearl River is principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the PRC.

"Evergrande 8.75% notes", issued by Evergrande and carries fixed coupon rate of 8.75% per annum. It is denominated in USD and matures on 28th June 2025. The notes are rated "B2" by Moody's and listed on SGX-ST.

Notes to the Financial Statements

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

	2021 HK\$'000	2020 HK\$'000
Properties under development for sale		
Leasehold land	2,897,961	743,160
Development costs	725,430	391,607
	3,623,391	1,134,767
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 2021, properties amounting to HK\$3,356,631,000 (2020: HK\$1,082,668,000) were pledged to banks to secure certain banking facilities of the Group.
- (b) As at 31st March 2021 and 2020, all the properties under development for sale were not scheduled for completion within twelve months.

19 TRADE AND OTHER RECEIVABLES

	2021 HK\$'000	2020 HK\$'000
Trade receivables	37,034	38,303
Less: Loss allowance	(3,098)	(3,098)
	33,936	35,205
Accrued interest and dividend receivables	542,965	581,409
Loan receivables	21,587	28,619
Prepayments	35,157	24,758
Utility and other deposits	10,002	16,245
Other receivables	55,049	42,659
	698,696	728,895

Notes to the Financial Statements

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	2021 HK\$'000	2020 HK\$'000
0 month to 6 months	32,840	34,732
7 months to 12 months	964	15
More than 12 months	132	458
	33,936	35,205

Movement on loss allowance for trade receivable are as follows:

	2021 HK\$'000	2020 HK\$'000
At the beginning of the year	3,098	7,340
Write-off	–	(4,242)
At the end of the year	3,098	3,098

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

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

	2021 HK\$'000	2020 HK\$'000
United States dollar	404,592	573,611
Hong Kong dollar	129,564	133,888
Canadian dollar	26,480	20,018
Renminbi	138,060	1,378
	698,696	728,895

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

Notes to the Financial Statements

20 BANK BALANCES AND CASH

	2021 HK\$'000	2020 HK\$'000
Cash at bank and in hand	776,333	562,656
Short term bank deposits	1,312,156	386,625
Cash and cash equivalents	2,088,489	949,281
Restricted bank balances	86,152	169,092
	2,174,641	1,118,373

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:

	2021 HK\$'000	2020 HK\$'000
United States dollar	1,188,444	383,803
Hong Kong dollar	648,871	611,553
Renminbi	244,139	6,289
Canadian dollar	86,159	112,400
Others	7,028	4,328
	2,174,641	1,118,373

21 TRADE AND OTHER PAYABLES

	2021 HK\$'000	2020 HK\$'000
Trade payables	1,143,835	11,016
Accrual and other payables	76,421	105,517
Rental and management fee deposits	46,204	50,928
Building management account surplus	6,167	4,631
Lease liabilities	2,213	2,107
Medium term notes interest payable	–	2,520
	1,274,840	176,719

Notes to the Financial Statements

21 TRADE AND OTHER PAYABLES (CONTINUED)

Aging analysis of trade payables is as follows:

	2021 HK\$'000	2020 HK\$'000
0 month to 6 months	1,143,101	10,350
7 months to 12 months	192	80
More than 12 months	542	586
	1,143,835	11,016

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

22 CONTRACT LIABILITIES

	2021 HK\$'000	2020 HK\$'000
Deposits received in advance from customers	224,843	197,582
At the beginning of the year	197,582	199,405
Net increase for transactions during the year	4,025	8,533
Exchange differences	23,236	(10,356)
At the end of the year	224,843	197,582

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

Notes to the Financial Statements

23 BORROWINGS

	2021 HK\$'000	2020 HK\$'000
Current liabilities		
Short term bank loans		
Secured	303,325	2,564,747
Unsecured	30,000	1,084,825
Current portion of long term bank loans		
Secured	2,057,851	1,377,682
Unsecured	2,425,876	1,117,290
	4,817,052	6,144,544
Non-current liabilities		
Long term bank loans		
Secured	10,496,695	8,237,717
Unsecured	2,680,284	4,406,575
	13,176,979	12,644,292
	17,994,031	18,788,836

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:

	2021 HK\$'000	2020 HK\$'000
Repayable within one year	4,483,727	2,494,972
Repayable between one and two years	2,867,290	4,831,718
Repayable between two and five years	10,309,689	7,312,574
Repayable after five years	–	500,000
	17,660,706	15,139,264
Current portion included in current liabilities	(4,483,727)	(2,494,972)
	13,176,979	12,644,292

Notes to the Financial Statements

23 BORROWINGS (CONTINUED)

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

	2021 HK\$'000	2020 HK\$'000
Hong Kong dollar	17,257,716	17,645,216
United States dollar	652,121	1,074,747
Canadian dollar	84,194	68,873
	17,994,031	18,788,836

The interest rates of the borrowing at the balance sheet date range from 0.91% to 3.51% (2020: from 1.49% to 4.64%) per annum.

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

24 DERIVATIVE FINANCIAL INSTRUMENTS

	2021 HK\$'000	2020 HK\$'000
Non-current assets		
Interest rate swap contracts (cash flow hedges)	18,583	–
Interest rate swap contracts	8,382	–
	26,965	–
Non-current liabilities		
Interest rate swap contracts (cash flow hedges)	(106,631)	(39,048)

The principal amounts of the outstanding interest rate swap contracts were HK\$8,758,000,000 (2020: HK\$4,900,000,000).

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

25 DEFERRED INCOME TAX

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

	2021 HK\$'000	2020 HK\$'000
Deferred income tax assets	127,894	100,184
Deferred income tax liabilities	(737,201)	(729,184)
	(609,307)	(629,000)

Notes to the Financial Statements

25 DEFERRED INCOME TAX (CONTINUED)

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

Deferred Income Tax Assets

	Accelerated accounting depreciation		Tax loss		Difference in cost base of properties		Fair value adjustments		Total	
	2021	2020	2021	2020	2021	2019	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At the beginning of the year	-	38	108,415	73,197	56,264	56,264	-	-	164,679	129,499
Recognised in the profit and loss account	-	(38)	29,088	35,218	-	-	1,452	-	30,540	35,180
Recognised in other comprehensive income	-	-	-	-	-	-	13,046	-	13,046	-
At the end of the year	-	-	137,503	108,415	56,264	56,264	14,498	-	208,265	164,679

Deferred Income Tax Liabilities

	Accelerated tax depreciation		Revaluation of properties		Fair value adjustments		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At the beginning of the year	(107,796)	(101,477)	(603,235)	(615,650)	(82,648)	(84,435)	(793,679)	(801,562)
Recognised in the profit and loss account	(7,249)	(6,319)	12,414	12,415	(26,127)	(1,471)	(20,962)	4,625
Recognised in other comprehensive income	-	-	-	-	(2,931)	3,258	(2,931)	3,258
At the end of the year	(115,045)	(107,796)	(590,821)	(603,235)	(111,706)	(82,648)	(817,572)	(793,679)

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\$140 million (2020: HK\$109 million) in respect of losses amounting to HK\$802 million (2020: HK\$616 million) that can be carried forward against future taxable income. As at 31st March 2021, except for the tax losses of HK\$727 million (2020: HK\$644 million) which have no expiry date, the balance will expire at various dates up to and including 2039.

26 SHARE CAPITAL

Shares of HK\$0.1 each	Number of shares		Amount HK\$'000	
Authorised:				
At 31st March 2021 and 2020	3,000,000,000		300,000	
	Number of shares		Amount	
	2021	2020	2021	2020
			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

Notes to the Financial Statements

27 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 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 of 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	-	-	-	-	(17,888)	-	-	-	-	(17,888)
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
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
Financial assets at FVOCI										
- net fair value loss	-	-	-	-	-	1,333,756	-	-	-	1,333,756
- realised gain of equity securities	-	-	-	-	-	3,176	-	-	-	3,176
Transfer of gain on disposal of equity securities at FVOCI to revenue reserve	-	-	-	-	-	(16,601)	-	-	16,601	-
Cash flow hedges										
- fair value loss	-	-	-	-	(21,724)	-	-	-	-	(21,724)
- deferred tax on derivative financial instruments	-	-	-	-	6,536	-	-	-	-	6,536
Currency translation differences	-	-	-	-	-	-	-	118,895	-	118,895
Profit for the year	-	-	-	-	-	-	-	-	1,006,781	1,006,781
At 31st March 2021	2,257,745	398,021	60,257	4,111	(33,076)	(205,594)	31,167	(23,513)	12,103,895	14,593,013

Notes to the Financial Statements

28 COMMITMENTS

Commitments at the balance sheet date are as follows:

	2021 HK\$'000	2020 HK\$'000
Contracted but not provided for Investment properties	2,315	4,247
Property, plant and equipment	30,640	78,579
	32,955	82,826

29 OPERATING LEASE ARRANGEMENTS

Lessor

As at 31st March 2021 and 2020, the future aggregate minimum rental receipts receivable under non-cancellable operating leases were as follows:

	2021 HK\$'000	2020 HK\$'000
In respect of land and buildings:		
Within one year	166,728	166,325
In the second to fifth year inclusive	256,020	248,742
Over five years	1,511	35,761
	424,259	450,828

30 FINANCIAL GUARANTEES

	2021 HK\$'000	2020 HK\$'000
Guarantees for the banking and loan facilities of joint ventures	2,888,976	2,999,366

Notes to the Financial Statements

31 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(A) Reconciliation of Profit Before Income Tax to Net Cash Generated from Operations

	2021 HK\$'000	2020 HK\$'000
Profit before income tax	1,780,577	919,460
Share of profits less losses of		
Joint ventures	(85,193)	(64,433)
Associated companies	82,650	142,835
Depreciation	203,904	217,732
Net investment (gain)/loss	(196,040)	157,030
Fair value loss of investment properties	241,715	125,949
Loss on disposal of property, plant and equipment	220	457
Interest income	(316,790)	(135,776)
Interest expense	406,686	625,394
Operating profit before working capital changes	2,117,729	1,988,648
Decrease in mortgage loans receivable	175	166
Increase in properties under development for sale (excluding interest expense capitalised)	(2,363,072)	(13,120)
Decrease in hotel and restaurant inventories	1,598	1,471
Decrease/(increase) in trade and other receivables	23,874	(173,317)
Net proceeds from/(Purchase of) financial investments	1,733,646	(1,094,415)
Decrease in restricted bank balances	85,415	15,424
Increase/(decrease) in trade and other payables	1,074,513	(11,590)
Increase in contract liabilities	4,842	8,533
Net cash generated from operations	2,678,720	721,800

Notes to the Financial Statements

31 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(B) Reconciliation of Liabilities Arising from Financing Activities

	Borrowings HK\$'000	Amount due to non- controlling interests HK\$'000	Medium term notes HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1st April 2019	16,841,195	39,225	348,855	1,926	17,231,201
Financing cash flows					
Net drawdown/(redemption)	1,913,705	–	(100,000)	–	1,813,705
Lease payment	–	–	–	(2,254)	(2,254)
Contribution from non-controlling interests	–	5,286	–	–	5,286
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	44,511	249,940	4,442	19,087,729
Financing cash flows					
Net repayment/redemption	(836,861)	–	(250,000)	–	(1,086,861)
Lease payment	–	–	–	(2,837)	(2,837)
Contribution from non-controlling interests	–	2,129	–	–	2,129
Non-cash changes					
Amortisation of loan facilities fee and issue expenses	31,402	–	60	–	31,462
Addition of lease liabilities	–	–	–	1,282	1,282
Accrued interest	–	–	–	116	116
Exchange translation differences	10,654	–	–	53	10,707
At 31st March 2021	17,994,031	46,640	–	3,056	18,043,727

Notes to the Financial Statements

32 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

	2021 HK\$'000	2020 HK\$'000
Fee	1,124	1,050
Salaries, allowances and benefits in kind	87,053	84,002
Employer's contribution to retirement benefit scheme	414	410
	88,591	85,462

Key management includes the Company's Directors and four (2020: 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.

Notes to the Financial Statements

33 BALANCE SHEET OF THE COMPANY

As at 31st March 2021

	2021 HK\$'000	2020 HK\$'000
Non-current assets		
Subsidiaries (note (a))	2,931,314	2,931,314
Current assets		
Amount due from subsidiaries	2,807,011	2,784,060
Trade and other receivables	168	1,086
Bank balances and cash	490	444
	2,807,669	2,785,590
Current liabilities		
Trade and other payables	1,217	2,118
Net current assets	2,806,452	2,783,472
Net assets	5,737,766	5,714,786
Equity		
Share capital	84,087	84,087
Reserves (note (b))	5,653,679	5,630,699
	5,737,766	5,714,786

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Notes to the Financial Statements

33 BALANCE SHEET OF THE COMPANY (CONTINUED)

Notes:

- (a) Details of the principal subsidiaries are set out in note 34.

Extracts of published audited financial information of Asia Standard in which the Group has material non-controlling interest is set out in note 35.

- (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 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
At 31st March 2020	2,257,745	1,895,806	3,066	1,474,082	5,630,699
Profit for the year	–	–	–	22,980	22,980
At 31st March 2021	2,257,745	1,895,806	3,066	1,497,062	5,653,679

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

34 PRINCIPAL SUBSIDIARIES

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.)

Notes to the Financial Statements

34 PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
<i>Incorporated in the British Virgin Islands</i>			
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%
<i>Incorporated in Hong Kong</i>			
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\$10,000,150	100%
Union Home Development Limited	Investment holding	HK\$2	100%
<i>Incorporated in Liberia</i>			
Bassindale Limited	Investment holding	US\$500	100%
<i>Incorporated in Bermuda and listed in Hong Kong</i>			
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.

Notes to the Financial Statements

35 EXTRACTS FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ASIA STANDARD

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

Set out below are the summary of the audited consolidated financial statements of Asia Standard in which 48.2% (2020: 48.2%) were owned by non-controlling interests, that are material to the Group for the year ended 31st March 2021.

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

Consolidated Profit and Loss Account

For the year ended 31st March 2021

	2021 HK\$'000	2020 HK\$'000
Interest revenue	2,209,152	1,797,397
Sales of goods and services, leasing and other revenue	250,195	577,619
Total revenue	2,459,347	2,375,016
Cost of sales	(65,653)	(242,868)
Gross profit	2,393,694	2,132,148
Selling and administrative expenses	(227,663)	(256,051)
Depreciation	(126,323)	(140,138)
Net investment gain/(loss)		
Net realised and unrealised gain/(loss)	250,732	(46,553)
Changes in expected credit losses	(133,886)	(85,358)
Fair value loss of investment properties	(245,043)	(123,793)
Operating profit	1,911,511	1,480,255
Net finance costs	(387,180)	(594,864)
Share of profits less losses of		
Joint ventures	85,193	64,433
Associated companies	(82,650)	(142,835)
Profit before income tax	1,526,874	806,989
Income tax expense	(66,304)	(12,178)
Profit for the year	1,460,570	794,811
Profit allocated to non-controlling interests	703,800	361,887
Dividends paid to non-controlling interests	-	21,503
Total comprehensive income/(charge) for the year	3,766,896	(1,540,379)
Total comprehensive income/(charge) allocated to non-controlling interests	1,873,814	(815,391)

Notes to the Financial Statements

35 EXTRACTS FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ASIA STANDARD (CONTINUED)

Consolidated Balance Sheet

As at 31st March 2021

	2021 HK\$'000	2020 HK\$'000
Non-current assets		
Investment properties	9,527,323	9,769,964
Property, plant and equipment	4,616,204	4,647,644
Investment in joint ventures and associated companies	4,755,023	4,615,336
Amount due from joint ventures and associated companies	2,126,982	1,981,167
Loan receivables	1,052	1,235
Financial investments	4,361,339	415,305
Derivative financial instruments	26,965	–
Deferred income tax assets	125,267	97,562
	25,540,155	21,528,213
Current assets		
Properties under development for sale	3,457,801	969,177
Completed properties held for sale	3,481	3,481
Hotel and restaurant inventories	18,546	20,144
Trade and other receivables	614,016	670,092
Income tax recoverable	855	5,545
Financial investments	10,790,816	14,020,231
Bank balances and cash	1,894,684	1,018,279
	16,780,199	16,706,949
Current liabilities		
Trade and other payables	1,231,555	162,586
Contract liabilities	224,843	197,582
Amount due to joint ventures	337,775	213,951
Amount due to an associated company	219,450	224,400
Amount due to non-controlling interests	46,640	44,511
Income tax payable	154,598	86,693
Borrowings	4,217,947	5,644,992
Medium term notes	–	249,940
	6,432,808	6,824,655
Net current assets	10,347,391	9,882,294

Notes to the Financial Statements

35 EXTRACTS FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ASIA STANDARD (CONTINUED)

Consolidated Balance Sheet (Continued)

As at 31st March 2021

	2021 HK\$'000	2020 HK\$'000
Non-current liabilities		
Borrowings	13,017,132	12,385,072
Convertible notes	8,015	7,530
Derivative financial instruments	106,607	39,048
Lease liabilities	843	2,335
Deferred income tax liabilities	137,480	125,949
	13,270,077	12,559,934
Net assets	22,617,469	18,850,573
Equity		
Share capital	13,197	13,197
Reserves	21,707,772	18,214,844
Equity attributable to shareholders of the Company	21,720,969	18,228,041
Non-controlling interests	896,500	622,532
	22,617,469	18,850,573

Supplementary information with hotel properties at valuation

Revalued total assets	51,028,000	47,118,000
Revalued net assets	31,325,000	27,734,000

Notes to the Financial Statements

35 EXTRACTS FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ASIA STANDARD (CONTINUED)

Consolidated Statement of Cash Flows

For the year ended 31st March 2021

	2021 HK\$'000	2020 HK\$'000
Operating profit before working capital changes	1,868,914	1,749,550
Change in working capital	194,605	(1,656,236)
Net cash generated from operating activities	2,063,519	93,314
Net cash used in investing activities	(50,798)	(1,534,872)
Net cash (used in)/generated from financing activities	(1,087,149)	1,744,272
Net increase in cash and cash equivalents	925,572	302,714
Cash and cash equivalents at the beginning the of year	868,936	570,955
Changes in exchange rates	20,191	(4,733)
Cash and cash equivalents at the end of the year (excluding restricted bank balances)	1,814,699	868,936

36 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors of the Company on 28th June 2021.

