Asia Standard Hotel Group Limited

Annual Report 2024

HKSE Stock Code: 292

Contents

Corporate Information

Directors

Executive

Mr. Poon Jing *(Chairman)*
Dr. Lim Yin Cheng
(Deputy Chairman and Chief Executive)
Mr. Poon Hai
Mr. Poon Yeung, Roderick
Mr. Fung Siu To, Clement
Mr. Woo Wei Chun, Joseph

Independent Non-executive

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

Audit Committee

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

Remuneration Committee

Mr. Wong Chi Keung *(Chairman)*
Dr. Lim Yin Cheng
Mr. Koon Bok Ming, Alan

Nomination Committee

Mr. Poon Jing *(Chairman)*
Mr. Leung Wai Keung, *JP*
Mr. Wong Chi Keung

Authorised Representatives

Dr. Lim Yin Cheng
Mr. Lee Tai Hay, Dominic

Company Secretary

Mr. Lee Tai Hay, Dominic

Registered Office

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

Principal Office in Hong Kong

30th Floor, YF Life Tower,
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Telephone 2866 3336
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E-mail info@asia-standard.com.hk

Principal Bankers

Bank of China (Hong Kong)
HSBC
Chong Hing Bank
United Overseas Bank
Royal Bank of Canada
Huaxia Bank
Fubon Bank (Hong Kong)
Bank of East Asia
Bank of Communications (Hong Kong)
Industrial and Commercial Bank of China (Asia)
Industrial and Commercial Bank of China (Canada)
Hang Seng Bank
Shanghai Commercial Bank
Bank of Singapore
Bank Morgan Stanley
UBS
Bank Julius Baer

Legal Advisers

Stephenson Harwood
43/F, One Taikoo Place,
979 King's Road,
Quarry Bay, Hong Kong

Appleby
Suites 4201-03 & 12,
42/F, One Island East,
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)	2024	2023	Change
Consolidated profit and loss account			
Revenue	891	927	-4%
Profit contribution from hotel operation	180	39	+362%
Depreciation	(109)	(117)	-7%
Net finance costs	(187)	(154)	+21%
Loss attributable to shareholders of the Company	(2,250)	(213)	+956%
Loss per share – basic (HK$)	(1.12)	(0.11)	+918%
Consolidated balance sheet			
Total assets	7,912	9,282	-15%
Net assets	1,261	3,006	-58%
Net debt	5,463	5,284	+3%
Supplementary information with five hotel properties stated at valuation (note):			
Revalued total assets	18,665	19,226	-3%
Revalued net assets	12,014	12,950	-7%
Gearing – net debt to revalued net assets	45%	41%	+4%

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

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

Chairman's Statement

The Group recorded a consolidated loss attributable to shareholders of approximately HK $2,250 million for the fiscal year ended 31st Match, 2024, compared to a loss of HK $213 million the previous year. The primary factor contributing to the higher loss is the larger provision of expected credit losses on investments in debt securities, which is largely attributable to the wound-up orders by the HK court on a couple of our investment portfolio's note issuers this year. These non-cash provisions do not have a direct impact on the cash flow of the Group and none of these investments were pledged for the Group's credit facility. The Group continues to pursue enhanced debt restructuring negotiations with note-issuing developers amidst the ongoing real estate-friendly policies of the PRC government.

The surge in visitor arrivals has led to a significant boost in income for our empire hotels, resulting in the increase in their profit contribution to the Group, notwithstanding the drag from the slower-than-expected recovery of aviation capacity. With the ongoing support of central and local government initiatives aimed at promoting tourism, we are confident in our hotel business's continued growth.

In Canada, our Landmark on Robson development in Vancouver was finished in the second quarter of 2024, with pre-sold unit handovers scheduled to begin in the second half of 2024. Contracted sales up to our financial year ended 31st March 2024 amounted to CAD 241 million. For the first time in four years, the Bank of Canada lowered its interest rate by a quarter of a percent, becoming the first major central bank to do so in the international fight against inflation.

The Group maintains a healthy financial position. However, the current economic climate and global uncertainties pose significant challenges, necessitating prudent risk management and contingency planning to navigate the uncertain times ahead. Management remains vigilant in the face of these challenges.

On behalf of the Board, I would like to express my gratitude to our staff for their invaluable contribution, and our customers, shareholders and the investment community for their support.

Poon, Jing
Chairman

Hong Kong, 28th June 2024

Business Model and Strategies

Asia Standard Hotel is an established hospitality owner, developer and operator which its business is primarily based in Hong Kong. The Group owns and operates five hotels under the "empire hotels" brand; all of them are in core central business districts ("CBDs") of Hong Kong. Our hotels are strategically located in central shopping or business districts. The Group also engages in financial investment, which contributes to the Group with a diversified source of stable recurring income. Our business diversification thus reduces the adverse impact of market volatility and offsets market cyclicality to which some of our businesses are exposed to.

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

(i) To expand and grow our hospitality business in prime CBDs of Hong Kong, and to strive for excellence in management and operations

The Group's five hotels in Hong Kong are strategically located within core CBDs and are targeted at business travellers as well as visitors from Mainland China. Our hospitality chain has a centralised management team to optimise revenue generation and to ensure efficient deployment of resources for achieving maximum cost benefit. In particular, our "Empire Hotel Hong Kong" in Wanchai benefits from high occupancy and room rates due to its proximity to the Hong Kong Convention and Exhibition Centre. The prime locations allow us to cater to both business visitors and tourists, which has led us to maintain a high occupancy and revenue per available room at our hotels.

(ii) To build our reputation and track record of premium property development, initially in Vancouver, Canada

Our development strategy is to continue to invest in Vancouver, Canada. We will expand the real estate business through carefully selected opportunities in luxury as well as mass market residential development, and will continue to look for opportunities to increase our presence in different regions, leveraging our expertise as a premium hotel developer with an international standard.

(iii) Ongoing management of its investment portfolio for financial diversity and growth

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

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

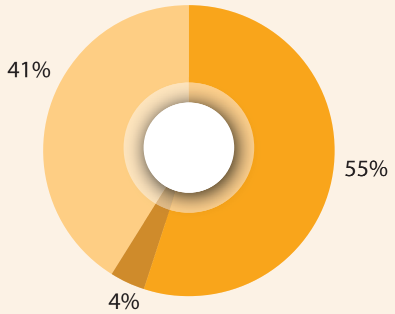
The Group aims to monitor risk and manage exposures to a range of debt maturities and a range of debt types in a disciplined and prudent manner. The Group strives to maintain a strong financial position with a healthy level of liquidity and gearing.

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

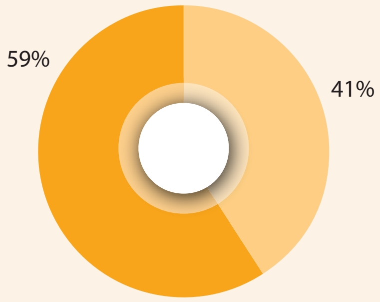
Management Discussion and Analysis

Results

For the fiscal year ended 31st March 2024, the Group recorded a loss attributable to shareholders of HK$2,250 million, as compared to a loss attributable to Shareholders of HK$213 million for the year ended 31st March 2023. The primary factor contributing to this higher loss is the larger provision of expected credit losses on investments in debt securities. This provision is a non-cash item and does not have a direct impact on the cash flow of the Group.



Properties **Type**	**Attributable gross floor area (sq. ft.)**
Hotel properties	587,500
Residential	788,400
Office and retail	50,000
Total	1,425,900



Region	**Attributable gross floor area (sq. ft.)**
Hong Kong	589,700
Canada	836,200
Total	1,425,900

Management Discussion and Analysis

Empire Prestige Tsim Sha Tsui – Lobby Lounge

Hotel Business

During the period under review, following the easing of all travel restrictions early last year, Hong Kong welcomed around 41 million visitors, which only accounted for approximately 60% of the overall visitor arrivals before COVID. Mainland Chinese tourists accounted for 32 million (2023: 4 million), which continued to be the largest market segment in the local tourism industry. This positive trend has contributed to the recovery of tourism in Hong Kong, despite the slower-than-anticipated increase in airline capacity. Meanwhile, as of March 2024, Hong Kong had 89,866 hotel rooms, up 0.7% from the same period the previous year.

Our Empire Hotels have seen an uptick in occupancy and average room rates over the past year due to the growing number of visitors from Mainland China. Revenue of HK$367 million (2023: HK$166 million) and profit contribution to the Group of HK$180 million (2023: HK$39 million) were recorded.

Management Discussion and Analysis

Development Projects

The Group's wholly-owned "Landmark On Robson" residential development in Vancouver's downtown district was finished in the second quarter of 2024. It has a gross floor area of about 400,000 square feet and includes 236 apartments in two towers, as well as 50,000 square feet of retail and office space and a four-level underground parking facility. The handover of the pre-sold units is set to begin in the second half of 2024. As of 31st March 2024, a total of approximately CAD241 million in contracted sales of residential units in this development had been achieved.

In addition, the Group's wholly-owned developable land adjacent to the Landmark On Robson is in the planning stage of development, while its two joint venture residential developments on Alberni Street are in active discussions with the local city's planning department.

Landmark on Robson, Vancouver

Financial Investments

The Group's financial investment portfolio, which consisted mostly listed securities as of 31st March 2024, amounted to HK$1,311 million (31st March 2023: HK$2,870 million), a decrease of HK$1,559 million from the previous year. Approximately 81% of our investment portfolio comprised of debt securities that were issued by companies operating real estate business in Mainland China, approximately 14% comprised listed banking stock, and 5% in unlisted funds. They were denominated in United States dollars 61%, Renminbi 24%, Hong Kong dollars 14% and Japanese Yen 1%.

The investment portfolio generated a total of HK$513 million (2023: HK$749 million) in interest and dividend income, the decrease mainly resulted from the disposal/redemption of some debt securities last year. A net investment loss of HK$2,660 million (2023: a net loss of HK$624 million) which was primarily comprised of larger provisions for expected credit losses, was charged to the profit and loss account. These larger provisions of expected credit losses are mostly attributable to the winding-up orders by the HK court on a couple of our investment portfolio's note issuers this year. None of these investments were pledged to banks as security for Group credit facilities as of 31st March 2024, and these expected credit losses are non-cash items and do not have a direct impact on the cash flow of the Group. The Group continued to pursue enhanced debt restructuring negotiations with note-issuing developers amidst the ongoing real estate-friendly policies of the PRC government.

Financial Review

The Group's total assets and net assets per book amounted to HK$7,912 million (31st March 2023: HK$9,282 million) and HK$1,261 million (31st March 2023: HK$3,006 million), respectively. According to independent valuation, the total revalued amount of our hotel properties in Hong Kong as of 31st March 2024 was HK$13,233 million (31st March 2023: HK$12,518 million). Taking into account the market value of the hotel properties in operation, the Group's revalued total assets and net assets with hotel properties in Hong Kong at market value would be HK$18,665 million (31st March 2023: HK$19,226 million) and HK$12,014 million (31st March 2023: HK$12,950 million), respectively.

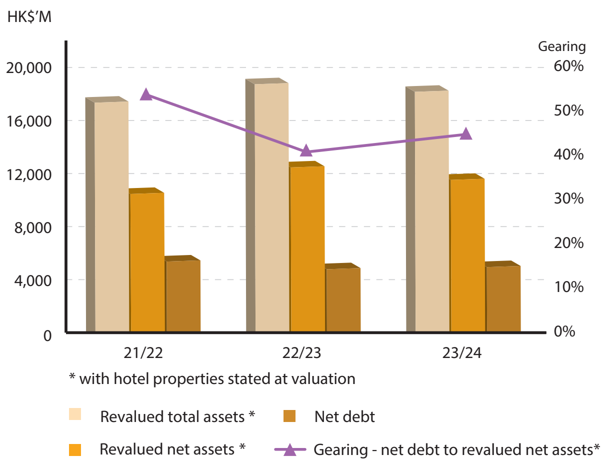
The total debt comprised HK$5,852 million of bank borrowings and HK$272 million convertible notes. 88% of the gross bank borrowings or HK$5,167 million was denominated in Hong Kong dollars, with about 52% hedged against interest rate fluctuations through various interest rate swap contracts totaling HK$2,700 million entered into in prior years. The remaining 12% or to the equivalent of HK$685 million was in foreign currencies incurred in overseas operations.

Of the total bank borrowings, 5% were revolving loans (all of which is secured), and 95% were secured term loans. The maturity of our bank borrowings spread over not more than five years with 18% repayable within one year, 23% repayable between one to two years, 59% repayable within two to five years. The unsecured convertible notes comprising 5% of total debt are held almost entirely by the parent groups and are repayable in February 2047. At 31st March 2024, the Group had about HK$1.1 billion undrawn banking facilities.

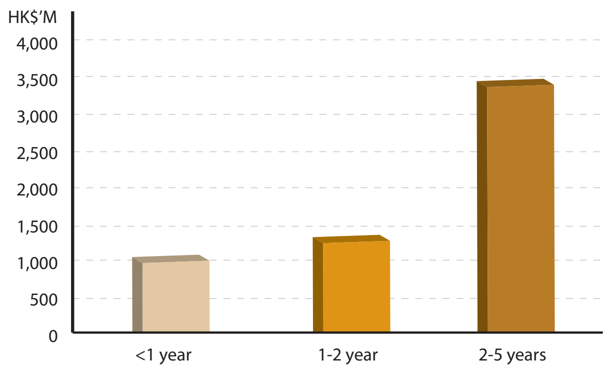
The consolidated net debt (total debt less cash balance) was HK$5,463 million (31st March 2023: HK$5,284 million). The Group's gearing ratio, expressed as a percentage of net debt over the revalued net asset value, was 45% (31st March 2023: 41%).

The carrying value of hotel properties, property under development for sale and financial assets pledged as collateral for banking facilities of the Group as at 31st March 2024 amounted to HK$4,578 million (31st March 2023: HK$4,082 million).

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



Maturity profile of bank loans



Management Discussion and Analysis

Human Resources

As of 31st March 2024, the total number of full-time employees of the Company and its subsidiaries was approximately 180 (31st March 2023: 180). In addition to salary payment, the Group provides other benefits including insurance, share options, medical scheme and retirement plans and others to its employees.

Outlook

The global economy remains uncertain due to ongoing conflicts in Ukraine and the Middle East, along with trade tensions between the US and China. However, most major economies have managed to bring down inflation without increasing unemployment and triggering a recession.

A wide spectrum of factors will continue to influence the hotel and tourism industries and market in Hong Kong, such as the global economic outlook, currency exchange rates, airline capacity, and shifts in consumer behaviors among tourists, particularly those from Mainland China. The government is taking proactive measures and providing support to enhance Hong Kong's appeal as a popular tourist destination. In addition to the ongoing expansion of the Individual Visit Scheme, the potential increase of tax-free shopping limits for Mainland Chinese tourists, the resumption of "multiple-entry" endorsements for Shenzhen residents, the resumption of airline capacity, and the commissioning of the third runway, are expected to provide a boost to the local tourist and hotel industries.

In Mainland China, the government persisted its efforts to tackle the vulnerabilities in the real estate sector by implementing policy relaxation in the residential housing sector.

Although high interest rates have kept home ownership out of reach for many potential buyers in British Columbia, Canada, pent-up demand will be released to meet market needs if a trend towards lower rates is confirmed and confidence is restored. Robust population growth resulting from Canada's immigration policy is sustaining a solid underlying demand for homes.

While closely monitoring macroeconomic events and any potential risks to the outlook, management remains prudently positive regarding the Group's performance in a dynamic environment.

Five-year Financial Summary

Year ended 31st March (in HK$ million)	**2024**	2023	2022	2021	2020
Results					
Revenue	**891**	927	990	977	1,123
Gross profit	**776**	863	949	950	929
Depreciation	**(109)**	(117)	(126)	(127)	(135)
Net investment (loss)/gain	**(2,660)**	(624)	(1,367)	66	(47)
Net finance costs	**(187)**	(154)	(130)	(150)	(227)
(Loss)/profit for the year attributable to shareholders of the Company	**(2,250)**	(213)	(746)	622	383
Assets and liabilities					
Total assets	**7,912**	9,282	9,114	12,110	10,689
Total liabilities	**(6,651)**	(6,276)	(6,931)	(7,032)	(7,170)
Non-controlling interests	**2**	1	(3)	(1)	4
Equity attributable to shareholders of the Company	**1,263**	3,007	2,180	5,077	3,523

Supplementary information with hotel properties stated at valuation:					
Revalued total assets	**18,665**	19,226	17,884	20,776	19,527
Revalued net assets	**12,014**	12,950	10,952	13,744	12,358

Principal Properties

		Group's interest	Approx. site area (sq.ft.)	Approx. gross floor area (sq.ft.)	Land lease expiry
Hotel Properties					
01	**Empire Hotel Hong Kong** 33 Hennessy Road, Wanchai, Hong Kong	100%	10,600	184,000 (363 rooms)	2062
02	**Empire Hotel Kowloon** 62 Kimberley Road, Tsim Sha Tsui, Kowloon	100%	11,400	220,000 (343 rooms)	2047
03	**Empire Hotel Causeway Bay** 8 Wing Hing Street, Causeway Bay, Hong Kong	100%	6,200	108,000 (280 rooms)	2072
04	**Empire Prestige Causeway Bay** 8A Wing Hing Street, Causeway Bay, Hong Kong	100%	2,000	35,000 (94 rooms)	2072
05	**Empire Prestige Tsim Sha Tsui** 8 Kimberley Street, Tsim Sha Tsui, Kowloon	100%	2,800	34,000 (90 rooms)	2038

		Group's interest	Approx. site area (sq.ft.)	Approx. gross floor area (sq.ft.)	Type	Stage
Properties Under Development for Sale						
06	**Landmark on Robson** 1400 Robson Street Vancouver, B.C., Canada	100%	41,000	400,000	Residential/ Commercial	Completed
07	1394 Robson Street Vancouver, B.C., Canada	100%	8,600	75,000	Residential	Planning
08	1468 Alberni Street Vancouver, B.C., Canada	40%	43,300	627,000	Residential/ Commercial	Planning
09	1650 Alberni Street Vancouver, B.C., Canada	40%	17,300	276,000	Residential/ Commercial	Planning

Environmental, Social and Governance Report

Reporting Standard and Scope

This ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT covers the financial year ended 31st March 2024 (the "reporting year") and addresses all the "comply or explain' provisions under each Aspect of the Environmental, Social and Governance Reporting Guide set out in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Board Statement

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

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

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

Reporting Principles

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

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

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

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

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

Environmental, Social and Governance Report

Reporting Boundary

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

Stakeholder Engagement

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

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

Materiality Assessment

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

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

Environmental Protection

A1 Emissions

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

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

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

Environmental, Social and Governance Report

Environmental Protection (Continued)

A1 Emissions (Continued)

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

Table – A1.1 Air Emissions in Total

	2024	2023
NOx emissions (i) (kg)	30.93	19.54
SOx emissions (i) (kg)	0.29	0.21
PM emissions (ii) (kg)	0.24	0.25

(i) The data includes emissions from gaseous fuel consumption and vehicular emissions
(ii) The data only includes vehicular emissions

Table – A1.2 Greenhouse Gas Emissions Data

	2024	2023
Scope 1 emissions (tonnes)	28	24
Scope 2 emissions (tonnes)	10,418	10,168
Scope 3 emissions (tonnes)	70	52
Total Greenhouse Gas Emissions (tonnes)	10,516	10,244

During the fiscal year, the rise in hotel room occupancy has led to an increase in the demand for energy, which has in turn led to an increase in air and greenhouse gases emission.

Table – A1.3 Non-hazardous Waste Produced

	2024	2023
Construction and demolition waste (tonnes)	328	544
Construction material consumed – concrete (m^3)	259	1,165
Construction material consumed – steel (tonnes)	8	243
Construction material consumed – timber (m^3)	10	136
Recycled construction materials waste (tonnes)	385	652
Recycled used cartridges (pieces)	102	261
Recycled used cooking oil (liters)	1,359	378

Environmental Protection (Continued)

A2 Use of Resources

In the hotel operation, air conditioning and lighting are the main contributors to the Group's carbon footprint. In recent years, the Group has increased its environmental initiatives to maximise energy conservation by promoting resource efficiency, energy savings, and emission reduction.

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

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

The rise in the Group's overall energy and water consumption for the fiscal year was attributed to higher hotel room occupancy rates, resulting in increased energy and water demand. By adjusting the Group's total gross floor area to account for the occupied gross floor area based on the number of occupied rooms in our hotels, we noticed a decrease of 8% in direct energy consumption intensity and an increase of 11% in direct water consumption intensity in FY23/24 compared to FY22/23.

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

		2024	2023
Gross Floor Area ("GFA") ('000 m^2)		55	55
Total direct energy consumption – electricity	('000 kWh)	16,349	14,838
	(kWh per m^2)	297	269
Total indirect energy consumption – fuel	('000 MJ)	6,918	4,104
	(MJ per m^2)	126	74

Table – A2.2 Water Consumption & Intensity

	2024	2023
Water consumption ('000 m^3)	119	89
(m^3 per m^2)	2.2	1.6

ENVIRONMENTAL PROTECTION (CONTINUED)

A3 The Environment and Natural Resources

Hotel business

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

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

Property Development

The Group, as a conscientious developer takes environmental concerns into account during the design and building of our projects. In addition, we recognise the growing significance of our efforts to limit the environmental impact of our development activities, improve property resilience, and construct dependable, healthy, and secure communities.

The initiatives indicated in the City of Vancouver Greenest City 2020 Action Plan* and the specific directions outlined in the West End Community Plan# have been considered and incorporated into the sustainability goals of the "Landmark on Robson" residential development in Vancouver, Canada. The purpose of these objectives is to ensure that the development would be environmentally conscious.

* Greenest City 2020 Action Plan (GCAP) is a decade-long effort of the City of Vancouver to make Vancouver a greener place to live, work, and play. The plan sets ambitious goals to reduce air pollution and waste, foster energy-efficient construction and improve the city's natural environment.

\# The policy framework in the West End Community Plan adopted by Vancouver City Council provides clarity on the appropriate character, scale, and land uses; identifies areas for growth, revitalisation, and change; and identifies a strategy for providing new amenities and renewing or expanding existing public facilities. The policy directions in the plan will be realised through a variety of approaches, initiatives, tools, and partnerships with community and business groups.

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.

Environmental Protection (Continued)

A4 Climate Change

The impact of climate change is becoming significantly obvious across the globe. Many countries have already taken actions to contribute to greenhouse gas reduction. According to Hong Kong's Climate Action Plan 2050, the government would strive to achieve carbon neutrality before 2050.

In an attempt to adapt our operations to climate change, we strive to identify and analyse climate change risks and opportunities, and to reduce carbon emissions in our operations whenever feasible by promoting the use of energy-efficient and low-carbon materials and products.

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

Environmental, Social and Governance Report

Social Aspect

B1 Employment

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

As of 31st March 2024, a total of 180 individuals were employed. The gender, age range, employee category, and location of the employee are illustrated below.

B1.1 Total workforce by gender, employment type, age group and geographical region

	2024	2023
By gender		
Male	**90**	89
Female	**90**	91
By age group		
Under 30 years old	**23**	21
30 – 50 years old	**91**	90
Over 50 years old	**66**	69
By employment type		
Full-time	**180**	180
Part-time	**–**	–
By geographical region		
Hong Kong	**174**	175
Canada	**6**	5

Social Aspect (Continued)

B1 Employment (Continued)

The total staff turnover rate for the fiscal year ended 31st March 2024 was approximately 45%. Employee turnover rates are shown below by gender, age group, and geographic area.

B1.2 Employee turnover rate

	2024	2023
Total employee turnover	**80**	185
Overall employee turnover rate	**45%**	100%
By gender		
Male	**38%**	94%
Female	**51%**	106%
By age group		
Under 30 years old	**70%**	128%
30 – 50 years old	**36%**	88%
Over 50 years old	**48%**	108%
By geographical region		
Hong Kong	**46%**	103%
Canada	**17%**	17%

B2 Health and Safety

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

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

The Group complied with all the relevant laws and regulations that have a significant impact on the Group relating to health and safety during the year ended 31st March 2024.

Social Aspect (Continued)

B2 Health and Safety (Continued)

B2.1 Number and rate of work-related fatalities

	2024	2023
Number of work-related fatalities	**0**	0
Rate of work-related fatalities	**0%**	0%

B2.2 Lost days due to work injury

	2024	2023
Number of lost days	**59**	141

B3 Development and Training

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

During the reporting year, the Group's hotel operations delivered an extensive array of training programmes for its staff, including issues such as occupational health and safety, food safety, hotel operating standards, computer literacy, first aid, customer service and fire and emergency response.

Social Aspect (Continued)

B3 Development and Training (Continued)

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

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

B3.1 Percentage of employees trained by gender and employee category

	2024	2023
By gender		
Male	**67%**	59%
Female	**87%**	72%
By employee category		
Senior management	**40%**	43%
Middle management	**50%**	56%
General staff	**77%**	89%

B3.2 Average training hours completed per employee by gender and employee category

By gender	**(hours)**	(hours)
Male	**35-45**	35-45
Female	**45-55**	45-55
By employee category		
Senior management	**2-10**	2-10
Middle management	**35-45**	35-45
General staff	**35-45**	35-45

B4 Labour Standard

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

Social Aspect (Continued)

B5 Supply Chain Management

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

Hospitality

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

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

Property Development

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

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

B5.1 Number of suppliers by geographical region

	2024	2023
Hong Kong/PRC	>290	>190
Canada	>110	>390

Social Aspect (Continued)

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

We are committed to making a positive contribution to the society and communities in Hong Kong, a place in which we operate and have grown over time. 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

Social Aspect (Continued)

B8 Community Investment (Continued)

Caring for Society

"The Caring Company Scheme 23/24"

In continuation of the "15 Years Plus Caring Company" award granted by The Hong Kong Council of Social Service, the Empire Hotels group forged ahead with "The Art of Caring Community Care Programme 2023/24" launched in 2009 in partnership with SAHK "香港耀能協會", a rehabilitation service organization providing care, resources and support for persons with disabilities at all ages in order to realize their full potential, enhance their independency and assist them to integrate into the society.

During the year, the Hotel Group continued to collaborate together with SAHK by sponsoring the organization as well as jointly organizing programmes for the persons with disabilities it serves as part of the "The Art of Caring Community Care" Programme.

An inclusive workshop was held at the Empire Hotel Hong Kong – Wan Chai in November 2023 together with SAHK with the theme being to create a hand-printed glass by each participant featuring oceanic elements. A rehabilitated adult member of SAHK acted as the mentor teaching participants how to work on hand-painting the glass, thereby enriching the teacher training of the mentor. In December 2023, a hotel staff member worked as a volunteer in helping the physically- and mentally-challenged students with their homework at a SAHK special school in Tai Po.

To commemorate the SAHK's 60th anniversary and its dedication in providing rehabilitation services, the Hotel Group offered its sponsorship to SAHK's specially-designed Souvenir Stamp Pack. These stamps mainly feature characters from SAHK's service users from pre-school centers, special schools, hostels, and workshops. With all smiles, they show their testimonial and appreciation of the quality services, love and care of the service provider.


CARING COMPANY 商界展關懷
15 years+
caringcompany
Presented to
敬呈
Asia Standard Hotel Group Ltd
泛海酒店集團有限公司
In recognition of its positive contribution in the areas of
"Caring for the Community", "Caring for the Employees" & "Caring for the Environment"
Bernard Chan
Chairperson
The Hong Kong Council of Social Service
Chua Hoi Wai
Chief Executive
The Hong Kong Council of Social Service
HKCSS 社聯
Valid from 1 March 2024 to 28 February 2025
於2024年3月1日至2025年2月28日有效
Years of Award: 2009-2024
Cert no.: C00186

All smiling hotel staff members took part in a creative hand-painted glass workshop

Charity Activities

The Group has during the reporting year made donation of HK$50,000 to the Suicide Prevention Services.

Community Recognition

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

Corporate Governance Report

Corporate Governance Practices

The Company is committed to sustaining its corporate governance standards by emphasising transparency, independence, accountability, responsibility and fairness with reference to the Principles and Code Provisions set out in the Corporate Governance Code (the "Code") in Appendix C1 to the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company exercises corporate governance through the board of Directors (the "Board") and various committees.

Board of Directors

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

According to the bye-laws of the Company (the "Bye-Laws"), at every annual general meeting 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 less than one-third, shall retire from office by rotation. Pursuant to the Code, 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 and subject to retirement by rotation and re-election at the AGM in accordance with the Bye-Laws.

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

Directors' Responsibility in Respect of the Financial Statements

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

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

Attendance Record of Directors at Board and General Meetings

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

		Number of meetings attended/ Number of meetings held	
Director	**Title**	**Board meeting**	**General meeting**
Mr. Poon Jing	Chairman	1/4	0/1
Dr. Lim Yin Cheng	Deputy Chairman and Chief Executive	4/4	1/1
Mr. Poon Hai	Executive Director	4/4	1/1
Mr. Poon Yeung, Roderick	Executive Director	4/4	1/1
Mr. Fung Siu To, Clement	Executive Director	4/4	1/1
Mr. Woo Wei Chun, Joseph	Executive Director	4/4	1/1
Mr. Leung Wai Keung	Independent Non-executive Director	2/4	1/1
Mr. Wong Chi Keung	Independent Non-executive Director	4/4	1/1
Mr. Koon Bok Ming, Alan	Independent Non-executive Director	4/4	1/1

Diversity Policy and Nomination Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Company seeks to achieve Board diversity through the consideration of a number of factors and measurable criteria, including but not limited to gender, age, cultural and education background, industry experience, qualifications, skills, knowledge, and professional ethics. Details of workforce by gender and age of the Group are set out in the section "Environmental, Social and Governance Report".

As at 31st March 2024, the gender ratio in the workforce (including senior management) of the Group was approximately 50% male and approximately 50% female. The Group will continue to strive to enhance gender diversity by taking gender diversity into consideration when recruiting and selecting key management and other personnel across the Group's operations such that there is a pipeline of female senior management and potential successors to the Board in the future. To enhance the gender diversity of the Board, the Company intends to appoint at least one female Director in accordance with the prescribed timeline under the Listing Rules.

Diversity Policy and Nomination Policy (Continued)

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

The Nomination Committee is responsible for reviewing the composition and diversity of the Board, the nomination and appointment of new Directors, and the assessment of the independence of the Independent Non-executive Directors, etc. The Nomination Committee, acting on behalf of the Board, reviews the implementation and effectiveness of the Board diversity policy on an ongoing basis and at least once in each financial year and reports to the Board. The Board overall is satisfied with the implementation and effectiveness of the Board's diversity policy and the Director's nomination mechanism in place for the financial year under review.

Nomination Committee

The Nomination Committee currently comprises the Chairman of the Company, Mr. Poon Jing (as the Chairman of Nomination Committee), and two Independent Non-executive Directors, Mr. Leung Wai Keung and Mr. Wong Chi Keung. The terms of reference adopted by the Board were in compliance with the Code and were posted on the websites of the Company and the Stock Exchange. The principal activities of the Nomination Committee include review of the structure, size and composition (including the skills, knowledge and experience) of the Board nomination and appointment of new Directors and assessment of Independent Non-executive Director. The Nomination Committee meets at least once a year. During the year, the Nomination Committee held one meeting, which all members had attended, to review the structure, size, composition of the Board with reference to the Board diversity policy and nomination policy, to assess the independence of Independent Non-executive Directors, to review the overall contribution and service to the Company, expertise and professional qualifications of the retiring Directors and to recommend them to the Board for re-election at the Company's forthcoming AGM.

Remuneration Committee

Mr. Wong Chi Keung, an Independent Non-executive Director, is the Chairman of the Remuneration Committee. The Remuneration Committee currently comprises the Deputy Chairman and Chief Executive of the Company, Dr. Lim Yin Cheng, and two Independent Non-executive Directors, Mr. Wong Chi Keung and Mr. Koon Bok Ming, Alan. The terms of reference adopted by the Board in compliance with the Code and were posted on the websites of the Company and the Stock Exchange. 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.

Remuneration Committee (Continued)

The remuneration packages including basic salary, annual bonus, retirement and/or other benefits such as share options are commensurate with their job nature and experience level. No Director may be involved in any decisions as to his own remuneration or other benefits. The Group's remuneration policy seeks to provide a fair market remuneration so as to attract, retain and motivate high quality staff. The remuneration for the Directors and senior management is determined with reference to their expertise and experience in the industry, duties and responsibilities of the Group as well as remuneration benchmark in the industry and prevailing market conditions.

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

Audit Committee

The Audit Committee currently comprises all the Independent Non-executive Directors, Mr. Wong Chi Keung (as the Chairman), Mr. Leung Wai Keung and Mr. Koon Bok Ming, Alan. The terms of reference adopted by the Board were in compliance with the Code and were posted on the websites of the Company and the Stock Exchange. The principal activities of the Audit Committee includes the review and supervision of the Group's financial reporting process, risk management and internal control systems and review of the financial statements before publication. The Audit Committee meets at least twice a year. During the year, the Audit Committee met twice to review the Company's annual and interim financial statements, the recommendation by the auditor on enhancement of risk management and internal control systems and the effectiveness of the internal audit function. All the members had attended the meetings held during the year. The Audit Committee together with the external auditor of the Group have reviewed the annual financial statements for the year ended 31st March 2024.

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 C3 to the Listing Rules. The Company has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the year, and they all confirmed that they have fully complied with the required standard as set out in the Model Code throughout the year ended 31st March 2024.

Corporate Governance Code

During the year, the Company has applied the principles and complied with the applicable code provisions of the Code as set out in Part 2 of Appendix C1 to the Listing Rules, except the Code Provision F.2.2 of the Code which provides that the chairman of the board should attend the annual general meetings. Mr. Poon Jing ("Mr. Poon"), the Chairman of the Board, was unable to attend annual general meeting of the Company held on 25th August 2023 due to his other business commitments at the relevant time. The views of the shareholders of the Company (the "Shareholders") had been reported to Mr. Poon after the meeting.

Risk Management and Internal Control

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

Risk Management

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

Internal Control

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

Internal Audit Function

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

A discussion on the principal risks and uncertainties encountered by the Group are set out on pages 52 to 53 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.

Corporate Governance Report

Risk Management and Internal Control (Continued)

Effectiveness of the Group's Risk Management and Internal Control Systems

For the financial year under review, two Audit Committee meetings were held together with senior management the Group's internal and external auditors. 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 the Shareholders, customers and employees, and the Group's assets.

Auditor's Remuneration

PricewaterhouseCoopers has been appointed as the auditor of the Company by the Shareholders at the AGM. The services provided by PricewaterhouseCoopers during the year included audit, taxation related and other services. A statement by PricewaterhouseCoopers about their reporting responsibilities as the auditor of the Company is included in the Independent Auditor's Report on pages 57 to 65 of this annual report.

For the year ended 31st March 2024, a total amount of HK$4,340,000 (2023: HK$4,360,000) was charged to the financial statements of the Group for their audit services. Non-audit services provided by PricewaterhouseCoopers to the Group amounted to HK$507,000 (2023: HK$391,000).

Dividend Policy

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

Professional Development

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

The Company also provides regular updates and presentations 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 enrol 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.

Professional Development (Continued)

In compliance with the Code Provision C.1.4 of the Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills. A summary of training received by Directors during the year according to the records provided by the Directors are as follows:–

Director	Type of training
Mr. Poon Jing	B
Dr. Lim Yin Cheng	B
Mr. Poon Hai	B
Mr. Poon Yeung, Roderick	B
Mr. Fung Siu To, Clement	B
Mr. Woo Wei Chun, Joseph	A,B
Mr. Leung Wai Keung	A,B,C
Mr. Wong Chi Keung	B
Mr. Koon Bok Ming, Alan	B

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

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

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

Communications with Shareholders and Investors

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

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

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

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

Corporate Governance Report

Communications with Shareholders and Investors (Continued)

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

A Shareholders' communication policy is in place to ensure that the Shareholders and investment community is provided with timely and equal access to information about the Company's financial performance, corporate strategies and ESG initiatives. The policy also sets forth various communication channels including, among others, the website of the Company and the general meetings, through which the Shareholders may communicate with and provide feedback to the Company from time to time. The Shareholders' communication policy is reviewed at least annually to ensure its continued effectiveness. Based on the Shareholders' engagement and communication activities conducted as set out above, the Board is satisfied with the implementation and effectiveness of the Shareholders' communication policy during the year.

Shareholders' Rights

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

Shareholders' Rights (Continued)

(i) Procedure for Shareholders to Make Proposals at Shareholders' Meeting (Continued)

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

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

(ii) Procedure for Shareholders to Convene Special General Meeting

Shareholders holding not less than one-tenth (1/10) of the paid-up capital of the Company carrying the right of voting at the general meetings of the Company (the "SGM Requisitionists") may require the Board to convene a special general meeting of the Company ("SGM") by depositing a written requisition (the "SGM Requisition") at the Company's registered office in Bermuda at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and a copy thereof at the principal office of the Company in Hong Kong at 30th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong for the attention of the Company Secretary.

The SGM Requisition must state the objects of the SGM and be signed by the SGM Requisitionists and may consist of one or more documents in like form, each signed by one or more of the SGM Requisitionists. Upon receipt of the SGM Requisition, the Directors shall forthwith proceed duly to convene the SGM.

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

Shareholders' Rights (Continued)

(ii) Procedure for Shareholders to Convene Special General Meeting (Continued)

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

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

Constitutional Documents

During the year, there were changes to the Bye-Laws. The reasons and details of the amendments to the Bye-Laws are set out in the Company's circular dated 31st July 2023. The latest consolidated version of the Bye-Laws is available on the websites of the Company and the Stock Exchange.

Executive Directors

Poon Jing

Aged 69, is the Chairman, an Executive Director and the Chairman of the Nomination Committee of the Company. He is also the Chief Executive, the Managing Director and an executive director of Asia Standard International Group Limited ("ASI") and Asia Orient Holdings Limited ("Asia Orient"), an intermediate holding company and the ultimate holding company of the Company respectively. He is also a director of certain subsidiaries of the Company. He is the founder of the Group. Mr. Poon is the father of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors of the Company. He is also the brother-in-law of Dr. Lim Yin Cheng and Mr. Fung Siu To, Clement, the Deputy Chairman and an Executive Director of the Company respectively.

Lim Yin Cheng

Aged 79, is the Deputy Chairman, the Chief Executive, an Executive Director and a member of the Remuneration Committee of the Company. He is also a director of certain subsidiaries of the Company. Dr. Lim is a holder of a Bachelor of Science (Chemical Engineering) and Doctor of Philosophy degrees. He has over 40 years of experience in engineering, project management and administration. He joined the Group in 1994. Dr. Lim is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors of the Company. He is also the brother-in-law of Mr. Poon Jing and Mr. Fung Siu To, Clement, the Chairman and an Executive Director of the Company respectively.

Poon Hai

Aged 38, is an Executive Director of the Company and Asia Orient. He is also an executive director and a member of the remuneration committee of ASI. He is also a director of certain subsidiaries of the Company. Mr. Poon holds a Bachelor of Commerce degree from the University of British Columbia. He is responsible for the business development and the project management of the Group. Mr. Poon is the son of Mr. Poon Jing and the brother of Mr. Poon Yeung, Roderick, the Chairman and an Executive Director of the Company respectively. He is also the nephew of Dr. Lim Yin Cheng and Mr. Fung Siu To, Clement, the Deputy Chairman and an Executive Director of the Company respectively. He joined the Group in 2009.

Poon Yeung, Roderick

Aged 35, is an Executive Director of the Company, ASI and Asia Orient. He is also a director of certain subsidiaries of the Company. Mr. Poon holds a Bachelor of Commerce degree with a major in Real Estate from the University of British Columbia. He is responsible for the Group's project management, investment and business development. Mr. Poon is the son of Mr. Poon Jing and the brother of Mr. Poon Hai, the Chairman and an Executive Director of the Company respectively. He is also the nephew of Dr. Lim Yin Cheng and Mr. Fung Siu To, Clement, the Deputy Chairman and an Executive Director of the Company respectively. He joined the Group in 2012.

Directors and Senior Management

Fung Siu To, Clement

Aged 75, is an Executive Director of the Company. He is also the Chairman, an executive director, the Chairman of the nomination committee and a member of the remuneration committee of ASI and Asia Orient. He is also a director of certain subsidiaries of the Company. Mr. Fung is a holder of a Bachelor of Applied Science (Civil Engineering) degree and is also a fellow member of the Hong Kong Institution of Engineers. He joined the Group in 1994 and has over 40 years of experience in project management and construction. Mr. Fung is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors of the Company. He is also the brother-in-law of Mr. Poon Jing and Dr. Lim Yin Cheng, the Chairman and the Deputy Chairman of the Company respectively.

Woo Wei Chun, Joseph

Aged 60, is an Executive Director and the Group Financial Controller of the Company. He is also a director of certain subsidiaries of the Company. Mr. Woo is qualified as a U.S. Certified Public Accountant (Illinois) and is an associate member of The Hong Kong Institute of Certified Public Accountants ("HKICPA"). He holds a bachelor degree in Accounting with Computing and a master degree in Business Administration. Mr. Woo has over 30 years of experience in accounting and finance. He joined the Group in 2006.

Independent Non-executive Directors

Leung Wai Keung, *JP*

Aged 61, is an Independent Non-executive Director and a member of the Audit Committee and Nomination Committee of the Company. He is also an independent non-executive director, a member of the audit committee, the remuneration committee and the nomination committee of ASI and Asia Orient. He joined the Group in 2004.

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

Wong Chi Keung

Aged 69, is an Independent Non-executive Director, the Chairman of the Audit Committee and the Remuneration Committee and a member of Nomination Committee of the Company, ASI and Asia Orient. Mr. Wong holds a Master degree in Business Administration from The University of Adelaide in Australia. He is a fellow member of HKICPA, ACCA and CPA Australia; and an associate member of CGI and The Chartered Institute of Management Accountants. Mr. Wong is also a responsible officer for asset management and advising on securities for Beagle Asset Management Company Limited (formerly known as CASDAQ International Capital Market (HK) Company Limited) under the Securities and Futures Ordinance (the "SFO").

Mr. Wong was an executive director, the deputy general manager, group financial controller and company secretary of Yuexiu Property Company Limited (formerly known as Guangzhou Investment Company Limited) which is a company listed on the Stock Exchange, for over ten years. He is also an independent non-executive director and a member of the audit committee of Century City International Holdings Limited, Changyou Alliance Group Limited, China Ting Group Holdings Limited, Paliburg Holdings Limited, Regal Hotels International Holdings Limited, Yuan Heng Gas Holdings Limited and Zhuguang Holdings Group Company Limited, all of the above companies are listed on the Stock Exchange. Mr. Wong has over 45 years of experience in finance, accounting and management. He joined the Group in 2021.

On 10th October 2023, Mr. Wong ceased to act as the independent non-executive director of Golden Eagle Retail Group Limited, a company listed on the Stock Exchange.

Koon Bok Ming, Alan

Aged 83, is an Independent Non-executive Director and a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Koon is the Chief Executive Officer of a financial advisory firm and has over 30 years of experience in international banking and project and structured finance. He holds a Bachelor's degree in Economics and a Master's degree in Business Administration. From 22nd December 1999 to 21st April 2023, Mr. Koon was an independent non-executive director, the chairman of the audit committee as well as a member of the remuneration committee of ASI. He joined the Group in 2023.

Senior Management

Ng Siew Seng, Richard

Aged 72, is the Group General Manager of the Company. He is also a director of a subsidiary of the Company. Mr. Ng is responsible for the development and management of the Group's hospitality operations. With over 4 decade's extensive experience in the hotel and travel industry for both local and overseas markets, Mr. Ng has held senior marketing and operational positions in a number of major international chain hotels and travel agents in Hong Kong and Macau. He joined the Group in 2007.

Directors and Senior Management

Kwan Po Lam, Phileas

Aged 65, is a director of certain subsidiaries of the Company. He is also an executive director of ASI and Asia Orient. Mr. Kwan is a holder of a Bachelor of Business Administration degree. He joined the Group in 1994 and is responsible for hotel development projects and leasing. He has over 35 years of experience in property sales, leasing and real estate management.

Note:

Details of directorships of the Directors in each of those companies which has an interest in the shares and/or underlying shares of the Company as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO are set out as follows:–

1. Mr. Poon Jing, Mr. Poon Hai and Mr. Fung Siu To, Clement are directors of The Sai Group Limited;

2. Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement, Mr. Leung Wai Keung and Mr. Wong Chi Keung are directors of ASI;

3. Mr. Poon Jing, Mr. Poon Hai and Mr. Fung Siu To, Clement are directors of Persian Limited;

4. Mr. Poon Jing, Dr. Lim Yin Cheng and Mr. Fung Siu To, Clement are directors of Asia Orient Holdings (BVI) Limited; and

5. Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement, Mr. Leung Wai Keung and Mr. Wong Chi Keung are directors of Asia Orient.

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31st March 2024.

Principal Activities

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

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

Results and Appropriations

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

The Company did not pay an interim dividend for the year ended 31st March 2024 (2023: Nil).

The Board of Directors (the "Board") has resolved not to recommend the payment of a final dividend for the year ended 31st March 2024 (2023: Nil).

Pursuant to the deed poll in respect the issue of the convertible notes (the "Notes") with redemption value of HK$0.453 each carrying an interest of 0.1% due 2047, the noteholders shall be entitled to a coupon of HK$0.0453 cent (2023: HK$0.0453 cent) per Note (the "Coupon"). Since no final dividend was declared for the year ended 31st March 2024, the payment of the Coupon will be deferred until such time as a dividend of the Company is declared and paid.

Financial Summary

A five-year financial summary of the results and of the assets and liabilities of the Group is set out on page 11.

Equity Linked Agreements

Save as disclosed in the section "Share Option Schemes" on pages 49 to 51 and in the section "Convertible Notes" on page 51 and as set out in note 23 to the financial statements, no equity linked agreements were entered into during the year or subsisted at the end of the year.

Shares Issued in the Year

No shares of the Company were issued in the year ended 31st March 2024. Details of share capital of the Company are set out in note 26 to the financial statements.

Debentures Issued During the Year

No convertible notes of the Company was issued in the year ended 31st March 2024. Details of the convertible notes of the Company issued are set out in note 23 to the financial statements and the section "Convertible Notes" on page 51.

Principal Properties

Details of the principal properties of the Group are set out on page 12.

Report of the Directors

Donations

During the year, the Group made charitable and other donations of HK$50,000 (2023: HK$64,900).

Directors

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

Mr. Poon Jing
Dr. Lim Yin Cheng
Mr. Poon Hai
Mr. Poon Yeung, Roderick
Mr. Fung Siu To, Clement
Mr. Woo Wei Chun, Joseph
Mr. Leung Wai Keung
Mr. Wong Chi Keung
Mr. Koon Bok Ming, Alan

Messrs. Poon Hai, Poon Yeung, Roderick and Leung Wai Keung will retire from office by rotation in accordance with the bye-laws of the Company (the "Bye-Laws") at the forthcoming annual general meeting 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 37 to 40.

Directors' Material Interests in Transactions, Arrangements and Contracts

No transactions, arrangements and contracts of significance in relation to the Company's business to which the Company, its subsidiaries, its fellow subsidiaries or its parent companies 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 affair of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses, which they shall or may incur or sustain in the execution of their office or otherwise in relation thereto. The Company has arranged appropriate Directors' and Officers' Liability Insurance Coverage for the Directors and officers of the Group.

Arrangements to Purchase Shares or Debentures

Apart from the share option schemes of Asia Orient Holdings Limited ("Asia Orient") (details of which please refer to the annual report of Asia Orient for the year ended 31st March 2024), Asia Standard International Group Limited ("ASI") (details of which please refer to the annual report of ASI for the year ended 31st March 2024) and the Company (details of which please refer to pages 49 to 51), at no time during the year were the Company, its subsidiaries, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31st March 2024, the interests and short positions of the Directors and Chief Executive of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept 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 C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(I) Long Positions in Shares

(a) The Company

	Number of shares held			
Director	Personal interest	Corporate interest	Total	Percentage of shares in issue (%)
Poon Jing	152,490	1,346,158,049	1,346,310,539	66.71

Note:

By virtue of Mr. Poon Jing's interest in the Company through Asia Orient and its subsidiaries as disclosed under the heading "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" below, Mr. Poon is deemed to be interested in the shares of all of the Company's subsidiaries.

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

(I) Long Positions in Shares (Continued)

(b) Associated corporations

Director	Associated corporation	Number of shares held Personal interest	Family interest	Corporate interest	Total	Percentage of shares in issue (%)
Poon Jing	Asia Orient (note 1)	401,139,472	5,318,799	145,213,900	551,672,171	65.60
Poon Jing	ASI (note 2)	1,308,884	–	683,556,392	684,865,276	51.89
Poon Hai	Asia Orient	10,444,319	–	–	10,444,319	1.24
Fung Siu To, Clement	Asia Orient	15,440,225	–	–	15,440,225	1.83
Fung Siu To, Clement	Mark Honour Limited	9	–	–	9	0.01

Notes:

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

(2) By virtue of Mr. Poon Jing's controlling interest in Asia Orient, he is deemed to be interested in the shares of ASI held by subsidiaries of Asia Orient.

(II) Long Positions in Underlying Shares

Interests in share options

(a) The Company

Director	Outstanding as at 1st April 2023 and 31st March 2024
Poon Hai (note 1)	14,400,000
Poon Yeung, Roderick (note 1)	14,400,000

Notes:

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

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

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

(II) Long Positions in Underlying Shares (continued)

Interests in share options (continued)

(b) Associated corporation – Asia Orient

Director	Outstanding as at 1st April 2023 and 31st March 2024
Poon Hai (note 1)	3,500,000
Poon Yeung, Roderick (note 1)	3,500,000

Notes:

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

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

(c) Associated corporation – ASI

Director	Outstanding as at 1st April 2023 and 31st March 2024
Poon Hai (note 1)	3,500,000
Poon Yeung, Roderick (note 1)	3,500,000

Notes:

(1) Options were granted on 11th December 2015 under a share option scheme adopted by ASI on 29th August 2014 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK$1.38 per share.

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

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

(III) Long Positions in Underlying Shares and Debentures

Interests in convertible notes

The Company

	Number of convertible notes held		
Director	**Personal interest**	**Corporate interest**	**Total**
Poon Jing	–	2,692,316,098	2,692,316,098

Note:

By virtue of Mr. Poon Jing's controlling interest in Asia Orient, he is deemed to be interested in the convertible notes held by Asia Orient and its subsidiaries which are convertible into 2,692,316,098 shares of the Company. The convertible notes are convertible during the period from 24th February 2017 and up to and including the date falling the 10th business day prior to 23rd February 2047 at the conversion price/redeemable at the redemption value of HK$0.453 per convertible note. Please refer to the section "Convertible Notes" on page 51 for details of the convertible notes.

Save as disclosed above, as at 31st March 2024, none of the Directors or the Chief Executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept by the Company under section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31st March 2024, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and the Chief Executive of the Company.

(I) Long Positions in Shares of the Company

Shareholder	Capacity	Number of shares held	Total	Percentage of shares in issue (%)
The Sai Group Limited ("Sai Group")	Beneficial owner	1,298,709,227	1,298,709,227	64.35
ASI (note 1)	Interests in controlled corporation	1,298,709,227	1,298,709,227	64.35
Persian Limited ("Persian")	Beneficial owner	47,448,822	47,448,822	2.35
Asia Orient Holdings (BVI) Limited ("AOH(BVI)") (notes 2 and 3)	Interests in controlled corporation	1,346,158,049	1,346,158,049	66.70
Asia Orient (note 4)	Interests in controlled corporation	1,346,158,049	1,346,158,049	66.70
Wong Kwok Fong	Beneficial owner Family interest	183,088,366 60,000	183,148,366	9.07

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares (Continued)

(II) Long Positions in Underlying Shares of the Company

Interests in convertible notes

Noteholder	Capacity	Number of convertible notes held
Sai Group (note 5)	Beneficial owner	2,597,418,454
ASI (notes 1 and 5)	Interests in controlled corporation	2,597,418,454
Persian (note 5)	Beneficial owner	94,897,644
AOH(BVI) (notes 2, 3 and 5)	Interests in controlled corporation	2,692,316,098
Asia Orient (notes 4 and 5)	Interests in controlled corporation	2,692,316,098

Notes:

(1) Sai Group is the wholly-owned subsidiary of ASI. ASI is deemed to be interested in and duplicate the interest in the shares and underlying shares of the Company held by Sai Group.

(2) AOH(BVI) and its subsidiaries together hold more than one-third of the issued shares of ASI and are deemed to be interested in and duplicate the interest in the shares and underlying shares of the Company held by ASI.

(3) Persian is a wholly-owned subsidiary of AOH(BVI). AOH(BVI) is deemed to be interested in and duplicate the interest in the shares and underlying shares of the Company held by Persian.

(4) AOH(BVI) is a wholly-owned subsidiary of Asia Orient. Asia Orient is deemed to be interested in and duplicate the interest in the shares and underlying shares of the Company held by AOH(BVI) and its subsidiaries.

(5) The convertible notes are convertible during the period from 24th February 2017 and up to and including the date falling the 10th business day prior to 23rd February 2047 at the conversion price/redeemable at the redemption value of HK$0.453 per convertible note. Please refer to the section "Convertible Notes" on page 51 for details of the convertible notes.

Save as disclosed above, as at 31st March 2024, 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

Share Option Scheme Adopted on 28th August 2006 (the "2006 Share Option Scheme")

The 2006 Share Option Scheme was adopted on 28th August 2006. Under 2006 Share Option Scheme, the Board may grant options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to the Company, its subsidiaries or any invested entity, their discretionary trust or the companies owned by them. The purpose was to provide incentives, recognise and acknowledge the contributions of, motivate and maintain an ongoing relationship with the eligible participants whose contributions are or will be beneficial to the long term growth of the Group.

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

Under 2006 Share Option Scheme, there was no requirement for a grantee to hold the option for a certain period before exercising the option unless otherwise determined by the Directors. 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 2006 Share Option Scheme was effective for 10 years from 28th August 2006 and expired on the tenth anniversary of such adoption date. Following the expiry of 2006 Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2006 Share Option Scheme and yet to be exercised shall remain valid and exercisable.

The following table discloses details of Company's options granted under 2006 Share Option Scheme held by employees (including Directors):

	Number of share options held
Grantee	**Outstanding as at 1st April 2023 and 31st March 2024**
Directors	28,800,000

Share Option Schemes (Continued)

Share Option Scheme Adopted on 28th August 2006 (the "2006 Share Option Scheme") (continued)

Notes:

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

(2) The closing price of shares immediately before the date which the options granted on 11th December 2015 was HK$1.03.

(3) The fair value of the options granted on 11th December 2015 was approximately HK$3.42 million, which was determined using the Binomial option pricing model and was recognised in the profit and loss account of the Company for the year ended 31st March 2016. The following assumptions were used to calculate the fair values of the options granted on 11th December 2015: (a) closing share price of HK$1.03 at the date of grant, (b) exercise price of HK$1.03, (c) expected life of options of 5 years, (d) expected volatility of 38.06%*, (e) expected dividend yield of 0.97%**, and (f) risk free rate of 1.027%.

* *The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over one year immediately preceding the grant date. The above calculations based on the assumption that there is no material difference between the expected volatility over the expected life of the options and the historical volatility of the shares.*

** *It is based on prospective dividend yield of the shares at 10th December 2015.*

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

Share Option Scheme Adopted on 8th September 2016 (the "2016 Share Option Scheme")

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

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

Share Option Schemes (Continued)

Share Option Scheme Adopted on 8th September 2016 (the "2016 Share Option Scheme") (Continued)

Under 2016 Share Option Scheme, there was no requirement for a grantee to hold the option for a certain period before exercising the option unless otherwise determined by the Directors. 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 2016 Share Option Scheme is effective for 10 years from 8th September 2016. No share option has been granted since the adoption of 2016 Share Option Scheme.

Convertible Notes

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

Each noteholder has the option to convert the Notes into fully paid ordinary share on a one to one basis (subject to adjustment to certain corporate actions) at any time from the first business day immediately following the date of issue of the Notes and including the date falling on the 10th business day prior to the thirtieth anniversary of the issue date, provided that no conversions will be permitted if they were to result in the Company failing to meet the public float requirement under the Listing Rules. Unless previously converted, the Notes will be redeemed on thirtieth anniversary of the date of issue of the Notes at a redemption price equal to 100% of the principal amount.

During the year, no Notes (2023: Nil) was converted into ordinary shares of the Company.

Purchase, Sale or Redemption of Listed Securities

During the year, the Company had not redeemed any of its shares. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's listed securities during the year, nor were there any on-market sales of treasury shares made during the year.

Pre-Emptive Rights

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

Management Contracts

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

Report of the Directors

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 10. Discussion on environmental policies and performance of the Group is set out in the section "Environmental, Social and Governance Report" on pages 13 to 26.

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 ongoing compliance with rules and regulations and any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

Principal Risks and Uncertainties

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

Risks pertaining to hotel operations

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

As five of the Group's hotels are located in Hong Kong, the revenue from this business is sensitive to changes in the tourism industry and number of visitors in Hong Kong, which is greatly influenced by the attractiveness of Hong Kong as a destination for tourists, business travellers and conferences as well as the inbound travel policy adopted by the Hong Kong Government, particular for those from the PRC which comprised approximately 71% of the total overnight visitor arrivals to Hong Kong, and is the major source of business for our hotels.

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

Risks pertaining to hotel or property developments

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

Principal Risks and Uncertainties (Continued)

Risks pertaining to financing

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

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

Risks pertaining to financial investments

The Group's financial performance is exposed to financial and capital market risks, including changes in interest rates, foreign exchange rates, credit spreads, equity prices, and the performance of the economy in general and other factors outside our control. For further details of such risks and relevant management policies, please refer to note 3 to the financial statements from pages 90 to 108.

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 2024, there is no circumstance of any event between the Group and its customers which will have a significant impact on the Group's business and on which the Group's success depends. The account of key relationship with employees and suppliers on which the Group's success depends is set out in the section "Environmental, Social and Governance Report" on pages 13 to 26.

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	55%
Percentage of purchases attributable to the Group's five largest suppliers	63%
Percentage of sales attributable to the Group's largest customer	70%
Percentage of sales attributable to the Group's five largest customers	90%

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

Related Party Transactions

Details of the significant related party transactions undertaken during the year are disclosed in note 32 to the financial statements. Save as disclosed in the paragraph headed "Connected Transactions" below, these related party transactions either (i) do not constitute connected or continuing connected transactions or (ii) fall under the definition of a connected or continuing connected transaction, but are exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Connected Transactions

The Group had the following continuing connected transaction with connected persons during the year:

Project Management Services Agreement

Pursuant to a master agreement dated 1st April 2021 entered into between the Company and Winfast Engineering Limited ("Winfast"), a subsidiary of ASI, Winfast provides the project management services to the member(s) of the Group in connection with the regular building maintenance services, fitting-out works, improvement works and/or other works incidental thereto at the hotels owned and operated by and the properties owned by the Group (the "Project Management Services Agreement") for a period of three years commencing from 1st April 2021 to 31st March 2024. The annual cap in respect of the amount of project management fees is HK$5,000,000, HK$5,500,000 and HK$6,000,000 for the year ended 31st March 2022, 2023 and 2024 respectively.

During the year ended 31st March 2024, a total project management fees of HK$4,884,000 (2023: HK$4,702,800) was paid by the subsidiaries of the Company to Winfast for the Project Management Services Agreement.

Winfast is an indirect wholly-owned subsidiary of ASI, which is in turn a substantial shareholder of the Company holding approximately 64.35% of the issued share capital of the Company. Winfast and ASI are regarded as connected persons of the Company under the Listing Rules. Accordingly, the Project Management Services Agreement constitutes continuing connected transaction of the Company for the purpose of the Listing Rules.

Pursuant to Rule 14A.55 of the Listing Rules, the Independent Non-executive Directors have reviewed the continuing connected transaction and confirmed that the continuing connected transaction has been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged the independent auditor to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusion in respect of the above continuing connected transaction. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The Group had the following continuing connected transaction with connected persons after the reporting period:

Related Party Transactions (Continued)

Connected Transactions (Continued)

New Project Management Services Agreement

The Project Management Services Agreement expired on 31st March 2024 and a new master agreement was entered into between the Company and Winfast, on 28th March 2024 (the "New Project Management Services Agreement") with the agreement due to take effect on 1st April 2024. Pursuant to the New Project Management Services Agreement, Winfast provides project management services to the member(s) of the Group in connection with the regular building maintenance services, fitting-out works, improvement works and/or other works incidental thereto at the hotels owned and operated by and the properties owned by the Group for a period of three years commencing from 1st April 2024 to 31st March 2027. The annual cap in respect of the amount of project management fees is HK$5,000,000, HK$5,150,000 and HK$5,300,000 for the years ending 31st March 2025, 2026 and 2027 respectively.

As mentioned in the sub-paragraph headed "Project Management Services Agreement" above, Winfast and ASI are regarded as connected persons of the Company under the Listing Rules. Accordingly, the New Project Management Services Agreement constitutes continuing connected transaction of the Company for the purpose of the Listing Rules. For details, please refer to the announcement of the Company dated 28th March 2024.

Events After the Reporting Period

There is a proposed reorganisation of ASI and the Company involving a share exchange offer with cash payment to the scheme shareholders for cancellation of all the scheme shares by way of a scheme of arrangement under section 99 of the Companies Act 1981 of Bermuda, details of which are set out in the Company's joint announcement with Asia Orient and ASI dated 19th June 2024.

Independent Non-Executive Directors

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

Sufficiency of Public Float

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

Report of the Directors

AUDITOR

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

On behalf of the Board

Poon, Jing
Chairman

Hong Kong, 28th June 2024

Independent Auditor's Report

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

Opinion

What We Have Audited

The consolidated financial statements of Asia Standard Hotel Group Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 66 to 148, comprise:

- the consolidated balance sheet as at 31st March 2024;
- 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, comprising material accounting policy information and other explanatory information.

Our Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31st March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

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

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

Key Audit Matter	How our audit addressed the Key Audit Matter
ECL assessment of debt securities which are classified as FVOCI and amortised cost and the related accrued interest	
Refer to notes 3, 4, 6, 16 and 18 to the consolidated financial statements As at 31st March 2024, the Group has debt securities which are classified as FVOCI and amortised cost. The related charge in ECL for debt securities at FVOCI and amortised cost and the related accrued interest for the year ended 31st March 2024 was recognised in the consolidated profit or loss account. The majority of the debt securities issuers were engaged in real estate development in the People's Republic of China ("PRC"). The ECL assessment of these debt securities was subject to higher estimation uncertainty due to the recent market conditions and volatility in the PRC real estate industry.	Our procedures to address ECL assessment of debt securities which are classified as FVOCI and amortised cost and the related accrued interest included: – Understanding management's processes for the ECL assessment of debt securities at FVOCI and amortised cost and the related accrued interest and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity and subjectivity;

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
ECL assessment of debt securities which are classified as FVOCI and amortised cost and the related accrued interest (Continued) The Group assessed whether the credit risk of debt securities at FVOCI and amortised cost and the related accrued interest increased significantly since their initial recognition and applied a three-stage impairment model approach to calculate the ECL except for purchased or originated credit-impaired financial assets ("POCI"). For debt securities that are classified as stage 1 or stage 2, the Group assessed the ECL using a model that involved relevant assumptions, including probability of default ("PD") and loss given default ("LGD"). For debt securities that are classified as stage 3, the Group assessed ECL for each of these debt securities using a discounted cashflow model ("DCF") with probability weightings given to different probable scenarios. POCI are financial assets that are credit-impaired on initial recognition. For POCI, the Group estimates the lifetime expected credit losses using DCF from the investment at each reporting date. The assumptions also take into account forward-looking estimates by referencing to macroeconomic factors. We have identified the ECL assessment for debt securities at FVOCI and amortised cost and the related accrued interest as a key audit matter due to the subjectivity of management judgement and estimation uncertainty involved.	– With the assistance of our internal valuation and modelling experts, we performed the following procedures: – Evaluating the reasonableness of staging determination by considering the Group's historical credit loss experience, the circumstances concerning the business and financial affairs of the underlying debt securities issuers at the time of initial recognition as well as at the end of the reporting period, relevant industry information and expected industry outlook; – Evaluating the reasonableness and appropriateness of the selection and application of models, assumptions, including the PD, LGD and expected cashflows, the application of multiple scenarios and assigned probability weightings in the ECL model, the forward looking factors and the correlation between the forward looking factors and the assumptions used by considering the credit reports issued by credible agencies, the restructuring plans signed or proposed, overdue status, the latest financial information available from the debt securities issuers and other relevant information; – Checking data inputs used in the DCF on a sample basis to supporting documents; and – Assessing the adequacy of the disclosures related to the expected credit losses of the debt securities at FVOCI and amortised cost and the related accrued interest in the applicable financial reporting framework. Based on the work performed, we found the judgement and assumptions adopted in the ECL assessment by management for the debt securities at FVOCI and amortised cost and the related accrued interest were supported by the evidence obtained.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value assessment of debt securities which are classified as FVOCI and the related accrued interest	

Refer to notes 3, 4, 16 and 18 to the consolidated financial statements
 	
As at 31st March 2024, the Group has debt securities which are classified as FVOCI and are measured at fair value.
 	
Due to the recent market condition of the real estate industry in the PRC, the prices for the debt securities issued by these debt securities issuers engaging in real estate industry in the PRC had experienced significant volatility. Although the debt securities are mostly listed on recognised stock exchanges, the trading activities for certain United States Dollar ("USD") denominated debt securities, are very limited, and thus management do not consider the prices quoted by the brokers represent the fair values of these USD debt securities. Accordingly, management assessed the fair values of these securities using discounted cashflow model ("DCF") with probability weightings given to different scenarios. Management applied certain assumptions and estimation, including the expected cashflows used in the DCF model, discount rates, multiple scenarios and probability weightings.
 	
We have identified the fair value assessment for the aforementioned debt securities and the related accrued interest as a key audit matter due to the subjectivity of management judgement and estimation uncertainty involved.
	Our procedures to address fair value assessment of debt securities which are classified as FVOCI and the related accrued interest included:
	
	– Understanding management's processes for the fair value assessment of FVOCI debt securities and the related accrued interest and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity and subjectivity;
	
	– With the assistance of our internal valuation and modelling experts, we performed the following procedures:
	
	    – Assessing the appropriateness of valuation methodology and model adopted by management, by considering the applicable financial reporting requirements;
	
	    – Evaluating the reasonableness of the assumptions used in the DCF model, including the expected cashflows, by considering supporting documents such as the debt restructuring plans, overdue status, the latest financial information available from the debt issuers and other relevant information;

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Fair value assessment of debt securities which are classified as FVOCI and the related accrued interest (Continued)	– Evaluating the reasonableness of the discount rates used, by referencing to the implied bond yields of bonds issued by comparable PRC real estate companies; – Evaluating the reasonableness of the application of multiple scenarios and assigned probability weightings in the fair value assessment model, by considering the available market information; – Checking data inputs used in the DCF adopted in the fair value model, on a sample basis, to supporting documents; and – Assessing the adequacy of the disclosures related to the fair value of the FVOCI debt securities and the related accrued interest in the applicable financial reporting framework. Based on the work performed, we found the judgement and assumptions adopted in the fair value assessment by management for the FVOCI debt securities and the related accrued interest were supported by the evidence obtained.

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of properties under development for sale	
Refer to notes 4, 15 and 17 to the consolidated financial statements	Our procedures to address recoverability of properties under development for sale included:
The Group has a number of properties under development for sale ("property development projects") held by subsidiaries and joint ventures. Management assessed the recoverability of property development projects based on estimates of the net realisable values of the underlying properties for each project. This involved the estimation of expected future sales prices and the development costs to be incurred to complete the properties under development based on existing plans. We have identified the recoverability of properties under development for sale as a key audit matter due to the subjectivity of management judgement and estimation uncertainty involved.	– Understanding management's controls and processes for determining the recoverability of properties under development for sale and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied; – Comparing the expected future sales prices to current market prices of comparable properties; – Assessing the reasonableness of the estimated development costs to compete the projects on a sample of properties selected by (1) understanding the progress of development for major properties under development for sale and (2) corroborating the cost estimates provided by management and project managers to latest approved budgets and approved development plans; and (3) benchmarking estimated construction costs to external industry data; and – Assessing the adequacy of the disclosures related to the recoverability of properties under development for sale in the context of HKFRS disclosure requirements. Based on the work performed, we found the judgement and assumptions adopted by the management in the assessment of recoverability of the properties under development for sale were supported by the evidence obtained.

Other Information

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

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

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

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

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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 2024

Consolidated Profit and Loss Account

For the year ended 31st March 2024

	Note	2024 HK$'000	2023 HK$'000
Interest revenue		**498,050**	741,638
Sales of goods and services and other revenue		**393,198**	185,015
Total revenue	5	**891,248**	926,653
Cost of sales		**(114,797)**	(64,078)
Gross profit		**776,451**	862,575
Selling and administrative expenses		**(145,912)**	(158,622)
Depreciation		**(109,220)**	(117,284)
Net investment (loss)/gain	6		
Net realised and unrealised (loss)/gain		**(11,155)**	28,155
Changes in expected credit losses		**(2,649,026)**	(652,313)
Operating loss		**(2,138,862)**	(37,489)
Net finance costs	10	**(187,027)**	(154,137)
Share of profits less losses of joint ventures and an associated company		**(2,223)**	770
Loss before income tax		**(2,328,112)**	(190,856)
Income tax credit/(expense)	11	**78,345**	(21,930)
Loss for the year		**(2,249,767)**	(212,786)
Attributable to:			
Shareholders of the Company		**(2,249,709)**	(212,794)
Non-controlling interests		**(58)**	8
		(2,249,767)	(212,786)
Loss per share (HK$)			
Basic	13	**(1.12)**	(0.11)
Diluted	13	**(1.12)**	(0.11)

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2024

	2024 **HK$'000**	2023 HK$'000
Loss for the year	**(2,249,767)**	(212,786)
Other comprehensive income/(charge)		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Debt securities at fair value through other comprehensive income		
– net fair value change and other net movements	**461,898**	1,027,991
– release of reserve upon derecognition	**60,022**	100,476
Cash flow hedges		
– net fair value (loss)/gain	**(32,232)**	37,349
– deferred tax on derivative financial instruments	**5,318**	(6,163)
Currency translation differences	**(9,989)**	(76,823)
Share of currency translation differences of joint ventures	**(4,144)**	(43,833)
Item that will not be reclassified to profit or loss:		
Net fair value gain/(loss) on equity securities at fair value through other comprehensive income	**24,231**	(3,048)
	505,104	1,035,949
Total comprehensive (charge)/income for the year	**(1,744,663)**	823,163
Attributable to:		
Shareholders of the Company	**(1,744,187)**	827,008
Non-controlling interests	**(476)**	(3,845)
	(1,744,663)	823,163

Consolidated Balance Sheet

As at 31st March 2024

	Note	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	14	2,689,627	2,800,432
Investment in joint ventures and an associated company	15	188,358	180,828
Amounts due from joint ventures and an associated company	15	432,768	399,022
Financial investments	16	551,214	706,496
Derivative financial instruments	24	56,480	135,084
Deferred income tax assets	25	65,561	53,401
		3,984,008	4,275,263
Current assets			
Properties under development for sale	17	2,166,295	1,781,003
Inventories		26,753	27,949
Trade and other receivables	18	241,318	478,761
Income tax recoverable		55	55
Financial investments	16	759,711	2,163,308
Derivative financial instruments	24	72,594	45,199
Bank balances and cash			
– restricted	19	196,287	168,126
– unrestricted	19	465,003	342,270
		3,928,016	5,006,671
Current liabilities			
Trade and other payables	21	155,809	71,996
Contract liabilities	20	295,793	265,241
Amount due to non-controlling interests		56,514	52,949
Borrowings	22	1,054,716	1,148,466
Income tax payable		484	55,382
		1,563,316	1,594,034
Net current assets		2,364,700	3,412,637

Consolidated Balance Sheet

As at 31st March 2024

	Note	**2024 HK$'000**	2023 HK$'000
Non-current liabilities			
Borrowings	22	**4,797,568**	4,389,847
Lease liabilities	14	**883**	1,864
Convertible notes	23	**272,313**	255,598
Deferred income tax liabilities	25	**16,836**	34,820
		5,087,600	4,682,129
Net assets		**1,261,108**	3,005,771
Equity			
Share capital	26	**40,361**	40,361
Reserves	27	**1,222,555**	2,966,742
Equity attributable to shareholders of the Company		**1,262,916**	3,007,103
Non-controlling interests		**(1,808)**	(1,332)
		1,261,108	3,005,771

Lim Yin Cheng
Director

Woo Wei Chun, Joseph
Director

Consolidated Statement of Cash Flows

For the year ended 31st March 2024

	Note	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Net cash generated from operations	30(a)	**47,608**	1,056,106
Net income tax paid		**(1,820)**	(2,244)
Net interest paid		**(354,934)**	(221,712)
Interest received from bank deposits, loan receivables and derivative financial instruments		**136,060**	6,897
Dividend received		**12,655**	–
Net cash (used in)/generated from operating activities		**(160,431)**	839,047
Cash flows from investing activities			
Addition of financial investments		**(2,835)**	(11,549)
Additions of property, plant and equipment		**(6,554)**	(18,897)
Increase in investment in joint ventures		**(12,305)**	(12,005)
Advances to joint ventures		**(30,558)**	(25,862)
Disposal of a subsidiary		**(379)**	–
Repayment from an associated company		**5,616**	–
Net cash used in investing activities		**(47,015)**	(68,313)
Net cash (used)/generated before financing activities		**(207,446)**	770,734
Cash flows from financing activities	30(b)		
Drawdown of long term borrowings		**658,991**	2,917,880
Repayment of long term borrowings		**(354,300)**	(3,172,100)
Net increase/(decrease) in short term borrowings		**31,000**	(407,000)
Contribution from non-controlling interests		**3,565**	4,302
Principal elements of lease payment		**(6,027)**	(6,575)
Net cash generated from/(used in) financing activities		**333,229**	(663,493)
Net increase in cash and cash equivalents		**125,783**	107,241
Cash and cash equivalents at the beginning of the year		**342,270**	243,431
Changes in exchange rates		**(3,050)**	(8,402)
Cash and cash equivalents at the end of the year		**465,003**	342,270
Analysis of the balances of cash and cash equivalents			
Bank balances and cash (excluding restricted cash balances)	19	**465,003**	342,270

Consolidated Statement of Changes in Equity

For the year ended 31st March 2024

	Equity attributable to shareholders of the Company				
	Share capital HK$'000	Reserves HK$'000	Total HK$'000	Non–controlling interests HK$'000	Total HK$'000
At 31st March 2022	40,361	2,139,734	2,180,095	2,513	2,182,608
Financial assets at fair value through other comprehensive income					
– net fair value change and other net movements	–	1,024,943	1,024,943	–	1,024,943
– release of reserve upon derecognition	–	100,476	100,476	–	100,476
Currency translation differences	–	(76,823)	(76,823)	–	(76,823)
Cash flow hedges					
– fair value gain	–	37,349	37,349	–	37,349
– deferred tax on derivative financial instruments	–	(6,163)	(6,163)	–	(6,163)
Share of currency translation differences of joint ventures	–	(39,980)	(39,980)	(3,853)	(43,833)
(Loss)/profit for the year	–	(212,794)	(212,794)	8	(212,786)
Total comprehensive income/(charge) for the year	–	827,008	827,008	(3,845)	823,163
At 31st March 2023	**40,361**	**2,966,742**	**3,007,103**	**(1,332)**	**3,005,771**
Financial assets at fair value through other comprehensive income					
– net fair value change and other net movements	**–**	**486,129**	**486,129**	**–**	**486,129**
– release of reserve upon derecognition	**–**	**60,022**	**60,022**	**–**	**60,022**
Currency translation differences	**–**	**(9,989)**	**(9,989)**	**–**	**(9,989)**
Cash flow hedges					
– fair value loss	**–**	**(32,232)**	**(32,232)**	**–**	**(32,232)**
– deferred tax on derivative financial instruments	**–**	**5,318**	**5,318**	**–**	**5,318**
Share of currency translation differences of joint ventures	**–**	**(3,726)**	**(3,726)**	**(418)**	**(4,144)**
Loss for the year	**–**	**(2,249,709)**	**(2,249,709)**	**(58)**	**(2,249,767)**
Total comprehensive charge for the year	**–**	**(1,744,187)**	**(1,744,187)**	**(476)**	**(1,744,663)**
At 31st March 2024	**40,361**	**1,222,555**	**1,262,916**	**(1,808)**	**1,261,108**

Notes to the Financial Statements

1 General Information

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

2 Material Accounting Policies

The material 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 both years presented, unless otherwise stated.

(A) Basis of Preparation

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

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

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

The Group has applied the following new standard and amendments to standards for its annual reporting period commencing 1st April 2023:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

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

2 Material Accounting Policies (Continued)

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

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

Effective for accounting periods beginning on or after:

1st January 2024	
Amendments to HKAS 1 and related amendments to Hong Kong interpretation 5	Classification of liabilities as current or non-current, non-current liabilities with covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
1st January 2025	
Amendments to HKAS 21	Lack of Exchangeability
To be determined	
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture

Certain amendments and interpretations to HKFRS have been published but are not mandatory for annual reporting period ended 31st March 2024 and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(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 2024.

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.

2 Material Accounting Policies (Continued)

(C) Basis of Consolidation (Continued)

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

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

Non-controlling interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

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

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

(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 that 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.

2 Material Accounting Policies (Continued)

(E) Joint Arrangements

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

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

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

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

(F) Associated Company

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.

2 Material Accounting Policies (Continued)

(F) Associated Company (Continued)

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 an Associated Company

Balances with subsidiaries, joint ventures and an associated company 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 Material Accounting Policies (Continued)

(H) Financial Investments

(i) Classification

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

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

- those to be measured at amortised cost.

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

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

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

(ii) Recognition and derecognition

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

(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.

2 Material Accounting Policies (Continued)

(H) Financial Investments (Continued)

(iii) Measurement (Continued)

(a) Debt instruments

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

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

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

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

- 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.

The debt instruments related accrued interest receivable would follow the measurement of the debt instruments in which the interest receivables arises.

2 Material Accounting Policies (Continued)

(H) Financial Investments (Continued)

(iii) Measurement (Continued)

(b) Equity instruments

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

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

(iv) Expected credit loss ("ECL")

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

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

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2 Material Accounting Policies (Continued)

(H) Financial Investments (Continued)

(v) Offsetting financial instruments

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

(I) Property, Plant and Equipment

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

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

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

Hotel 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 – 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(J)).

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(J) 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.

(K) Properties Under Development for Sale

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

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.

(L) Inventories

Inventories comprise primarily food, beverages and operating supplies and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

(M) Trade and Other Receivables

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

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 18 for further information about the Group's accounting for trade receivables and note 4(D) for a description of the Group's impairment policies.

For accrued interest receivable from financial investments, please refer to note 2(H(iii)).

2 Material Accounting Policies (Continued)

(N) Trade Payables

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

(O) Contract Liabilities

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

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

(P) 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.

(Q) 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(Y)) 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.

(R) Convertible Notes

The convertible notes issued by the Group that contain both liability component and conversion equity component are classified separately on initial recognition. The conversion option that will be settled by the exchange of a fixed number of the Company's own equity instruments is classified as an equity instrument. On initial recognition, the fair value of the convertible notes as a whole was determined and the fair value of the liability component was determined using cash flow discounted at a prevailing market interest rate. The residual amount, representing the value of equity component, is credited to a convertible notes reserve under equity attributable to the Company's shareholders.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method. The equity component is not re-measured subsequent to initial recognition except on conversion or expiry of the convertible notes.

2 Material Accounting Policies (Continued)

(S) Employee Benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefits obligations

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

(iii) Share-based compensation

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

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

(T) Current and Deferred Income Tax

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

2 Material Accounting Policies (Continued)

(T) Current and Deferred Income Tax (Continued)

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, joint ventures and an associated company, 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.

(U) 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.

(V) Segment Reporting

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

2 Material Accounting Policies (Continued)

(W) Revenue Recognition

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

- Revenue from hotel room rental is recognised over time during the period of stay for the hotel guest;

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

- Operating lease rental income is recognised on a straight-line basis over the term of the respective lease;

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

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

(X) 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.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(X) Foreign Currency Translation (Continued)

(ii) Transactions and balances

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

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

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

(iii) Group companies

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

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

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

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

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

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

2 Material Accounting Policies (Continued)

(Y) Borrowing Costs

Borrowing costs incurred on properties under development that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of the properties under development.

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

(Z) Leases

As the lessor

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

As the lessee

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

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

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

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

2 Material Accounting Policies (Continued)

(Z) Leases (Continued)

As the lessee (Continued)

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

– the amount of the initial measurement of lease liability and

– 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.

(AA) 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.

(AB) Related Parties

Related parties are individuals and companies, including subsidiaries, fellow subsidiaries, joint ventures, associated company 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.

(AC) 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.

(AD) Financial Guarantee

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

Before 1st April 2023, the Company accounts for its financial guarantee contracts in respect of guarantees provided to its subsidiaries and joint ventures in accordance with HKFRS 4, From 1st April 2023 when HKFRS 17 became effective, the Company elected to apply HKFRS 9 to account for the financial guarantee contract subsequently.

2 Material Accounting Policies (Continued)

(AE) 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 accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with cash flow of recognised assets or liabilities or a highly probable forecast transactions (cash flow hedge).

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

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

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

The full fair value of a hedging derivative is classified as a non-current asset or liability when the item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(AF) Government Grants

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

3 Financial Risk Management

(I) Financial Risk Factors

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

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

At 31st March 2024, the Group's entities with functional currency of Hong Kong dollar had United States dollar net monetary assets of HK$1.0 billion (2023: HK$2.7 billion). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to United States dollar, management considers that there is no significant foreign exchange risk with respect to United States dollar.

3 Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

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

	2024			2023		
		Increase/(decrease) in result attributable to shareholders of the Company if exchange rate changes by			Increase/(decrease) in result attributable to shareholders of the Company if exchange rate changes by	
	Net monetary assets amount	**+5%**	**-5%**	Net monetary assets Amount	+5%	–5%
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Euro	**1,301**	**58**	**(58)**	1,319	59	(59)
Renminbi	**317,430**	**15,845**	**(15,845)**	379,417	18,915	(18,915)
Sterling	**43**	**2**	**(2)**	66	3	(3)
Japanese Yen	**15,645**	**782**	**(782)**	17,920	896	(896)
Singapore dollars	**13**	**1**	**(1)**	18	1	(1)

(ii) Price risk

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

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

3 Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

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

	2024				2023			
	Increase/(decrease) in result attributable to shareholders of the Company if the price changes by		Increase/(decrease) in investment revaluation reserve of the Company if the price changes by		Increase/(decrease) in result attributable to shareholders of the Company if the price changes by		Increase/(decrease) in investment revaluation reserve of the Company if the price changes by	
	+10%	-10%	+10%	-10%	+10%	−10%	+10%	−10%
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Financial investments	32,156	(32,156)	25,595	(25,595)	37,401	(37,401)	22,535	(22,535)

(iii) Cash flow interest rate risk

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

Interest Bearing Assets are mostly at fixed rates. Convertible notes are at fixed rate, while borrowings are primarily issued at variable rates which therefore expose the Group to cash flow interest rate risk. The Group manages this risk by using floating-to-fixed interest rate swaps.

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

For hedges of interest rate risk, the Group entered into interest rate swap contracts that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. The Group does not hedge 100% of its Interest Bearing Liabilities, therefore the hedged risk is identified as a proportion of the Interest Bearing Liabilities up to the notional amount of the swaps.

3 Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(a) Market risk (Continued)

(iii) Cash flow interest rate risk (Continued)

Hedge ineffectiveness for interest rate swap contracts may occur due to:

- the credit value/debit value adjustment on the interest rate swaps contracts which is not matched by the loan, and
- differences in critical terms between the interest rate swap contracts and Interest Bearing Liabilities.

Hedge ineffectiveness in relation to the interest rate swaps was recognised in net finance cost (note 10) for the financial year of 2024 and 2023.

Swaps currently in place cover approximately 55% (2023: 58%) of the Interest Bearing Liabilities. The fixed interest rates of the swaps range between 0.33% and 1.165% (2023: 0.33% and 1.165%) and the variable rates of the Interest Bearing Liabilities range between 1.4% and 2.46% (2023: 1.1% and 2.5%) above Hong Kong Interbank Offered Rate ("HIBOR").

The swap contracts require settlement of net interest receivable or payable every 30 days.

	2024 **HK$'000**	2023 HK$'000
Carrying amount (note 24)	**129,074**	180,283
Notional amount	**3,243,000**	3,243,000
Maturity date	**Various, up to June 2025**	Various, up to June 2025

At 31st March 2024, with all other variables held constant, if the interest rate had increased/decreased by 50 basis point, the Group's financial performance would have been HK$19,242,000 (2023: HK$18,343,000) lower/higher, and the hedging reserve would have increased/decreased by HK$9,749,000 (2023: HK$9,749,000) mainly as a result of change in the fair values of the cash flow hedges as described above.

3 Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(b) Credit risk

The credit risk of the Group mainly arises from bank balances and cash (note 19), financial investments (note 16), derivative financial instruments (note 24) as well as credit exposures to trade and other receivables (note 18).

ECL

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

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

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

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

The key definitions of the three stages are summarised below:

Stage 1: For financial instruments with no significant increase in credit risk after initial recognition or that have low credit risk at the reporting date, the ECL are recognised at an amount equal to the portions of lifetime ECL that result from default events possible within the next 12 months;

Stage 2: For financial instruments with significant increase in credit risk since initial recognition, but there is no objective evidence of impairment, lifetime ECL are recognised and interest revenue is calculated on the gross carrying amount of the assets;

Stage 3: For financial instruments in default at the end of the reporting period, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount of the assets.

3 Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(b) Credit risk (Continued)

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

Significant increase in credit risk (Stage 2)
The Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition on an ongoing basis. The Group sufficiently considers reasonable and supportable information which reflects the significant increase in credit risk. The major factors considered include regulatory and business environment, external credit rating, repayment ability, operation capacity, repayment behaviours, etc. The Group compares the risk of a default occurring as at the end of the reporting period with that as at the date of initial recognition of one financial instrument or a portfolio of financial instruments that shares the similar credit risk characteristics. The Group also considers the following factors to determine whether there is significant increase in credit risk:

- Significant change in the financial instrument's credit rating;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the Group would not otherwise consider;
- For financial asset other than bond, the borrower fails to make contractual payments within 30 days when they fall due; for bond, the borrower fails to make contractual payments when they fall due;
- Significant changes in the technological, market, economic or legal environment that have an adverse effect on the issuer; and
- A significant decline in the market price of debt instrument.

Definition of default (Stage 3)
The Group considers that loan receivables, trade and other receivables are in default when the counterparty fails to make contractual payments within 90 days of when they fall due. The Group also considers debt securities are in default when an event of default occurs and is not rectified within the prescribed grace period for remedial action as stipulated in that financial instrument. The Group also considers the financial asset to be in default when it is highly probable that the borrower will enter bankruptcy or have difficulty in refinancing and have no other realistic option than to restructure their debt.

3 Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(b) Credit risk (Continued)

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

Carrying amount	Simplified Approach HK$'000	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	POCI HK$'000
31st March 2024					
Bank balances and cash					
Unrestricted	–	465,003	–	–	–
Restricted	–	196,287	–	–	–
Amounts due from joint ventures and an associated company	–	432,768	–	–	–
Loan receivables	–	2,460	–	6,726	–
Trade and other receivables excluding interest receivables	9,359	26,985	–	–	–
Financial assets at FVOCI, amortised cost and related interest receivables	–	67,002	–	543,013	286,759
31st March 2023					
Bank balances and cash					
Unrestricted	–	342,270	–	–	–
Restricted	–	168,126	–	–	–
Amounts due from joint ventures	–	399,022	–	–	–
Loan receivables	–	2,367	–	6,722	–
Trade and other receivables excluding interest receivables	5,065	19,995	–	–	–
Financial assets at FVOCI, amortised cost and related interest receivables	–	60,420	–	2,301,735	297,235

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

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

3 Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(b) Credit risk (Continued)

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

Other receivables and loan receivables mainly represent other rental receivables and loan receivables from third parties. The credit exposures are assessed based on the credit quality of the debtors, taking into account their financial position, past experience and other forward-looking factors. Individual risk limits are set by management and the utilisation of credit limits is regularly monitored. The exposure to these credit risks are monitored on an ongoing basis. The Group has made an ECL of HK$1.7 million as at 31st March 2024 (2023: HK$1.7 million) for other receivables and loan receivables.

Since the year ended 31st March 2022, the PRC government intensified efforts to limit developers' leverage, which had a negative impact on the overall real estate sector and had affected market confidence. Given the change in market conditions, the credit risk for a number of issuers of the debt securities that the Group holds has significantly increased and some of which have been in default in making interest and principal payments. Several real estate developers, by extending or restructuring their debts, have addressed their liquidity issues. This entails an extension of loan maturity, with amortisation over the tenor, coupon rates unchanged or reduced, with or without any principal haircut on the debt. Other Chinese developers are pursuing similar solutions. Due to the worsening market conditions and solvency situation of issuers, including the fact that two issuers have received High Court orders for winding up during the financial year, this has led to an increase in the recognition of ECL.

3 Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(b) Credit risk (Continued)

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

	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	POCI HK$'000	Total HK$'000
At 31st March 2022	4,090	35,906	1,207,544	19,986	1,267,526
Total ECL charge to profit and loss account for the year					
New assets originated or purchased	142	–	63,935	1,926	66,003
Transfers to Stage 3	(1,090)	(35,490)	36,580	–	–
Credit quality related changes	–	(416)	488,619	98,107	586,310
	(948)	(35,906)	589,134	100,033	652,313
Assets derecognised	–	–	(23,523)	–	(23,523)
At 31st March 2023	3,142	–	1,773,155	120,019	1,896,316
Total ECL charge to profit and loss account for the year					
New assets originated or purchased	–	–	–	25,023	25,023
Credit quality related changes	217	–	2,450,558	173,228	2,624,003
	217	–	2,450,558	198,251	2,649,026
Assets derecognised	–	–	(99,209)	(100)	(99,309)
At 31st March 2024	**3,359**	**–**	**4,124,504**	**318,170**	**4,446,033**

3 Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(b) Credit risk (Continued)

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

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

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

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

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

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

- Recovering the investment through sales of the notes in the market based on its market price at 31st March 2024.

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

3 Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(b) Credit risk (Continued)

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

The below table illustrates the major contributors for the ECL that have defaulted during the year ended 31st March 2024 and the assumptions used in estimating the ECL recorded:

Issuer of debt securities	Unrealised loss for the year ended 31st March 2024 HK$ million	Change in ECL recorded in profit and loss for the year ended 31st March 2024 HK$ million	ECL balance as at 31st March 2024 HK$ million	Scenario	Scenario Probability	Debt Reduction	Payment Terms	Coupon rate
Bond issuer 1	(553)	(1,133)	(1,955)	Restructuring Liquidation	50%	50%	4 – 8 years	5.5% – 8.5%
Bond issuer 2	(442)	(800)	(1,103)	Restructuring Liquidation	5% – 90%	50%	3.75 – 8 years	5% – 7.5%
Bond issuer 3	(182)	(233)	(328)	Restructuring Liquidation	20% – 80%	40%	2.5 – 5 years	4% – 5%
Bond issuer 4	(113)	(143)	(197)	Assets realisation upon restructuring Liquidation	10% – 45%	60%	2 – 3 years	Note
Bond issuer 5	(66)	(114)	(179)	Restructuring Straight sale Liquidation	5% -55%	35%	2 – 7 years	4.5% -6.5%

Note: Specified assets realisation, no coupon rate is adopted.

(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.

The Group had a total of HK$465,003,000 in unrestricted cash balances, and the unused portion of revolving credit facilities amounted to HK$1,132,722,000 as at 31st March 2024.

3 Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(c) Liquidity risk (Continued)

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

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

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

	On demand HK$'000	Within 1 year HK$'000	Between 1 to 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flow HK$'000
At 31st March 2024					
Non-derivative financial liabilities					
Trade and other payables	–	153,554	–	–	153,554
Borrowings					
– Principal	–	1,075,092	4,823,038	–	5,898,130
– Interest	–	363,049	642,780	–	1,005,829
Lease liabilities	–	2,321	918	–	3,239
Convertible notes	–	–	–	1,255,363	1,255,363
	–	1,594,016	5,466,736	1,255,363	8,316,115
Derivative financial instruments					
Net inflow	–	(128,069)	(14,864)	–	(142,933)
	–	1,465,947	5,451,872	1,255,363	8,173,182

3 Financial Risk Management (Continued)

(I) Financial Risk Factors (Continued)

(c) Liquidity risk (Continued)

	On demand HK$'000	Within 1 year HK$'000	Between 1 to 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flow HK$'000
At 31st March 2023					
Non-derivative financial liabilities					
Trade and other payables	–	71,996	–	–	71,996
Borrowings					
– Principal	–	1,164,300	4,067,527	352,000	5,583,827
– Interest	–	243,323	482,706	8,100	734,129
Lease liabilities	–	5,858	1,880	–	7,738
Convertible notes	–	–	–	1,255,363	1,255,363
	–	1,485,477	4,552,113	1,615,463	7,653,053
Derivative financial instruments					
Net inflow	–	(83,067)	(118,514)	–	(201,581)
	–	1,402,410	4,433,599	1,615,463	7,451,472

(II) Capital Risk Management

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

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

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

3 Financial Risk Management (Continued)

(II) Capital Risk Management (Continued)

The gearing ratios at 31st March 2024 and 2023 were as follows:

	2024 HK$'000	2023 HK$'000
Borrowings (note 22)	**5,852,284**	5,538,313
Convertible notes (note 23)	**272,313**	255,598
Less: bank balances and cash (note 19)	**(661,290)**	(510,396)
Net debt	**5,463,307**	5,283,515
Revalued net assets (note (a))	**12,014,000**	12,950,000
Gearing ratio – net debt to Revalued net assets	**45%**	41%

Note:

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

(III) Fair Value Estimation

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

(i) Financial instruments in level 1

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

3 Financial Risk Management (Continued)

(III) Fair Value Estimation (Continued)

(ii) Financial instruments and related interest receivable in level 2

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

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

(iii) Financial instruments and related interest receivable in level 3

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

Level 3 instruments comprised unlisted fund and defaulted debt securities which are not traded in an active market, whose transaction price or quoted price does not represent fair value. Fair values of these instruments have been determined using appropriate valuation techniques with references including discounted cash flows and asset-based value from financial institutions and other prices observed in recent transactions.

3 Financial Risk Management (Continued)

(III) Fair Value Estimation (Continued)

The following table presents the Group's financial instruments that are measured at fair value at 31st March 2024 and 2023:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
2024			
Assets			
Financial assets at FVPL	**–**	**99,454**	**273,106**
Financial assets at FVOCI	**186,380**	**69,570**	**457,561**
Interest receivable	**–**	**2,571**	**142,217**
Derivative financial instruments	**–**	**129,074**	**–**
	186,380	**300,669**	**872,884**

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
2023			
Assets			
Financial assets at FVPL	–	251,984	183,378
Financial assets at FVOCI	162,149	63,206	2,093,074
Interest receivable	–	–	384,749
Derivative financial instruments	–	180,283	–
	162,149	495,473	2,661,201

3 Financial Risk Management (Continued)

(III) Fair Value Estimation (Continued)

The following table presents the changes in level 3 financial instruments and related interest receivable of the Group for the year ended 31st March 2024 and 2023:

	HK$'000
At 31st March 2023	**2,661,201**
Net fair value change and other net movements	**(1,998,364)**
Transfer into level 3*	**210,047**
At 31st March 2024	**872,884**
At 31st March 2022	396,445
Net addition	1,346
Transfer into level 3*	2,263,410
At 31st March 2023	2,661,201

The Group's policy is to recognise transfer into and out of fair value hierarchy levels as at the end of the reporting period.

There were no transfer between levels 1 and 2 fair value measurements during the year.

* The Group transferred an amount of financial assets at FVOCI and financial assets at FVPL and related interest receivable into level 3 which was mainly resulting from minimal relevant transaction volume and executable quotes and the transaction price or quoted price does not represent fair value. This resulted the Group using discounted cashflow in valuing the fair value of debt securities, which included the use of estimated cashflows and appropriate discount rates, which are unobservable.

3 Financial Risk Management (Continued)

(III) Fair Value Estimation (Continued)

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

Description	Fair value HK$'000	Valuation technique	Unobservable input	Relationship of unobservable input to fair value
At 31st March 2024				
Financial asset at FVOCI	457,561	Discounted cash flow methodology	Discount rate of 36% and scenario analysis of different probability on estimated cash inflow from the bond	The higher the estimated contractual cash flow from the underlying bond, the higher the fair value. The higher the discount rate, the lower the fair value. If the discount rate had increased/decreased by 1%, with all other variables held constant, the Group's fair value attributable to shareholders of the Company would have decreased by HK$17,080,000/increased by HK$19,215,000.
Interest receivable	142,217			
Financial asset at FVPL	210,047	Discounted cash flow methodology	Discount rate of 18% to 26% and scenario analysis of different probability on estimated cash inflow from the bond	The higher the estimated contractual cash flow from the underlying bond, the higher the fair value. The higher the discount rate, the lower the fair value. If the discount rate had increased/decreased by 1%, with all other variables held constant, the Group's fair value attributable to shareholders of the Company would have decreased by HK$2,342,000/increased by HK$2,363,000
Financial asset at FVPL	47,437	Net asset value from fund statement	Net asset value	The higher the net asset value, the higher the fair value.
Financial asset at FVPL	15,622	Net asset value from property project	Fair value of the underlying property based on valuation report	The higher the fair value of the underlying property, the higher the fair value.

3 Financial Risk Management (Continued)

(III) Fair Value Estimation (Continued)

The following table summarises the quantitative information about the significant unobservable input used in level 3 fair value measurement: (Continued)

Description	Fair value HK$'000	Valuation technique	Unobservable input	Relationship of unobservable input to fair value
At 31st March 2023				
Financial asset at FVOCI	2,093,074	Discounted cash flow methodology	Discount rate of 28% to 35% and scenario analysis of different probability on estimated cash inflow from the bond	The higher the estimated contractual cash flow from the underlying bond, the higher the fair value. The higher the discount rate, the lower the fair value. If the discount rate had increased/decreased by 1%, with all other variables held constant, the Group's fair value attributable to shareholders of the Company would have decreased by HK$66,056,000/ increased by HK$70,382,000.
Interest receivable	384,749			
Financial asset at FVPL	120,301	Discounted cash flow methodology	Discount rate of 22% and scenario analysis of different probability on estimated cash inflow from the bond	The higher the estimated contractual cash flow from the underlying bond, the higher the fair value. The higher the discount rate, the lower the fair value. If the discount rate had increased/decreased by 1%, with all other variables held constant, the Group's fair value attributable to shareholders of the Company would have decreased by HK$364,000/ increased by HK$486,000.
Financial asset at FVPL	45,184	Net asset value from fund statement	Net asset value	The higher the net asset value, the higher the fair value.
Financial asset at FVPL	17,893	Net asset value from property project	Fair value of the underlying property based on valuation report	The higher the fair value of the underlying property, the higher the fair value.

4 Critical Accounting Estimates and Judgements

In preparing the 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 2023.

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

(A) ECL for Financial Investments

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

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

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

(B) Fair Value of Level 3 Financial Assets at FVOCI and Related Interest Receivables

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

(C) Recoverability of Properties Under Development for Sale

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

4 Critical Accounting Estimates and Judgements (Continued)

(D) Impairment of Trade and Other Receivables and Loan Receivables

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

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

(E) Income Taxes

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

Recognition of deferred income tax assets (note 25), which principally relate to tax losses, depends on the management's expectation of future taxable profits that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

5 Segment Information

The Group is principally engaged in hotel operation, property development and financial investments. Revenue includes revenue from hotel operation, interest income and dividend income.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by the chief operating decision-maker. The Group is organised into three main reportable operating segments comprising hotel operation, property development and financial investments. Segment assets consist primarily of property, plant and equipment, joint ventures and an associated company, inventories, trade and other receivables, properties under development for sale and financial investments. Segment liabilities comprise mainly borrowings, trade and other payables, contract liabilities and amounts due to non-controlling interests.

	Hotel operation HK$'000	Property development HK$'000	Financial investments HK$'000	Others HK$'000	Total HK$'000
2024					
Segment revenue	**366,675**	**613**	**510,736**	**13,224**	**891,248**
Contribution to segment results	**179,666**	**(8,692)**	**499,558**	**13,183**	**683,715**
Depreciation	**(101,427)**	**(1,714)**	**–**	**(6,079)**	**(109,220)**
Net investment (loss)/gain	**–**	**–**	**(2,690,163)**	**29,982**	**(2,660,181)**
Share of profits less losses of joint ventures and an associated company	**–**	**(1,182)**	**–**	**(1,041)**	**(2,223)**
Segment results	**78,239**	**(11,588)**	**(2,190,605)**	**36,045**	**(2,087,909)**
Unallocated corporate expenses					**(53,176)**
Net finance costs					**(187,027)**
Loss before income tax					**(2,328,112)**
2023					
Segment revenue	166,147	209	752,626	7,671	926,653
Contribution to segment results	39,399	(17,232)	739,899	5,645	767,711
Depreciation	(108,431)	(1,155)	–	(7,698)	(117,284)
Net investment loss	–	–	(624,158)	–	(624,158)
Share of profits less losses of joint ventures	–	987	–	(217)	770
Segment results	(69,032)	(17,400)	115,741	(2,270)	27,039
Unallocated corporate expenses					(63,758)
Net finance costs					(154,137)
Loss before income tax					(190,856)

5 Segment Information (Continued)

	Business segments					
	Hotel operation HK$'000	Property development HK$'000	Financial investments HK$'000	Others HK$'000	Unallocated HK$'000	Total HK$'000
2024						
Assets	**3,073,737**	**3,077,229**	**1,572,772**	**15,263**	**173,023**	**7,912,024**
Assets include:						
Joint ventures and an associated company	**–**	**616,170**	**–**	**4,956**	**–**	**621,126**
Addition to non-current assets*	**6,224**	**12,604**	**–**	**–**	**1,450**	**20,278**
Liabilities						
Borrowings	**4,272,378**	**685,068**	**–**	**–**	**894,838**	**5,852,284**
Other liabilities						**798,632**
						6,650,916
2023						
Assets	2,973,086	2,631,841	3,472,602	11,670	192,735	9,281,934
Assets include:						
Joint ventures	–	579,519	–	331	–	579,850
Addition to non-current assets*	28,792	4,224	–	–	98	33,114
Liabilities						
Borrowings	4,151,001	418,927	–	–	968,385	5,538,313
Other liabilities						737,850
						6,276,163

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

5 Segment Information (Continued)

	2024 HK$'000	2023 HK$'000
Revenue		
Hong Kong	**380,493**	174,929
Overseas	**510,755**	751,724
	891,248	926,653
Non-current assets*		
Hong Kong	**2,693,827**	2,798,288
Overseas	**616,926**	581,994
	3,310,753	3,380,282

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

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

	2024 HK$'000	2023 HK$'000
Revenue from contracts with customers		
– recognised at a point in time	**31,955**	2,819
– recognised over time	**335,333**	164,147
	367,288	166,966
Other sources	**25,910**	18,049
	393,198	185,015

6 Net Investment (Loss)/Gain

	2024 HK$'000	2023 HK$'000
Financial assets at FVPL		
– net unrealised fair value gain	**44,793**	28,515
– net realised gain (note (a))	**4,607**	36,749
Financial assets at FVOCI		
– net unrealised exchange (loss)/gain	**(4,231)**	1,300
– net realised loss (note (b))	**(70,138)**	(48,861)
– changes in ECL (note (e))	**(2,591,774)**	(652,313)
Financial assets at amortised cost		
– net unrealised exchange (loss)/gain	**(536)**	619
– net realised loss (note (c))	**(1,705)**	–
– changes in ECL (note (e))	**(57,252)**	–
Gain on disposal of a subsidiary	**29,982**	–
Derivative financial instruments		
– net unrealised (loss)/gain	**(13,927)**	9,833
	(2,660,181)	(624,158)

Notes:

		2024 HK$'000	2023 HK$'000
(a)	Net realised gain on financial assets at FVPL		
	Gross consideration	**115,747**	1,096,042
	Cost of investments	**(101,989)**	(1,121,674)
	Add: net unrealised (gain)/loss recognised in prior years	**(9,151)**	62,381
	Net realised gain recognised in current year	**4,607**	36,749
(b)	Net realised loss on financial assets at FVOCI		
	Gross consideration	**117,946**	538,996
	Cost of investments	**(285,577)**	(602,657)
	Transfer from investment revaluation reserve	**97,493**	14,800
	Net realised loss recognised in current year	**(70,138)**	(48,861)
(c)	Net realised loss on financial assets at amortised cost		
	Gross consideration	**8,284**	–
	Cost of investments	**(9,989)**	–
	Net realised loss recognised in current year	**(1,705)**	–

6 Net Investment (Loss)/Gain (Continued)

Notes: (Continued)

(d) Net unrealised gain for the year was generated from the fair value changes of the financial investments that comprised 34 (2023: 36) securities and 3 (2023: 3) unlisted funds as at 31st March 2024.

Summary of net unrealised gain/(loss) recognised in profit and loss account for the year ended 31st March:

	2024 **HK$'000**	2023 HK$'000
Debt securities	**42,878**	33,735
Unlisted fund	**(2,852)**	(3,301)
	40,026	30,434

During the year, the following debt securities contributed to the majority of the net unrealised gain/(loss):

	Unrealised gain/(loss) for the year ended 31st March 2024 HK$'000
Guangzhou R&F 6.7% notes (i)	**65,156**
Pearl River 7.5% notes (ii)	**(7,664)**
Guangzhou R&F 7% notes (i)	**(6,940)**
	50,552

(i) These notes are issued by Guangzhou R&F Properties Co., Limited ("Guangzhou R&F"), listed on SSE and denominated in Renminbi. These notes were held through total return swap arrangement ("TRS") arranged by Morgan Stanley & Co. International plc ("Morgan Stanley"). Guangzhou R&F is principally engaged in property development, property management, hotel development, commercial operations, and architectural and engineering design. Its shares are listed on HKEX (stock code: 2777). Their parameters are as follows:

	Coupon per annum	**Maturity**
Guangzhou R&F 6.7% notes	6.7%	16th September 2025
Guangzhou R&F 7% notes	7.0%	16th September 2026

(ii) These notes are issued by Guangdong Pearl River Investment Co., Limited ("Pearl River"), listed on SSE and denominated in Renminbi. The Group acquired them through TRS arranged by Morgan Stanley, 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. Their parameters are as follows:

	Coupon per annum	**Maturity**
Pearl River 7.5% note	7.5%	13th June 2024 extended to 13th July 2024

6 Net Investment (Loss)/Gain (Continued)

Notes: (Continued)

(e) Summary of ECL for the year:

During the year, the following debt securities contributed to the majority of the changes in ECL:

	Increase in ECL for the year ended 31st March 2024 HK$'000
Scenery Journey 12% notes (i)	**842,057**
Evergrande 12% notes (ii)	**341,687**
Evergrande 8.75% notes (ii)	**322,832**
Golden Wheel 10% notes (iii)	**142,825**
Jiayuan 11.375% notes (iv)	**142,545**
	1,791,946

(i) Scenery Journey 12% notes, issued by Scenery Journey Limited, an indirect subsidiary of China Evergrande Group ("Evergrande"), carry fixed coupon rates of 12% per annum (maturing on 24th October 2023), respectively. These notes are denominated in USD and are listed on SGX-ST. Evergrande is principally engaged in property development, property management, property construction, hotel operations, finance business, internet business, and health industry business in the PRC. Its shares are listed on HKEX (stock code 3333).

(ii) Evergrande 8.75% and 12% notes, issued by Evergrande, carry fixed coupon rate of 8.75% per annum (maturing on 28th June 2025) and 12% per annum (maturing on 22nd January 2024), respectively. These notes are denominated in USD and are listed on SGX-ST.

(iii) Golden Wheel 10% notes, issued by Golden Wheel Tiandi Holdings Limited ("Golden Wheel") and carry fixed coupon rate of 10% per annum. The notes are denominated in USD and matures on 11th April 2025 with amortisation during the tenor. They are not rated and are listed on SGX-ST. Golden Wheel is principally engaged in property related business in the PRC. Its shares are listed on HKEX (stock code: 1232).

(iv) Jiayuan 11.375% notes, issued by Jiayuan International Group Limited ("Jiayuan"), carry fixed coupon rate of 11.375% per annum. The notes are unlisted, denominated in USD and matured on 29th October 2022. Jiayuan is principally engaged in property development and property investment in the PRC. Its shares are listed on HKEX (stock code: 2768).

7 Income and Expenses by Nature

	2024 HK$'000	2023 HK$'000
Income		
Operating lease rental income for hotel buildings	9,376	3,340
Interest income from financial assets at FVOCI		
– Listed investments	360,794	598,237
– Unlisted investments	35,718	14,113
Interest income from financial assets at FVPL		
– Listed investments	37,578	111,245
– Unlisted investments	8,875	3,204
Interest income from financial assets that are measured at amortised cost		
– Listed investments	53,167	8,051
– Bank deposits	9,347	4,992
Dividend income from financial assets at FVOCI		
– Listed investments	14,543	7,654
Expenses		
Auditor's remuneration		
– Audit services	4,340	4,360
– Non-audit services	507	391
Cost of goods sold	6,069	6,944
Employee benefit expense including Director's emoluments (note 8)	109,457	90,769
Provision of inventories	–	2,389
Loss on disposal of property, plant and equipment	50	–

8 Employee Benefit Expense

	2024 HK$'000	2023 HK$'000
Wages and salaries	110,998	92,385
Retirement benefits costs (note (a))	3,136	2,168
	114,134	94,553
Capitalised in property under development for sale	(4,677)	(3,784)
	109,457	90,769

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

8 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

Notes:

(a) Retirement benefits cost

	2024 **HK$'000**	2023 HK$'000
Gross contributions	**3,136**	2,159
Termination benefit	**–**	9
Net contributions	**3,136**	2,168

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

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

The Group also participates in the MPF schemes, which are available to all employees not joining the ORSO schemes in Hong Kong and in the CPP organised by the Canadian Government for all employees in Canada. Monthly contributions to the MPF scheme and CPP are made equal to 5% (2023: 5%) or a fixed sum and 5.7% (2023: 5.7%) respectively, of the employee's relevant income in accordance with the local legislative requirements.

As at 31st March 2024, no forfeiture (2023: Nil) was available to reduce the Group's future contributions to the ORSO scheme.

(b) Share options

The Company operates share option scheme, whereby options may be granted to employees of the Group including the Executive Directors to subscribe for shares of the Company. The consideration to be paid on each grant of option is HK$1.

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

Date of grant		**Exercise price per share (adjusted)**	**Expiry date**	**Number of share options outstanding at 31st March 2024 and 2023**
11th December 2015	Directors	HK$0.343	10th December 2025	28,800,000

Note:

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

9 Directors' and Senior Management's Emoluments

(a) The aggregate amount of emoluments paid and payable to Directors of the Company for the years ended 31st March 2024 and 2023 are set out as follows:

Name of Director	Fees	Salaries	Discretionary bonuses	Housing and other allowances	Employer's contribution to retirement benefits scheme	Total emoluments
2024 (in HK$'000)						
Executive						
Mr. Poon Jing	–	–	7,300	4,200	–	11,500
Dr. Lim Yin Cheng	–	1,200	–	845	–	2,045
Mr. Poon Hai	–	600	7,500	–	18	8,118
Mr. Poon Yeung, Roderick	–	420	7,500	–	18	7,938
Mr. Fung Siu To, Clement	–	–	–	–	–	–
Mr. Woo Wei Chun, Joseph	–	1,500	–	–	18	1,518
	–	3,720	22,300	5,045	54	31,119
Independent Non-executive						
Mr. Ip Chi Wai	18	–	–	–	–	18
Mr. Leung Wai Keung	250	–	–	–	–	250
Mr. Wong Chi Keung	250	–	–	–	–	250
Mr. Koon Bok Ming, Alan	331	–	–	–	–	331
	849	–	–	–	–	849
	849	3,720	22,300	5,045	54	31,968
2023 (in HK$'000)						
Executive						
Mr. Poon Jing	–	–	5,800	4,200	–	10,000
Dr. Lim Yin Cheng	–	1,200	–	800	–	2,000
Mr. Poon Hai	–	600	7,000	–	18	7,618
Mr. Poon Yeung, Roderick	–	420	7,000	22	18	7,460
Mr. Fung Siu To, Clement	–	–	–	–	–	–
Mr. Woo Wei Chun, Joseph	–	1,500	–	–	18	1,518
	–	3,720	19,800	5,022	54	28,596
Independent Non-executive						
Mr. Ip Chi Wai	300	–	–	–	–	300
Mr. Leung Wai Keung	250	–	–	–	–	250
Mr. Wong Chi Keung	250	–	–	–	–	250
	800	–	–	–	–	800
	800	3,720	19,800	5,022	54	29,396

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 2024 and 2023 are set out as follows: (Continued)

Notes:

(i) During the year, no emolument was paid or is payable by the Group to any of the above Directors in respect of accepting office as a director or as compensation for loss of office (2023: Nil).

(ii) No transactions, arrangement and contracts of significance in relation to the Company's business to which its subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director of the Company and his connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2023: Nil).

(b) The five highest paid individuals in the Group for the year include four (2023: four) Directors whose emoluments are already reflected in the analysis presented above. The emoluments payable to the remaining one (2023: one) individual during the year are as follows:

	2024	2023
	HK$'000	HK$'000
Basic salaries, allowances and benefits in kind	**2,100**	2,100
Contributions to pension schemes	**–**	–
Discretionary bonuses	**–**	–

The emoluments fell within the following band:

	Number of individuals	
	2024	2023
HK$2,000,001 – HK$3,000,000	**1**	1

(c) Senior management remuneration by band

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

	Number of individuals	
	2024	2023
Less than HK$1,000,000	**1**	1
HK$1,000,001 – HK$2,000,000	**–**	–
HK$2,000,001 – HK$3,000,000	**1**	1

10 Net Finance Costs

	2024 HK$'000	2023 HK$'000
Interest (expense)/income		
Long term bank loans	**(353,080)**	(193,376)
Short term bank loan and overdrafts	**(3,538)**	(25,872)
Lease liabilities	**(202)**	(246)
Convertible notes	**(17,939)**	(16,801)
Derivative financial instruments (interest rate swaps)	**125,365**	41,603
Interest capitalised (note)	**87,394**	57,894
	(162,000)	(136,798)
Other incidental borrowing costs	**(19,964)**	(22,569)
Net foreign exchange loss on borrowings	**(13)**	(591)
Fair value (loss)/gain on derivative financial instruments (interest rate swaps)		
Cash flow hedge – ineffective portion	**(5,050)**	5,821
	(187,027)	(154,137)

Note:

Borrowing costs were capitalised at rates ranging from 3.08% to 4.44% (2023: 1.84% to 5.44%) per annum.

11 Income Tax Credit/(Expense)

	2024 HK$'000	2023 HK$'000
Current income tax credit/(expense)		
Hong Kong profits tax	**54,802**	1,403
Overseas profits tax	**(1,283)**	(3,605)
	53,519	(2,202)
Deferred income tax credit/(expense)	**24,826**	(19,728)
	78,345	(21,930)

Hong Kong profits tax is provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profit for the year. Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the rates of tax prevailing in the countries in which the Group operates.

11 Income Tax Credit/(Expense) (Continued)

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

	2024 **HK$'000**	2023 HK$'000
Loss before income tax	**(2,328,112)**	(190,856)
Less: share of profits less losses of joint ventures and an associate company	**2,223**	(770)
	(2,325,889)	(191,626)
Calculated at a tax rate of 16.5% (2023: 16.5%)	**383,772**	31,618
Effect of different tax rates in other countries	**(3,024)**	921
Income not subject to income tax	**89,420**	102,441
Expenses not deductible for tax purposes	**(444,173)**	(117,713)
Tax losses not recognised	**(20,933)**	(44,436)
Utilisation of previously unrecognised tax losses	**4,123**	1,031
Release of tax provision in prior years	**66,923**	–
Others	**2,237**	4,208
Income tax credit/(expense)	**78,345**	(21,930)

12 Dividends/Coupon on Convertible Notes

At a meeting held on 28th June 2024, the Board has resolved not to recommend the payment of a final dividend for the year ended 31st March 2024 (2023: Nil). No interim dividend was declared during the year (2023: Nil).

	2024 **HK$'000**	2023 HK$'000
0.1% coupon (2023: HK0.1 cent)) per note to convertible note holders (note):		
– fixed coupon	**1,224**	1,220
– additional coupon	**–**	–
	1,224	1,220

12 Dividends/Coupon on Convertible Notes (continued)

Notes:

According to the deed poll of the convertible notes, the holders of convertible notes are entitled to receive additional coupon on top of fixed coupon such that the total coupon per note received is the same as dividend per share received by ordinary shareholders. The amount of HK$1,224,000 is based on 2,693,120,010 (2023: 2,693,120,010) convertible notes outstanding as at 28th June 2024. The fixed coupon of HK$1,224,000 (2023: HK$1,220,000) is calculated as 0.1% of redemption value of the convertible notes for that period and was reflected as convertible notes interest under "net finance costs" for the year ended 31st March 2024. The holders of convertible notes did not entitle additional coupon for the year ended 31st March 2024.

Since no final dividend was declared for the year ended 31st March 2024, the payment of the coupon will be deferred until such time as a dividend of the Company is declared and paid.

13 Loss per Share

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

	2024	2023
	HK$'000	HK$'000
Loss attributable to shareholders of the Company	**(2,249,709)**	(212,794)

	Number of shares	
Weighted average number of shares in issue	**2,018,040,477**	2,018,040,477

The diluted loss per share is equal to the basic loss per share since there is no dilutive potential share during the year ended 31st March 2024 and 2023.

14 Property, Plant and Equipment

	Buildings HK$'000	Plant and equipment HK$'000	Right-of-use assets HK$'000	Total HK$'000
Cost				
At 1st April 2022	1,155,938	686,163	2,736,921	4,579,022
Currency translation differences	–	(3,727)	(37)	(3,764)
Addition	–	18,897	10,883	29,780
Disposals	–	(29)	(15,419)	(15,448)
At 31st March 2023	1,155,938	701,304	2,732,348	4,589,590
Accumulated depreciation				
At 1st April 2022	392,233	573,764	724,937	1,690,934
Currency translation differences	–	(3,591)	(21)	(3,612)
Charge for the year	31,789	28,713	56,782	117,284
Disposals	–	(29)	(15,419)	(15,448)
At 31st March 2023	424,022	598,857	766,279	1,789,158
Net book value				
At 31st March 2023	731,916	102,447	1,966,069	2,800,432
Cost				
At 1st April 2023	1,155,938	701,304	2,732,348	4,589,590
Currency translation differences	–	(359)	(3)	(362)
Addition	–	6,554	1,419	7,973
Disposal of a subsidiary	–	(89,773)	–	(89,773)
Disposals	–	(99)	(1,106)	(1,205)
At 31st March 2024	**1,155,938**	**617,627**	**2,732,658**	**4,506,223**
Accumulated depreciation				
At 1st April 2023	424,022	598,857	766,279	1,789,158
Currency translation differences	–	(357)	(4)	(361)
Charge for the year	31,787	21,901	55,532	109,220
Disposal of a subsidiary	–	(80,270)	–	(80,270)
Disposals	–	(45)	(1,106)	(1,151)
At 31st March 2024	**455,809**	**540,086**	**820,701**	**1,816,596**
Net book value				
At 31st March 2024	**700,129**	**77,541**	**1,911,957**	**2,689,627**

14 Property, Plant and Equipment (Continued)

Notes:

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

	2024 **HK$'000**	2023 HK$'000
Land and buildings	**2,405,407**	2,486,931
Plant and equipment	**74,246**	86,684
	2,479,653	2,573,615

Supplementary information with hotel properties at valuation:

The following market value of the Group's hotel properties is for the reference to the readers only and is not accounted for in the Group's consolidated balance sheet and does not constitute a disclosure requirement under HKAS 16 and HKFRS 16.

The aggregate open market value, on a highest and best use basis, of the five (2023: five) hotel properties in Hong Kong based on valuations conducted by Vigers Appraisal & Consulting Limited ("Vigers") (2023: Vigers), independent professional valuers, amounted to HK$13,233,000,000 (2023: HK$12,518,000,000).

(b) As at 31st March 2024, the aggregate net book value of hotel properties and properties held for development amounted to HK$2,479,653,000 (2023: HK$2,573,615,000) and HK$203,611,000 (2023: Nil) respectively are pledged as securities for loans.

14 Property, Plant and Equipment (Continued)

Notes: (Continued)

(c) This note provides information for leases where the Group is a lessee.

Right-of-use assets

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

	2024 HK$'000	2023 HK$'000
Right-of-use assets		
Leasehold land (note)	1,908,888	1,958,626
Leased properties-offices and warehouses	3,069	7,443
	1,911,957	1,966,069
Lease liabilities		
Current liabilities (included in trade and other payables)	2,253	5,678
Non-current liabilities	883	1,864
	3,136	7,542

Note: The Group has land lease arrangements for leasehold land in Hong Kong.

Additions to the right-of-use assets regarding leased offices during the year ended 31st March 2024 was HK$1,419,000 (2023: HK$10,883,000).

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

	2024 HK$'000	2023 HK$'000
Depreciation charge of right-of-use assets		
Leasehold land	49,738	49,738
Leased properties-offices and warehouses	5,794	7,044
	55,532	56,782
Interest expenses (included in net finance cost)	202	246

Total cash outflow for leases for the year ended 31st March 2024 was HK$6,027,000 (2023: HK$6,575,000).

15 JOINT VENTURES AND AN ASSOCIATED COMPANY

	2024 HK$'000	2023 HK$'000
Share of net assets	**188,358**	180,828
Advances to joint ventures and an associated company	**432,768**	399,022
	621,126	579,850

Advances of HK$425,653,000 (2023: HK$398,691,000) to joint ventures are made to finance property development projects in Canada. The advances are unsecured and denominated in Canadian dollar.

Advances of HK$7,115,000 (2023: HK$331,000) to a joint venture and an associated company are made to finance their operations in Hong Kong. The advances are unsecured and denominated in Hong Kong dollar.

The Group has provided financial guarantee for banking facilities granted to certain joint ventures (note 29). There are no other major contingent liabilities relating to the Group's interests in joint ventures.

The carrying amounts of the advances approximate their fair values.

Details of the principal joint ventures and an associated company are set out in note 34.

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

	2024 HK$'000	2023 HK$'000
(Loss)/profit before income tax	**(2,223)**	770
Income tax expense	**–**	–
(Loss)/profit for the year	**(2,223)**	770
Other comprehensive charge	**(4,144)**	(43,833)
Total comprehensive charge for the year	**(6,367)**	(43,063)

There is no joint venture or associated company as at 31st March 2024 and 2023, which in the opinion of the Directors, is individually material to the Group.

16 Financial investments

	2024 **HK$'000**	2023 HK$'000
Non-current assets		
Debt securities		
– Listed in Singapore	**246,464**	373,357
– Listed in Europe	**55,310**	103,382
– Listed in the PRC	**–**	4,531
	301,774	481,270
Equity securities		
– Listed in Hong Kong	**186,380**	162,149
Unlisted fund	**63,060**	63,077
	551,214	706,496
Current assets		
Debt securities		
– Listed in the PRC	**313,362**	371,865
– Listed in Singapore	**386,194**	1,568,640
– Listed in Europe	**845**	1,635
– Unlisted	**59,310**	221,168
	759,711	2,163,308
	1,310,925	2,869,804
Financial investments are classified in the following categories:		
Non-current assets		
Financial assets at FVOCI	**293,408**	538,203
Financial assets at FVPL	**63,060**	63,077
Financial assets at amortised cost	**194,746**	105,216
	551,214	706,496
Current assets		
Financial assets at FVOCI	**420,102**	1,780,227
Financial assets at FVPL	**309,500**	372,284
Financial assets at amortised cost	**30,109**	10,797
	759,711	2,163,308
	1,310,925	2,869,804

16 Financial Investments (Continued)

Financial investments are denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
United States dollar	**795,130**	2,312,930
Renminbi	**313,363**	376,396
Hong Kong dollar	**186,380**	162,149
Japanese yen	**15,622**	17,893
Euro	**430**	436
	1,310,925	2,869,804

At 31st March 2024 and 2023, no financial investments were pledged as security for borrowings.

Supplementary information of financial investments:

Equity Security and Unlisted Funds

As at 31st March 2024, the Group held 1 (2023: 1) listed equity security and 3 (2023: 3) unlisted fund securities. The summary of equity and fund securities portfolio of financial investments as at 31st March 2024 and 2023 and their corresponding unrealised gain/(loss) and dividend income for the year ended 31st March 2024 and 2023 are as follows:

	Market value as at 31st March 2024 HK$'000	Unrealised gain/ (loss) for the year ended 31st March 2024 HK$'000	Dividend income for the year ended 31st March 2024 HK$'000
HSBC Holdings PLC ("HSBC")	**186,380**	**24,231**	**14,543**
Others	**63,060**	**(2,852)**	**8,875**
	249,440	**21,379**	**23,418**

	Market value as at 31st March 2023 HK$'000	Unrealised loss for the year ended 31st March 2023 HK$'000	Dividend income for the year ended 31st March 2023 HK$'000
HSBC Holdings PLC ("HSBC")	162,149	(3,048)	7,654
Others	63,077	(3,301)	3,204
	225,226	(6,349)	10,858

HSBC is a global banking and financial services company. It operates across various geographical regions, and its shares are listed on HKEX (stock code: 5) and LSE (stock code: HSBA) with an "A-" rated by S&P Global Ratings.

As at 31st March 2024, a total of 0.02% shareholding of HSBC was held by the Group.

16 Financial Investments (Continued)

Supplementary information of financial investments: (Continued)

Debt Securities

As at 31st March 2024, the Group held 33 (2023: 35) debt securities, 23 of them are listed in Singapore, 3 in Europe, 6 in the PRC and 1 is unlisted. 32 (2023: 34) debt securities were issued by PRC-based real estate companies, the shares of which are all listed in Hong Kong with exception of 1 that is listed in United States, 1 listed in PRC and 2 are unlisted.

The summary of debt securities of financial investments as at 31st March 2024 and 2023 are as follows:

	As at 31st March	
	2024	2023
	HK$'000	HK$'000
Principal amount of notes	**5,616,332**	5,937,908
Investment cost	**4,940,619**	5,356,666
Fair value	**1,061,486**	2,644,577
Coupon	**3% to 14.25%**	5.9% to 14.5%
Maturity	**Various, up to Dec 2027**	Various, up to Dec 2027

As at 31st March 2024, the 33 (2023: 35) listed debt securities gave rise to a net unrealised fair value loss of HK$1,447 million (2023: gain of HK$803 million) for the year ended 31st March 2024.

As at 31st March 2024, the fair value of the largest single debt securities within the Group's financial investments represents approximately 1% (2023: 3%) of the Group's Revalued total assets, and the fair value of the five largest debt securities held represents approximately 2.5% (2023: 7%). The remaining 28 debt securities represent 3.2% of the Group's Revalued total assets, with each of them less than 1%.

16 Financial Investments (Continued)

Supplementary information of financial investments: (Continued)

Debt Securities (Continued)

The top five debt securities held at 31st March 2024 and 2023 are as follows:

	Fair value as at 31st March 2024 HK$'000	% of the debt securities portfolio	Unreaslised gain/(loss) for the year ended 31st March 2024 HK$'000	Interest income after ECL for the year ended 31st March 2024 HK$'000
Guangzhou R&F 6.7% notes (i)	**159,517**	**15%**	**65,156**	**14,814**
Xinyuan 3% notes (ii)	**114,098**	**11%**	**(248)**	**22,139**
Scenery Journey 12% notes (i)	**67,528**	**6%**	**(412,400)**	**25,917**
Hopson 7% notes (iii)	**65,277**	**6%**	**6,618**	**11,340**
Guangzhou R&F 7% notes (i)	**62,753**	**6%**	**(6,940)**	**8,873**

	Fair value as at 31st March 2023 HK$'000	% of the debt securities portfolio	Unrealised gain/(loss) for the year ended 31st March 2023 HK$'000	Interest income after ECL for the year ended 31st March 2023 HK$'000
Scenery Journey 12% notes (i)	479,927	18%	350,774	128,081
Evergrande 8.75% notes (i)	209,963	8%	154,214	31,290
Evergrande 12% notes (i)	206,791	8%	150,452	41,158
Jiayuan 11.375% notes (i)	171,465	7%	(109,065)	32,314
Golden Wheel 10% notes (i)	165,206	6%	(28,650)	36,411

(i) The details of these notes were described in note 6(d) and 6(e).

(ii) Xinyuan 3% notes, issued by Xinyuan Real Estate Company Limited ("Xinyuan"), carries fixed coupon rate of 3% per annum. These notes are denominated in USD and mature on 30th September 2027. These notes are listed on SGX-ST. Xinyuan is principally engaged in residential real estate development and the provision of property management services. The Group's operations are conducted mainly in the PRC. Its shares are listed on New York Stock Exchange (stock code: XIN).

(iii) Hopson 7% notes, issued by Hopson Development Holdings Limited ("Hopson"), carries fixed coupon rate of 7% per annum. These notes are denominated in USD and mature on 18th May 2024. These notes are listed on SGX-ST. Hopson is principally engaged in the development of residential properties, commercial properties investment, property management and infrastructure business in the PRC, and investments business.

17 Properties Under Development for Sale

	2024 HK$'000	2023 HK$'000
Freehold land	222,745	224,368
Leasehold land	74,010	74,010
Development costs	1,869,540	1,482,625
	2,166,295	1,781,003

As at 31st March 2024, the aggregate carrying value of properties under development for sale amounted to HK$1,894,940,000 (2023: HK$1,508,211,000) are pledged as security for borrowings (note 22). The amount of properties under development for sale expected to be completed and recovered after more than one year is HK$271,355,000 (2023: HK$1,781,003,000).

18 Trade and Other Receivables

	2024 HK$'000	2023 HK$'000
Trade receivables	9,359	5,065
Less: loss allowance	–	–
	9,359	5,065
Accrued interest and dividend receivables	153,709	393,287
Prepayments	50,998	51,325
Utility and other deposits	4,896	5,184
Loan receivables (note)	9,186	9,089
Other receivables	13,170	14,811
	241,318	478,761

Note:

As at 31st March 2024, loan receivables were unsecured and interest bearing at rates ranging from 6.0% to 12.0% per annum and repayable within 12 months from the date of consolidated balance sheet.

Aging analysis of trade receivables net of loss allowance based on the date of the relevant invoice or demand note is as follows:

	2024 HK$'000	2023 HK$'000
0 month to 6 months	8,857	4,903
7 months to 12 months	141	–
More than 12 months	361	162
	9,359	5,065

18 Trade and Other Receivables (Continued)

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

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

	2024 HK$'000	2023 HK$'000
United States dollar	**143,943**	386,511
Hong Kong dollar	**49,254**	41,790
Canadian dollar	**47,222**	49,817
Renminbi	**899**	643
	241,318	478,761

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

19 Bank Balances and Cash

	2024 HK$'000	2023 HK$'000
Cash at bank and in hand	**219,920**	182,778
Short term bank deposits with original maturities within 3 months	**245,083**	159,492
Cash and cash equivalents	**465,003**	342,270
Restricted cash balances (note)	**196,287**	168,126
	661,290	510,396

Note: Restricted cash balances as of 31st March, 2024 consist primarily of (i) HK$79 million as project retention money that is legally required for the construction of our Landmark On Robson development in Vancouver, and (ii) HK$117 million proceeds from pre-sale of Landmark On Robson 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:

	2024 HK$'000	2023 HK$'000
Hong Kong dollar	**367,637**	239,784
Canadian dollar	**249,890**	224,860
United States dollar	**39,644**	42,380
Renminbi	**3,168**	2,378
Others	**951**	994
	661,290	510,396

20 Contract Liabilities

	2024 HK$'000	2023 HK$'000
Deposits received in advance from customers	**295,793**	265,241
At the beginning of the year	**265,241**	245,717
Net increase for transactions during the current year	**32,460**	37,098
Exchange differences	**(1,908)**	(17,574)
At the end of the year	**295,793**	265,241

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

21 Trade and Other Payables

	2024 HK$'000	2023 HK$'000
Trade payables	**110,668**	30,463
Accrued expenses	**35,040**	27,562
Lease liabilities	**2,253**	5,678
Construction and retention payables	**3,538**	4,089
Other payables	**4,310**	4,204
	155,809	71,996

Trade payables of the Group amounted to HK$110,668,000 (2023: HK$30,463,000).

Aging analysis of trade payables based on the date of the relevant invoice or demand note is as follows:

	2024 HK$'000	2023 HK$'000
0 month to 6 months	**110,455**	30,102
7 months to 12 months	**6**	60
More than 12 months	**207**	301
	110,668	30,463

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

21 Trade and Other Payables (Continued)

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

	2024 HK$'000	2023 HK$'000
Hong Kong dollar	**36,262**	38,987
Canadian dollar	**119,547**	33,009
	155,809	71,996

22 Borrowings

	2024 HK$'000	2023 HK$'000
Current liabilities		
Current portion of long term bank loans		
Secured	**1,054,716**	1,148,466
Non-current liabilities		
Long term bank loans		
Secured	**4,797,568**	4,389,847
	5,852,284	5,538,313

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

	2024 HK$'000	2023 HK$'000
Repayable within one year	**1,054,716**	1,148,466
Repayable between one and two years	**1,337,073**	675,622
Repayable between two to five years	**3,460,495**	3,362,383
Repayable over five years	**–**	351,842
	5,852,284	5,538,313
Current portion included in current liabilities	**(1,054,716)**	(1,148,466)
	4,797,568	4,389,847

22 Borrowings (Continued)

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

	2024 HK$'000	2023 HK$'000
Hong Kong dollar	**5,167,216**	5,119,387
Canadian dollar	**685,068**	418,926
	5,852,284	5,538,313

The interest rates of the borrowings at the balance sheet date range from 6.25% to 8.20% (2023: 3.68% to 7.70%) per annum.

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

23 Convertible Notes

	2024 HK$'000	2023 HK$'000
At the beginning of the year	**255,598**	240,016
Interest expense (note 10)	**17,939**	16,801
	273,537	256,817
Coupon payable included in trade and other payables	**(1,224)**	(1,219)
At the end of the year	**272,313**	255,598

The Company issued a total of 2,693,204,266 convertible notes (under bonus issue scheme) on 23rd February 2017. The convertible notes bear interest at 0.1% per annum on the redemption value of HK$0.453 per note and have dividend entitlement. Where a final dividend on the shares has not been declared and paid in any particular year, the 0.1% coupon will be deferred until the next dividend payment (if previously unpaid) and the accumulated deferred coupon would be paid on maturity date on 23rd February 2047 at HK$0.453 each.

Each noteholder has the option to convert the notes into fully paid ordinary shares on a one to one basis subject to anti-dilutive adjustment due to certain corporate actions) at any time from the first business day immediately following the issue date up to and including the date falling on the 10th business day prior to the thirtieth anniversary of the issue date. Unless previously converted, the convertible notes will be redeemed on the thirtieth anniversary of the issue date at HK$0.453 each.

Save as disclosed above, the terms and conditions of the convertible notes are set out in the respective subscription agreements and disclosed in the Company's circular dated 27th January 2017.

23 Convertible Notes (continued)

The fair value of the liability component of approximately HK$175 million and the equity component of approximately HK$1,067 million were determined at the issuance of the convertible notes. The fair value of the liability component was calculated using cash flows discounted at a market interest rate. The residual amount, representing the value of equity component, is credited to a convertible note redemption reserve under equity attributable to the Company's shareholders.

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

24 Derivative Financial Instruments

	2024 **HK$'000**	2023 HK$'000
Non-current assets		
Interest rate swap contracts	**56,480**	135,084
Current assets		
Interest rate swap contracts	**72,594**	45,199
	129,074	180,283

The notional principal amount of the outstanding interest rate swap contracts were HK$3,243,000,000 (2023: HK$3,243,000,000).

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

The movement of the Group's hedging reserves is disclosed in note 27.

25 Deferred Income Tax

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

	2024 HK$'000	2023 HK$'000
Deferred income tax assets	**65,561**	53,401
Deferred income tax liabilities	**(16,836)**	(34,820)
	48,725	18,581

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

Deferred Income Tax Assets

	Accelerated accounting depreciation		**Fair value adjustments**		**Tax loss**		**Total**	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
At the beginning of the year	**3,202**	2,659	**21,860**	6,058	**126,546**	114,106	**151,608**	122,823
Recognised in profit and loss account	**464**	543	**(21,860)**	2,712	**9,864**	12,440	**(11,532)**	15,695
Recognised in OCI	**–**	–	**–**	13,090	**–**	–	**–**	13,090
At the end of the year	**3,666**	3,202	**–**	21,860	**136,410**	126,546	**140,076**	151,608

Deferred Income Tax Liabilities

	Accelerated tax depreciation		**Fair value adjustments**		**Total**	
	2024 HK$'000	2023 HK$'000	**2024 HK$'000**	2023 HK$'000	**2024 HK$'000**	2023 HK$'000
At the beginning of the year	**(69,232)**	(68,815)	**(63,795)**	(9,645)	**(133,027)**	(78,460)
Recognised in profit and loss account	**(823)**	(417)	**37,181**	(35,006)	**36,358**	(35,423)
Recognised in OCI	**–**	–	**5,318**	(19,144)	**5,318**	(19,144)
At the end of the year	**(70,055)**	(69,232)	**(21,296)**	(63,795)	**(91,351)**	(133,027)

25 Deferred Income Tax (Continued)

Deferred income tax assets are recognised for tax loss carried forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$71 million (2023: HK$59 million) in respect of losses amounting to HK$320 million (2023: HK$259 million) that can be carried forward against future taxable income. As at 31st March 2024, except for tax losses of HK$114 million (2023: HK$77 million) which have no expiry date, the balance will expire at various dates up to and including 2043.

26 Share Capital

Shares of HK$0.02 each	Number of shares	Amount HK$'000
Authorised:		
At 31st March 2024 and 2023	**35,000,000,000**	700,000

	Number of shares	Amount HK$'000
Issued and fully paid:		
At the beginning and the end of the year	**2,018,040,477**	40,361

27 Reserves

	Share premium HK$'000	Contributed surplus HK$'000	Convertible note redemption reserve HK$'000	Investments revaluation reserve HK$'000	Hedging reserve HK$'000	Currency translation reserve HK$'000	Share option reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
At 31st March 2022	1,126,360	37	1,067,444	(2,353,597)	66,246	83,110	3,423	2,146,711	2,139,734
Net fair value change and other net movements on financial assets at FVOCI	–	–	–	1,125,419	–	–	–	–	1,125,419
Cash flow hedges									
– fair value gain	–	–	–	–	37,349	–	–	–	37,349
– deferred tax on derivative financial instruments	–	–	–	–	(6,163)	–	–	–	(6,163)
Currency translation differences	–	–	–	–	–	(76,823)	–	–	(76,823)
Share of currency translation of joint ventures	–	–	–	–	–	(39,980)	–	–	(39,980)
Loss for the year	–	–	–	–	–	–	–	(212,794)	(212,794)
At 31st March 2023	1,126,360	37	1,067,444	(1,228,178)	97,432	(33,693)	3,423	1,933,917	2,966,742
At 31st March 2023	1,126,360	37	1,067,444	(1,228,178)	97,432	(33,693)	3,423	1,933,917	2,966,742
Net fair value change and other net movements on financial assets at FVOCI	–	–	–	546,151	–	–	–	–	546,151
Cash flow hedges									
– fair value loss	–	–	–	–	(32,232)	–	–	–	(32,232)
– deferred tax on derivative financial instruments	–	–	–	–	5,318	–	–	–	5,318
Currency translation differences	–	–	–	–	–	(9,989)	–	–	(9,989)
Share of currency translation of joint ventures	–	–	–	–	–	(3,726)	–	–	(3,726)
Loss for the year	–	–	–	–	–	–	–	(2,249,709)	(2,249,709)
At 31st March 2024	**1,126,360**	**37**	**1,067,444**	**(682,027)**	**70,518**	**(47,408)**	**3,423**	**(315,792)**	**1,222,555**

28 Operating Lease Arrangements

Lessor

At 31st March 2024 and 2023, the future aggregate minimum rental receipts receivable under non-cancellable operating leases were as follows:

	2024 HK$'000	2023 HK$'000
In respect of land and buildings:		
Within one year	**6,355**	5,620
In the second to fifth year inclusive	**4,892**	13,469
	11,247	19,089

29 Financial Guarantees

	2024 HK$'000	2023 HK$'000
Guarantees for the banking and loan facilities of joint ventures	**365,987**	368,654

30 Notes to Consolidated Statement of Cash Flows

(A) Reconciliation of Loss Before Income Tax to Net Cash Generated From Operations

	2024 HK$'000	2023 HK$'000
Loss before income tax	**(2,328,112)**	(190,856)
Depreciation	**109,220**	117,284
Interest income	**(140,097)**	(101,911)
Provision of impairment of inventories	**–**	2,389
Finance costs	**187,027**	195,482
Loss on disposal of property, plant and equipment	**50**	–
Net investment loss	**2,660,181**	578,086
Share of profits less losses of joint ventures and an associated company	**2,223**	(770)
Operating profit before working capital changes	**490,492**	599,704
Increase in properties under development for sale (excluding interest expense capitalised)	**(310,480)**	(419,132)
Decrease/(increase) in inventories	**1,196**	(12,457)
Increase in trade and other receivables	**(335,159)**	(408,977)
Net proceeds from financial investments	**115,747**	1,189,470
Increase/(decrease) in trade and other payables	**82,729**	(95,888)
Increase in contract liabilities	**32,460**	37,098
(Increase)/decrease in restricted bank balances	**(29,377)**	166,288
Net cash generated from operations	**47,608**	1,056,106

30 Notes to Consolidated Statement of Cash Flows (Continued)

(B) Reconciliation of Liabilities Arising From Financing Activities

	Borrowings HK$'000	Convertible notes HK$'000	Amount due to non-controlling interests HK$'000	Lease liabilities HK$'000	Total HK$'000
At 31st March 2022	6,212,879	240,016	48,647	3,004	6,504,546
Financing cash flows					
Net repayment	(661,220)	–	–	–	(661,220)
Lease payment	–	–	–	(6,575)	(6,575)
Contribution from non-controlling interests	–	–	4,302	–	4,302
Non-cash changes					
Amortisation of loan facilities fees and issue expense	16,489	–	–	–	16,489
Accrued interest relating to convertible notes	–	15,582	–	–	15,582
Addition of lease liabilities	–	–	–	10,883	10,883
Finance cost charged	–	–	–	246	246
Exchange translation differences	(29,835)	–	–	(16)	(29,851)
At 31st March 2023	5,538,313	255,598	52,949	7,542	5,854,402
Financing cash flows					
Net drawdown	335,691	–	–	–	335,691
Lease payment	–	–	–	(6,027)	(6,027)
Contribution from non-controlling interests	–	–	3,565	–	3,565
Non-cash changes					
Amortisation of loan facilities fees and issue expense	12,310	–	–	–	12,310
Accrued interest relating to convertible notes	–	16,715	–	–	16,715
Derecognition upon disposal of a subsidiary (note 31)	(31,000)	–	–	–	(31,000)
Addition of lease liabilities	–	–	–	1,419	1,419
Finance cost charged	–	–	–	202	202
Exchange translation differences	(3,030)	–	–	–	(3,030)
At 31st March 2024	**5,852,284**	**272,313**	**56,514**	**3,136**	**6,184,247**

31 Disposal of a Subsidiary

During the year, the Group has disposed of 50% interest in a subsidiary to a third party.

	HK$'000
Cash consideration	–
Share of net liabilities disposed of	15,335
Retained interest in the former subsidiary	14,647
Gain on disposal of a subsidiary	29,982

Net cash outflow from disposal of a subsidiary:

	HK$'000
Cash consideration received	–
Less: bank balances of the subsidiary disposed of	(379)
	(379)

32 Related Party Transactions

The major shareholders of the Group are Asia Standard International Group Limited ("ASI") and Asia Orient Holdings Limited ("Asia Orient"), companies incorporated in Bermuda and listed in Hong Kong. As at 31st March 2024, Asia Orient owns effectively 66.7% of the Company's shares. The remaining 33.3% shares are widely held.

The details of balances and transactions with joint ventures and an associated company are disclosed in note 15.

32 Related Party Transactions (Continued)

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

(A) Sales and Purchases of Goods and Services

	2024 HK$'000	2023 HK$'000
Income from/(expense to) subsidiaries of Asia Orient		
Hotel services (note (i))	34	19
Management services (note (ii))	(769)	(730)
Project management service (note (iii))	(4,884)	(4,703)

Notes:

(i) Hotel services income is subject to mutually agreed fees.

(ii) Management service is subject to terms agreed by the parties involved, which are at a fixed monthly fee.

(iii) Project management service expenses are subject to mutually agreed terms.

(B) Key Management Compensation

	2024 HK$'000	2023 HK$'000
Fee	849	800
Salaries, allowances and benefits in kind	33,165	30,642
Employer's contribution to retirement benefits scheme	54	54
	34,068	31,496

Key management includes the Company's Directors and two (2023: two) senior management members of the Group. No significant transactions have been entered with the Directors of the Company (being the key management personnel) during the year other than the emoluments paid to them as disclosed in note 9.

33 Balance Sheet of the Company

	2024 HK$'000	2023 HK$'000
Non-current assets		
Subsidiaries (note (a))	–	–
Current assets		
Amount due from subsidiaries	4,238,371	4,238,027
Trade and other receivables	457	449
Bank balances and cash	1,184	1,394
	4,240,012	4,239,870
Current liabilities		
Trade and other payables	5,422	3,640
Net current assets	4,234,590	4,236,230
Non-current liabilities		
Convertible notes	272,313	255,598
Net assets	3,962,277	3,980,632
Equity		
Share capital	40,361	40,361
Reserves (note (b))	3,921,916	3,940,271
	3,962,277	3,980,632

Lim Yin Cheng
Director

Woo Wei Chun, Joseph
Director

33 Balance Sheet of the Company (Continued)

Notes:

(a) As at 31st March 2024 and 2023, the shares of certain subsidiaries are pledged to secure loan facilities granted to the Group.

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

(b) Reserve movement of the Company

	Share premium HK$'000	Contributed surplus HK$'000	Convertible note redemption reserve HK$'000	Share option reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
At 31st March 2022	1,126,360	80,991	1,067,444	3,423	1,678,865	3,957,083
Loss for the year	–	–	–	–	(16,812)	(16,812)
At 31st March 2023	1,126,360	80,991	1,067,444	3,423	1,662,053	3,940,271
At 31st March 2023	1,126,360	80,991	1,067,444	3,423	1,662,053	3,940,271
Loss for the year	–	–	–	–	(18,355)	(18,355)
At 31st March 2024	**1,126,360**	**80,991**	**1,067,444**	**3,423**	**1,643,698**	**3,921,916**

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, Joint Ventures and an Associated Company

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

(A) Subsidiaries

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

Name	Principal activity	Issued and fully paid/ Paid-up capital
Incorporated in Hong Kong		
Asia Standard Hotel (Holdings) Limited	Investment holding	HK$2
Asia Standard Hotel Management Services Limited	Hotel Management services	HK$1
Empire Hotel International Company Limited	Securities investment	HK$2
Master Asia Enterprises Limited	Hotel investment and operation	HK$10,000
Pacific Crown Enterprises Limited	Hotel investment and operation	HK$1
Stone Pole Limited	Hotel investment and operation	HK$10
Sure Luck Development Limited	Hotel investment and operation	HK$1
Vinstar Development Limited	Hotel investment and operation	HK$2
Incorporated in the British Virgin Islands		
Asia Standard Hotel (BVI) Limited (i)	Investment holding	US$1
Assets Century Global Limited	Investment holding	US$1
Enrich Enterprise Ltd. (ii)	Property investment	US$1
Greatime Limited	Securities investment	US$1
Master Style Global Limited	Securities investment	US$1
Onrich Enterprises Limited	Securities investment	US$1
Quantum Express Holdings Limited	Securities investment	US$1
Incorporated in Canada		
ASNA Alberni Holdings Limited	Investment holding	CAD$12,336,837
1488 Robson Street Holdings Ltd. (ii)	Investment holding	CAD$100
ASNA Robson Landmark Holdings Limited (ii)	Property development	CAD$92,586,029
ASNA Robson Landmark Developments Limited (ii)	Property development	CAD$6,499,129
1388 Robson Nominee Ltd. (ii)	Investment holding	CAD$100
AS 1388 Robson Holdings Limited (ii)	General partner	CAD$100
AS 1388 Robson Limited Partnership (ii)	Property development	CAD$18,164,159
Asia Standard Americas Limited (ii)	Property development management	CAD$100
1650 AS Alberni Holdings Limited (ii)	Property development	CAD$18,382,382

34 Principal Subsidiaries, Joint Ventures and an Associated Company (Continued)

(B) Joint Ventures and an Associated Company

Name	Principal activity	Issued and fully paid/ paid-up capital	Group equity interest
Joint ventures			
Incorporated in Canada			
1488 Alberni Holdings Limited (ii)	General partner	CAD$100	40%
1488 Alberni Investment Limited (ii)	General partner	CAD$100	40%
1488 Alberni Development Holdings Limited Partnership (ii)	Property development	CAD$29,300,001	40%
1488 Alberni Investment Limited Partnership (ii)	Property development	CAD$1,542,095	40%
1650 Alberni Residential Ltd. (ii)	Property development	CAD$33,088,107	40%
1650 Alberni Commercial Ltd. (ii)	Property development	CAD$3,676,456	40%
Associated company			
Incorporated in the British Virgin Islands			
Concept Eagle Limited	Investment holding	US$2	50%

Notes:

(i) Directly wholly-owned by the Company

(ii) Operates in Canada

35 Holding Companies

The Directors regard Asia Orient, incorporated in Bermuda and listed in Hong Kong, as being the ultimate holding company, and The Sai Group Limited, a wholly-owned subsidiary of ASI, a company incorporated in British Virgin Islands, as being the immediate holding company.

36 Event After Balance Sheet Date

On 19th June 2024, the Board of ASI requested the Board of the Company to put forward to the Company's Shareholders a proposal regarding the reorganisation of the Company by way of a scheme of arrangement under section 99 of the Companies Act 1981 of Bermuda.

37 Approval of Financial Statements

The financial statements were approved by the Board of Directors on 28th June 2024.

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