



Asia Orient Holdings Limited



Annual Report
2024

HKSE Stock Code: 214

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Corporate Information

DIRECTORS

Executive

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

Independent Non-executive

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Mr. Tung Kwok Lui

REGISTERED OFFICE

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31 Victoria Street,
Hamilton HM 10,
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PRINCIPAL OFFICE IN HONG KONG

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

PRINCIPAL BANKERS

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

LEGAL ADVISERS

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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			
Contracted sales of properties			
– Subsidiaries	1,451	167	+769%
– Joint ventures (share by the Group)	387	416	-7%
Revenue	1,903	2,303	-17%
(Loss)/profit attributable to shareholders of the Company	(3,769)	429	N/A
(Loss)/earnings per share – basic (HK\$)	(4.48)	0.51	N/A
Consolidated balance sheet			
Total assets	38,212	42,680	-10%
Net assets	18,118	23,956	-24%
Equity attributable to shareholders of the Company	9,507	12,655	-25%
Net debt	16,363	15,547	+5%

Supplementary information with hotel properties at valuation (note):

Revalued total assets	46,048	49,632	-7%
Revalued net assets	26,442	31,408	-16%
Revalued equity attributable to shareholders of the Company	13,324	16,072	-17%
Gearing – net debt to revalued net assets	62%	50%	+12%

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

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

Chairman's Statement

The Group recorded a loss attributable to shareholders of HK\$3,769 million for the year, compared to a profit of HK\$429 million last year. The increased provision for expected credit loss following the wound up order by Hong Kong court on several notes issuers of our debt securities investment was the dominant reason for changing last year's profit to this year's loss. Having said that, the mainland government has been relaxing its real estate policies with a view to establish a more encouraging environment for the property market.

The Group launched two new projects for sale during the year, a mass market development, High Park in Hung Shui Kiu and a luxurious residential development, High Peak in mid-level west. Currently the Group had 5 development projects launched on the market for sale, spanning across Hong Kong, Beijing and Vancouver. Attributable contracted sales during the year amounted to approximately HK\$1.8 billion (2023: HK\$0.6 billion).

Our hotels' performances continue to improve. Continual recovery in this business segment is evidenced under the promotion supports from the government to the tourism industry, and the

prospects look bright with the completion of the third runway of the airport towards the end of 2024.

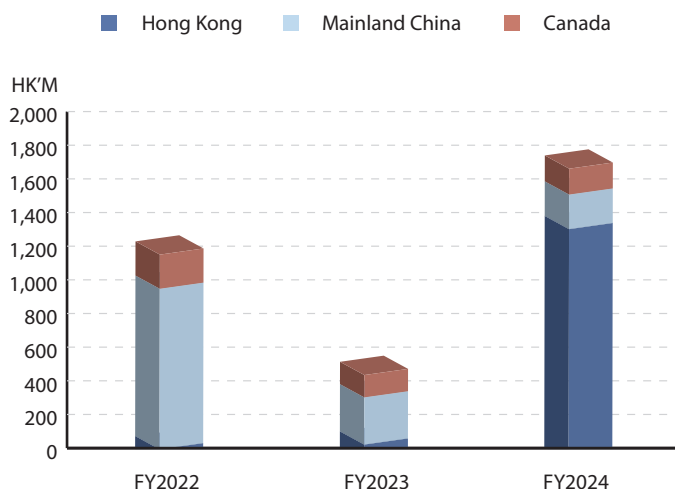
Over the financial year, the Group benefitted from its hedging interest rate swap contracts and has alleviated the negative impact from the interest rate hikes. We continue to monitor the effect of increased interest rate and are relieved from this financial pressure over the unexpired period of interest rate swap contracts.

Management is devoted to cautiously stride the path ahead in the current uncertain economic environment and takes this opportunity to thank all our staff for their efforts contributed in keeping the Group growing and moving forward.

Fung Siu To, Clement
Chairman

Hong Kong, 28th June 2024

Property sales — Attributable contracted sales



Business Model and Strategies

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

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

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

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

(ii) Growing recurring income from investment

properties and financial investment portfolio

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

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

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

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

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

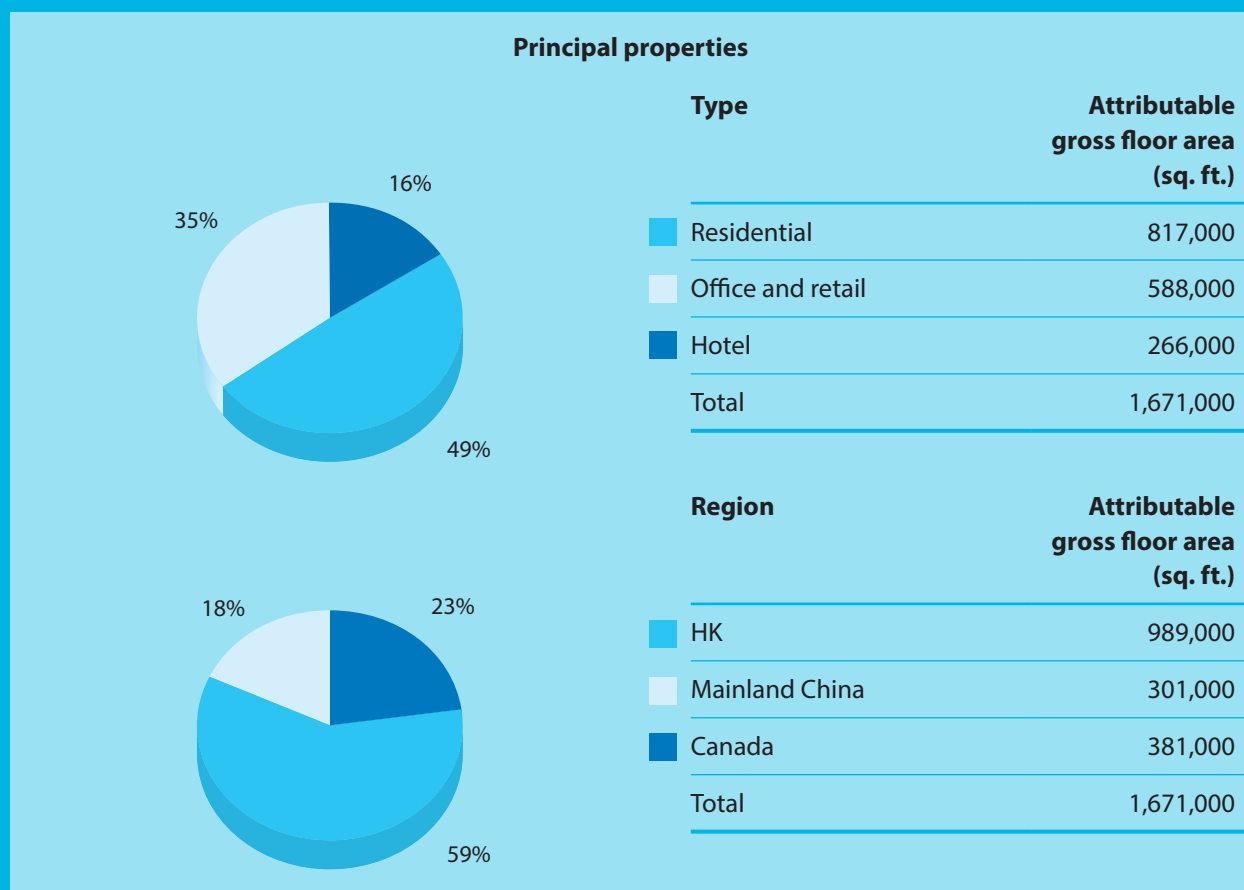
We are confident that our strategies will deliver maximum value to the shareholder in the long term.

Management Discussion and Analysis

Results

The Group recorded a revenue of HK\$1,903 million (2023: HK\$2,303 million) for the financial year, and the result turned to a loss attributable to shareholders of HK\$3,769 million (2023: profit of HK\$429 million).

The change from profit to loss is predominantly attributable to increase in provision for expected credit losses on investment in debt securities. Other changes include share of impairment provision from a joint venture property development project at Kwu Tung North due to failure in reaching a consensus within the prescribed time limit regarding the land premium, leading to subsequent land resumption by the government, and the much lower fair value gain on investment properties. All these provisions and fair value gain were non-cash items and do not have a direct impact on the cash flow of the Group.



Management Discussion and Analysis



Residential development "High Peak" at Po Shan Road

PROPERTIES SALES, DEVELOPMENT AND LEASING

Sales and Development

During the year, the Group had 5 development projects launched on the market for sale, spanning across Hong Kong, Beijing and Vancouver. Attributable contracted sales achieved amounted to approximately HK\$1.8 billion (2023: HK\$0.6 billion).

Hong Kong

Our Group's residential development, High Park, neighbouring the Hung Shui Kiu light-rail station, launched presale in mid-July and contracted HK\$1.2 billion sales up to 31st March 2024 for Phase I of this project. All the five towers were topped out, fittings and finishings are in progress, with expected issuance of occupation permit in the third quarter of 2024. The Hung Shui Kiu New Development Area is positioned as the high-end professional services and logistics hub under the Northern Metropolis Development Strategy and will serve as the main hub for the Hong Kong-Shenzhen Western Railway linking Hung Shui Kiu and Qianhai, ensuring efficient transport connectivity of the Greater Bay Area.

On Po Shan Road, sales of the 50% joint venture residential development High Peak were launched, comprising 16 flats with saleable area ranging from 3,770 sq. ft. to 7,260 sq. ft.. The development is completed and several show flats decoration are in progress. The property is winner in 3 architectural and interior design categories of Asia Pacific Property Awards 2024-2025. During the year, a standard unit was sold at premium price.

In Dukes Place, the Group's 20% joint venture project in Jardine's Lookout, sales of a triplex garden unit was recognised during the year. As at 31st March 2024, 75% of the units were sold, with cumulative total sales amounted to approximately HK\$2.5 billion.

In Lam Tei, Tuen Mun, the Group's residential project is also in land exchange application with the government. The developable GFA has increased to approximately 83,700 sq. ft..

Management Discussion and Analysis



Residential development “High Park” in Hung Shui Kiu

In the Northern Metropolis, following the failure in reaching a consensus in the land premium negotiation within the prescribed deadline stipulated by the government, our joint venture residential development site in Kwu Tung would be reclaimed by the government. The Group shared an approximately HK\$885 million impairment provision for this exceptional incident in its result for the year.

Mainland China

In Tongzhou, Beijing, the construction of the residential portion of our 50% owned joint venture development, Capital Cove, has been completed. This 2,360,000 sq. ft. GFA development comprises 964 residential apartments, retail shops and two commercial towers. Up to 31st March 2024, approximately 83% of the residential units were sold and had achieved a total contracted sales of approximately RMB5.2 billion, with about 96% sold units delivered to buyers. Sub-structure works for the two commercial towers have recently been completed.

Canada (development through hotel subsidiary group)

The redevelopment of our Empire Landmark hotel in Vancouver is progressing well. Internal fitting-out is completed and we are expecting occupation permit of the “Landmark on Robson” development to be issued in the third quarter 2024. This is an approximately 394,000 sq. ft. GFA redevelopment with two 30-plus storeys residential towers, comprising 236 residential units over a three-storeys podium of retail and office space of about 50,000 sq. ft., and a four-level underground parking facility in addition. Up to 31st March 2024, approximately CAD241 million of residential sales were contracted, and about half of the retail shops were pre-leased.

The Group’s two joint venture residential development on Alberni Street, downtown Vancouver, are in active discussion with the local city’s planning department.

Management Discussion and Analysis

Leasing

Leasing income for the year was HK\$128 million (2023: HK\$145 million). Occupancies slightly reduce by 3% – 4% while rental rate remains stable. Net revaluation gain (taking into account our share from the investment property owned by an associated company) of HK\$42 million (2023: HK\$816 million) was recorded.

Hotel

According to HKSAR's statistics, about 41 million visitors were recorded in the year ended 31st March 2024, which only accounted for approximately 60% of the overall visitor arrivals before COVID. Approximately 80% of the visitors were from mainland, following the full re-opening of border with the mainland and the uplift of all anti-epidemic measures towards the end of last financial year.

Our hotel sector recorded a revenue of HK\$367 million (2023: HK\$167 million), and also a profit contribution to the Group of HK\$180 million (2023: HK\$38 million). Average occupancy of the Group's hotels was 83% (2023: 63%), accompanied with an uptick in room rates. We expect the hotel sector's performance will recover further following the full recovery of Hong Kong's aviation capacity together with the completion and put into use of the third runway of the airport.

Financial Investments

At 31st March 2024, the Group held financial investments of approximately HK\$4,001 million (2023: HK\$8,780 million), with HK\$3,498 million (2023: HK\$7,656 million) held by the two listed subsidiary groups. The investment portfolio comprised of 85% listed debt securities (predominantly issued by PRC-based real estate companies), 9% listed equity securities and 6% unlisted investments. They are denominated in different currencies with 50% in United States dollar, 43% in Renminbi and 7% in other currencies (mostly Hong Kong dollar).

During the year, income from this investment portfolio amounted to HK\$1,364 million (2023: HK\$1,944 million), the decrease is mainly resulted from disposal/redemption and increased provision for expected credit loss of debt securities.



Development project "Landmark on Robson" in Vancouver, Canada

The Group actively participates in the liabilities management negotiation with various developers through maturity extension coupled with principal amortisation, reduction of coupon rates and charging collateral as credit enhancement. During the year, several notes issued by developers of our investment portfolio were ordered to be wound up by Hong Kong courts, as a result, provision for their expected credit loss was considerably increased. A net investment loss of HK\$6,917 million (2023: HK\$1,635 million), which mainly include further provision for expected credit loss, was recorded in the profit and loss account.

At 31st March 2024, none (2023: none) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

Management Discussion and Analysis

Financial Review

The financing and treasury activities of our three listed groups are independently administered.

At 31st March 2024, the Group's total assets were approximately HK\$38.2 billion (2023: HK\$42.7 billion), with net assets of HK\$18.2 billion (2023: HK\$24.0 billion). Adopting market value of hotel properties, the revalued total assets of the Group were HK\$46.0 billion (2023: HK\$49.6 billion), while the revalued net assets of the Group were HK\$26.5 billion (2023: HK\$31.4 billion).

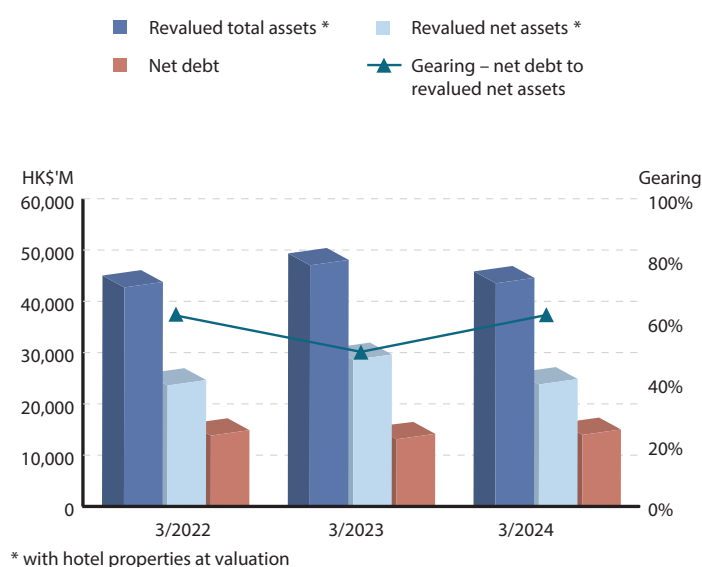
Excluding the two listed subsidiary groups, the parent group was at a net cash position of HK\$183 million. On a consolidated basis, net debt was HK\$16.4 billion (2023: HK\$15.5 billion). Total finance cost is approximately 45% more than last year, mostly due to substantial market interest rate increment, the effect of which was much alleviated by our hedging efforts. At 31st March 2024, the Group's gearing ratio (net debt to revalued net assets) is approximately 62% (2023: 50%), and the Group has over HK\$4.7 billion (2023: HK\$7.7 billion) cash and undrawn banking facilities.

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

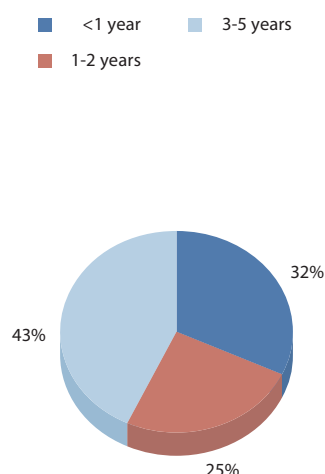
All the debts are at floating rates, which escalated since last year following US interest rate hikes to curb inflationary pressures. As at 31st March 2024, about 44% of these debts have been hedged against HIBOR fluctuations by various interest rate swap contracts of approximately HK\$7,810 million in total, fixing at average rate of approximately 1%. As at 31st March 2024, a fair value gain of HK\$322 million was recorded on these interest rate swap contracts. The maturities of our debts spread over a period of up to 5 years, with 17% secured by development projects to be completed in the coming year. Of the remaining 83%, 43% is repayable between two to five years, 25% repayable between one to two years, and 15% repayable within 1 year.

As at 31st March 2024, 77% of the debts are secured. Property assets with an aggregate net book value of HK\$26.8 billion (2023: HK\$26.4 billion) were pledged to secure credit facilities of the Group. HK\$2,658 million (2023: HK\$3,347 million) guarantees were provided to financial institutions and third parties against outstanding banking and loan facilities of joint ventures.

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



Debt maturity profile as at 31st March 2024



Management Discussion and Analysis

Employees and Remuneration Policies

At 31st March 2024, the Group employed approximately 330 (2023: 340) employees. The remuneration packages including basic salary, annual bonus, share options, retirement and other benefits are commensurate with their job nature and level of experience.

Future Prospect

With Hong Kong government's uplift of all property cooling measures in early 2024, the long stagnant property market finds its way out from the gloom and transactions have significantly picked up. Prices remain soft amidst economic uncertainties and we expect that may take some time to recover. The encouraging number of successful applications under various talent admission schemes helps to create demand in the local residential property market. On leasing aspect, the Group is in the advanced stage of securing an anchor retail tenant in our office building in Central. In the Mainland, the continued relaxation of property market restraints, lowering of mortgage rate and reduction of initial downpayment helps to release the purchasing power.

With increasing visitors' arrivals, hotel operation recovers but still behind its peak before COVID. Our Tourism Board, through Pilot Scheme for Characteristics Local Tourism Events, is continually encouraging the trade to develop signature tourism products to showcase the Hong Kong's diversified cultural landscape. On the other side, government has been promulgating Hong Kong's development of "Eight Centres" to provide impetus for sustaining competitiveness and economic growth, thus bringing inflow of visitors and businessmen into the city. We expect the tourism industry will recover further by the anticipated completion of the third runway of the airport at the end of 2024 and the full recovery of the airline capacity.

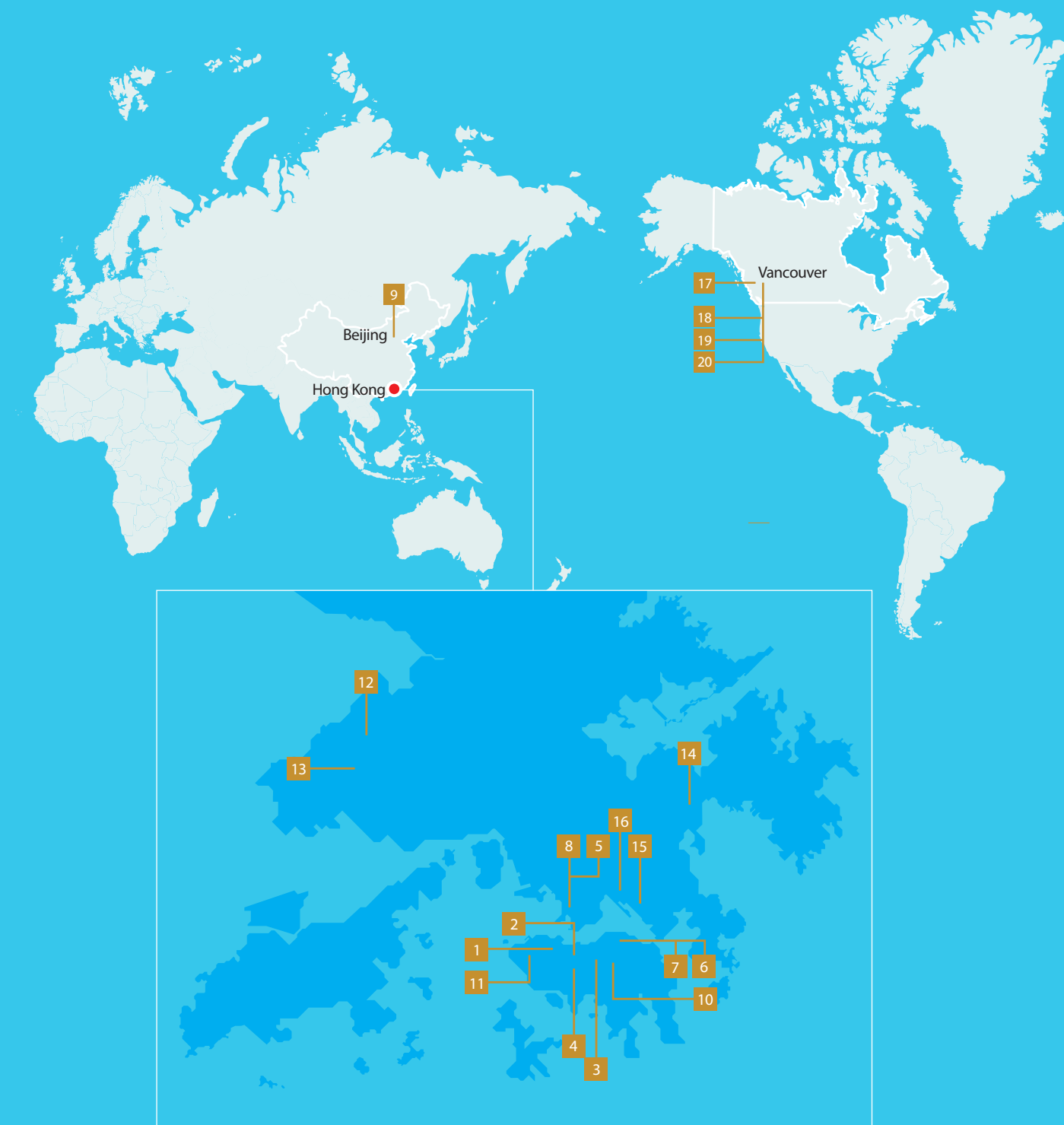
On 19th June 2024, the Group put forward a proposal of reorganisation to disinterested shareholders of the listed hotel subsidiary which, if approved, will streamline the Group's operations and achieve savings through the reduction of administrative costs.

Benefitting from the Group's hedging effort in prior years, we are still enjoying the low interest cost brought by the interest rate swaps entered in prior years, alleviating the Group from associated finance cost burden.

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

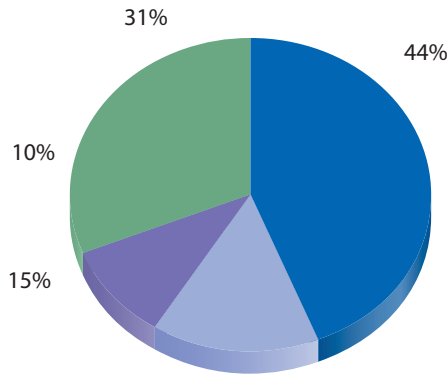
Principal Properties

As at 31st March 2024



Principal Properties

As at 31st March 2024



Attributable GFA (sq. ft.)

Properties under development for sale	817,000
Hotel properties	266,000
Investment properties	192,000
Completed properties held for sale	567,000
Total	1,842,000

Properties	Group's interest	Approx. site area (sq. ft.) (Note 1)	Approx. gross floor area (sq. ft.) (Note 1)	Type (Note 2)	Stage/ Estimated completion year	Land lease expiry
01 Asia Standard Tower 59-65 Queen's Road Central, Hong Kong	51.8%	7,800	133,000	C	Completed	2842
02 YF Life Tower 33 Lockhart Road, Wanchai, Hong Kong	51.8%	12,600	202,000	C	Completed	2127
03 Goldmark 502 Hennessy Road, Causeway Bay, Hong Kong	17.1%	6,300	106,000	C	Completed	2842
04 Empire Hotel Hong Kong 33 Hennessy Road, Wanchai, Hong Kong	45.9%	10,600	184,000 (363 rooms)	H	Completed	2062
05 Empire Hotel Kowloon 62 Kimberley Road, Tsim Sha Tsui, Kowloon	45.9%	11,400	220,000 (343 rooms)	H	Completed	2047
06 Empire Hotel Causeway Bay 8 Wing Hing Street, Causeway Bay, Hong Kong	45.9%	6,200	108,000 (280 rooms)	H	Completed	2072
07 Empire Prestige Causeway Bay 8A Wing Hing Street, Causeway Bay, Hong Kong	45.9%	2,000	35,000 (94 rooms)	H	Completed	2072
08 Empire Prestige Tsim Sha Tsui 8 Kimberley Street, Tsim Sha Tsui, Kowloon	45.9%	2,800	34,000 (90 rooms)	H	Completed	2038

Principal Properties

As at 31st March 2024

Properties	Group's interest	Approx. site area (sq. ft.) (Note 1)	Approx gross floor area (sq. ft.) (Note 1)	Type (Note 2)	Stage/Estimated completion year
09 Capital Cove 72 Yong Shun Street West, Tongzhou District, Beijing, PRC	25.9%	372,800	1,823,000 (Note 3)	R/C	(R) Completed (C) Sub-structure/2025
10 Dukes Place 47-49 Perkins Road, Jardine's Lookout, Hong Kong	10.4%	8,400	21,000 (Note 3)	R	Completed
11 High Peak 23 Po Shan Road, Mid-Levels West, Hong Kong	25.9%	14,100	76,000 (Note 3)	R	Completed
12 High Park 1 Hung On Lane, Hung Shui Kiu, Yuen Long, New Territories	51.8%	104,000	521,000	R/C	Superstructure/2024
13 Lam Tei DD130, Tuen Mun, New Territories	51.8%	18,500	83,700	R	Land exchange/-
14 Sha Ha DD221, Sai Kung, New Territories	3.0%	540,300	810,000	R	Land exchange/-
15 Harbourside HQ 8 Lam Chak Street, Kowloon Bay, Kowloon	13.0%	70,400	800,000	C	Completed
16 Kowloonbay International Trade and Exhibition Centre 1 Trademart Drive, Kowloon Bay, Kowloon	3.9%	239,800	1,774,000	C	Re-structural Planning/-
17 Landmark on Robson 1400 Robson Street, Vancouver, B.C., Canada	45.9%	41,000	394,000	R/C	Completed
18 1394 Robson Street, Vancouver, B.C., Canada	45.9%	8,600	75,000	R	Planning/-
19 1488 Alberni Street Vancouver, B.C., Canada	18.4%	43,300	627,000	R/C	Planning/-
20 1650 Alberni Street Vancouver, B.C., Canada	18.4%	17,300	276,000	R/C	Planning/-

Notes:

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

Five-year Financial Summary

Year ended 31st March (in HK\$ million)	2024	2023	2022	2021	2020
Results					
Revenue	1,903	2,303	2,789	2,740	2,632
Gross profit	1,752	2,198	2,707	2,674	2,391
Operating (loss)/profit	(6,503)	823	(1,288)	2,185	1,623
(Loss)/profit attributable to shareholders of the Company	(3,769)	429	(906)	1,007	554
Assets and liabilities					
Total assets	38,212	42,680	39,520	48,565	43,893
Total liabilities	(20,094)	(18,724)	(19,469)	(21,117)	(20,767)
Non-controlling interests	(8,611)	(11,301)	(9,574)	(12,771)	(10,897)
Equity attributable to shareholders of the Company	9,507	12,655	10,477	14,677	12,229
Supplementary information with hotel properties at valuation:					
Revalued total assets	46,048	49,632	45,223	54,091	49,448
Revalued net assets	26,442	31,408	26,267	33,499	29,219
Revalued equity attributable to shareholders of the Company	13,324	16,072	13,327	17,452	15,023

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” provision under each Aspect of the Environmental, Social and Governance Reporting Guide (“ESG 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 monitors the incorporation of ESG strategies, policies, procedures, and initiatives into the Group’s business operations for the purpose of enhancing its long-term viability, performance, and advancement.

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

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

REPORTING PRINCIPLES

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

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

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

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

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

Environmental, Social and Governance Report

REPORTING BOUNDARY

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

STAKEHOLDER ENGAGEMENT

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

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

Environmental, Social and Governance Report

MATERIALITY ASSESSMENT

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

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

ENVIRONMENTAL PROTECTION

A1 Emissions

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

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

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

Environmental, Social and Governance Report

ENVIRONMENTAL PROTECTION (CONTINUED)

A1 Emissions (Continued)

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

	2024	2023
A1.1 Emissions		
– NOx (i)	45.3 kg	33.1 kg
– SOx (i)	0.8 kg	0.7 kg
– PM (ii)	1.3 kg	1.2 kg
A1.2 Greenhouse gas emissions data		
Scope 1 – Direct emission or removal from sources	128 tonnes	123 tonnes
Scope 2 – Energy indirect emissions	13,594 tonnes	13,284 tonnes
Scope 3 – Other indirect emissions	74 tonnes	57 tonnes
A1.3 Total non-hazardous waste produced		
Construction and demolition waste	5,628 tonnes	1,399 tonnes
Recycled waste		
– Construction material	770 tonnes	668 tonnes
– Cartridge	102 pieces	261 pieces
– Cooking oil	1,359 liters	378 liters

- (i) The data includes emission from gaseous fuel consumption and vehicular emissions.
- (ii) The data only includes vehicular emissions.
- (iii) 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.

A2 Use of Resources

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

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

The Group will continue to assess and record its 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.

Environmental, Social and Governance Report

ENVIRONMENTAL PROTECTION (CONTINUED)

A2 Use of Resources (Continued)

	2024	2023
A2.1 Direct and indirect energy consumption		
Electricity ('000kWh)	20,287	19,668
Fuel ('000MJ)	6,918	4,104
A2.2 Water consumption	129,001 m ³	109,761 m ³
A2.3 Construction materials used		
Concrete	52,324 m ³	45,696 m ³
Steel	2,835 tonnes	9,986 tonnes

A3 The Environment and Natural Resources

Property development

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

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

Hotel business

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

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

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

Environmental, Social and Governance Report

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

SOCIAL ASPECT

B1 Employment

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

B2 Health and Safety

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

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

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

Environmental, Social and Governance Report

SOCIAL ASPECT (CONTINUED)

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 organizes programmes based on their business needs, including on-the-job and appropriate external and internal training opportunities, as well as career advancement opportunities for both management and operational staff, who can also apply for educational sponsorships to pursue external professional courses. Besides, employees' environmental awareness and commitment are also boosted by the Group's emphasis on energy-saving measures and innovative ideas on energy conservation while they are at work.

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

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.

Environmental, Social and Governance Report

SOCIAL ASPECT (CONTINUED)

B4 Labour Standards

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

		2024	2023
B1.1	Total workforce by gender, employment type, age group and geographical region		
	Total number of employees	335	338
	By gender		
	Male	174	174
	Female	161	164
	By age group		
	Below 30	26	26
	30 – 50	142	140
	Over 50	167	172
	By employment type		
	Full-time	330	330
	Part-time	5	8
	By geographical region		
	Hong Kong	325	329
	The PRC	4	4
	Canada	6	5

Environmental, Social and Governance Report

SOCIAL ASPECT (CONTINUED)

B4 Labour Standards (Continued)

		2024	2023
B1.2	Employee turnover rate		
	Total employee turnover	135	225
	Overall employee turnover rate	40%	65%
	By gender		
	Male	42%	58%
	Female	39%	67%
	By age group		
	Below 30	63%	111%
	30 – 50	32%	66%
	Over 50	44%	55%
	By geographical region		
	Hong Kong	41%	66%
	Canada	18%	17%
B2.1	The Group recorded 0 case of work-related fatalities occurred in each of the past three years including the reporting year.		
B2.2	Lost days due to work injury		
	Number of lost days	336	145
B3.1	Percentage of employees trained by gender and employee category		
	By gender		
	Male	60%	63%
	Female	59%	73%
	By employee category		
	Senior management	48%	51%
	Middle management	65%	69%
	General staff	65%	82%

Environmental, Social and Governance Report

SOCIAL ASPECT (CONTINUED)

B4 Labour Standards (Continued)

		2024	2023
B3.2	Average training hours completed per employee by gender and employee category		
	By gender	(hours)	(hours)
	Male	20-30	20-30
	Female	25-35	25-35
	By employee category		
	Senior management	5-10	5-10
	Middle management	20-30	20-30
	General staff	20-30	25-35

B5 Supply Chain Management

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

Hospitality

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

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

Property development

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

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

		2024	2023
B5.1	Number of suppliers by geographical region		
	Hong Kong	>320	>240
	China	<50	<50
	Canada	>110	>390

Environmental, Social and Governance Report

SOCIAL ASPECT (CONTINUED)

B6 Product Responsibility

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

Intellectual property rights

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

Data privacy

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

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

B7 Anti-Corruption

We do not tolerate any form of corruption or malpractice such as bribery, extortion and fraud. Expected professional conduct at the workplace is outlined in the employee handbook. All directors and staffs are required to rigorously comply with the applicable codes of conduct.

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

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

B8 Community Investment

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

Environmental, Social and Governance Report

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.



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\$82,000 to a number of charitable organisations, such as Pok Oi Hospital "上海商業博愛單車百萬行", 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. Fung Siu To, Clement, is responsible for overseeing the functioning of the Board and the strategies and policies of the Group. The Chief Executive and the Managing Director, Mr. Poon Jing, is responsible for managing the Group’s business. The biographical details and relationship of the Directors are disclosed in the biography of Directors set out in the Directors and Senior Management section.

According to the bye-laws of the Company (the “Bye-Laws”), at every annual general meeting of the Company (“AGM”), one-third of the Directors (other than the Chairman and the Managing Director) for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not 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 meeting of the Company held during the year are as follows:

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

Corporate Governance Report

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 52% male and approximately 48% 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.

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

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. Fung Siu To, Clement (as the Chairman), and two Independent Non-executive Directors, Mr. Wong Chi Keung and Mr. Leung Wai 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.

Corporate Governance Report

REMUNERATION COMMITTEE

Mr. Wong Chi Keung, an Independent Non-executive Director, is the Chairman of the Remuneration Committee. The Remuneration Committee currently comprises the Chairman of the Company, Mr. Fung Siu To, Clement, and two Independent Non-executive Directors, Mr. Wong Chi Keung and Mr. Leung Wai Keung. 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.

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. Cheung Kwok Wah and Mr. Leung Wai 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 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 audited financial statements for the year ended 31st March 2024.

Corporate Governance Report

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.

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.

Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

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 56 to 57 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 and 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 of the Company (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 61 to 70 of this annual report.

For the year ended 31st March 2024, the total amount of HK\$9,595,000 (2023: HK\$9,346,000) 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\$1,618,000 (2023: HK\$1,029,000).

DIVIDEND POLICY

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

Corporate Governance Report

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.

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 the Directors during the year according to the records provided by the Directors are as follows:

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

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

Corporate Governance Report

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.asiaorient.com.hk> 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 aoinfo@asiastandard.com for the attention of the Company Secretary. Inquiries are dealt with in an informative and timely manner.

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

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.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

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

Corporate Governance Report

SHAREHOLDERS' RIGHTS (CONTINUED)

(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:

- 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 in 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.

Directors and Senior Management

EXECUTIVE DIRECTORS

Fung Siu To, Clement

Aged 75, is the Chairman, an Executive Director, the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company and Asia Standard International Group Limited ("Asia Standard"). He is also an executive director of Asia Standard Hotel Group Limited ("Asia Standard Hotel") (Both Asia Standard and Asia Standard Hotel are listed subsidiaries of the Company). He is also a director of certain subsidiaries of the Company. Mr. Fung is a holder of a Bachelor of Applied Science (Civil Engineering) degree and is also a fellow member of the Hong Kong Institution of Engineers. He joined the Company and its subsidiaries (together the "Group") in 1988 and has over 40 years of experience in project management and construction. He is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors of the Company. He is also the brother-in-law of Mr. Poon Jing and Dr. Lim Yin Cheng, the Managing Director of the Company and the Deputy Chairman of Asia Standard Hotel respectively.

Poon Jing

Aged 69, is the Chief Executive, the Managing Director and an Executive Director of the Company and Asia Standard. He is also the Chairman, an executive director and the Chairman of the nomination committee of Asia Standard Hotel. He is also a director of certain subsidiaries of the Company. Mr. Poon is the founder of the Group. He is the father of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors of the Company. He is also the brother-in-law of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman of the Company and the Deputy Chairman of Asia Standard Hotel respectively.

Poon Hai

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

Poon Yeung, Roderick

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

Directors and Senior Management

Lun Pui Kan

Aged 60, is the Finance Director of the Company and Asia Standard. He is also a director of certain subsidiaries of the Company. Mr. Lun has over 35 years of experience in accounting and finance. He is a holder of a Bachelor of Science (Engineering) degree and is an associate member of The Hong Kong Institute of Certified Public Accountants ("HKICPA") and a fellow member of The Association of Chartered Certified Accountants ("ACCA"). He joined the Group in 1994.

Kwan Po Lam, Phileas

Aged 65, is an Executive Director of the Company and Asia Standard. He is also a director of certain subsidiaries of the Company. Mr. Kwan is a holder of a Bachelor of Business Administration degree. He joined the Group in 1986 and is responsible for property sales and leasing. He has over 35 years of experience in property sales, leasing and real estate management.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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, Asia Standard and Asia Standard Hotel. Mr. Wong holds a Master degree in Business Administration from The University of Adelaide in Australia. He is a fellow member of HKICPA, ACCA and CPA Australia; and an associate member of The Chartered Governance Institute ("CGI") and The Chartered Institute of Management Accountants. Mr. Wong is also a responsible officer for asset management and advising on securities for 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 of Hong Kong Limited (the "Stock Exchange"), for over ten years. He is also an independent non-executive director and a member of audit committee of Century City International Holdings Limited, Changyou Alliance Group Limited, China Ting Group Holdings Limited, Paliburg Holdings Limited, Regal Hotels International Holdings Limited, Yuan Heng Gas Holdings Limited and Zhuguang Holdings Group Company Limited, all of the above companies are listed on the Stock Exchange. Mr. Wong has over 45 years of experience in finance, accounting and management. He joined the Group in 2004.

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.

Cheung Kwok Wah

Aged 67, is an Independent Non-executive Director and a member of the Audit Committee of the Company. Mr. Cheung has over 30 years of experience in the finance field, during which he held various senior management positions with many public listed companies. He is a solicitor of Hong Kong. He joined the Group in 1996.

Directors and Senior Management

Leung Wai Keung, JP

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

Mr. Leung is currently a Barrister-at-Law and was appointed as a Justice of the Peace by the Hong Kong Government on 1st July 2018. He has about 10 years of experience in accounting and financial management in several firms and thereafter been practicing as a barrister since 1996. Mr. Leung is a member of HKICPA, The Hong Kong Chartered Governance Institute ("HKCGI"), ACCA, CGI and The Chartered Institute of Arbitrators ("CI Arb"). He was admitted to the High Court of Hong Kong as a barrister in 1994. He holds a Master degree in Accounting and Finance from University of Lancaster and obtained a Bachelor of Laws from Manchester Metropolitan University. He was the President of HKCGI in 2006 and the Chairman of the CI Arb (East Asia Branch) in 2015/16 and 2016/17. Mr. Leung 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.

SENIOR MANAGEMENT

Lim Yin Cheng

Aged 79, is the Deputy Chairman, the Chief Executive, an executive director and a member of the remuneration committee of Asia Standard Hotel. He is also a director of certain subsidiaries of the Company. Dr. Lim is a holder of a Bachelor of Science (Chemical Engineering) and Doctor of Philosophy degrees. He has over 40 years of experience in engineering, project management and administration. He joined the Group in 1992. Dr. Lim is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both of them are Executive Directors of the Company. He is also the brother-in-law of Mr. Poon Jing and Mr. Fung Siu To, Clement, the Managing Director and the Chairman of the Company respectively.

Ng Siew Seng, Richard

Aged 72, is the Group General Manager of Asia Standard Hotel. He is also a director of a subsidiary of Asia Standard Hotel. Mr. Ng is responsible for the development and management of the Asia Standard Hotel group's hospitality operations. With over 4 decades' extensive experience in 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 Asia Standard Hotel group in 2007.

Woo Wei Chun, Joseph

Aged 60, is an executive director and the Group Financial Controller of Asia Standard Hotel. He is also a director of certain subsidiaries of Asia Standard Hotel. Mr. Woo is qualified as an U.S. Certified Public Accountant (Illinois) and is an associate member of HKICPA. He holds a Bachelor degree in Accounting with Computing and a Master degree in Business Administration. Mr. Woo has over 30 years of experience in accounting and finance. He joined the Asia Standard Hotel group in 2006.

Directors and Senior Management

Wong Hoi Yan

Aged 51, is the General Manager of Project Management Division of Asia Standard. Ms. Wong holds a Bachelor of Arts degree in Architectural Studies and Master of Architecture from The University of Hong Kong and Master of Science degree in Project Management from The Hong Kong Polytechnic University. She is a Registered Architect in Hong Kong, a member of The Hong Kong Institute of Architects and an Authorised Person under the Buildings Ordinance. She is also a BEAM Pro under the Hong Kong Green Building Council. Ms. Wong is responsible for property development and project management. She has over 25 years of experience in project planning and management. She joined Asia Standard in 2014.

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

Report of the Directors

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

PRINCIPAL ACTIVITIES

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

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

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated profit and loss account on page 71.

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

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

FINANCIAL SUMMARY

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

EQUITY LINKED AGREEMENTS

Save as disclosed in the sections "Share Option Schemes" on pages 48 to 55 and "Convertible Notes" on page 55, 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 27 to the financial statements.

PRINCIPAL PROPERTIES

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

DONATIONS

During the year, the Group made charitable and other donations of HK\$82,000 (2023: HK\$97,000).

Report of the Directors

DIRECTORS

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

Mr. Fung Siu To, Clement
Mr. Poon Jing
Mr. Poon Hai
Mr. Poon Yeung, Roderick
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas
Mr. Wong Chi Keung
Mr. Cheung Kwok Wah
Mr. Leung Wai Keung

Messrs. Kwan Po Lam, Phileas and Cheung Kwok Wah will retire from office by rotation in accordance with the bye-laws of the Company (the "Bye-Laws"), and Mr. Poon Jing will retire to comply with Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at the forthcoming annual general meeting of the Company ("AGM") and, being eligible, offer themselves for re-election.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set out on pages 39 to 42.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

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

PERMITTED INDEMNITY PROVISIONS

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

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the share option schemes of the Company as disclosed on pages 48 to 55, and that of its subsidiaries, Asia Standard International Group Limited ("Asia Standard") and Asia Standard Hotel Group Limited ("Asia Standard Hotel"), at no time during the year were the Company or its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Report of the Directors

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

As at 31st March 2024, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were as follows:

(I) Long Positions in Shares

(a) The Company

Director	Number of shares held				Percentage of shares in issue (%)
	Personal interest	Corporate interest	Family interest	Total	
Poon Jing	401,139,472	145,213,900	5,318,799	551,672,171	65.60
Fung Siu To, Clement	15,440,225	–	–	15,440,225	1.83
Poon Hai	10,444,319	–	–	10,444,319	1.24

(b) Associated corporations

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

Notes:

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

Report of the Directors

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

(II) Long Positions in Underlying Shares

Interests in share options

(a) The Company

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

Notes:

- Options were granted on 11th December 2015 under 2014 Share Option Scheme (as described under the heading "Share Option Schemes") and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.42 per share.
- During the year, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

(b) Associated corporation – Asia Standard

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

Notes:

- Options were granted on 11th December 2015 under 2014 Asia Standard Share Option Scheme (as described under the heading "Share Option Schemes") and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.38 per share.
- During the year, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

Report of the Directors

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

(II) Long Positions in Underlying Shares (Continued)

Interests in share options (Continued)

(c) Associated corporation – Asia Standard Hotel

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

Notes:

- Options were granted on 11th December 2015 under 2006 Asia Standard Hotel Share Option Scheme (as described under the heading "Share Option Schemes") and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$0.343 (as adjusted) per share.
- During the year, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

(III) Long Positions in Underlying Shares and Debentures

Interests in convertible notes

Associated corporation – Asia Standard Hotel

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

Note: By virtue of Mr. Poon Jing's controlling interest in the Company, he is deemed to be interested in the convertible notes (the "ASH Convertible Note(s)") held by the Company and its subsidiaries which are convertible into 2,692,316,098 shares of Asia Standard Hotel. The ASH Convertible Notes are redeemable at the redemption value of HK\$0.453 per ASH Convertible Note. Please refer to the section "Convertible Notes" on page 55 for details of the ASH Convertible Notes issued by Asia Standard Hotel.

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

Report of the Directors

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

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31st March 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 Chief Executive of the Company.

Long Positions in Shares of the Company

Shareholder	Capacity	Number of shares held	Percentage of shares in issue (%)
Teddington Holdings Limited ("Teddington") (Note)	Beneficial owner	60,624,439	7.20
Daswani Rajkumar Murlidhar	Beneficial owner	53,910,548	6.41
Heston Holdings Limited ("Heston") (Note)	Beneficial owner	50,429,573	5.99

Note: Mr. Poon Jing, his family interest and the companies wholly owned by him, namely Teddington, Heston and Full Speed Investments Limited together hold 551,672,171 shares. The interest of Teddington and Heston duplicate the interest of Mr. Poon Jing disclosed under the heading "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures".

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

The Company

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

The 2014 Share Option Scheme was adopted on 29th August 2014. Under 2014 Share Option Scheme, the Board may grant options to any Director, employee, consultant, customer, supplier, agent, partner or adviser of or contractor to the Company, its subsidiaries or any invested entity, their discretionary trust or the companies owned by them. The purpose was to provide incentives, recognise and acknowledge the contributions of, motivate and maintain an ongoing relationship with the eligible participants whose contributions are or will be beneficial to the long term growth of the Group.

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

Report of the Directors

SHARE OPTION SCHEMES (CONTINUED)

The Company (Continued)

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

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

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

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

Grantee	Outstanding as at 1st April 2023 and 31st March 2024
Directors	7,000,000

Notes:

- Options were granted on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.42 per share.
- The closing price of shares immediately before the date on which the options granted on 11th December 2015 was HK\$1.40.
- The fair value of the options granted on 11th December 2015 was approximately HK\$3.07 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 in 11th December 2015: (a) closing share price of HK\$1.38 at the date of grant, (b) exercise price of HK\$1.42, (c) expected life of options of 5 years, (d) expected volatility of 35.59%*, (e) expected dividend yield of 2.90%***, 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 calculation is 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.
- During the year, no option was granted, exercised, cancelled or lapsed.

Report of the Directors

SHARE OPTION SCHEMES (CONTINUED)

Associated Corporations

Asia Standard

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

The 2004 Asia Standard Share Option Scheme was adopted on 27th August 2004. Under 2004 Asia Standard Share Option Scheme, the board of directors of Asia Standard may grant options to any director, employee, consultant, customer, supplier, agent, partner or adviser of or contractor to Asia Standard, its subsidiaries or any invested entity, their discretionary trust or the companies owned by them. The purpose was to provide incentives, recognise and acknowledge the contributions of, motivate and maintain an ongoing relationship with the eligible participants whose contributions are or will be beneficial to the long term growth of the Asia Standard and its subsidiaries (the “Asia Standard Group”).

The total number of shares available for issue upon exercise of all options granted under 2004 Asia Standard Share Option Scheme must not exceed 71,851,459 shares, representing about 5.44% of the Asia Standard’s shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under 2004 Asia Standard Share Option Scheme and any other share option scheme of Asia Standard must not exceed 30% of the Asia Standard’s shares in issue from time to time. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised, outstanding and cancelled options) under any option granted to the same participant under 2004 Asia Standard Share Option Scheme or any other share option scheme of Asia Standard within any 12 months period, must not exceed 1% of the Asia Standard’s shares in issue from time to time.

Under 2004 Asia Standard Share Option Scheme, there was no requirement for a grantee to hold the Asia Standard option for a certain period before exercising Asia Standard option unless otherwise determined by the directors of Asia Standard. The exercise period should be any period determined by the board of directors of Asia Standard but in any event the exercise period should not be later than 10 years from the date of grant. The grantee has to accept an option within 21 days from the date of offer by making a non-refundable payment of HK\$1 to Asia Standard.

The subscription price shall be at the discretion of the board of directors of Asia Standard provided that it shall be not less than the highest of (i) the closing price of a share on the relevant date of grant; (ii) the average of the closing prices of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share. The 2004 Asia Standard Share Option Scheme was effective for 10 years from 27th August 2004 and expired on the tenth anniversary of such adoption date. Following the expiry of 2004 Asia Standard Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2004 Asia Standard Share Option Scheme and yet to be exercised shall remain valid and exercisable.

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

Grantee	Outstanding as at 1st April 2023	Lapsed during the year	Outstanding as at 31st March 2024
Employee	1,000,000	(1,000,000)	–

SHARE OPTION SCHEMES (CONTINUED)

Associated Corporations (Continued)

Asia Standard (Continued)

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

Notes:

- Options were granted on 13th March 2014 and exercisable during the period from 10th March 2017 to 12th March 2024 at an exercise price of HK\$2.00 per share.
- The closing price of shares immediately before the date on which the options granted on 13th March 2014 was HK\$1.99.
- The fair value of the options granted on 13th March 2014 was approximately HK\$0.34 million, which was determined using the Binomial option pricing model and was recognised in the profit and loss account of Asia Standard for the year ended 31st March 2014. The following assumptions were used to calculate the fair values of the options granted in 13th March 2014: (a) closing share price of HK\$1.99 at the date of grant, (b) exercise price of HK\$2.00, (c) expected life of options of 3 years, (d) expected volatility of 30%*, (e) expected dividend yield of 0%** and (f) risk free rate of 0.715%.

* *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 calculation is 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 12th March 2014.*
- Save as disclosed above, during the year, no option was exercised, cancelled or lapsed.

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

The 2014 Asia Standard Share Option Scheme was adopted on 29th August 2014. Under 2014 Asia Standard Share Option Scheme, the board of directors of Asia Standard may grant options to any director, employee, consultant, customer, supplier, agent, partner or adviser of or contractor to Asia Standard, its subsidiaries or any invested entity, their discretionary trust or the companies owned by them. The purpose was to provide incentives, recognise and acknowledge the contributions of, motivate and maintain an ongoing relationship with the eligible participants whose contributions are or will be beneficial to the long term growth of the Asia Standard Group.

The total number of shares available for issue upon exercise of all options to be granted under 2014 Asia Standard Share Option Scheme must not exceed 125,482,152 shares, representing about 9.50% of the Asia Standard's shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under 2014 Asia Standard Share Option Scheme and any other share option scheme of Asia Standard must not exceed 30% of the Asia Standard's shares in issue from time to time. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised, outstanding and cancelled options) under any option granted to the same participant under 2014 Asia Standard Share Option Scheme or any other share option scheme of Asia Standard within any 12 months period, must not exceed 1% of the Asia Standard's shares in issue from time to time.

Report of the Directors

SHARE OPTION SCHEMES (CONTINUED)

Associated Corporations (Continued)

Asia Standard (Continued)

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

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

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

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

Grantee	Outstanding as at 1st April 2023 and 31st March 2024
Directors	7,000,000

Notes:

- Options were granted on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.38 per share.
- The closing price of shares immediately before the date on which the options granted on 11th December 2015 was HK\$1.39.
- The fair value of the options granted on 11th December 2015 was approximately HK\$2.62 million, which was determined using the Binomial option pricing model and was recognised in the profit and loss account of Asia Standard for the year ended 31st March 2016. The following assumptions were used to calculate the fair values of the options granted in 11th December 2015: (a) closing share price of HK\$1.35 at the date of grant, (b) exercise price of HK\$1.38, (c) expected life of options of 5 years, (d) expected volatility of 30.41%*, (e) expected dividend yield of 2.96%***, and (f) risk free rate of 1.027%.

* The volatility measured at the standard deviation of expected share price return is based on statistical analysis of daily share prices over one year immediately preceding the grant date. The above calculation is 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.
- During the year, no option was granted, exercised, cancelled or lapsed.

Report of the Directors

SHARE OPTION SCHEMES (CONTINUED)

Associated Corporations (Continued)

Asia Standard Hotel

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

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

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

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

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

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

Grantee	Outstanding as at 1st April 2023 and 31st March 2024
Directors	28,800,000

Report of the Directors

SHARE OPTION SCHEMES (CONTINUED)

Associated Corporations (Continued)

Asia Standard Hotel (Continued)

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

Notes:

- Options were granted on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$0.343 (as adjusted) per share.
- The closing price of shares immediately before the date on which the options granted on 11th December 2015 was HK\$1.03.
- 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 Asia Standard Hotel for the year ended 31st March 2016. The following assumptions were used to calculate the fair values of the options granted in 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 calculation is 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.*
- During the year, no option was exercised, cancelled or lapsed.

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

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

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

Report of the Directors

SHARE OPTION SCHEMES (CONTINUED)

Associated Corporations (Continued)

Asia Standard Hotel (Continued)

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

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

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

CONVERTIBLE NOTES

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

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

During the year, no ASH Convertible Note (2023: Nil) was converted into ordinary share of Asia Standard Hotel.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

Report of the Directors

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACTS

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

BUSINESS REVIEW

A fair review of business of the Group, particulars of important events affecting the Group that have occurred since the end of the financial year, if any, an analysis using financial key performance indicators and indication of likely future development of the Group are set out in the section "Management Discussion and Analysis" on pages 6 to 11. Discussion on environmental policies and performance of the Group and the account of the key relationships with its stakeholders are set out in the section "Environmental, Social and Governance Report" on pages 16 to 27.

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

Risks pertaining to property sales and leasing

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

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

Report of the Directors

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Risks pertaining to hotel operations

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

As five of the Group's hotels are located in Hong Kong, the revenue from this business is sensitive to changes in the tourism industry 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.

Risks pertaining to financing

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

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

Risks pertaining to financial investments

The Group's financial performance is exposed to financial and capital market risks, including changes in interest rates, foreign exchange rates, credit spreads, equity prices, the performance of the economy in general and other factors outside our control. For further details of such risks and relevant management policies, please refer to note 3 to the financial statements from pages 96 to 112.

Report of the Directors

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 as set out in the section "Environmental, Social and Governance Report" on pages 16 to 27.

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	61%
Percentage of purchases attributable to the Group's five largest suppliers	78%
Percentage of sales attributable to the Group's largest customer	52%
Percentage of sales attributable to the Group's five largest customers	74%

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

RELATED PARTY TRANSACTIONS

Details of the significant related party transactions undertaken during the year are disclosed in note 34 to the financial statements, none of which constituted a connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

There is a proposed reorganisation of Asia Standard and Asia Standard Hotel 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 Standard and Asia Standard Hotel dated 19th June 2024. The proposed group reorganisation constituted a notifiable transaction of the Company.

Report of the Directors

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined balance sheet of affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 31st March 2024 are as follow:

	Proforma combined balance sheet HK\$'000	Group's attributable interest HK'000
Non-current assets	15,003,569	4,145,364
Current assets	20,077,788	7,610,724
Current liabilities	(14,501,667)	(4,519,072)
Non-current liabilities	(11,569,084)	(3,388,390)
	9,010,606	3,848,626

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

Fung Siu To, Clement

Chairman

Hong Kong, 28th June 2024

Independent Auditor's Report

To the Shareholders of Asia Orient Holdings Limited

(incorporated in Bermuda with limited liability)

OPINION

What We Have Audited

The consolidated financial statements of Asia Orient Holdings Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 71 to 160, 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.

Independent Auditor's Report

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
- Valuation of investment properties
- Recoverability of properties under development for sale

Key Audit Matter	How our audit addressed the Key Audit Matter
ECL assessment of debt securities which are classified as FVOCI and amortised cost and the related accrued interest <i>Refer to notes 3, 4, 6, 18 and 21 to the consolidated financial statements</i> 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.

Independent Auditor's Report

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 <i>Refer to notes 3, 4, 18 and 21 to the consolidated financial statements</i> 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;

Independent Auditor's Report

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.

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties <i>Refer to notes 4, 15 and 17 to the consolidated financial statements</i> As at 31st March 2024, the Group's investment properties portfolio included investment properties held by subsidiaries and an associated company. Management engaged an independent valuer to estimate the fair value of investment properties of the Group and the associated company as at 31st March 2024 based on the direct comparison method. We focused on the valuation of investment properties because the estimation of fair value is subject to estimation uncertainty. It is inherently subjective due to, among other factors, the individual nature of each property, its location, prevailing market returns and the expected future rentals for that particular property. We have identified the valuation of investment properties as a key audit matter due to the significant judgement and estimation involved.	Our procedures to address valuation of investment properties included: – Understanding management's controls and processes for determining the valuation of investment properties and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied; – Evaluating the independent valuers' competence, capabilities and objectivity; – Obtaining the valuation reports and holding meetings with the independent valuer, together with our internal experts in property valuation, to discuss and evaluate the valuation methodology and key assumptions adopted, focusing on market comparables; – Assessing the market comparables used by the independent valuer on a sample basis by benchmarking these against recent transactions for similar properties and locations; and – Assessing the adequacy of the disclosures related to the valuation of investment properties in the context of HKFRS disclosure requirements. Based on the work performed, we found the judgement and key assumptions used in the valuation of investment properties were supported by the available evidence.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Recoverability of properties under development for sale <i>Refer to notes 4, 17 and 20 to the consolidated financial statements</i> 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.	Our procedures to address recoverability of properties under development for sale included: – Understanding management's controls and processes for determining the recoverability of properties under development for sale and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied; – Comparing the expected future sales prices to current market prices of comparable properties; – Assessing the reasonableness of the estimated development costs to complete 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.

Independent Auditor's Report

OTHER INFORMATION

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

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

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

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

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

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

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

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

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 HKSAAs 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.

Independent Auditor's Report

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Independent Auditor's Report

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		1,386,678	1,953,587
Sales of goods and services, leasing and other revenue	5	516,752	349,361
Total revenue	5	1,903,430	2,302,948
Cost of sales		(151,153)	(104,633)
Gross profit		1,752,277	2,198,315
Selling and administrative expenses		(321,837)	(317,292)
Depreciation		(216,773)	(222,707)
Net investment (loss)/gain	6		
Net realised and unrealised (loss)/gain		(143,661)	86,567
Change in expected credit losses		(6,743,615)	(1,721,507)
Fair value gain of investment properties	15	55,865	799,273
Other charge	7	(885,205)	–
Operating (loss)/profit		(6,502,949)	822,649
Net finance costs	11	(605,168)	(418,526)
Share of profits less losses of			
Joint ventures		(8,239)	422,117
Associated companies		(20,887)	10,728
(Loss)/profit before income tax		(7,137,243)	836,968
Income tax credit/(expense)	12	218,675	(90,301)
(Loss)/profit for the year		(6,918,568)	746,667
Attributable to:			
Shareholders of the Company		(3,769,240)	428,738
Non-controlling interests		(3,149,328)	317,929
		(6,918,568)	746,667
(Loss)/earnings per share (HK\$)			
Basic	14	(4.48)	0.51
Diluted	14	(4.48)	0.51

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2024

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit for the year	(6,918,568)	746,667
Other comprehensive (charge)/income		
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	1,054,107	2,735,184
– release of reserve upon derecognition	137,800	310,116
Share of net fair value (loss)/gain on debt securities at fair value through other comprehensive income of a joint venture	(38,100)	133,399
Cash flow hedges		
– fair value (loss)/gain	(73,020)	110,007
– deferred tax on derivative financial instruments	12,049	(18,152)
Currency translation differences	(10,863)	(78,988)
Share of currency translation differences of joint ventures	(77,406)	(134,147)
Items that will not be reclassified to profit or loss:		
Equity securities at fair value through other comprehensive income		
– net fair value gain	76,051	101,130
	1,080,618	3,158,549
Total comprehensive (charge)/income for the year	(5,837,950)	3,905,216
Attributable to:		
Shareholders of the Company	(3,148,518)	2,178,142
Non-controlling interests	(2,689,432)	1,727,074
	(5,837,950)	3,905,216

Consolidated Balance Sheet

As at 31st March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Investment properties	15	10,816,416	10,760,246
Property, plant and equipment	16	7,741,705	7,914,098
Investment in joint ventures and associated companies	17	3,847,543	4,596,844
Amounts due from joint ventures and associated companies	17	2,702,209	2,393,487
Financial investments	18	1,157,913	1,832,378
Derivative financial instruments	19	135,217	348,192
Deferred income tax assets	26	140,619	155,400
		26,541,622	28,000,645
Current assets			
Properties held for sale	20	6,531,544	5,176,906
Hotel and restaurant inventories		26,753	27,949
Trade and other receivables	21	602,773	1,222,427
Income tax recoverable		70	173
Financial investments	18	2,842,775	6,948,024
Derivative financial instruments	19	186,945	83,874
Bank balances and cash	22		
– restricted		367,336	188,932
– unrestricted		1,112,361	1,031,027
		11,670,557	14,679,312
Current liabilities			
Trade and other payables	23	302,910	193,926
Contract liabilities	24	484,892	265,241
Amounts due to joint ventures	17(A)	517,159	297,425
Amount due to an associated company	17(B)	182,820	193,050
Amount due to non-controlling interests		56,514	52,949
Income tax payable		484	174,012
Borrowings	25	5,793,441	3,901,632
		7,338,220	5,078,235
Net current assets		4,332,337	9,601,077

Consolidated Balance Sheet

As at 31st March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Non-current liabilities			
Borrowings	25	12,049,556	12,865,355
Lease liabilities		883	–
Deferred income tax liabilities	26	705,671	780,568
		12,756,110	13,645,923
Net assets		18,117,849	23,955,799
Equity			
Share capital	27	84,087	84,087
Reserves	28	9,422,629	12,571,147
Equity attributable to shareholders of the Company		9,506,716	12,655,234
Non-controlling interests		8,611,133	11,300,565
		18,117,849	23,955,799

Fung Siu To, Clement
Director

Lun Pui Kan
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 (used in)/generated from operations	32(A)	(25,477)	1,475,675
Net income tax paid		(3,089)	(3,022)
Net interest paid		(1,120,338)	(580,708)
Interest received from bank deposits, other receivables and derivative financial instruments		338,587	24,673
Net cash (used in)/generated from operating activities		(810,317)	916,618
Cash flows from investing activities			
Net proceeds/(purchase) of financial investments		221,342	(34,739)
Addition to investment properties		(306)	(1,904)
Addition to property, plant and equipment		(46,069)	(54,364)
Disposal of subsidiary		(379)	–
Return of investment in joint ventures		119,233	324,580
Advances to joint ventures and associated companies		(487,272)	(218,015)
Net cash (used in)/generated from investing activities		(193,451)	15,558
Net cash (used)/generated before financing activities		(1,003,768)	932,176
Cash flows from financing activities	32(B)		
Drawdown of long term borrowings		4,361,033	3,869,585
Repayment of long term borrowings		(3,327,100)	(4,232,500)
Net increase/(decrease) in short term borrowings		61,000	(411,937)
Contribution from non-controlling interests		3,565	4,302
Principal elements of lease liabilities		(8,148)	(8,922)
Net cash generated from/(used in) financing activities		1,090,350	(779,472)
Net increase in cash and cash equivalents		86,582	152,704
Cash and cash equivalents at the beginning of the year		1,031,027	881,517
Changes in exchange rates		(5,248)	(3,194)
Cash and cash equivalents at the end of the year		1,112,361	1,031,027
Analysis of the balances of cash and cash equivalents			
Bank balances and cash (excluding restricted bank balances)	22	1,112,361	1,031,027

Consolidated Statement of Changes in Equity

For the year ended 31st March 2024

	Equity attributable to shareholders of the Company			Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Reserves HK\$'000	Total HK\$'000		
At 31st March 2022	84,087	10,393,005	10,477,092	9,573,491	20,050,583
Financial assets at fair value through other comprehensive income					
– net fair value change and other net movements	–	1,629,765	1,629,765	1,339,948	2,969,713
– release of reserve upon derecognition	–	174,831	174,831	135,285	310,116
Cash flow hedges					
– fair value gain	–	55,399	55,399	54,608	110,007
– deferred tax on derivative financial instruments	–	(9,141)	(9,141)	(9,011)	(18,152)
Currency translation differences	–	(101,450)	(101,450)	(111,685)	(213,135)
Profit for the year	–	428,738	428,738	317,929	746,667
Total comprehensive income for the year	–	2,178,142	2,178,142	1,727,074	3,905,216
At 31st March 2023	84,087	12,571,147	12,655,234	11,300,565	23,955,799
Financial assets at fair value through other comprehensive income					
– net fair value change and other net movements	–	602,580	602,580	443,990	1,046,570
– release of reserve upon derecognition	–	69,789	69,789	68,011	137,800
– net realised gain on equity securities	–	23,558	23,558	21,930	45,488
Cash flow hedges					
– fair value loss	–	(36,554)	(36,554)	(36,466)	(73,020)
– deferred tax on derivative financial instruments	–	6,032	6,032	6,017	12,049
Currency translation differences	–	(44,683)	(44,683)	(43,586)	(88,269)
Loss for the year	–	(3,769,240)	(3,769,240)	(3,149,328)	(6,918,568)
Total comprehensive charge for the year	–	(3,148,518)	(3,148,518)	(2,689,432)	(5,837,950)
At 31st March 2024	84,087	9,422,629	9,506,716	8,611,133	18,117,849

Notes to the Financial Statements

1 GENERAL INFORMATION

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

2 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 investment properties, financial assets at fair value through profit or loss (“FVPL”), financial assets at fair value through other comprehensive income (“FVOCI”) and derivative financial instruments, which are carried at fair value, and in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”).

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

Notes to the Financial Statements

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
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To be determined

Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture
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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.

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 interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated profit and loss account.

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

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.

Notes to the Financial Statements

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(E) Joint Arrangement

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

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

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

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

(F) Associated Companies

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

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(F) Associated Companies (Continued)

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

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

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

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

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

(H) Goodwill

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

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

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

Notes to the Financial Statements

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(I) Financial Investments

(i) Classification

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

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

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

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

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

(ii) Recognition and derecognition

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

(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)

(I) 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 in "net investment gain/(loss)". Interest income from these financial assets is included in interest revenue using the effective interest rate method. Foreign exchange gains and losses are presented in "net investment gain/(loss)" and impairment expenses are presented as separate line item in the consolidated profit and loss account.
- **FVOCI that were purchase or originated credit-impaired ("POCI")** financial assets are 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.

Notes to the Financial Statements

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(I) Financial Investments (Continued)

(iii) Measurement (Continued)

(b) *Equity instruments*

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

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

(iv) 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)

(I) Financial Investments (Continued)

(v) Offsetting financial instruments

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

(J) Property, Plant and Equipment

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

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

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

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

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

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

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

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

Notes to the Financial Statements

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(K) Impairment of Non-Financial Assets

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

(L) Investment Properties

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

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

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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

(N) Completed Properties Held for Sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost comprises leasehold land, construction costs, interest capitalized 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.

(O) Hotel and Restaurant Inventories

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

(P) Trade and Other Receivables

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

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 21 for further information about the Group's accounting for trade receivables and note 4(E) for a description of the Group's impairment policies.

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

Notes to the Financial Statements

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(Q) Trade Payables

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

(R) Contract Liabilities

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

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

(S) Provisions

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

(T) Borrowings

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(U) Employee Benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefits obligations

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

(iii) Share-based compensation

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

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

Notes to the Financial Statements

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(V) Current and Deferred Income Tax

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

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

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

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

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

(W) Share Capital

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

(X) Segment Reporting

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(Y) Revenue Recognition

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

(i) Properties

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

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

(ii) Investment properties

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

(iii) Hotel operation

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

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

(iv) Financial investments

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

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

Notes to the Financial Statements

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(Z) Foreign Currency Translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

(iii) Group companies

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

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

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(Z) Foreign Currency Translation (Continued)

(iii) Group companies (Continued)

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

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

(AA) Borrowing Costs

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

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

(AB) Leases

As the lessor

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

As the lessee

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

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

Notes to the Financial Statements

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(AB) Leases (Continued)

As the lessee (Continued)

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

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

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

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

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

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

(AC) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

(AD) Related Parties

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

(AE) Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors where appropriate.

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(AF) Scrip Dividend

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

(AG) Financial Guarantee

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

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.

(AH) Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The 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 and a highly probable forecast transactions (cash flow hedge).

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

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

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

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.

Notes to the Financial Statements

2 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(AI) Government Grants

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

3 FINANCIAL RISK MANAGEMENT

(I) Financial Risk Factors

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

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

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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

At 31st March 2024, the Group's entities with functional currency of Hong Kong dollar had United States dollar net monetary assets of HK\$2.5 billion (2023: HK\$7.3 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.

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		
	Net monetary assets amount HK\$'000	Increase/(decrease) in result attributable to the shareholders of the Company if exchange rate changes by		Net monetary assets amount HK\$'000	Increase/(decrease) in result attributable to the shareholders of the Company if exchange rate changes by	
		+5%	-5%		+5%	-5%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Renminbi	1,831,577	45,200	(45,200)	2,319,678	57,132	(57,132)
Japanese Yen	15,666	300	(300)	17,944	344	(344)
Sterling	10,770	446	(446)	35,553	1,480	(1,480)
Euro	2,101	44	(44)	2,129	45	(45)

(ii) Price risk

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

The Group's listed investments in equity and debt securities of other entities (classified as financial assets at FVPL and financial assets at FVOCI) are traded on HKEX, New York Stock Exchange ("NYSE"), London Stock Exchange ("LSE"), 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 the profit and loss account and other comprehensive income respectively.

Notes to the Financial Statements

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 price changes by +10%		Increase/(decrease) in investment revaluation reserve of the Company if price changes by -10%		Increase/(decrease) in result attributable to shareholders of the Company if price changes by +10%		Increase/(decrease) in investment revaluation reserve of the Company if price changes by -10%	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial investments	107,048	(107,048)	20,932	(20,932)	141,151	(141,151)	21,977	(21,977)

(iii) Cash flow interest rate risk

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

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

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 11) for the financial year of 2024 and 2023.

Swaps currently in place cover approximately 44% (2023: 47%) of the Interest Bearing Liabilities. The fixed interest rates of the swaps range between 0.325% and 1.28% (2023: 0.325% and 1.28%) and the variable rates of the Interest Bearing Liabilities range between 1.35% and 2.73% 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 19)	322,162	432,066
Notional amount	7,808,000	7,808,000
Maturity date	Various, up to March 2030	Various, up to March 2030

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 attributable to shareholders of the Company would have decreased/increased by HK\$31,605,000 (2023: HK\$28,745,000), and the hedging reserve would have increased/decreased by HK\$12,426,000 (2023: HK\$12,426,000) mainly as a result of change in the fair values of the cash flow hedges as described above.

Notes to the Financial Statements

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 22), financial investments (note 18), derivative financial instruments (note 19), as well as credit exposures to loan receivables, trade and other receivables (note 21).

ECL

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

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

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

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

The key 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 expected credit losses are recognised at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months;
- Stage 2: For financial instruments with significant increase in credit risk since initial recognition, but there is no objective evidence of impairment, lifetime expected credit losses are recognised and interest revenue is calculated on the gross carrying amount of the assets;
- Stage 3: For financial instruments in default at the end of the reporting period, lifetime expected credit losses are recognised and interest revenue is calculated on the net carrying amount of the 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 change 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;
- 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 that debt securities are in default when an event of default occurs and is not rectified within the prescribed grace period for remedial action as stipulated in that financial instrument. The Group also considers the financial asset to be in default when it is highly probable that the borrower will enter bankruptcy or have difficulty in refinancing and have no other realistic option than to restructure their debt.

Notes to the Financial Statements

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 cash	-	1,112,361	-	-	-
Restricted cash	-	367,336	-	-	-
Amount due from joint ventures and associated companies	-	2,702,209	-	-	-
Loan receivables	-	18,106	-	6,726	-
Trade and other receivables excluding interest receivables	77,270	68,341	-	-	-
Financial assets at FVOCI, amortised cost and related interest receivables	-	90,118	1,195	1,418,734	749,638
31st March 2023					
Bank balances and cash					
Unrestricted cash	-	1,031,027	-	-	-
Restricted cash	-	188,932	-	-	-
Amount due from joint ventures and associated companies	-	2,393,487	-	-	-
Loan receivables	-	18,228	-	6,722	-
Trade and other receivables excluding interest receivables	67,207	53,717	-	-	-
Financial assets at FVOCI, amortised cost and related interest receivables	-	95,147	3,423	5,918,962	925,538

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

For amounts due from joint venture and associated companies, the advances are mainly for financing the underlying property development projects. Except for a project mentioned in note 7, 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.

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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

(b) Credit risk (Continued)

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 been received High Court orders for winding up during the financial year, this has led to an increase in the recognition of ECL.

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	5,181	89,660	3,505,242	48,770	3,648,853
Total ECL charge to profit and loss account for the year					
New assets originated or purchased	142	87,631	63,935	4,927	156,635
Transfer to stage 3	(2,181)	(175,978)	178,159	–	–
Credit quality related changes	259	(246)	1,230,939	333,920	1,564,872
	(1,780)	(88,593)	1,473,033	338,847	1,721,507
Assets derecognised	–	(897)	(53,937)	–	(54,834)
At 31st March 2023	3,401	170	4,924,338	387,617	5,315,526
Total ECL charge to profit and loss account for the year					
New assets originated or purchased	–	–	–	53,417	53,417
Credit quality related changes	217	–	6,100,259	589,722	6,690,198
	217	–	6,100,259	643,139	6,743,615
Assets derecognised	(104)	–	(219,246)	(256)	(219,606)
At 31st March 2024	3,514	170	10,805,351	1,030,500	11,839,534

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

(b) Credit risk (Continued)

The Group estimates the loss allowances for FVOCI financial investments under stage 1 and stage 2 by referencing to data published by credible rating agencies and other forward-looking factors which taking into account of macro-economic information for the latest development 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 breakup 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	(1,225)	(2,347)	(4,343)	Restructuring Liquidation	50%	50%	4-8 years	5.5%-8.5%
Bond issuer 2	(1,376)	(2,514)	(3,550)	Restructuring Liquidation	5%-90%	50%	3.75-8 years	5%-7.5%
Bond issuer 3	(435)	(554)	(780)	Restructuring Liquidation	20%-80%	40%	2.5-5 years	4%-5%
Bond issuer 4	(394)	(515)	(694)	Assets realisation upon restructuring Liquidation	10%-45%	60%	2-3 years	(Note)
Bond issuer 5	(159)	(276)	(431)	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. At 31st March 2024, the unutilised credit facilities available to the Group amounted to HK\$3,228,000,000 (2023: HK\$6,603,000,000).

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

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

(c) Liquidity risk (Continued)

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

	On demand HK\$'000	Within 1 year HK\$'000	Between 1 to 5 years HK\$'000	After 5 year HK\$'000	Total undiscounted cash flows HK\$'000
At 31st March 2024					
Non-derivative					
Trade and other payables	-	297,437	-	-	297,437
Amount due to joint ventures	-	517,159	-	-	517,159
Amount due to an associated company	-	182,820	-	-	182,820
Borrowings					
- Principal	100,000	5,749,592	12,114,338	-	17,963,930
- Interest payable	-	971,588	1,393,919	-	2,365,507
Lease liabilities	-	5,473	883	-	6,356
Derivative financial instruments	100,000	7,724,069	13,509,140	-	21,333,209
Net inflow	-	(294,755)	(72,667)	(10,526)	(377,948)
	100,000	7,429,314	13,436,473	(10,526)	20,955,261
At 31st March 2023					
Non-derivative					
Trade and other payables	-	187,384	-	-	187,384
Amount due to joint ventures	-	297,425	-	-	297,425
Amount due to an associated company	-	193,050	-	-	193,050
Borrowings					
- Principal	-	3,957,700	12,593,327	352,000	16,903,027
- Interest payable	-	685,862	962,008	8,100	1,655,970
Lease liabilities	-	6,542	-	-	6,542
Derivative financial instruments	-	5,327,963	13,555,335	360,100	19,243,398
Net outflow	-	(187,962)	(246,078)	(11,928)	(445,968)
	-	5,140,001	13,309,257	348,172	18,797,430

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(II) Capital Risk Management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio against revalued net assets (note (a)). Revalued net assets are prepared having taken into account the fair value of hotel properties, net of relevant deferred income taxes, in addition to the net assets shown in the consolidated balance sheet prepared in accordance with HKFRS, while Revalued total assets are prepared having taken into account the fair value of hotel properties. According to the Group's accounting policies, no properties other than investment properties are to be carried at valuation. Details of the valuation of the hotel properties, prepared for readers' information only, are set out in note 16(a) to the financial statements.

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

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

	2024 HK\$'000	2023 HK\$'000
Borrowings (note 25)	17,812,997	16,766,987
Less: bank balances and cash (note 22)	(1,479,697)	(1,219,959)
Net debt	16,333,300	15,547,028
Revalued net assets (note (a))	26,441,608	31,407,452
Gearing ratio – net debt to Revalued net assets	62%	50%

Notes:

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

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(III) Fair Value Estimation

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

(i) Financial instruments in level 1

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

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

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

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

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

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

Level 3 instruments comprise unlisted equity securities, unlisted funds and defaulted debt securities 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 quoted prices and asset-based values from financial institutions and other prices observed in recent transactions.

Notes to the Financial Statements

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 investments			
Financial assets at FVOCI	186,380	165,154	1,291,017
Financial assets at FVPL	54,073	345,977	1,414,884
Interest receivable	–	14,303	352,220
Derivative financial instruments	–	322,162	–
	240,453	847,596	3,058,121
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
2023			
Assets			
Financial investments			
Financial assets at FVOCI	343,252	184,517	5,565,436
Financial assets at FVPL	122,428	1,750,095	522,123
Interest receivable	–	–	995,774
Derivative financial instruments	–	432,066	–
	465,680	2,366,678	7,083,333

Notes to the Financial Statements

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 for the year ended 31st March 2024 and 2023:

	HK\$'000
At 31st March 2023	7,083,333
Net fair value change and other net movements	(5,332,701)
Transfer into level 3*	1,307,489
At 31st March 2024	3,058,121
	HK\$'000
At 31st March 2022	1,230,809
Net disposal	(38,598)
Transfer out of level 3	(61,818)
Transfer into level 3*	5,952,940
At 31st March 2023	7,083,333

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 level 1 and level 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 receivables 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.

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(III) Fair Value Estimation (Continued)

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

Description	Fair value HK\$'000	Valuation technique	Unobservable input	Relationship of unobservable input to fair value
At 31st March 2024				
Financial assets at FVOCI	1,184,804	Discounted cash flow methodology	Discount rate of 36% and scenario analysis of different probability on estimated cash flow from the bond	The higher the estimated 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\$23,400,000/increased by HK\$26,216,000.
Interest receivable	352,220			
Financial assets at FVOCI	106,213	Asset-based valuation	Net asset value	The higher the net asset values, the higher the fair value
Financial assets at FVPL	1,307,489	Discounted cash flow methodology	Discount rate of 18%-26% and scenario analysis of different probability on estimated cash flow from the bond	The higher the estimated 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 increase/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\$5,126,000/increased by HK\$6,393,000.
Financial assets at FVPL	91,773	Asset-based valuation	Net asset value	The higher the net asset values, the higher the fair value
Financial assets at FVPL	15,622	Net asset value from property project	Fair value of the underlying property based on valuation model	The higher the fair value of the underlying property, the higher the fair value

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(III) Fair Value Estimation (Continued)

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

Description	Fair value HK\$'000	Valuation technique	Unobservable input	Relationship of unobservable input to fair value
At 31st March 2023				
Financial assets at FVOCI	5,465,779	Discounted cash flow methodology	Discount rate of 28%-35% and scenario analysis of different probability on estimated cash flow from the bond	The higher the estimated 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\$83,925,000/ increased by HK\$97,013,000.
Interest receivable	995,774			
Financial assets at FVOCI	99,657	Asset-based valuation	Net asset value	The higher the net asset values, the higher the fair value
Financial assets at FVPL	416,491	Discounted cash flow methodology	Discount rate of 22% and scenario analysis of different probability on estimated cash flow from the bond	The higher the estimated 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 increase/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\$886,000/ increased by HK\$1,155,000.
Financial assets at FVPL	87,739	Asset-based valuation	Net asset value	The higher the net asset values, the higher the fair value
Financial assets at FVPL	17,893	Net asset value from property project	Fair value of the underlying property based on valuation model	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).

Notes to the Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(C) Estimate of Fair Value of Investment Properties

At 31st March 2024, the Group had investment properties with fair value of HK\$10,816,416,000 (2023: HK\$10,760,246,000). The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the amount is determined within a range of reasonable fair value estimates. Information from a variety of sources are considered in making the judgement:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences; and
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

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

Details of the judgement and assumptions have been disclosed in note 15.

(D) 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.

(E) 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 receivables assets have been grouped based on shared credit risk characteristics and the days past due. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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

(F) Income Taxes

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

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

Notes to the Financial Statements

5 SEGMENT INFORMATION

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

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

	Property sales HK\$'000	Property leasing HK\$'000	Hotel operation HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
2024						
Segment revenue	–	127,687	366,675	1,363,841	45,227	1,903,430
Contribution to segment results	(34,323)	101,549	179,666	1,325,509	34,967	1,607,368
Depreciation	(13,509)	–	(161,627)	–	(41,637)	(216,773)
Net investment (loss)/gain	–	–	–	(6,917,258)	29,982	(6,887,276)
Fair value gain of investment properties	–	55,865	–	–	–	55,865
Other charge	(885,205)	–	–	–	–	(885,205)
Share of profits less losses of Joint ventures	(7,961)	–	–	–	(278)	(8,239)
Associated companies	–	(19,978)	–	–	(909)	(20,887)
Segment results	(940,998)	137,436	18,039	(5,591,749)	22,125	(6,355,147)
Unallocated corporate expenses						(176,928)
Net finance costs						(605,168)
Loss before income tax						(7,137,243)
2023						
Segment revenue	6,750	145,428	167,029	1,943,802	39,939	2,302,948
Contribution to segment results	(13,687)	115,306	38,288	1,897,095	29,474	2,066,476
Depreciation	(13,681)	–	(168,442)	–	(40,584)	(222,707)
Net investment loss	–	–	–	(1,634,940)	–	(1,634,940)
Fair value gain of investment properties	–	799,273	–	–	–	799,273
Share of profits less losses of Joint ventures	422,097	–	–	–	20	422,117
Associated companies	–	10,728	–	–	–	10,728
Segment results	394,729	925,307	(130,154)	262,155	(11,090)	1,440,947
Unallocated corporate expenses						(185,453)
Net finance costs						(418,526)
Profit before income tax						836,968

Notes to the Financial Statements

5 SEGMENT INFORMATION (CONTINUED)

	Business segments						Total HK\$'000
	Property sales HK\$'000	Property leasing HK\$'000	Hotel operation HK\$'000	Financial investments HK\$'000	Others HK\$'000	Unallocated HK\$'000	
2024							
Assets	12,173,496	12,048,092	5,632,320	4,419,750	228,711	3,709,810	38,212,179
Assets include:							
Joint ventures and associated companies	5,330,289	1,194,740	–	–	20,364	4,359	6,549,752
Addition to non-current assets*	12,604	307	6,224	–	31,992	7,554	58,681
Liabilities							
Borrowings	5,506,698	2,176,279	4,272,378	–	–	5,887,642	17,842,997
Other unallocated liabilities							2,251,333
							20,094,330
2023							
Assets	11,181,016	12,025,745	5,830,306	9,811,157	226,906	3,604,827	42,679,957
Assets include:							
Joint ventures and associated companies	5,750,909	1,214,718	–	–	24,704	–	6,990,331
Addition to non-current assets*	12,896	1,904	17,908	–	32,130	3,436	68,274
Liabilities							
Borrowings	5,073,714	1,818,976	4,151,002	–	–	5,723,295	16,766,987
Other unallocated liabilities							1,957,171
							18,724,158

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

Notes to the Financial Statements

5 SEGMENT INFORMATION (CONTINUED)

	2024 HK\$'000	2023 HK\$'000
Revenue		
Hong Kong	534,618	351,852
Overseas	1,368,812	1,951,096
	1,903,430	2,302,948
Non-current assets*		
Hong Kong	22,754,114	23,205,139
Overseas	2,353,759	2,426,939
	25,107,873	25,632,078

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

Sales of goods and services, leasing 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	9,569
– recognised over time	347,890	200,155
	379,845	209,724
Other sources	136,907	139,637
	516,752	349,361

Notes to the Financial Statements

6 NET INVESTMENT (LOSS)/GAIN

	2024 HK\$'000	2023 HK\$'000
Financial assets at FVPL		
– net unrealised fair value gain	62,932	100,810
– net realised (loss)/gain (note(a))	(3,441)	61,846
Financial assets at FVOCI		
– net unrealised exchange loss	(15,005)	(2,653)
– net realised loss (note (b))	(164,411)	(92,839)
– changes in expected credit losses (note (e))	(6,613,164)	(1,721,507)
Financial assets at amortised cost		
– net unrealised exchange (loss)/gain	(1,489)	1,567
– net realised loss (note (c))	(26,875)	–
– changes in expected credit losses	(130,451)	–
Gain on disposal of a subsidiary	29,982	–
Derivative financial instruments		
– net unrealised (loss)/gain	(25,354)	17,836
	(6,887,276)	(1,634,940)

Notes:

	2024 HK\$'000	2023 HK\$'000
a) Net realised (loss)/gain on financial assets at FVPL		
Gross consideration	646,292	2,167,691
Cost of investments	(651,295)	(2,221,987)
Add: net unrealised loss recognised in prior years	1,562	116,142
Net realised (loss)/gain recognised in current year	(3,441)	61,846
b) Net realised loss on financial assets at FVOCI		
Gross consideration	299,768	1,207,039
Cost of investments	(676,208)	(1,320,389)
Transfer from investment revaluation reserve	212,029	20,511
Net realised loss recognised in current year	(164,411)	(92,839)
c) Net realised loss on financial assets at amortised cost		
Gross consideration	35,056	–
Cost of investments	(61,931)	–
Net realised loss recognised in current year	(26,875)	–

Notes to the Financial Statements

6 NET INVESTMENT (LOSS)/GAIN (CONTINUED)

Notes: (Continued)

- d) Net unrealised gain for the year was mainly generated from the fair value changes of the financial investments that comprised 66 (2023: 65) securities and 4 (2023: 4) funds as at 31st March 2024.

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

	2024 HK\$'000	2023 HK\$'000
Equity securities	(47,599)	(37,079)
Debt securities	91,652	135,057
Unlisted fund	2,385	1,960
	46,438	99,938

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

	Unrealised gain/(loss) for the year ended 31st March 2024 HK\$'000
Debt Securities	
Pearl River 7.5% note 1 (i)	(55,412)
Pearl River 7.5% note 2 (i)	(25,540)
Guangzhou R&F 7% notes (ii)	(31,546)
Guangzhou R&F 6.7% notes (ii)	225,235
Equity securities	
Shengjing bank Co., Ltd. ("Shengjing") (iii)	(34,987)
	77,750

Notes to the Financial Statements

6 NET INVESTMENT (LOSS)/GAIN (CONTINUED)

Notes: (Continued)

d) (continued)

- (i) 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 total return swap arrangement ("TRS") arranged by Morgan Stanley & Co. International plc ("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 1	7.5%	13th June 2024 extended to 13th July 2024
Pearl River 7.5% note 2	7.5%	15th June 2024 extended to 31st July 2024

- (ii) 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 TRS arranged by 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

- (iii) The principal activities of Shengjing are provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking business in the PRC. Its shares are listed on HKEX (stock code: 2066).

6 NET INVESTMENT (LOSS)/GAIN (CONTINUED)

Notes: (Continued)

- e) Summary of expected credit loss for the year:

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

	Increase in ECL for the year ended 31st March 2024 HK\$'000
Scenery Journey 12% notes (i)	1,560,319
Evergrande 12% notes (ii)	1,157,323
Evergrande 8.75% notes (ii)	876,597
Scenery Journey 11.5% notes (i)	516,428
Golden Wheel 10% notes (iii)	514,514
	4,625,181

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

7 OTHER CHARGE

The charge, which is exceptional in nature, is attributable to the failure to reach a consensus with the government within the prescribed time limit regarding the land premium amount on a development project at Kwu Tung North held by a joint venture company, leading to subsequent land resumption by the government. This leads to a share of impairment provision in respect of interest in the joint venture project of HK\$885,205,000, which represents our share of the difference between the carrying value of the properties and estimated compensation from the government.

Notes to the Financial Statements

8 INCOME AND EXPENSES BY NATURE

	2024 HK\$'000	2023 HK\$'000
Income		
Net rental income (note)	101,549	116,346
Interest income from financial assets at FVOCI		
Listed investments	968,426	1,407,032
Unlisted investments	86,412	28,217
Interest income from financial assets at FVPL		
Listed investments	156,782	469,892
Unlisted investments	8,875	3,204
Interest income from financial assets at amortised cost		
Listed investments	124,378	20,570
Amount due from joint ventures	11,178	12,537
Loan receivables	3,011	2,103
Bank deposits	27,616	10,032
Dividend income		
Listed investments	15,649	8,667
Expenses		
Auditor's remuneration		
Audit services	9,595	9,346
Non-audit services	1,618	1,029
Cost of goods sold	6,069	6,944
Employee benefit expense including Director's emoluments (note 9)	213,408	190,761
Rental expense for land and buildings	950	1,007
Note:		
Gross rental income		
Investment properties	127,633	145,374
Properties held for sale	54	54
	127,687	145,428
Outgoings	(26,138)	(29,082)
Net rental income	101,549	116,346

9 EMPLOYEE BENEFIT EXPENSE

	2024 HK\$'000	2023 HK\$'000
Wages and salaries	213,146	190,504
Retirement benefits costs (note (a))	4,939	4,042
	218,085	194,546
Capitalised under properties under development for sale	(4,677)	(3,785)
	213,408	190,761

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

Notes:

(a) Retirement benefits costs

	2024 HK\$'000	2023 HK\$'000
Gross contributions	4,939	4,033
Termination benefit	–	9
Net contributions	4,939	4,042

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

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

The Group also participates in the MPF schemes, which are available to all employees not joining the ORSO schemes in Hong Kong and in the CPP organised by the Canadian Government for all employees in Canada. Monthly contributions to the MPF scheme and CPP are made equal to 5% (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 and 2023, no forfeiture was available to reduce the Group's future contributions to the ORSO Scheme.

(b) Share options

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

Notes to the Financial Statements

9 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

Notes: (Continued)

(b) Share options (Continued)

Company

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

Date of grant		Exercise price per share	Expiry date	Number of share options outstanding as at 31st March 2024 and 2023
11th December 2015	Directors	HK\$1.42	10th December 2025	7,000,000

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

Asia Standard

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

Date of grant		Exercise price per share	Expiry date	Number of share options		
				outstanding as at 31st March 2023	Lapsed during the year	outstanding as at 31st March 2024
13th March 2014	Employee	HK\$2.00	12th March 2024	1,000,000	(1,000,000)	–
11th December 2015	Directors	HK\$1.38	10th December 2025	7,000,000	–	7,000,000
				8,000,000	(1,000,000)	7,000,000

During the year, no share option was granted, exercised or cancelled, except 1,000,000 options were lapsed. In 2023, no share option was granted, exercised, cancelled or lapsed.

Asia Standard Hotel

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

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

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

Notes to the Financial Statements

10 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 below:

Name of Director	Fees	Salaries	Discretionary bonuses	Allowance and benefit in kind	Employer's contribution to retirement benefit scheme	Total emoluments
2024 (in HK\$'000)						
Executive						
Mr. Fung Siu To, Clement	–	1,339	–	1,634	42	3,015
Mr. Poon Jing	–	1,303	20,200	14,728	18	36,249
Mr. Poon Hai	–	2,994	16,000	12,687	36	31,717
Mr. Poon Yeung, Roderick	–	1,949	15,000	1,556	36	18,541
Mr. Lun Pui Kan	–	1,835	1,500	1,196	144	4,675
Mr. Kwan Po Lam, Phileas	–	2,331	193	595	117	3,236
	–	11,751	52,893	32,396	393	97,433
Independent Non-executive						
Mr. Cheung Kwok Wah	400	–	–	–	–	400
Mr. Wong Chi Keung	850	–	–	–	–	850
Mr. Leung Wai Keung	850	–	–	–	–	850
	2,100	–	–	–	–	2,100
	2,100	11,751	52,893	32,396	393	99,533
2023 (in HK\$'000)						
Executive						
Mr. Fung Siu To, Clement	–	1,339	–	1,356	42	2,737
Mr. Poon Jing	–	1,303	16,200	14,168	18	31,689
Mr. Poon Hai	–	2,994	15,000	11,908	36	29,938
Mr. Poon Yeung, Roderick	–	1,949	14,000	1,371	36	17,356
Mr. Lun Pui Kan	–	1,758	2,000	1,189	140	5,087
Mr. Kwan Po Lam, Phileas	–	2,269	188	592	113	3,162
	–	11,612	47,388	30,584	385	89,969
Independent Non-executive						
Mr. Cheung Kwok Wah	400	–	–	–	–	400
Mr. Wong Chi Keung	850	–	–	–	–	850
Mr. Leung Wai Keung	850	–	–	–	–	850
	2,100	–	–	–	–	2,100
	2,100	11,612	47,388	30,584	385	92,069

Notes to the Financial Statements

10 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 below: (Continued)

Notes:

- (i) Total emoluments of HK\$99,533,000 (2023: HK\$92,069,000) include HK\$91,533,000 (2023: HK\$85,070,000) paid and payable by subsidiaries of Asia Standard, which in turn include HK\$28,056,000 (2023: HK\$25,578,000) paid and payable by subsidiaries of Asia Standard Hotel.
- (ii) During the year, no emolument was paid or is payable by the Group to any of the above directors or past directors as an inducement to join or upon joining the Group or as compensation for loss of office (2023: Nil).
- (iii) No transactions, arrangement and contracts of significance in relation to the Company's business to which the Company or its subsidiaries was a party and in which a Director of the Company and his connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2023: Nil).
- (b) The five highest paid individuals in the Group for the year include five (2023: five) Directors whose emoluments are already reflected in the analysis presented above.
- (c) Senior management remuneration by band

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

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

Notes to the Financial Statements

11 NET FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest expense		
Long term bank loans	(1,070,013)	(580,922)
Short term bank loans and overdrafts	(38)	(25,748)
Lease liabilities	(112)	(216)
Amount due to a joint venture	(6,187)	(2,716)
Derivative financial instruments (interest rate swaps)	287,458	94,140
Interest capitalised (note)	254,466	149,552
	(534,426)	(365,910)
Other incidental borrowing costs	(59,191)	(65,663)
Net foreign exchange loss on borrowings	(21)	(4,937)
Fair value (loss)/gain on derivative financial instrument (interest rate swaps)		
Cash flow hedge – ineffective portion	(11,530)	17,984
	(605,168)	(418,526)

Note:

Borrowing costs were capitalised at rates ranged from 3.0% to 6.0% (2023: 1.8% to 5.4%) per annum.

12 INCOME TAX CREDIT/(EXPENSE)

	2024 HK\$'000	2023 HK\$'000
Current income tax credit/(expense)		
Hong Kong profits tax	172,049	(2,741)
Overseas profits tax	(1,283)	(3,604)
	170,766	(6,345)
Deferred income tax credit/(expense)	47,909	(83,956)
	218,675	(90,301)

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

Notes to the Financial Statements

12 INCOME TAX CREDIT/(EXPENSE) (CONTINUED)

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

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit before income tax	(7,137,243)	836,968
Less: Share of loss/(profits) of joint ventures and associated companies	29,126	(432,845)
	(7,108,117)	404,123
Calculated at a tax rate of 16.5% (2023: 16.5%)	1,172,839	(66,680)
Effect of different tax rates in other countries	(1,085)	19,183
Income not subject to income tax	237,144	406,358
Expenses not deductible for tax purposes	(1,317,937)	(346,049)
Tax losses not recognised	(32,488)	(57,339)
Recognition of previously unrecognised tax losses	2,890	67
Utilisation of previously unrecognised tax losses	10,176	1,069
Release of tax provision in prior years	186,823	–
Withholding tax	(41,425)	(49,546)
Others	1,738	2,636
Income tax credit/(expense)	218,675	(90,301)

13 DIVIDENDS

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).

14 (LOSS)/EARNINGS PER SHARE

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

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit attributable to shareholders of the Company	(3,769,240)	428,738
Number of shares		
Weighted average number of shares in issue	840,873,996	840,873,996

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

15 INVESTMENT PROPERTIES

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	10,760,246	9,959,069
Addition	306	1,904
Net fair value gain	55,864	799,273
At the end of the year	10,816,416	10,760,246

As at 31st March 2024 the aggregate net book value of investment properties pledged as securities for loans amounted to HK\$10,797,500,000 (2023: HK\$10,740,250,000).

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

Valuation techniques and process

Investment properties were revalued by Prudential Surveyors (Hong Kong) Limited, independent professional valuers, on an open market value basis as at 31st March 2024 and 2023.

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

Information about Fair Value Measurements Using Significant Unobservable Inputs

		Valuation techniques	Unobservable inputs	Range of unobservable inputs	
				2024 HK\$	2023 HK\$
Office	Direct comparison	Adjusted market price (HK\$/square feet)	26,500-33,300	27,800-33,600	
Retail – Ground floor	Direct comparison	Adjusted market price (HK\$/square feet)	34,400-129,600	34,900-129,800	
Retail – Others	Direct comparison	Adjusted market price (HK\$/square feet)	14,500-29,000	14,300-28,700	

Notes to the Financial Statements

16 PROPERTY, PLANT AND EQUIPMENT

	Hotel buildings HK\$'000	Other buildings HK\$'000	Other equipments HK\$'000	Right-of- use assets HK\$'000	Total HK\$'000
Cost					
At 31st March 2022	2,272,182	597,116	272,939	7,576,053	10,718,290
Exchange differences	–	–	(4,049)	(37)	(4,086)
Reclassification	–	10,462	(10,462)	–	–
Additions	17,898	31,963	4,505	1,353	55,719
Disposals	–	–	(2,737)	(5,711)	(8,448)
At 31st March 2023	2,290,080	639,541	260,196	7,571,658	10,761,475
Accumulated depreciation					
At 31st March 2022	1,029,933	37,851	177,714	1,391,531	2,637,029
Exchange differences	–	–	(3,892)	(21)	(3,913)
Reclassification	–	1,569	(1,569)	–	–
Charge for the year	67,649	9,111	21,492	124,455	222,707
Disposals	–	–	(2,735)	(5,711)	(8,446)
At 31st March 2023	1,097,582	48,531	191,010	1,510,254	2,847,377
Net book value					
At 31st March 2023	1,192,498	591,010	69,186	6,061,404	7,914,098
Cost					
At 31st March 2023	2,290,080	639,541	260,196	7,571,658	10,761,475
Exchange differences	–	–	(497)	(3)	(500)
Additions	6,224	31,983	7,862	7,883	53,952
Disposal of a subsidiary	–	–	(89,773)	–	(89,773)
Disposals	(85)	–	(14)	(14,782)	(14,881)
At 31st March 2024	2,296,219	671,524	177,774	7,564,756	10,710,273
Accumulated depreciation					
At 31st March 2023	1,097,582	48,531	191,010	1,510,254	2,847,377
Exchange differences	–	–	(481)	(4)	(485)
Charge for the year	68,914	10,523	14,273	123,063	216,773
Disposal of a subsidiary	–	–	(80,270)	–	(80,270)
Disposals	(41)	–	(4)	(14,782)	(14,827)
At 31st March 2024	1,166,455	59,054	124,528	1,618,531	2,968,568
Net book value					
At 31st March 2024	1,129,764	612,470	53,246	5,946,225	7,741,705

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

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

	2024 HK\$'000	2023 HK\$'000
Hotel properties		
Hotel buildings	1,129,764	1,192,498
Hotel leasehold land	4,472,846	4,577,553
	5,602,610	5,770,051

Supplementary information with hotel properties in operation at valuation:

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"), independent professional valuers, amounted to HK\$13,233,000,000 (2023: HK\$12,518,000,000).

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

- (b) As at 31st March 2024, the aggregates net book value of property, plant and equipment are pledged as security for loans facilities to the Group amounted to HK\$7,478,518,000 (2023: HK\$7,634,800,000).
- (c) Right-of-use assets

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

	2024 HK\$'000	2023 HK\$'000
Right-of-use assets		
Leasehold land in Hong Kong	5,939,897	6,054,948
Leased properties – offices and warehouses	6,328	6,456
	5,946,225	6,061,404

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 in Hong Kong	104,707	115,050
Leased properties – offices and warehouses	18,356	9,405
	123,063	124,455

Notes to the Financial Statements

17 JOINT VENTURES AND ASSOCIATED COMPANIES

	2024 HK\$'000	2023 HK\$'000
Investment in		
Joint ventures	2,654,831	3,382,126
Associated companies	1,192,712	1,214,718
	3,847,543	4,596,844
Amount due from		
Joint ventures	2,695,540	2,393,239
Associated companies	6,669	248
	2,702,209	2,393,487

A. Joint Ventures

	2024 HK\$'000	2023 HK\$'000
Share of net assets	2,654,831	3,382,126
Advances to joint ventures	3,518,379	2,421,019
Provision for advances to joint ventures (note (c))	(822,839)	(27,780)
	5,350,371	5,775,365
Amount due to joint ventures included in current liabilities	(517,159)	(297,425)
	4,833,212	5,477,940

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

There are no contingent liabilities relating to the Group's interests in joint ventures.

The Group has provided financial guarantee for banking facilities granted to certain joint ventures (note 31).

17 JOINT VENTURES AND ASSOCIATED COMPANIES (CONTINUED)

A. Joint Ventures (Continued)

Notes:

- (a) Summarised financial information of material joint venture

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

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit before income tax	(40,639)	4,377
Income tax credit/(expense)	36,481	(28,216)
Loss for the year	(4,158)	(23,839)
Other comprehensive (charge)/income	(115,505)	55,962
Total comprehensive (charge)/income for the year	(119,663)	32,123
Aggregate carrying amount of the Group's joint ventures that are not individually material	2,660,499	2,390,385

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

- (b) Advances to joint ventures are made to finance property development projects. The advances to joint ventures are denominated in Hong Kong dollar and Canadian dollar. As at 31st March 2024, except for an amount of HK\$110,484,000 (2023: HK\$128,961,000) and HK\$425,653,000 (2023: HK\$398,691,000) advance to joint ventures which is bearing interest at 1% to 3% (2023: 1% to 3%) above The Hong Kong and Shanghai Banking Corporation ("HSBC") prime rate per annum and 15% (2023: 15%) per annum respectively, the advances to joint ventures are unsecured, interest free and have no fixed terms of repayment. The interest amounted to HK\$46,648,000 (2023: HK\$46,281,000). The carrying amounts of the advances approximate their fair values.
- (c) The increase during the year was included in the amount shown in note 7.

Notes to the Financial Statements

17 JOINT VENTURES AND ASSOCIATED COMPANIES (CONTINUED)

B. Associated companies

	2024 HK\$'000	2023 HK\$'000
Share of net assets (note (a))	1,192,712	1,214,718
Advances to associated companies	427,401	420,981
Provisions for advances to associated companies	(420,732)	(420,733)
	1,199,381	1,214,966
Amount due to an associated company included in current liabilities	(182,820)	(193,050)
	1,016,561	1,021,916

As at 31st March 2023, the shares of an associated company are pledged to secure the loan facilities granted to the Group.

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

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

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

Notes to the Financial Statements

17 JOINT VENTURES AND ASSOCIATED COMPANIES (CONTINUED)

B. Associated companies (Continued)

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

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit before income tax (note (b))	(7,483)	9,681
Income tax credit	1,243	1,047
(Loss)/profit and total comprehensive (charge)/income for the year	(6,240)	10,728

Notes:

- (a) Mainly represented share of net assets of an associated company holding an investment property.
- (b) Mainly represented share of fair value (loss)/gain arising from the revaluation of an investment property held by an associated company. The investment property was revalued by Prudential Surveyors (Hong Kong) Limited, independent professional valuers, on an open market value basis as at 31st March 2024 and 2023.

The significant unobservable inputs used are as follows:

			Range of unobservable inputs	
Valuation techniques	Unobservable inputs		2024	2023
Office	Direct comparison	Adjusted market price (HK\$/square feet)	16,600-22,500	18,100-21,200
Retail – Ground floor	Direct comparison	Adjusted market price (HK\$/square feet)	269,700-313,400	268,300-351,121
Retail – Others	Direct comparison	Adjusted market price (HK\$/square feet)	15,300-40,800	16,100-51,600

Notes to the Financial Statements

18 FINANCIAL INVESTMENTS

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Equity securities		
– Listed in Hong Kong	186,380	343,252
– Listed in the USA	106,213	–
– Unlisted	–	99,657
	292,593	442,909
Debt securities		
– Listed in Singapore	649,573	1,074,845
– Listed in Europe	108,352	202,525
– Listed in the PRC	–	5,325
– Listed in Hong Kong	–	1,142
	757,925	1,283,837
Unlisted funds	107,395	105,632
	1,157,913	1,832,378
Current assets		
Equity securities		
– Listed in Hong Kong	43,742	87,128
– Listed in Europe	10,331	35,300
	54,073	122,428
Debt securities		
– Listed in Singapore	918,926	4,075,601
– Listed in the PRC	1,727,626	2,241,761
– Listed in Europe	1,549	2,348
– Unlisted	140,601	505,886
	2,788,702	6,825,596
	2,842,775	6,948,024
	4,000,688	8,780,402

Notes to the Financial Statements

18 FINANCIAL INVESTMENTS (CONTINUED)

Financial investments are classified in the following categories:

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Financial assets at FVOCI	582,601	1,460,101
Financial assets at FVPL	107,395	105,632
Financial assets at amortised cost	467,917	266,645
	1,157,913	1,832,378
Current assets		
Financial assets at FVOCI	1,059,950	4,633,104
Financial assets at FVPL	1,707,539	2,289,014
Financial assets at amortised cost	75,286	25,906
	2,842,775	6,948,024
	4,000,688	8,780,402

Financial investments are denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
United States dollar	2,015,853	6,048,595
Renminbi	1,727,626	2,247,086
Hong Kong dollar	230,122	430,379
Sterling	10,331	35,300
Japanese yen	15,622	17,893
Euro	1,134	1,149
	4,000,688	8,780,402

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

Notes to the Financial Statements

18 FINANCIAL INVESTMENTS (CONTINUED)

Supplementary information of financial investments:

Equity Securities

As at 31st March 2024, the Group held 15 listed equity securities (2023: 18 listed equity securities and 1 unlisted equity securities). The summary of equity 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	24,341	14,543
Amer Sports Inc ("Amer Sports")	106,213	6,013	–
Oxford Nanopore Technologies PLC ("ONT")	10,331	(8,338)	–
Shengjing	7,166	(34,987)	–
Others	36,576	(4,064)	1,106
	346,666	(17,035)	15,649

	Market value as at 31st March 2023 HK\$'000	Unrealised gain/(loss) for the year ended 31st March 2023 HK\$'000	Dividend income for the year ended 31st March 2023 HK\$'000
HSBC	162,149	(3,048)	7,654
MGM China holdings Limited ("MGM")	181,103	87,938	–
Amer Sports	99,657	16,429	–
Others	122,428	(37,269)	1,013
	565,337	64,050	8,667

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 ("S&P"). As at 31st March 2024, a total of 0.02% shareholding of HSBC was held by the Group.

18 FINANCIAL INVESTMENTS (CONTINUED)

Equity Securities (Continued)

Amer Sports is a global sporting goods company headquartered in Finland with internationally recognised brands, and its shares are listed on NYSE (stock code: AS). It is a joint venture of Anta Sports Products Limited ("Anta Sports"). Anta Sports is principally engaged in the manufacturing and trading of sporting goods, including footwear, apparel and accessories in the PRC. Its shares are listed on HKEX (stock code: 2020). As at 31st March 2024, a total of 0.24% shareholding of Amer Sports was held by the Group.

ONT is primarily involved in researching, developing, manufacturing and commercialising the world's only commercial nanopore based sequencing platform that allows the real time analysis of deoxyribonucleic acid ("DNA") or ribonucleic acid ("RNA"). These emerging uses may include applications in healthcare, agriculture, biopharma production, food/water supply chain surveillance, and education or consumer markets. Its shares are listed on LSE (Stock code: ONT). As at 31st March 2024, a total of 0.1% shareholding of ONT was held by the Group.

Shengjing is described in note 6(d)(iii).

MGM is a company principally engaged in development and operation of casino game and related hotel and resort facilities in Macau, and its shares are listed on HKEX (stock code: 2282).

Debt Securities

As at 31st March 2024, the Group held 51 (2023: 46) debt securities, 39 of them are listed in Singapore, 8 in the PRC, 3 in Europe and 1 unlisted. 46 (2023: 45) debt securities were issued by PRC-based real estate companies, the shares of which are all listed in Hong Kong with the exception of 1 that is listed in the USA and 4 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	15,595,062	17,140,678
Investment cost	13,740,576	15,417,268
Fair value	3,541,452	8,109,433
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 43 (2023: 46) debt securities gave rise to a net unrealised fair value loss of HK\$3,854 million (2023: gain of HK\$2,068 million) for the year ended 31st March 2024.

Notes to the Financial Statements

18 FINANCIAL INVESTMENTS (CONTINUED)

Debt Securities (Continued)

As at 31st March 2024, the fair value valuation of the largest single debt securities within the Group's financial investments represents approximately 1.2% (2023: 1.9%) of the Group's Revalued total assets, and the fair value valuation of the five largest debt securities held represents approximately 4.0% (2023: 6.7%). The remaining 38 (2023: 41) debt securities represent 4.7% (2023: 9.6%) of the Group's Revalued total assets, with each of them less than 0.4%.

The five largest 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	Unrealised 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)	551,264	16%	225,235	49,266
Pearl River 7.5% note 2 (i)	390,821	11%	(25,540)	59,944
Pearl River 7.5% note 1 (i)	365,403	10%	(55,412)	49,952
Guangzhou R&F 7% notes (i)	283,548	8%	(31,546)	36,120
Xinyuan 3% notes (iii)	241,556	7%	(517)	44,192

	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)	927,088	12%	607,381	241,204
Evergrande 12% notes (i)	703,638	9%	453,650	162,200
Pearl River 7.5% notes 1 (i)	590,648	7%	(4,028)	129
Goldern Wheel 10% notes (i)	573,648	7%	(149,150)	119,588
Evergrande 8.75% notes (i)	551,385	7%	388,427	81,794

Notes to the Financial Statements

18 FINANCIAL INVESTMENTS (CONTINUED)

Debt Securities (Continued)

- (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 NYSE (stock code: XIN).

19 DERIVATIVE FINANCIAL INSTRUMENTS

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Interest rate swap contracts	135,217	348,192
Current assets		
Interest rate swap contracts	186,945	83,874
	322,162	432,066

The principal amounts of the outstanding interest rate swaps contracts were HK\$7,808,000,000 (2023: HK\$7,808,000,000).

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

The movement of the Group's hedging reserves is disclosed in note 28.

Notes to the Financial Statements

20 PROPERTIES HELD FOR SALE

	2024 HK\$'000	2023 HK\$'000
Properties under development for sale		
Leasehold land	2,639,713	2,639,713
Freehold land	377,473	379,097
Development costs	3,510,678	2,154,416
	6,527,864	5,173,226
Completed properties held for sale		
Leasehold land	2,950	2,950
Development costs	730	730
	3,680	3,680
	6,531,544	5,176,906

Notes:

- (a) As at 31st March 2024, properties amounting to HK\$6,140,700,000 (2023: HK\$4,785,300,000) were pledged to banks to secure certain banking facilities of the Group.
- (b) As at 31st March 2024, the properties under development for sale amounting to HK\$387,118,000 (2023: HK\$5,173,226,000) were not scheduled for completion within twelve months.

21 TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	77,270	67,034
Less: Loss allowance	–	–
	77,270	67,034
Accrued interest receivables and dividend receivables	375,443	1,006,413
Prepayments	65,807	69,713
Utility and other deposits	11,817	12,613
Loan receivables	24,832	24,950
Other receivables	47,604	41,704
	602,773	1,222,427

Notes to the Financial Statements

21 TRADE AND OTHER RECEIVABLES (CONTINUED)

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	72,089	48,848
7 months to 12 months	3,147	8,842
More than 12 months	2,034	9,344
	77,270	67,034

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

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

	2024 HK\$'000	2023 HK\$'000
United States dollar	390,876	990,853
Hong Kong dollar	149,675	168,967
Canadian dollar	47,221	49,818
Renminbi	15,001	12,789
At the end of the year	602,773	1,222,427

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

Notes to the Financial Statements

22 BANK BALANCES AND CASH

	2024 HK\$'000	2023 HK\$'000
Cash at bank and in hand	368,038	299,796
Short term bank deposits with original maturities within 3 months	744,323	731,231
Cash and cash equivalents	1,112,361	1,031,027
Restricted bank balances	367,336	188,932
	1,479,697	1,219,959

Restricted bank balances as at 31st March 2024 consist primarily of (i) HK\$128 million as collateral for bank borrowings and (ii) HK\$79 million as project retention money that is legally required for the construction of our Landmark on Robson development in Vancouver and (iii) HK\$155 million proceeds from pre-sale of Landmark on Robson development and High Park 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	1,020,875	674,106
Canadian dollar	249,890	224,860
United States dollar	118,358	259,720
Renminbi	88,950	59,803
Others	1,624	1,470
At the end of the year	1,479,697	1,219,959

Notes to the Financial Statements

23 TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	163,026	73,996
Accrual and other payables	88,275	68,645
Rental and management fee deposits	41,068	39,934
Building management account surplus	5,068	4,809
Lease liabilities	5,473	6,542
At the end of the year	302,910	193,926

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	162,804	73,625
7 months to 12 months	6	60
More than 12 months	216	311
	163,026	73,996

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

	2024 HK\$'000	2023 HK\$'000
Hong Kong dollar	183,363	161,860
Canadian dollar	119,547	32,066
At the end of the year	302,910	193,926

Notes to the Financial Statements

24 CONTRACT LIABILITIES

	2024 HK\$'000	2023 HK\$'000
Deposits received in advance from customers	484,892	265,241
At the beginning of the year	265,241	245,717
Net increase for transactions during the year	221,559	37,098
Exchange differences	(1,908)	(17,574)
At the end of the year	484,892	265,241

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

25 BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Current liabilities		
Short term bank loans		
Unsecured	30,000	–
Current portion of long term bank loans		
Secured	3,919,811	3,485,966
Unsecured	1,843,630	415,666
	5,793,441	3,901,632
Non-current liabilities		
Long term bank loans		
Secured	9,802,913	8,120,857
Unsecured	2,246,643	4,744,498
	12,049,556	12,865,355
	17,842,997	16,766,987

Notes to the Financial Statements

25 BORROWINGS (CONTINUED)

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

	2024 HK\$'000	2023 HK\$'000
Repayable within one year	5,663,441	3,901,632
Repayable between one and two years	4,434,985	4,410,771
Repayable between two and five years	7,714,571	8,102,742
Repayable after five years	–	351,842
	17,812,997	16,766,987
Current portion included in current liabilities	(5,763,441)	(3,901,632)
	12,049,556	12,865,355

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

	2024 HK\$'000	2023 HK\$'000
Hong Kong dollar	17,153,467	16,348,061
Canadian dollar	689,530	418,926
	17,842,997	16,766,987

The interest rates of the borrowing at the balance sheet date range from 6% to 8.2% (2023: from 3.6% to 7.7%) per annum.

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

Notes to the Financial Statements

26 DEFERRED INCOME TAX

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

	2024 HK\$'000	2023 HK\$'000
Deferred income tax assets	140,619	155,400
Deferred income tax liabilities	(705,671)	(780,568)
	(565,052)	(625,168)

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

Deferred income tax assets

	Accelerated accounting depreciation		Tax loss		Difference in cost base of properties		Fair value adjustments		Total	
	2024 HK\$'000	2023 HK\$'000	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	13	–	211,702	187,416	56,264	56,264	9,332	59,418	277,311	303,098
Recognised in the profit and loss account	26	13	26,986	24,286	(56,264)	–	(26,202)	(43,923)	(55,454)	(19,624)
Recognised in other comprehensive income	–	–	–	–	–	–	5,936	(6,163)	5,936	(6,163)
At the end of the year	39	13	238,688	211,702	–	56,264	(10,934)	9,332	227,793	277,311

Notes to the Financial Statements

26 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax liabilities

	Accelerated tax depreciation		Revaluation of properties		Fair value adjustments		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	(122,305)	(118,751)	(547,677)	(578,353)	(232,497)	(129,622)	(902,479)	(826,726)
Recognised in the profit and loss account	(1,318)	(3,554)	14,353	30,676	90,328	(91,454)	103,363	(64,332)
Recognised in other comprehensive income	–	–	–	–	6,271	(11,421)	6,271	(11,421)
At the end of the year	(123,623)	(122,305)	(533,324)	(547,677)	(135,898)	(232,497)	(792,845)	(902,479)

Deferred income tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK\$183 million (2023: HK\$163 million) in respect of losses amounting to HK\$998 million (2023: HK\$894 million) that can be carried forward against future taxable income. As at 31st March 2024, except for the tax losses of HK\$695 million (2023: HK\$712 million) which have no expiry date, the balance will expire at various dates up to and including 2042.

27 SHARE CAPITAL

Shares of HK\$0.1 each	Number of shares	Amount HK\$'000
Authorised:		
At 31st March 2024 and 2023	3,000,000,000	300,000
Issued and fully paid:		
At the beginning and the end of the year	840,873,996	84,087

Notes to the Financial Statements

28 RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Share options reserve HK\$'000	Hedging reserve HK\$'000	Investment revaluation reserve HK\$'000	Property revaluation reserve HK\$'000	Currency translation reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2022	2,257,745	398,021	60,257	4,111	91,524	(3,633,066)	31,167	15,452	11,167,794	10,393,005
Financial assets at FVOCI										
– net fair value change and other net movements	-	-	-	-	-	1,804,596	-	-	-	1,804,596
Cash flow hedges										
– fair value gain	-	-	-	-	55,399	-	-	-	-	55,399
– deferred tax on derivative financial instruments	-	-	-	-	(9,141)	-	-	-	-	(9,141)
Currency translation differences	-	-	-	-	-	-	-	(101,450)	-	(101,450)
Profit for the year	-	-	-	-	-	-	-	-	428,738	428,738
At 31st March 2023	2,257,745	398,021	60,257	4,111	137,782	(1,828,470)	31,167	(85,998)	11,596,532	12,571,147
At 31st March 2023	2,257,745	398,021	60,257	4,111	137,782	(1,828,470)	31,167	(85,998)	11,596,532	12,571,147
Financial assets at FVOCI										
– net fair value change and other net movements	-	-	-	-	-	672,369	-	-	-	672,369
– net realised gain on equity securities	-	-	-	-	-	23,558	-	-	-	23,558
– transfer upon disposal of equity securities at FVOCI	-	-	-	-	-	32,473	-	-	(32,473)	-
Cash flow hedges										
– fair value loss	-	-	-	-	(36,554)	-	-	-	-	(36,554)
– deferred tax on derivative financial instruments	-	-	-	-	6,032	-	-	-	-	6,032
Currency translation differences	-	-	-	-	-	-	-	(44,683)	-	(44,683)
Loss for the year	-	-	-	-	-	-	-	-	(3,769,240)	(3,769,240)
At 31st March 2024	2,257,745	398,021	60,257	4,111	107,260	(1,100,070)	31,167	(130,681)	7,794,819	9,422,629

29 COMMITMENTS

Commitments at the balance sheet date are as follows:

	2024 HK\$'000	2023 HK\$'000
Contracted but not provided for Property, plant and equipment	49,659	20,331

Notes to the Financial Statements

30 OPERATING LEASE ARRANGEMENTS

Lessor

As 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	92,326	129,440
In the second to fifth year inclusive	133,164	194,070
	225,490	323,510

31 FINANCIAL GUARANTEES

	2024 HK\$'000	2023 HK\$'000
Guarantees for the banking and loan facilities of joint ventures	2,657,554	3,346,922

Notes to the Financial Statements

32 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(A) Reconciliation of (Loss)/Profit before Income Tax to Net Cash (Used in)/Generated from Operations

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit before income tax	(7,137,243)	836,968
Share of profits less losses of		
Joint ventures	8,239	(422,117)
Associated companies	20,887	(10,728)
Depreciation	216,773	222,707
Net investment loss	6,887,276	1,634,940
Fair value gain of investment properties	(55,865)	(799,273)
Other charge	885,205	–
Loss on disposal of property, plant and equipment	55	–
Interest income	(241,679)	(317,624)
Interest expense	605,168	418,526
Operating profit before working capital changes	1,188,816	1,563,399
Decrease in mortgage loans receivable	215	188
Increase in properties under development for sale (excluding interest expense capitalised)	(1,112,755)	(710,944)
Decrease/(increase) in hotel and restaurant inventories	1,196	(10,068)
Increase in trade and other receivables	(851,542)	(1,150,740)
Net proceeds from financial investments	595,133	1,588,488
(Increase)/decrease in restricted bank balances	(179,620)	170,007
Increase/(decrease) in trade and other payables	111,521	(13,897)
Increase in contract liabilities	221,559	39,242
Net cash (used in)/generated from operations	(25,477)	1,475,675

Notes to the Financial Statements

32 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(B) Reconciliation of Liabilities Arising from Financing Activities

	Borrowings HK\$'000	Amount due to non- controlling interests HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
31st March 2022	17,566,082	48,647	13,912	17,628,641
Financing cash flows				
Net repayment	(774,852)	–	–	(774,852)
Lease payment	–	–	(8,922)	(8,922)
Contribution from non-controlling interests	–	4,302	–	4,302
Loan facilities fee paid	(15,550)	–	–	(15,550)
Non-cash changes				
Amortisation of loan facilities fee and issue expenses	16,205	–	–	16,205
Addition of lease liabilities	–	–	1,353	1,353
Accrued interest	–	–	216	216
Exchange translation differences	(24,898)	–	(17)	(24,915)
At 31st March 2023	16,766,987	52,949	6,542	16,826,478
Financing cash flows				
Net drawdown	1,094,933	–	–	1,094,933
Lease payment	–	–	(8,148)	(8,148)
Contribution from non-controlling interests	–	3,565	–	3,565
Loan facilities fee paid	(26,046)	–	–	(26,046)
Non-cash changes				
Amortisation of loan facilities fee and issue expenses	41,153	–	–	41,153
Addition of lease liabilities	–	–	7,883	7,883
Accrued interest	–	–	112	112
Derecognition upon disposal of a subsidiary	(31,000)	–	–	(31,000)
Exchange translation differences	(3,030)	–	(33)	(3,063)
At 31st March 2024	17,842,997	56,514	6,356	17,905,867

Notes to the Financial Statements

33 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)

34 RELATED PARTY TRANSACTIONS

The details of balances with joint ventures and associated companies are disclosed in notes 17.

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

Key Management Compensation

	2024 HK\$'000	2023 HK\$'000
Fee	2,100	2,100
Salaries, allowances and benefits in kind	105,020	97,190
Employer's contribution to retirement benefits scheme	428	421
	107,548	99,711

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

Notes to the Financial Statements

35 BALANCE SHEET OF THE COMPANY

As at 31st March 2024

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Subsidiaries (note (a))	2,931,314	2,931,314
Current assets		
Amounts due from subsidiaries	2,805,997	2,787,614
Trade and other receivables	173	173
Bank balances and cash	469	614
	2,806,639	2,788,401
Current liabilities		
Amounts due from subsidiaries	30,511	–
Trade and other payables	1,589	1,175
	32,100	1,175
Net current assets	2,774,539	2,787,226
Net assets	5,705,853	5,718,540
Equity		
Share capital	84,087	84,087
Reserves (note (b))	5,621,766	5,634,453
	5,705,853	5,718,540

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Notes to the Financial Statements

35 BALANCE SHEET OF THE COMPANY (CONTINUED)

Notes:

- (a) Details of the principal subsidiaries are set out in note 36.

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

- (b) Reserve movement of the Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Share options reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2022	2,257,745	1,895,806	3,066	1,483,294	5,639,911
Loss for the year	–	–	–	(5,458)	(5,458)
At 31st March 2023	2,257,745	1,895,806	3,066	1,477,836	5,634,453
At 31st March 2023	2,257,745	1,895,806	3,066	1,477,836	5,634,453
Loss for the year	–	–	–	(12,687)	(12,687)
At 31st March 2024	2,257,745	1,895,806	3,066	1,465,149	5,621,766

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

36 PRINCIPAL SUBSIDIARIES

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

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

Name	Principal activity	Issued and fully paid share capital	Group equity interest
<i>Incorporated in the British Virgin Islands</i>			
Asia Orient Holdings (BVI) Limited ¹	Investment holding	US\$100	100%
Impetus Holdings Limited	Investment holding	US\$1	100%
Persian Limited	Investment holding	US\$49,050	100%
Pleasant Ridge Global Limited	Securities investment	US\$1	100%
Sunrich Holdings Limited	Securities investment	US\$2	100%
<i>Incorporated in Hong Kong</i>			
Asia Orient Company Limited	Investment holding	US\$126,729,833	100%
Asia Orient Finance Company Limited	Financing services	HK\$10,000,000	100%
Asia Orient Management Services Limited	Management services	HK\$40,000,002	100%
Hitako Limited	Securities investment	HK\$20	100%
Ocean Hand Investments Limited	Investment holding	HK\$2	100%
Pan Bright Investment Limited	Investment holding	HK\$20	100%
Pan Harbour Investment Limited	Investment holding	HK\$2	100%
Pan Inn Investment Limited	Investment holding	HK\$20	100%
Pan Kite Investment Limited	Investment holding	HK\$20	100%
Pan Pearl Investment Limited	Investment holding	HK\$20	100%
Pan Spring Investment Limited	Investment holding	HK\$20	100%
Prosperity Land Cleaning Service Limited	Cleaning services	HK\$200	100%
Prosperity Land Estate Management Limited	Property management	HK\$10,000,150	100%
Union Home Development Limited	Investment holding	HK\$2	100%
<i>Incorporated in Liberia</i>			
Bassindale Limited	Investment holding	US\$500	100%
<i>Incorporated in Bermuda and listed in Hong Kong</i>			
Asia Standard Hotel Group Limited ²	Investment holding	HK\$40,360,809	35.7%
Asia Standard International Group Limited ³	Investment holding	HK\$13,197,822	51.8%

¹ Directly subsidiary of the Company.

² The Group directly holds 2.35%.

³ The Group directly holds 51.79%.

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

Notes to the Financial Statements

37 EXTRACTS FROM THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ASIA STANDARD

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

Set out below are the summary of the audited consolidated financial statements of Asia Standard in which 48.2% (2023: 48.2%) were owned by non-controlling interests, that are material to the Group for the year ended 31st March 2024.

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

Consolidated Profit and Loss Account

For the year ended 31st March 2024

	2024 HK\$'000	2023 HK\$'000
Interest revenue	1,219,493	1,725,939
Sales of goods and services, leasing and other revenue	515,848	346,838
Total revenue	1,735,341	2,072,777
Cost of sales	(152,821)	(105,452)
Gross profit	1,582,520	1,967,325
Selling and administrative expenses	(302,108)	(294,580)
Depreciation	(139,201)	(145,132)
Net investment (loss)/gain		
Net realised and unrealised (loss)/gain	(210,994)	44,239
Changes in expected credit losses	(5,860,618)	(1,560,304)
Fair value gain of investment properties	56,392	807,790
Other charge	(885,205)	–
Operating (loss)/profit	(5,759,214)	819,338
Net finance costs	(595,993)	(410,088)
Share of profits less losses of		
Joint ventures	(4,158)	460,562
Associated companies	(20,887)	10,728
(Loss)/profit before income tax	(6,380,252)	880,540
Income tax credit/(expense)	198,798	(115,933)
(Loss)/profit for the year	(6,181,454)	764,607
(Loss)/profit allocated to non-controlling interests	(3,149,328)	317,929
Dividends paid to non-controlling interests	–	–
Total comprehensive (charge)/income for the year	(5,289,329)	3,563,602
Total comprehensive (charge)/income allocated to non-controlling interests	(2,689,432)	1,727,074

Notes to the Financial Statements

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

Consolidated Balance Sheet

As at 31st March 2024

	2024 HK\$'000	2023 HK\$'000
Non-current assets		
Investment properties	10,901,144	10,844,446
Property, plant and equipment	4,576,811	4,671,642
Investment in joint ventures and associated companies	3,853,211	4,598,431
Amounts due from joint ventures and associated companies	2,702,209	2,393,487
Financial investments	1,091,137	1,615,734
Derivative financial instruments	130,953	342,577
Deferred income tax assets	137,419	137,452
	23,392,884	24,603,769
Current assets		
Properties held for sale	6,366,075	5,011,437
Hotel and restaurant inventories	26,753	27,949
Trade and other receivables	567,546	1,117,954
Income tax recoverable	70	173
Financial investments	2,407,248	6,039,865
Derivative financial instruments	186,945	83,874
Bank balances and cash		
– restricted	362,268	184,123
– unrestricted	834,864	829,584
	10,751,769	13,294,959
Current liabilities		
Trade and other payables	292,707	184,209
Contract liabilities	484,892	265,241
Amounts due to joint ventures	517,159	297,425
Amount due to an associated company	182,820	193,050
Amount due to non-controlling interests	56,514	52,949
Income tax payable	484	153,812
Borrowings	5,693,653	3,871,662
	7,228,229	5,018,348
Net current assets	3,523,540	8,276,611
Non-current liabilities		
Borrowings	12,049,556	12,665,571
Convertible notes	9,680	9,086
Lease liabilities	883	
Deferred income tax liabilities	171,923	232,012
	12,232,042	12,906,669
Net assets	14,684,382	19,973,711

Notes to the Financial Statements

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

Consolidated Balance Sheet (Continued)

As at 31st March 2024

	2024 HK\$'000	2023 HK\$'000
Equity		
Share Capital	13,197	13,197
Reserves	14,438,231	19,425,339
Equity attributable to shareholders of the Company	14,451,428	19,438,536
Non-controlling interests	232,954	535,175
	14,684,382	19,973,711
Supplementary information with hotel properties at valuation		
Revalued total assets	44,935,000	47,881,000
Revalued net assets	25,474,000	29,956,000

Consolidated Statement of Cash Flows

For the year ended 31st March 2024

	2024 HK\$'000	2023 HK\$'000
Operating profit before working capital changes	1,081,003	1,393,775
Change in working capital	(2,097,384)	(605,892)
Net cash (used in)/generated from operating activities	(1,016,381)	787,883
Net cash (used in)/generated from investing activities	(193,441)	36,983
Net cash generated from/(used in) financing activities	1,220,350	(754,472)
Net increase in cash and cash equivalents	10,528	70,394
Cash and cash equivalents at the beginning of the year	829,584	762,384
Changes in exchange rates	(5,248)	(3,194)
Cash and cash equivalents at the end of the year (excluding restricted bank balances)	834,864	829,584

38 EVENT AFTER BALANCE SHEET DATE

On 19th June 2024, the Group put forward a proposal regarding the reorganisation of Asia Standard Hotel Group Limited by way of a scheme of arrangement under section 99 of the Companies Act 1981 of Bermuda.

39 APPROVAL OF FINANCIAL STATEMENTS

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

