



Asia Standard International
Group Limited



Annual Report
2025

HKSE Stock Code: 129

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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

Non-executive

Ms. Poon Tsing, Rachel
(appointed on 31st December 2024)

Independent Non-executive

Mr. Ip Chi Wai

Mr. Leung Wai Keung, *JP*

Mr. Ma Ho Fai, *GBS JP*

(appointed on 2nd July 2025)

Mr. Wong Chi Keung

Audit Committee

Mr. Wong Chi Keung (*Chairman*)

Mr. Ip Chi Wai

Mr. Leung Wai Keung, *JP*

Remuneration Committee

Mr. Wong Chi Keung (*Chairman*)

Mr. Fung Siu To, Clement

Mr. Poon Hai

Mr. Ip Chi Wai

Mr. Leung Wai Keung, *JP*

Nomination Committee

Mr. Fung Siu To, Clement (*Chairman*)

Mr. Leung Wai Keung, *JP*

Mr. Wong Chi Keung

Authorised Representatives

Mr. Fung Siu To, Clement

Mr. Lun Pui Kan

Company Secretary

Mr. Tung Kwok Lui

Registered Office

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Facsimile 2866 3772
Website <https://www.asiastandard.com>
Email asinfo@asiastandard.com

Principal Bankers

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

Legal Advisers

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

Appleby
Suites 3505-06,
35/F, Two Taikoo Place,
979 King's 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

Appleby Global Corporate Services
(Bermuda) Limited
Canon's Court,
22 Victoria Street,
PO Box HM 1179,
Hamilton HM EX,
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)	2025	2024	Change
Contracted sales of properties			
– Subsidiaries	3,214	1,451	
– Joint ventures (attributable)	304	387	
	3,518	1,838	+91%
Consolidated profit and loss account			
Revenue	2,407	1,735	+39%
Loss attributable to shareholders of the Company	(3,751)	(5,792)	-35%
Loss per share – basic (HK\$)	(2.75)	(4.39)	-37%
Consolidated balance sheet			
Total assets	30,926	34,145	-9%
Net assets	11,693	14,684	-20%
Equity attributable to shareholders of the Company	11,688	14,451	-19%
Net debt	14,480	16,556	-13%
Supplementary information with hotel properties at valuation (note):			
Revalued total assets	41,748	44,935	-7%
Revalued net assets	22,515	25,474	-12%
Revalued equity attributable to shareholders of the Company	22,398	23,375	-4%
Gearing – net debt to revalued net assets	64%	65%	
<p>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.</p> <p>The hotel properties were revalued by Vincorn Consulting & Appraisal Limited (2024: Vigers Appraisal & Consulting Limited), independent professional valuers, on an open market value basis.</p>			

Chairman's Statement

The Group reported revenue of HK\$2.4 billion for the year, which is about 40% increase from last year. This is mainly due to recognition of sales from the Landmark on Robson project in Vancouver, the development of which has been completed during the year. However, as a result of non-cash accounting charges including fair value loss of investment properties and financial investments, together with further credit loss provision for financial investments, results attributable to shareholders for the year recorded a loss of HK\$3.75 billion

The Group puts substantial efforts in the sale of its mass market development, High Park in Hung Shui Kiu, during the year. The development is well received by the market and we are pleased that all the residential units were sold by May 2025 totaling HK\$4.8 billion. We also re-launched a new sales programme in January 2025 for the residential project Landmark on Robson in Vancouver, Canada after completion of its development. Currently the Group has 5 development projects launched on the market for sale, spanning across Hong Kong, Beijing and Vancouver. Attributable contracted property sales during the year amounted to approximately HK\$3.5 billion (2024: HK\$1.8 billion).

Hotel performance was much improved since second half of the financial year, achieving higher occupancies. We implemented dynamic pricing strategy and diversified the marketing channels to widen our hotels' customer base, striving for best result performances among a growing demand generated from government's relentless efforts to promote Hong Kong. The Group completed the privatisation of our hotel subsidiary during the year.

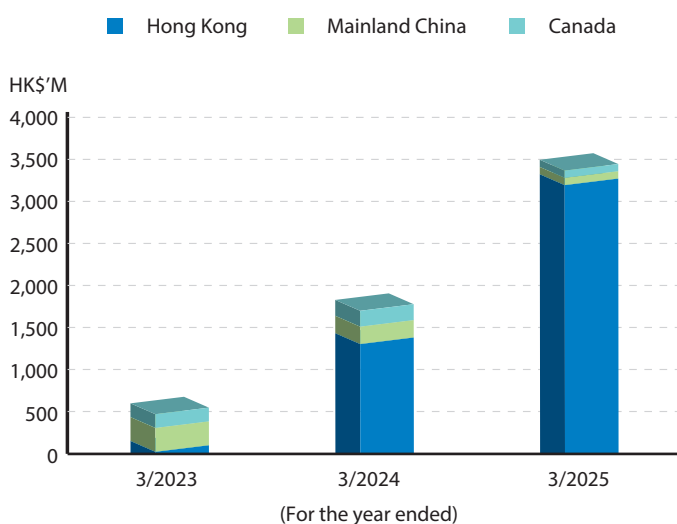
Over the past few years of higher interest rate environment, the Group benefitted from its hedging effort in earlier years fixing at low interest rates. Since last fall, we have seen the onset of the downward interest rate cycle, especially the recent significant drop in HIBOR. This has undoubtedly provided much support to the local property market.

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, 30th June 2025

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 operation, 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 and earnings from our hotels provide us with a stable, reliable and recurring income source to the Group. Our business diversification also reduces the adverse impact of market volatility and offsets the impact of cyclicity 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. We will continue to expand the 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

The Group has a diversified properties 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.

(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 for optimising revenue generation and ensuring efficient deployment of resources for achieving maximum cost benefit. The prime locations allow us to cater to both business visitors and tourists, which together with our competitive pricing has led to a high occupancy level at our hotels.

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

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

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

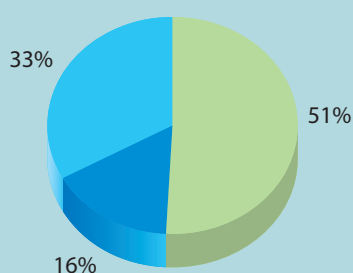
Management Discussion and Analysis

Results

The Group recorded a revenue of HK\$2,407 million (2024: HK\$1,735 million) for the financial year, the 39% increase is mainly due to the recognition of our property sales of Landmark on Robson in Canada, following completion of the development and gradual delivery of units to purchasers, partially offset by the decrease in interest revenue from our financial investments.

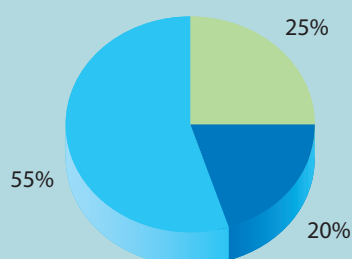
The Group recorded a loss attributable to shareholders of HK\$3,751 million compared to HK\$5,792 million of last year. The current year loss is primarily attributable to net unrealised fair value loss and further provision for expected credit losses on investment in debt securities, together with the fair value loss of investment properties. These fair value losses and provisions are non-cash items and do not impact the operating cash flow of the Group.

Principal properties



Type

Type	Attributable GFA (sq. ft.)
Residential	1,800,000
Office and retail	1,170,000
Hotel	575,000
Total	3,545,000



Region

Region	Attributable GFA (sq. ft.)
HK	1,969,000
Mainland China	879,000
Canada	697,000
Total	3,545,000

Management Discussion and Analysis



Residential development "High Park" in Hung Shui Kiu

PROPERTIES SALES AND DEVELOPMENT

The Group continued its sales efforts on the 5 development projects spanning across Hong Kong, Beijing and Vancouver. Sales activities significantly increased in the latter half of the financial year, with attributable contracted sales almost doubled to approximately HK\$3.5 billion (2024: HK\$1.8 billion), predominantly from the High Park project.

Hong Kong

We are pleased to report that the residential units of our Group's development, High Park, neighbouring the Hung Shui Kiu light-rail station, were fully sold by early May 2025. Cumulative contracted sales approximated to HK\$4.8 billion for these 5 residential towers development comprising 1,025 units. Occupation permit was issued in November 2024 and certificate of compliance has just been issued. The Hung Shui Kiu New Development Area is positioned as the high-end professional services and logistics hub under the Northern Metropolis Development

Strategy. Upon the upcoming delivery of the units to their purchasers, completed sales will be recognised in profit and loss account in the coming financial year. The retail shops, with total lettable area of 60,300 sq. ft., are currently being leased out.

On Po Shan Road, sales of the 50% joint venture residential development High Peak continues. The property, winner in 3 architectural and interior design categories of Asia Pacific Property Awards 2024-2025, comprises 16 flats with saleable area ranging from 3,770 sq. ft. to 7,260 sq. ft. In October 2024 and June 2025, 2 standard units were sold making cumulative contract sales amounted to approximately HK\$660 million as at date of this report.

In Dukes Place, the Group's 20% joint venture project in Jardine's Lookout, sales of a 5,700 sq. ft. master duplex unit and a 4,100 sq. ft. superior duplex unit were recognised during the year. As at 31st March 2025, cumulative total sales exceeded HK\$3.1 billion.

Management Discussion and Analysis



Residential development “**High Peak**” at **Po Shan Road**

In Lam Tei, Tuen Mun, the Group’s residential project is in land exchange application with the government, while at the same time considering an alternative option of combining with adjacent land lots to develop a larger GFA by more than 50% of the existing plan. Feasibility study is underway.

Mainland China

In Tongzhou, Beijing, residential inventory sales of our 50% owned joint venture development, Capital Cove, continues. This 2,360,000 sq. ft. GFA development comprises 964 residential apartments and two commercial towers. Up to 31st March 2025, approximately 86% of the residential units were sold and had achieved a total contracted sales of approximately RMB5.3 billion, with about 99% sold units delivered to buyers. Sub-structure works for the two commercial towers have been completed; while design and layout of the superstructure is in progress.

Canada

The redevelopment of our Empire Landmark hotel in Vancouver has been completed. The occupancy permit of the “Landmark on Robson” development was issued in July 2024 and delivery to buyers commenced in August 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. The building garnered the Best Apartment/Condominium Development in the Americas, two 5-star awards in Canada, and three general Canadian Property awards from the globally renowned International Property Awards Association.

The Group re-launched sales in January 2025, after the physical completion. Up to 31st March 2025, approximately CAD252 million of cumulative residential sales were contracted, comprising 50% by number of units, and approximately 89% of the sales amount were recognised in the profit and loss account for the year.

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

Management Discussion and Analysis



Development project “Landmark on Robson” in Vancouver, Canada

LEASING

Leasing income for the year was HK\$131 million (2024: HK\$130 million). Maintaining the investment properties occupancies have been our main objective in the past year. In September 2024, an international fashion retailer commenced the lease of the two-storeys prime retail space in our office building in Central, which will boost the leasing income in the coming years. Net revaluation loss (taking into account our share from the investment properties owned by a joint venture and an associated company) of HK\$815 million (2024: gain of HK\$43 million) was recorded from our investment properties.

HOTEL

About 46 million visitors to Hong Kong were recorded in the year ended 31st March 2025, an increase of about 11% comparing to same period last year. Approximately 76% of them were from mainland and of all the arrivals, approximately 43% stayed overnight.

Our hotel sector recorded a revenue of HK\$369 million for the year (2024: HK\$367 million), and a profit contribution to the Group of HK\$178 million (2024: HK\$180 million). The first half of the financial year experienced a slower than expected start, in contrast

to the heightened demand in the same period last financial year after re-opening of the border in early 2023. The Group hence implemented a more dynamic pricing strategy enabling timely adaptation to the market situation, increased partnerships with online travel agencies which further widened the customer base, and engaged in direct marketing via electronic social media, while maintaining strict cost control and operational efficiencies. These efforts drove a significant increase in occupancy, fuelling a strong second half performance that compensated for the softer first half of the financial year. Consequently, the Group's hotels achieved a full year average occupancy of 93% (2024: 83%), underscoring the effectiveness of our strategic initiatives and sustained upward momentum amidst a growing market demand.

In October 2024, the Group completed a scheme of arrangement to privatise our hotel subsidiary, and its listing was withdrawn. The scheme involved the company using new shares and cash to exchange for the shares held by non-controlling shareholders of the hotel subsidiary. Subsequently, the hotel subsidiary also redeemed all its outstanding convertible notes where not already converted. Economic interests in the hotel subsidiary increased from 82.7% to 99.0%. There was no material effect to the profit and loss account and net asset of the Group pertaining to the

Management Discussion and Analysis

privatisation. Management anticipates that savings will be achieved through streamlining of the Group's operations and reduction of administrative costs.

FINANCIAL INVESTMENTS

At 31st March 2025, the Group held financial investments of approximately HK\$1,565 million (2024: HK\$3,498 million). The investment portfolio comprised of 89% listed debt securities (predominantly issued by PRC-based real estate companies), 3% listed equity securities and 8% unlisted investments. They are denominated in different currencies with 56% in United States dollar, 41% in Renminbi and 3% in other currencies (mostly Hong Kong dollar).

During the year, there was no addition to the investment portfolio. The Group realised a total consideration of approximately HK\$757 million from disposal of certain investments in listed equities together with redemption of certain debt securities investment by the issuers, adding to the liquidity position of the Group. Income from its investment portfolio amounted to HK\$627 million (2024: HK\$1,205 million), with the decrease in revenue mainly resulted from further provision for expected credit loss of debt securities.

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. A net investment loss of HK\$2,860 million (2024: HK\$6,102 million), which mainly include fair value loss and provision for expected credit loss, both being non-cash items, was recorded in the profit and loss account.

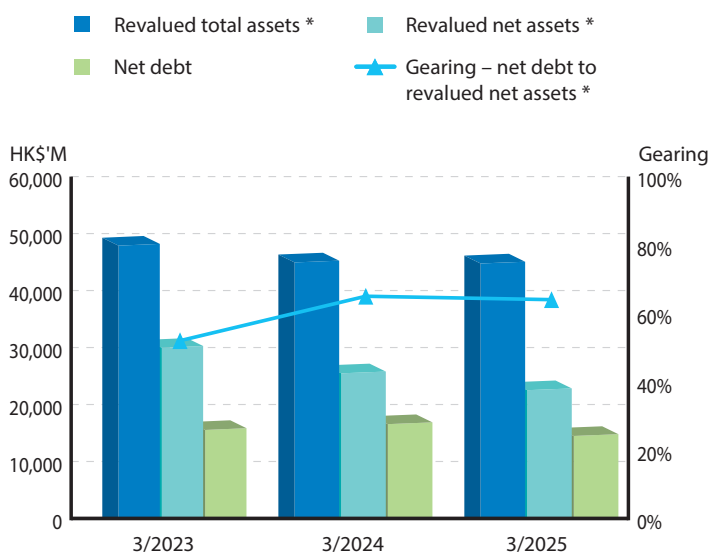
At 31st March 2025, none (2024: none) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

FINANCIAL REVIEW

At 31st March 2025, the Group's total assets were approximately HK\$30.9 billion (2024: HK\$34.1 billion), with net assets of HK\$11.7 billion (2024: HK\$14.7 billion). Adopting market value of hotel properties in operation, the revalued total assets of the Group were HK\$41.7 billion (2024: HK\$44.9 billion), while the revalued net assets of the Group were HK\$22.5 billion (2024: HK\$25.5 billion).

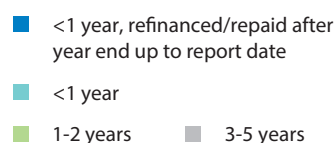
Net debt was HK\$14.5 billion (2024: HK\$16.6 billion). At 31st March 2025, the Group's gearing ratio (net

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



* with hotel properties at valuation

Debt maturity profile as at 31st March 2025



Management Discussion and Analysis

debt to revalued net assets) is approximately 64% (2024: 65%). The Group's borrowings are all in Hong Kong dollars.

All the debts are at floating rates. In prior years, the Group entered into various interest rate swap contracts fixing at average rate of approximately 1% to hedge against HIBOR fluctuation. During the year, it received HK\$252 million (2024: HK\$284 million) from these interest rate swap contracts which reduced the finance costs. As at 31st March 2025, a fair value gain of HK\$50 million was recorded on these interest rate swap contracts. The maturities of our debts spread over a period of up to 4 years, with 45% repayable between two to five years, 23% repayable between one to two years, and 32% repayable within 1 year. For the borrowings repayable within one year, about 30% has been repaid by property sales proceeds received or refinanced to long term loans. The remaining, which mostly have maturities in the first quarter of 2026, will be arranged for refinancing in the second half of 2025.

As at 31st March 2025, 81% of the debts are secured. Property assets with an aggregate net book value of HK\$22.4 billion (2024: HK\$22.3 billion) were pledged to secure credit facilities of the Group. HK\$2,473 million (2024: HK\$2,658 million) guarantees were provided to financial institutions against outstanding bank loan facilities of joint ventures and an associated company.

EMPLOYEES AND REMUNERATION POLICIES

At 31st March 2025, the Group employed approximately 250 (2024: 240) 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 the Hong Kong government's total removal of all demand-side cooling measures of property transactions, coupled with further relaxation of property mortgage loan-to-value ratios, residential sales transactions have picked up considerably.

To continue Hong Kong as a thriving megacity, our government extended its demographic policy to introduce the New Capital Investment Entrant Scheme, on top of the existing encouraging successful applications under various talent admission schemes, which are expected to bring about positive population growth and subsequently a rise in residential rental yield. These all contribute to uplift the local residential property market. 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. As of now, these constraints of most mainland cities are abolished.

The outlook for our hotel operation is optimistic, with the rising influx of visitors, our hotel occupancies are comparable to pre-COVID levels. The HKSAR government's robust efforts in promoting Hong Kong through various mega events, international conferences, exhibitions and the like have significantly enhanced the city's global appeal, attracting numerous visitors to experience Hong Kong's unique glamour. We anticipate that these activities will continue to have a favourable impact on our hotel sector's performance. In infrastructure aspect, the opening of Kai Tak Sports Park with the hosting of international sports events and concerts add to Hong Kong's attraction and capability. The Group, leveraging our various online platform and rigorous cost controls, is ambitious to deliver robust, vibrant growth in Hong Kong's dynamic hospitality landscape.

The global economy is expected to remain challenging under the ongoing geopolitical tensions and trade protectionism, with the timely sale of our development project, the Group is ready to re-deploy capital in its development pipeline when suitable opportunities arise. Recently, Hong Kong has experienced significant drop in market interest rates amidst abundant liquidity inflow. The Group is closely monitoring the market interest rate changes and will seek suitable opportunities for entering into new interest rate swap contracts to protect interest rate exposure.

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

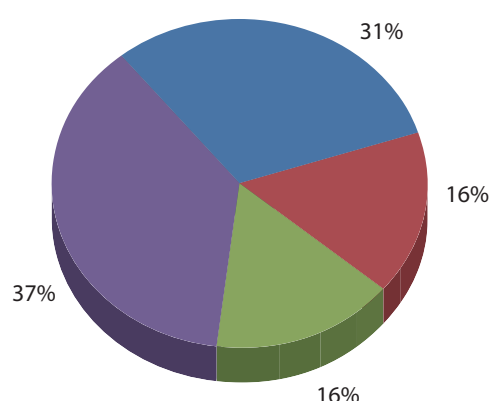
Principal Properties

As at 31st March 2025



Principal Properties

As at 31st March 2025



Attributable GFA (sq. ft.)	
Completed properties held for sale	1,297,000
Properties under development for sale	1,103,000
Hotel properties	575,000
Investment properties	570,000
Total	3,545,000

	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	100%	7,800	133,000	C	Completed	2842
02	YF Life Tower 33 Lockhart Road, Wanchai, Hong Kong	100%	12,600	202,000	C	Completed	2127
03	Goldmark 502 Hennessy Road, Causeway Bay, Hong Kong	33%	6,300	106,000	C	Completed	2842
04	Harbourside HQ 8 Lam Chak Street, Kowloon Bay, Kowloon	25%	70,400	800,000	C	Completed	2047
05	Empire Hotel Hong Kong 33 Hennessy Road, Wanchai, Hong Kong	99%	10,600	184,000 (363 rooms)	H	Completed	2062
06	Empire Hotel Kowloon 62 Kimberley Road, Tsim Sha Tsui, Kowloon	99%	11,400	220,000 (343 rooms)	H	Completed	2047
07	Empire Hotel Causeway Bay 8 Wing Hing Street, Causeway Bay, Hong Kong	99%	6,200	108,000 (280 rooms)	H	Completed	2072
08	Empire Prestige Causeway Bay 8A Wing Hing Street, Causeway Bay, Hong Kong	99%	2,000	35,000 (94 rooms)	H	Completed	2072
09	Empire Prestige Tsim Sha Tsui 8 Kimberley Street, Tsim Sha Tsui, Kowloon	99%	2,800	34,000 (90 rooms)	H	Completed	2038

Principal Properties

As at 31st March 2025

	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
10	Capital Cove 72 Yong Shun Street West, Tongzhou District, Beijing, PRC	50%	368,000	1,758,000 (Note 3)	R/C	(R) Completed (C) Sub-Structure/2027
11	Dukes Place 47-49 Perkins Road, Jardine's Lookout, Hong Kong	20%	4,500	11,000 (Note 3)	R	Completed
12	High Peak 23 Po Shan Road, Hong Kong	50%	14,100	76,000 (Note 3)	R	Completed
13	High Park 1 Hung On Lane, Hung Shui Kiu, Yuen Long, New Territories	100%	104,000	521,000	R/C	Completed
14	Lam Tei DD130, Tuen Mun, New Territories	100%	18,500	83,700	R	Land exchange/–
15	Sha Ha DD221, Sai Kung, New Territories	5.7%	540,300	810,000	R	Land exchange/–
16	Kowloonbay International Trade and Exhibition Centre 1 Trademart Drive, Kowloon Bay, Kowloon	7.5%	239,800	1,774,000	R/C	Demolition/–
17	Landmark on Robson 1400 Robson Street Vancouver, B.C., Canada	99%	27,900	268,000	R/C	Completed
18	1394 Robson Street Vancouver, B.C., Canada	99%	8,600	75,000	R	Planning/–
19	1488 Alberni Street Vancouver, B.C., Canada	39.6%	43,300	627,000	R/C	Planning/–
20	1650 Alberni Street Vancouver, B.C., Canada	39.6%	17,300	276,000	R/C	Planning/–

Note:

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

Five-year Financial Summary

Year ended 31st March (in HK\$ million)	2025	2024	2023	2022	2021
Results					
Revenue	2,407	1,735	2,073	2,510	2,459
Gross profit	1,540	1,583	1,967	2,427	2,394
Operating (loss)/profit	(2,539)	(5,759)	819	(801)	1,912
(Loss)/profit attributable to shareholders of the Company	(3,751)	(5,792)	801	(884)	1,353
Assets and liabilities					
Total assets	30,926	34,145	37,899	35,022	42,320
Total liabilities	(19,233)	(19,461)	(17,925)	(18,612)	(19,703)
Non-controlling interests	(5)	(233)	(535)	(396)	(896)
Equity attributable to shareholders of the Company	11,688	14,451	19,439	16,014	21,721
Supplementary information with hotel properties at valuation:					
Revalued total assets	41,748	44,935	47,881	43,831	51,028
Revalued net assets	22,515	25,474	29,956	25,219	31,325
Revalued equity attributable to shareholders of the Company	22,398	23,375	27,694	23,299	28,922

Environmental, Social and Governance Report

REPORTING STANDARD AND SCOPE

This environmental, social and governance report covers the financial year ended 31st March 2025 (the “reporting year”) and addresses all the “comply or explain” provision under each Aspect of the Environmental, Social and Governance Reporting Guide set out in Appendix C2 of 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 investor	<ul style="list-style-type: none">• Annual general meeting• Annual and interim reports• Circulars and announcements• Company website
Employees	<ul style="list-style-type: none">• Staff appraisals• Team activities
Customers/Tenants	<ul style="list-style-type: none">• Phone/Customer hotline• Media• Personal contact
Suppliers and partners	<ul style="list-style-type: none">• Business meetings• Phone calls and emails• Site visits
Regulatory bodies and government authorities	<ul style="list-style-type: none">• 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 channels. We conducted a materiality assessment and identified important sustainability issues. The results of the material ESG aspect of the Group is as follow:

ESG aspect	Material sustainability issues
Environmental	<ul style="list-style-type: none">• Reduce Greenhouse gas emission• Waste management
Employment and Labour Standards	<ul style="list-style-type: none">• Employment• Health and Safety• Development and training
Operating Practices	<ul style="list-style-type: none">• Supply chain management• Tenant and customer satisfaction• Anti-Corruption and anti-money laundering
Community	<ul style="list-style-type: none">• Community investment• Social housing

ENVIRONMENTAL PROTECTION

A1 Emissions

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

The Group did not generate hazardous waste during its business operation, discharge 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 employee 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 at 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.

	2025	2024
A1.1 Emissions		
– NOx (i)	46.8 kg	45.3 kg
– SOx (i)	0.65 kg	0.8 kg
– PM (ii)	1.2 kg	1.3 kg
A1.2 Greenhouse gas emissions data		
Scope 1 – Direct emission or removal from sources	117 tonnes	128 tonnes
Scope 2 – Energy indirect emissions	13,363 tonnes	13,594 tonnes
Scope 3 – Other indirect emissions	74 tonnes	74 tonnes
A1.3 Total non-hazardous waste produced		
Construction and demolition waste	1,822 tonnes	5,628 tonnes
Recycled waste		
– Construction material	None	770 tonnes
– Cartridge	75 pieces	102 pieces
– Cooking oil	1,728 litres	1,359 litres

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

(ii) The data only includes vehicular emissions.

Environmental, Social and Governance Report

ENVIRONMENTAL PROTECTION (CONTINUED)

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 energy and water consumption data annually and compare it with last year's data to assist the Group in future developing our reduction targets in future.

	2025	2024
A2.1 Direct and indirect energy consumption		
Electricity ('000 kWh)	19,806	20,287
Fuel ('000 MJ)	7,639	6,918
A2.2 Water consumption	128,993 m ³	129,001 m ³
A2.3 Construction materials used		
Concrete	1,344 m ³	52,324 m ³
Steel	606 tonnes	2,835 tonnes

Environmental, Social and Governance Report

ENVIRONMENTAL PROTECTION (CONTINUED)

A3 The Environment and Natural Resources

Property development

As a responsible developer, the Group is conscious of environmental protection issues on the design and construction of our properties. Over the years, the design and construction of our properties has been in line with the green features as laid down in the Joint Practice Note Nos. 1-2 in relation to “Green and Innovative Buildings” issued jointly by the Buildings Department, Lands Department and Planning Department. The objectives of such green features mainly encompass: (a) to 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 project in Hung Shui Kiu, Yuen Long, a number of green features has been designed by our consultants team and implemented in line with the latest government policy in fostering a quality and sustainably built environment, which will lead to BEAM-Plus Certification after the completion of the projects. BEAM-Plus is a comprehensive environmental assessment scheme for buildings recognised by The Hong Kong Green Building Council Limited.

For the residential development “Landmark on Robson” in Vancouver, Canada, the initiatives outlined 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

The Group 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, reduce 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 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 handbook outline terms and conditions of employment, expectations for employees' behaviour and service delivery, employees' rights and benefits. We establish and implement policies that promote a fair and respectful workplace. We provide ongoing training and development opportunities to enhance our employees' career progression.

B2 Health And Safety

The Group values the health and wellbeing of staff. In order to provide employees with health coverage, staffs 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 2025.

B3 Development And Training

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

Environmental, Social and Governance Report

SOCIAL ASPECT (CONTINUED)

B3 Development And Training (Continued)

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.

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.

		As at 31st March 2025	As at 31st March 2024
B1.1	Total workforce by gender, employment type, age group and geographical region		
	Total Number of employees	247	245
	By gender		
	Male	139	123
	Female	108	122
	By age group		
	Below 30	23	25
	30 – 50	131	121
	Over 50	93	99
	By employment type		
	Full-time	247	245
	Part-time	–	–
	By geographical region		
	Hong Kong	238	235
	The PRC	2	4
	Canada	7	6

Environmental, Social and Governance Report

SOCIAL ASPECT (CONTINUED)

B4 Labour Standards (Continued)

		2025	2024
B1.2	Employee turnover rate		
	Total employee turnover	64	87
	Overall employee turnover rate	26%	36%
	By gender		
	Male	21%	32%
	Female	31%	40%
	By age group		
	Below 30	79%	67%
	30 – 50	21%	30%
	Over 50	19%	35%
	By geographical region		
	Hong Kong	26%	37%
	Canada	15%	18%
	PRC	67%	–
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	219	59
B3.1	Percentage of employees trained by gender and employee category		
	By gender		
	Male	48%	44%
	Female	64%	53%
	By employment type		
	Senior management	31%	48%
	Middle management	52%	53%
	General staff	54%	51%

Environmental, Social and Governance Report

SOCIAL ASPECT (CONTINUED)

B4 Labour Standards (Continued)

		2025	2024
B3.2	Average training hours completed per employee by gender and employee category		
	By gender	(hours)	(hours)
	Male	35-45	30-40
	Female	35-45	35-45
	By employment type		
	Senior management	1-10	5-10
	Middle management	30-40	30-40
	General staff	35-45	30-40

B5 Supply Chain Management

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

Hospitality

The Group works closely with a number of suppliers in providing a range of hospitality goods, including guestroom consumables, tableware, furniture, and foods and beverages. We assure 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.

		2025	2024
B5.1	Number of suppliers by geographical region.		
	Hong Kong/PRC	>300	>320
	Canada	>150	>110

Environmental, Social and Governance Report

SOCIAL ASPECT (CONTINUED)

B6 Product Responsibility

Our catering operations adhere to all relevant legislations.

Compliance with laws and regulations

Compliance procedures are in place to ensure adherence to applicable laws, rules 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.

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 society and communities in Hong Kong and China, a place in which we operate and have grown over the past decade. Focusing 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 24/25"

Our hotel operation proudly upholds its longstanding commitment – "15 Years Plus Caring Company" – to social responsibility award by The Hong Kong Council of Social Service. This recognition underscores our unwavering dedication to fostering an inclusive and supportive community through meaningful partnerships and initiatives.

Continuing our enduring collaboration with SAHK (香港耀能協會), a leading organization dedicated to empowering individuals with disabilities, we advanced our "The Art of Caring Community Care Programme" in the 2024/25 period. This initiative, launched in 2009, remains a cornerstone of our efforts to promote independence, inclusion, and empowerment for individuals of all abilities.

In October 2024, the Empire Hotels group was honored with a Certificate of Appreciation from SAHK's Council at its Annual Staff Thanksgiving Dinner, recognizing our steadfast support in promoting an inclusive society through their Corporate Partnership Scheme.

In December 2024, we hosted a heartwarming Cookie-Making Workshop at Empire Hotel Wan Chai in collaboration with SAHK. This engaging event brought together 10 children, 10 parents, 4 SAHK staff members, and 9 dedicated Empire Hotels staff volunteers. Guided by our talented chefs, participants crafted their own signature cookies, followed by a delightful tea-time gathering. The workshop fostered creativity, strengthened community bonds, and provided a joyful experience for all involved. The overwhelmingly positive feedback from SAHK, parents, and participants highlighted the meaningful impact of this inclusive initiative.

Looking Ahead, our hotel operation remains steadfast in its mission to enrich lives and strengthen communities. With our Caring Company recognition, we are inspired to deepen our engagement with partners like SAHK, creating even more opportunities to make a positive difference. Our commitment to corporate social responsibility continues to guide our actions, ensuring a brighter, more inclusive future for all.



Families enjoyed a delightful Cookie-Making Workshop together at the Empire Hotel in Wan Chai



Environmental, Social and Governance Report

SOCIAL ASPECT (CONTINUED)

B8 Community Investment (Continued)

Charity Activities

The Group has during the reporting year made donation of HK\$32,000 to a charitable organisation, Pok Oi Hospital “上海商業博愛單車百萬行”.

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

During the year and as at the date of this report, the Board consisted of six Executive Directors, one Non-executive Director 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.

During the year, the Company appointed Ms. Poon Tsing, Rachel (“Ms. Poon”) as a Non-executive Director with effect from 31st December 2024. Ms. Poon had obtained the legal advice as referred to in Rule 3.09D of the Listing Rules on 10th December 2024 and prior to her appointment, and Ms. Poon has confirmed she understood her obligations as a director of a listed issuer.

Subsequent to the date of this report, the Company appointed Mr. Ma Ho Fai, *GBS JP* (“Mr. Ma”) as an Independent Non-executive Director with effect from 2nd July 2025. Mr. Ma had obtained the legal advice as referred to in Rule 3.09D of the Listing Rules on 27th June 2025 and prior to his appointment, and Mr. Ma has confirmed he understood his obligations as a director of a listed issuer.

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 Non-executive Director and 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.

Corporate Governance Report

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.

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

Director	Title	Number of meetings attended/ Number of meetings held	
		Board meeting	General meeting
Fung Siu To, Clement	Chairman	5/5	1/1
Poon Jing	Managing Director and Chief Executive	3/5	0/1
Poon Hai	Executive Director	5/5	1/1
Poon Tsing, Rachel	Non-executive Director (appointed on 31st December 2024)	1/1	N/A
Poon Yeung, Roderick	Executive Director	4/5	1/1
Lun Pui Kan	Executive Director	5/5	1/1
Kwan Po Lam, Phileas	Executive Director	5/5	1/1
Ip Chi Wai	Independent Non-executive Director	5/5	1/1
Leung Wai Keung	Independent Non-executive Director	5/5	1/1
Wong Chi Keung	Independent Non-executive Director	5/5	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 2025, the gender ratio in the workforce (including senior management) of the Group was approximately 56% male and approximately 44% female. To enhance the gender diversity of the Board, the Company has also appointed a female Non-executive Director with effect from 31st December 2024. 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.

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

Corporate Governance Report

REMUNERATION COMMITTEE

Mr. Wong Chi Keung, an Independent Non-executive Director, is the Chairman of the Remuneration Committee. The members of the Remuneration Committee currently comprises the Chairman of the Company, Mr. Fung Siu To, Clement, an Executive Director, Mr. Poon Hai and Mr. Ip Chi Wai and Mr. Leung Wai Keung, both of them are Independent Non-executive Directors. 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 on an individual basis.

AUDIT COMMITTEE

The Audit Committee currently comprises three Independent Non-executive Directors as at the date of this report, Mr. Wong Chi Keung (as the Chairman), Mr. Ip Chi Wai 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 internal 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 2025.

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 set out in the Model Code throughout the year ended 31st March 2025.

Corporate Governance Report

BOARD COMPOSITION AND CHANGES

In light of the appointment of a female Non-executive Director on 31st December 2024, the number of independent non-executive directors falls below at least one-third of the Board as required under Rule 3.10A of the Listing Rules. As disclosed in the announcement of the Company dated 28th March 2025, the Board has been actively identifying a suitable candidate as an additional Independent Non-executive Director (the “INED”) to re-comply with Rule 3.10A of the Listing Rules. However, as the Company requires more time to appoint the INED, the Company has applied to the Stock Exchange for a waiver from strict compliance with Rules 3.10A and 3.11 of the Listing Rules up to 30th June 2025. In order to identify suitable candidates for the additional INED, the Company has considered different candidates with a view to complete the selection and nomination procedures. As disclosed in the announcement of the Company dated 30th June 2025, Mr. Ma Ho Fai has been appointed as an INED with effect from 2nd July 2025. Following the appointment of Mr. Ma as an INED, the Company is in compliance with the requirements of Rule 3.10A of the Listing Rules.

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.

Internal Control

The Group’s internal control systems comprises a well-established organisational structure, comprehensive budgeting, reporting, policies and procedures, aiming to identify and manage risks (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.

Corporate Governance Report

Internal Audit Function

Internal audit function was in place in the financial year under review to assist the Audit Committee in reviewing and evaluating the adequacy and effectiveness of the risk management and internal control systems of the Group at least once each financial year and to manage the risks inherent in the achievement of business objectives of the Group. Internal audit function adopts 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.

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 71 of this annual report.

A total amount of HK\$9,182,000 was provided for their audit services in 2025 (2024: HK\$8,150,000). Non-audit services provided by PricewaterhouseCoopers to the Group amounted to HK\$981,000 (2024: HK\$1,287,000).

Corporate Governance Report

DIVIDEND POLICY

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

PROFESSIONAL DEVELOPMENT

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

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

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
Mr. Fung Siu To, Clement	B
Mr. Poon Jing	B
Mr. Poon Hai	B
Ms. Poon Tsing, Rachel	B
Mr. Poon Yeung, Roderick	B
Mr. Lun Pui Kan	B
Mr. Kwan Po Lam, Phileas	B
Mr. Ip Chi Wai	B
Mr. Leung Wai Keung	A,B,C
Mr. Wong Chi Keung	A,B

- A: Attending seminar(s)/training session(s)/conference(s)/forum(s) relevant to directors' profession and/or duties and/or other relevant topics
- B: Reading materials in relation to corporate governance, regulatory development and other relevant topics
- 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 <https://www.asiastandard.com> as a communication platform which enables Shareholders, investors and public to access to the information of the Company on a timely basis.

Shareholders may at any time send their enquiries, suggestions and concerns to the Board in writing to the principal office of the Company in Hong Kong or by e-mail to asinfo@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 Shareholder's 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 Shareholder to Make Proposals at Shareholders' Meeting

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

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

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

A copy of the Requisition, or two or more copies which between them contain the signatures of all the Requisitionists, shall be lodged at 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

(II) Procedure for Shareholder to Convene Special General Meetings

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

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

Directors and Senior Management

EXECUTIVE DIRECTORS

Fung Siu To, Clement

Aged 76, is the Chairman, an Executive Director, the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company and Asia Orient Holdings Limited ("Asia Orient"), a substantial shareholder of the Company within the meaning of Part XV of the Securities and Future Ordinance (the "SFO"), and an executive director of Asia Standard Hotel Group Limited ("Asia Standard Hotel"), a subsidiary of the Company which was privatised in October 2024. 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. Mr. Fung is the uncle of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both being Executive Directors of the Company, and Ms. Poon Tsing, Rachel, a Non-executive Director 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 70, is the Chief Executive, the Managing Director and an Executive Director of the Company and Asia Orient. He is also the Chairman and an executive director 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 being Executive Directors of the Company, and Ms. Poon Tsing, Rachel, a Non-executive Director 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 40, is an Executive Director and a member of the Remuneration Committee of the Company. He is also an executive director of Asia Orient and Asia Standard Hotel. 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, the Managing Director of the Company. He is also the brother of Ms. Poon Tsing, Rachel and Mr. Poon Yeung, Roderick, a Non-executive Director of the Company 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 36, is an Executive Director of the Company, Asia Orient 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. He is the son of Mr. Poon Jing, the Managing Director of the Company. He is also the brother of Mr. Poon Hai and Ms. Poon Tsing, Rachel, an Executive Director of the Company and a Non-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 61, is the Finance Director of the Company and Asia Orient. He is also a director of certain subsidiaries of the Company. Mr. Lun has over 30 years of experience in accounting and finance. He is a holder of a Bachelor of Science (Engineering) degree and is an associate member of The Hong Kong Institute of Certified Public Accountants ("HKICPA") and a fellow member of The Association of Chartered Certified Accountants ("ACCA"). He joined the Group in 1994.

Kwan Po Lam, Phileas

Aged 66, is an Executive Director of the Company and Asia Orient. 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 40 years of experience in property sales, leasing and real estate management.

NON-EXECUTIVE DIRECTOR

Poon Tsing, Rachel

Aged 38, is a Non-executive Director of the Company and Asia Orient. Ms. Poon holds a Bachelor's degree in Political Science and a Master's degree in Business Management from the University of British Columbia. She joined the Group in 2011 with her last position in the Group as sales and marketing manager in 2017. Since 2019, Ms. Poon has founded a beauty group in Singapore. Ms. Poon is the daughter of Mr. Poon Jing, the Managing Director of the Company. She is also the sister of Mr. Poon Hai and Mr. Poon Yeung, Roderick, both being the Executive Directors of the Company. She is also the niece of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman of the Company and Asia Orient and the Deputy Chairman of Asia Standard Hotel respectively.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ip Chi Wai

Aged 57, is an Independent Non-executive Director and a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Ip graduated from The University of Hong Kong with a Degree of a Bachelor of Laws. He is a qualified solicitor in Hong Kong and has more than 30 years of experience in the legal profession. Mr. Ip is also an independent non-executive director and a member of the audit committee, the nomination committee and the remuneration committee of Dingyi Group Investment Limited, which is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He joined the Group in 2003.

On 7th May 2025, Mr. Ip ceased to act as the independent non-executive director of Haosen Fintech Group Limited, a company listed on the Stock Exchange.

Directors and Senior Management

Leung Wai Keung, JP

Aged 62, is an Independent Non-executive Director, a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company and Asia Orient. He joined the Group in 2004.

Mr. Leung is currently a Barrister-at-Law and was appointed as a Justice of the Peace by the Hong Kong Government on 1st July 2018. He has about 10 years of experience in accounting and financial management in several firms and thereafter been practicing as a barrister since 1996. Mr. Leung is a member of HKICPA, The Hong Kong Chartered Governance Institute ("HKCGI"), ACCA, The Chartered Governance Institute ("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.

Mr. Leung was an independent non-executive director of Asia Standard Hotel since 22nd September 2004 until 1st April 2025 after the privatisation of Asia Standard Hotel by way of a scheme of arrangement.

Ma Ho Fai, GBS JP*

Aged 73, is an Independent Non-executive Director of the Company and Asia Orient. Mr. Ma is a senior partner of Woo Kwan Lee & Lo, a local law firm in Hong Kong, and was admitted as a solicitor in Hong Kong in 1984, England and Wales in 1987, Australian Capital Territory in 1988 and the Republic of Singapore in 1990. Mr. Ma has been appointed by the Ministry of Justice as a China-Appointed Attesting Officer since 2000 and a Civil Celebrant of Marriages since 2006. He has also been appointed by the Government of the Hong Kong Special Administrative Region as the Chairman of the Protection of Wages on Insolvency Fund Board since 2018 and the Chairperson of the Travel Industry Authority since 2020. In addition, he is a Deputy of the 11th, 12th and 13th National People's Congress of the PRC. In recognition of his distinguished public and community service, Mr. Ma was appointed as a Non-Official Justice of the Peace in 2005 by the Government of the Hong Kong Special Administrative Region and was awarded the Gold Bauhinia Star in 2017.

Mr. Ma is an independent non-executive director of Asiaray Media Group Limited, the shares of which are listed on the Main Board of the Stock Exchange.

** Appointed as an Independent Non-executive Director of the Company with effect from 2nd July 2025.*

Directors and Senior Management

Wong Chi Keung

Aged 70, is an Independent Non-executive Director, the Chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee of the Company and Asia Orient. Mr. Wong holds a Master degree in Business Administration from The University of Adelaide in Australia. He is a fellow member of HKICPA, ACCA and CPA Australia; and an associate member of CGI and The Chartered Institute of Management Accountants. Mr. Wong is also a responsible officer for asset management and advising on securities for Beagle Asset Management Company Limited under the SFO.

Mr. Wong was an executive director, the deputy general manager, group financial controller and company secretary of Yuexiu Property Company Limited (formerly known as Guangzhou Investment Company Limited) which is a company listed on the Stock Exchange, for over ten years. He is also an independent non-executive director and a member of audit committee of Century City International Holdings Limited, Changyou International Group Limited (formerly known as 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.

Mr. Wong was an independent non-executive director of Asia Standard Hotel since 15th January 2021 until 1st April 2025 after the privatisation of Asia Standard Hotel by way of a scheme of arrangement.

SENIOR MANAGEMENT

Lim Yin Cheng

Aged 80, is the Deputy Chairman, the Chief Executive and an executive director 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 uncle of Ms. Poon Tsing, Rachel, a Non-executive Director of the Company. Dr. Lim 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 73, 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 Asia Standard Hotel group in 2007.

Woo Wei Chun, Joseph

Aged 61, 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 Asia Standard Hotel group in 2006.

Directors and Senior Management

Wong Hoi Yan

Aged 52, is the General Manager of Project Management Division of the Company. 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 the Group in 2014.

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31st March 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 37 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 72.

The Company did not pay an interim dividend (2024: Nil) for the year ended 31st March 2025.

The board of Directors (the "Board") has resolved not recommend the payment of a final dividend for the year ended 31st March 2025 (2024: Nil).

FINANCIAL SUMMARY

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

EQUITY LINKED AGREEMENTS

Save as disclosed in the section "Share option schemes" on pages 51 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.

SHARE ISSUED IN THE YEAR

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

PRINCIPAL PROPERTIES

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

DONATIONS

During the year, the Group made charitable and other donations of HK\$32,000 (2024: HK\$82,000).

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
Ms. Poon Tsing, Rachel (appointed on 31st December 2024)
Mr. Poon Yeung, Roderick
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas
Mr. Ip Chi Wai
Mr. Leung Wai Keung
Mr. Wong Chi Keung

Subsequent to the date of this report, Mr. Ma Ho Fai was appointed as an Independent Non-executive Director with effect from 2nd July 2025.

Ms. Poon Tsing, Rachel, Messrs. Lun Pui Kan, Ma Ho Fai and Wong Chi Keung will retire from office by rotation in accordance with the bye-laws of the Company (the “Bye-Laws”) and Mr. Poon Jing will retire to comply with Appendix 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 (the “AGM”) by rotation. Ms. Poon Tsing, Rachel, Messrs. Poon Jing, Ma Ho Fai and Wong Chi Keung, being eligible, have offered themselves for re-election at the forthcoming AGM. Mr. Lun Pui Kan has informed the Board that he will retire from his employment as Executive Director at the AGM and will not offer himself for re-election at the AGM.

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 43.

DIRECTORS’ INTERESTS IN COMPETING BUSINESS

None of the Directors has an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules during the year.

DIRECTORS’ MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transactions, arrangements and contracts of significance in relation to the Company’s business to which the Company, its subsidiaries, its fellow subsidiaries or its parent company 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.

Report of the Directors

PERMITTED INDEMNITY PROVISIONS

Subject to the Bermuda Companies Act 1981, the Bye-Laws and other relevant statutes, the Directors shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which they may sustain or incur in or about the execution of their office or otherwise in relation thereto. The Company has arranged appropriate Directors' and Officers' Liability Insurance coverage for the Directors and officers of the Group.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Apart from the share option schemes of Asia Orient Holdings Limited ("Asia Orient") (details of which please refer to the annual report of Asia Orient for the year ended 31st March 2025), the Company and Asia Standard Hotel Group Limited ("Asia Standard Hotel") (details of which are disclosed on pages 51 to 55), at no time during the year were the Company, its subsidiaries or its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31st March 2025, the interests and short positions of the Directors and Chief Executive of the Company in shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and the 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	Total	
Poon Jing	1,308,884	711,882,392	713,191,276	50.20

Note: By virtue of Mr. Poon Jing's controlling interest (65.60%) in Asia Orient, he is deemed to be interested in the shares of the Company held by Asia Orient as disclosed under the heading "Substantial shareholders' and other persons' interests and short positions in shares and underlying shares" below.

Report of the Directors

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

(I) Long Positions in Shares (Continued)

(b) Associated corporations

Director	Associated corporation	Number of shares held			Total	Percentage of share in issue (%)
		Personal interest	Family interest	Corporate interest		
Poon Jing	Asia Orient	401,139,472	5,318,799	145,213,900 (Notes)	551,672,171	65.60
	Asia Standard Hotel	152,490	–	4,615,930,087 (Notes)	4,616,082,577	100
Poon Hai	Asia Orient	10,444,319	–	–	10,444,319	1.24
Fung Siu To, Clement	Asia Orient	15,440,225	–	–	15,440,225	1.83
	Mark Honour Limited	9	–	–	9	0.01

Notes:

1. By virtue of Mr. Poon Jing's controlling interest in Asia Orient, he is deemed to be interested in the shares of Asia Standard Hotel held by Asia Orient and the Company.
2. By virtue of Mr. Poon Jing's controlling interest in the Company through Asia Orient, he is deemed to be interested in the shares of all the Company's subsidiaries and associated corporations.
3. Asia Standard Hotel was privatised by way of a scheme of arrangement in October 2024.

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN 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 2024 and 31st March 2025
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\$1.38 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.

(b) Associated corporation – Asia Orient

Director	Outstanding as at 1st April 2024 and 31st March 2025
Poon Hai	3,500,000
Poon Yeung, Roderick	3,500,000

Notes:

- Options were granted on 11th December 2015 under a share option scheme adopted by Asia Orient on 29th August 2014 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.42 per share.
- 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 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 2024	Cancelled during the year	Outstanding as at 31st March 2025
Poon Hai	14,400,000	(14,400,000)	–
Poon Yeung, Roderick	14,400,000	(14,400,000)	–

Notes:

1. The options were granted on 11th December 2015 under 2006 Asia Standard Hotel Share Option Scheme (as defined under the heading "Share option schemes").
2. All of the options were cancelled by Asia Standard Hotel in accordance with the terms of the 2006 Asia Standard Hotel Share Option Scheme on 3rd March 2025, and there is no outstanding share option under the 2006 Asia Standard Hotel Share Option Scheme as at 31st March 2025.

Save as disclosed above, as at 31st March 2025, 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 SHARES AND UNDERLYING SHARES

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 31st March 2025, 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	Total	Percentage of shares in issue (%)
Asia Orient (Note 1)	Beneficial Owner Interests in controlled corporation	80,031,509 631,850,883	711,882,392	50.11
Asia Orient Holdings (BVI) Limited ("Asia Orient BVI") (Note 1)	Interests in controlled corporation	631,850,883	631,850,883	44.48
Asia Orient Company Limited ("AOCL") (Note 2)	Beneficial Owner Interests in controlled corporation	304,361,730 2,459,153	306,820, 883	21.60
Kingfisher Inc. and Lipton Investment Limited ("Kingfisher and Lipton") (Note 2)	Interests in controlled corporation	284,376,649	284,376,649	20.02

Notes:

1. Asia Orient BVI is a wholly-owned subsidiary of Asia Orient. Accordingly, Asia Orient is deemed to have interest and duplicate the interest in the same 631,850,883 shares held by Asia Orient BVI.
2. AOCL, companies controlled by AOCL, Kingfisher and Lipton are wholly-owned subsidiaries of Asia Orient BVI. Asia Orient BVI is deemed to be interested in and duplicate the interest held by AOCL, Kingfisher and Lipton.

Save as disclosed above, as at 31st March 2025, 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 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.

Report of the Directors

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 125,482,152 shares, representing about 8.83% 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 twelve (12) months period, must not exceed 1% of the shares in issue from time to time.

Under 2014 Share Option Scheme, there was no requirement for a grantee to hold the option for a certain period before exercising the option unless otherwise determined by the Directors. The exercise period should be any period determined by the Board but in any event the exercise period should not be later than ten (10) years from the date of grant. The grantee has to accept an option within twenty-one (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 (5) trading days immediately preceding the date of grant; and (iii) the nominal value of a share. The 2014 Share Option Scheme was effective for ten (10) years from 29th August 2014 and expired on the tenth anniversary of such adoption date.

Following the expiry of 2014 Share Option Scheme, no further share option can be granted thereafter but all outstanding share options granted under 2014 Share Option Scheme and yet to be executed shall remain valid and exercisable. The number of shares that may be issued in respect of options granted under all schemes of the Company during the year was 7,000,000 shares, representing approximately 0.49% of the issued share for the year.

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 2024 and 31st March 2025
Poon Hai	3,500,000
Poon Yeung, Roderick	3,500,000

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)

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 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\$1.35 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 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 4th September 2024 (the “2024 Share Option Scheme”)

The 2024 Share Option Scheme was adopted on 4th September 2024. Under 2024 Share Option Scheme, the Board may grant options to any Director or employee of the Company or its subsidiaries, excluding the Independent Non-executive Directors. The purpose was to provide incentives, recognise and acknowledge the contributions of which the eligible participants have made or will make to the Group, and provide the eligible participants with an opportunity to have a personal stake in the Company with a view to motivating the eligible participants to utilise their performance and efficiency for the benefit of the Group and attracting and retaining or otherwise maintaining 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 2024 Share Option Scheme must not exceed 131,978,228 shares, representing about 9.29% of the shares in issue at the date of this report. The maximum number of shares in respect of which options might be granted to an eligible participant, when aggregated with shares issued and to be issued (including exercised, outstanding and cancelled options) under any option granted to the same participant under 2024 Share Option Scheme or any other share scheme of the Company within any twelve (12) months period, must not exceed 1% of the shares in issue from time to time.

Under 2024 Share Option Scheme, the vesting period for options under the 2024 Share Option Scheme shall not be less than twelve (12) months. The exercise period shall not commence less than twelve (12) months after the date of grant but in any event the exercise period should not expire later than ten (10) years from the date of grant. The grantee has to accept an option within twenty-one (21) days from the date of offer by making a non-refundable payment of HK\$1 to the Company.

Report of the Directors

SHARE OPTION SCHEMES (CONTINUED)

The Company (Continued)

Share option scheme adopted on 4th September 2024 (the “2024 Share Option Scheme”) (Continued)

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 (5) business days immediately preceding the date of grant; and (iii) the nominal value of a share. The 2024 Share Option Scheme is effective for ten (10) years from 4th September 2024. No share option has been granted since the adoption of 2024 Share Option Scheme.

Subsidiary – 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 entities, 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 to be granted under 2006 Asia Standard Hotel Share Option Scheme must not exceed 125,088,061 shares, representing about 2.70% 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 twelve (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 ten (10) years from the date of grant. The grantee has to accept an option within twenty-one (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 (5) 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 ten (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 as all outstanding share options granted under 2006 Asia Standard Hotel Share Option Scheme were cancelled in accordance with the terms of the scheme on 3rd March 2025, there is no outstanding share option under 2006 Asia Standard Hotel Share Option Scheme as at 31st March 2025.

Report of the Directors

SHARE OPTION SCHEMES (CONTINUED)

Subsidiaries – Asia Standard Hotel (Continued)

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

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

Grantee	Outstanding as at 1st April 2024	Cancelled during the year	Outstanding as at 31st March 2025
Poon Hai	14,400,000	(14,400,000)	–
Poon Yeung, Roderick	14,400,000	(14,400,000)	–

Notes:

1. The options were granted on 11th December 2015 under 2006 Asia Standard Hotel Share Option Scheme (as defined under the heading “Share option schemes”).
2. All of the options were cancelled by Asia Standard Hotel in accordance with the terms of the 2006 Asia Standard Hotel Share Option Scheme on 3rd March 2025, and there is no outstanding share option under the 2006 Asia Standard Hotel Share Option Scheme as at 31st March 2025.

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

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

The total number of shares available for issue upon exercise of all options to be granted under 2016 Asia Standard Hotel Share Option Scheme must not exceed, in aggregate, 10% of the issued ordinary shares of Asia Standard Hotel as at the date of adoption of 2016 Asia Standard Hotel Share Option Scheme or the date of shareholders’ approval of a refreshment of such limit in a general meeting of Asia Standard Hotel (the “Scheme Limit”). The Scheme Limit was refreshed pursuant to an ordinary resolution passed by the shareholders at the annual general meeting of Asia Standard Hotel held on 30th August 2017 and the Scheme Limit as refreshed is 201,804,047 shares, representing about 4.37% 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 twelve (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)

Subsidiaries – 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 ten (10) years from the date of grant. The grantee has to accept an option within twenty-one (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 (5) 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 ten (10) years from 8th September 2016. No share option has been granted since the adoption of 2016 Asia Standard Hotel Share Option Scheme, and as a result of the termination of 2016 Asia Standard Hotel Share Option Scheme on 3rd March 2025, no share options may be granted under 2016 Asia Standard Hotel Share Option Scheme as at 31st March 2025.

CONVERTIBLE NOTES

On 23rd February 2017, Asia Standard Hotel issued a total of 2,693,204,266 ASH convertible notes (“ASH Convertible Notes”) with a total principal amount of HK\$1,220 million 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. Principal terms of the ASH Convertible Notes are set out in note 25 to the financial statements.

During the year, ASH Convertible Notes in the aggregate amount of HK\$1,176,913,071 (2024: Nil) were converted into 2,598,042,100 ordinary shares of Asia Standard Hotel by a subsidiary of the Company, representing approximately 56.28% of shares in Asia Standard Hotel after conversion, whilst the remaining ASH Convertible Notes were redeemed by Asia Standard Hotel.

As at 31st March 2025, given all of the ASH Convertible Notes were converted and/or redeemed, there were no outstanding ASH Convertible Notes.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

Report of the Directors

MANAGEMENT CONTRACTS

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

BUSINESS REVIEW

A fair review of business of the Group, particulars of important events affecting the Group that have occurred since the end of the financial year, if any, an analysis using financial key performance indicators and indication of likely future development of the Group are set out in the section “Management discussion and analysis” on pages 6 to 11. Discussion on environmental policies and performance of the Group and the account of the key relationships with its stakeholders are set out in the sections “Environmental, social and governance report” on pages 16 to 28.

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 & 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 affect 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 regulation, changes in market conditions, competition in the industry, excess hotel supply or reduced international or local demand for hotel rooms and associated services, foreign exchange fluctuations, the interest rate environment, and other natural and social factors which may affect the level of global travel and business 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 76% 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 114.

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 2025, there is no circumstance of any event between the Group and its customers which will have a significant impact on the Group's business and on which the Group's success depends. The account of key relationship with employees and suppliers on which the Group's success depends are set out in the section "Environmental, social and governance report" on pages 16 to 28.

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	77%
Percentage of purchases attributable to the Group's five largest suppliers	85%
Percentage of sales attributable to the Group's largest customer	16%
Percentage of sales attributable to the Group's five largest customers	25%

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 35 to the financial statements, none of which constituted a connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

RELIEF OF TAXATION

The Company is not aware of any relief from taxation available to the shareholders by reason of their holding of the Company's shares.

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 2025 are as follow:

	Proforma combined balance sheet HK\$'000	Group's attributable interest HK\$'000
Non-current assets	11,112,739	3,161,159
Current assets	22,920,379	8,160,731
Current liabilities	(16,016,541)	(5,186,212)
Non-current liabilities	(10,841,305)	(3,185,919)
	7,175,272	2,949,759

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 2025.

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, 30th June 2025

Independent Auditor's Report

To the Shareholders of Asia Standard International Group Limited

(incorporated in Bermuda with limited liability)

OPINION

What We have Audited

The consolidated financial statements of Asia Standard International Group Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 72 to 164, comprise:

- the consolidated balance sheet as at 31st March 2025;
- 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

Independence

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

Independent Auditor's Report

KEY AUDIT MATTERS

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

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

- 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 held for sale

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>ECL assessment of debt securities which are classified as FVOCI and amortised cost and the related accrued interest</p> <p><i>Refer to notes 3, 4, 19 and 20 to the consolidated financial statements</i></p> <p>As at 31st March 2025, 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 end 31st March 2025 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 market conditions and volatility in the PRC real estate industry.</p>	<p>Our procedures to address ECL assessment of debt securities which are classified as FVOCI" and amortised cost and the related accrued interest included:</p> <ul style="list-style-type: none">– 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;

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>ECL assessment of debt securities which are classified as FVOCI and amortised cost and the related accrued interest (Continued)</p> <p>Management 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, management 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, management assessed ECL for each of these debt securities using a discounted cashflow model ("DCF") with probability weightings given to different possible scenarios. POCI are financial assets that are credit-impaired on initial recognition. For POCI, management estimates the lifetime expected credit losses using DCF from the investment at each reporting date. The assumptions also take into account forward-looking estimates.</p> <p>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.</p>	<ul style="list-style-type: none"> – With the assistance of our internal valuation experts, we performed the following procedures: <ul style="list-style-type: none"> – Evaluating the reasonableness of staging determination by considering the circumstances concerning the business and financial affairs of the underlying debt securities issuers at the time of initial recognition as well as 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 restructuring plans signed or proposed, overdue status, the latest financial information available from the debt securities issuers and other relevant information;

Independent Auditor's Report

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)	<ul style="list-style-type: none">– 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. <p>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.</p>

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Fair value assessment of debt securities which are classified as FVOCI and the related accrued interest</p> <p><i>Refer to notes 3,4,19 and 20 to the consolidated financial</i></p> <p>As at 31st March 2025, the Group has debt securities which are classified as FVOCI and are measured at fair value.</p> <p>Due to the 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 debt securities, are very limited, and thus management do not consider the prices quoted by the brokers represent the fair values of these debt securities. Accordingly, management assessed the fair values of these securities using discounted cashflow model ("DCF") with probability weightings given to different possible scenarios. Management applied certain assumptions, including the expected cashflows used in the DCF model, discount rates, multiple scenarios and probability weightings.</p> <p>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.</p>	<p>Our procedures to address fair value assessment of debt securities which are classified as FVOCI and the related accrued interest included:</p> <ul style="list-style-type: none"> – 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; – With the assistance of our internal valuation experts, we performed the following procedures: <ul style="list-style-type: none"> – Assessing the appropriateness of valuation methodology 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; – Evaluating the reasonableness of the discount rates used, by referencing to the implied bond yields of bonds, issued by comparable PRC real estate companies;

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)	<ul style="list-style-type: none">– 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. <p>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.</p>

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of investment properties</p> <p><i>Refer to notes 4, 15 and 17 to the consolidated financial statements</i></p> <p>As at 31st March 2025, the Group's investment properties portfolio included investment properties held by subsidiaries, an associated company and a joint venture.</p> <p>Management engaged independent valuers to estimate the fair value of investment properties of the Group, the associated company and the joint venture as at 31st March 2025 based on the direct comparison method and income capitalisation method (where applicable). We focused on the valuation of investment properties because the estimation of fair value is subject to estimation uncertainty. It is inherently subjective due to, among other factors, the individual nature of each property, its location, prevailing market returns and the expected future rentals for that particular property.</p> <p>We have identified the valuation of investment properties as a key audit matter due to the significant judgement and estimation involved.</p>	<p>Our procedures performed to address valuation of investment properties included:</p> <ul style="list-style-type: none"> – Understanding management's 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 independent valuation reports and holding discussion with the independent valuers, together with our own experts in property valuation, to discuss and evaluate the valuation methodology and key assumptions adopted, focusing on market comparables, prevailing market rents and capitalisation rates (where applicable); – With the assistance of our valuation experts, assessing the reasonableness of key assumptions used by the independent valuers against recent transactions for similar properties and locations, and by research evidence of prevailing market rents and capitalisation rates (where applicable); and – Assessing the adequacy of the disclosures related to the valuation of investment properties in the context of disclosure requirements of HKFRS Accounting Standards. <p>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.</p>

Independent Auditor's Report

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Recoverability of properties held for sale</p> <p><i>Refer to notes 4, 17, and 18 to the consolidated financial statements</i></p> <p>The Group has a number of properties held for sale ("property development projects") held by subsidiaries and joint ventures.</p> <p>Management assessed the recoverability of property development projects based on estimates of the net realisable values of the underlying properties for each project and concluded no provision is necessary as at 31st March 2025. 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.</p> <p>We have identified the recoverability of properties held for sale as a key audit matter due to the subjectivity of management judgement and estimation uncertainty involved.</p>	<p>Our procedures to address the recoverability of properties held for sale included:</p> <ul style="list-style-type: none"> – Understanding management's processes for determining the recoverability of properties held 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 estimated selling 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) assessing the cost estimates provided by management and (3) benchmarking estimated construction costs to external industry data; and – Obtaining the valuation reports for certain properties, and holding discussion with the independent valuers, together with our valuation experts in property valuation to evaluate the valuation methodology and key assumptions adopted. <p>Based on the work performed, we found the judgement and assumptions adopted by the management in the assessment of recoverability of the properties held for sale were supported by the evidence obtained.</p>

Independent Auditor's Report

OTHER INFORMATION

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

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

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

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

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as 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 HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

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

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

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

Independent Auditor's Report

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Ka Yee (practising certificate number: P05388).

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30th June 2025

Consolidated Profit and Loss Account

For the year ended 31st March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Sales of goods and services, leasing and other revenue	5	1,758,200	515,848
Interest revenue		649,131	1,219,493
Total revenue	5	2,407,331	1,735,341
Cost of sales		(866,956)	(152,821)
Gross profit		1,540,375	1,582,520
Selling and administrative expenses		(339,438)	(302,108)
Depreciation		(134,685)	(139,201)
Net investment loss	6		
Net realised and unrealised loss		(574,181)	(210,994)
Changes in expected credit losses		(2,270,023)	(5,860,618)
Fair value (loss)/gain of investment properties	15	(638,872)	56,392
Other charge	7	(121,916)	(885,205)
Operating loss		(2,538,740)	(5,759,214)
Net finance costs	11	(617,750)	(595,993)
Share of profits less losses of			
Joint ventures		(413,469)	(4,158)
Associated companies		(68,402)	(20,887)
Loss before income tax		(3,638,361)	(6,380,252)
Income tax (expense)/credit	12	(72,246)	198,798
Loss for the year		(3,710,607)	(6,181,454)
Attributable to:			
Shareholders of the Company		(3,750,594)	(5,792,196)
Non-controlling interests		39,987	(389,258)
		(3,710,607)	(6,181,454)
Loss per share (HK\$)			
Basic	14	(2.75)	(4.39)
Diluted	14	(2.75)	(4.39)

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2025

	2025 HK\$'000	2024 HK\$'000
Loss for the year	(3,710,607)	(6,181,454)
Other comprehensive income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Debt securities at fair value through other comprehensive income		
– transfer to profit or loss upon recognition of expected credit losses	1,190,819	2,419,246
– net fair value change and other net movements	(297,752)	(1,515,595)
– release of reserve upon derecognition	2,373	98,636
Share of net fair value gain/(loss) on debt securities at fair value through other comprehensive income of a joint venture	124,542	(38,100)
Cash flow hedges		
– fair value loss	(187,109)	(71,669)
– deferred tax on derivative financial instruments	30,873	11,825
Currency translation differences	(116,935)	(9,225)
Share of currency translation differences of joint ventures	(42,100)	(76,253)
Items that will not be reclassified to profit or loss:		
Net fair value gain of equity securities at fair value through other comprehensive income	90,391	76,051
Currency translation differences attributable to non-controlling interests	(5,342)	(2,791)
	789,760	892,125
Total comprehensive charge for the year	(2,920,847)	(5,289,329)
Attributable to:		
Shareholders of the Company	(2,956,461)	(4,987,108)
Non-controlling interests	35,614	(302,221)
	(2,920,847)	(5,289,329)

Consolidated Balance Sheet

As at 31st March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Investment properties	15	10,262,272	10,901,144
Property, plant and equipment	16	4,536,050	4,576,811
Investment in joint ventures and associated companies	17	2,949,759	3,853,211
Amount due from joint ventures and associated companies	17	3,149,617	2,702,209
Financial investments	20	278,997	1,091,137
Derivative financial instruments	26	26,693	130,953
Deferred income tax assets	27	148,159	137,419
		21,351,547	23,392,884
Current assets			
Properties held for sale	18	6,213,023	6,366,075
Hotel and restaurant inventories		25,579	26,753
Trade and other receivables	19	574,197	567,546
Income tax recoverable		127	70
Financial investments	20	1,285,766	2,407,248
Derivative financial instruments	26	23,367	186,945
Bank balances and cash			
– restricted	21	732,508	362,268
– unrestricted	21	720,178	834,864
		9,574,745	10,751,769
Current liabilities			
Trade and other payables	22	190,450	292,707
Amount due to joint ventures	17	206,916	517,159
Amount due to an associated company	17	135,960	182,820
Amount due to non-controlling interests		60,957	56,514
Income tax payable		5,142	484
Contract liabilities	23	2,509,113	484,892
Borrowings	24	5,078,084	5,693,653
		8,186,622	7,228,229
Net current assets		1,388,123	3,523,540

Consolidated Balance Sheet

As at 31st March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current liabilities			
Borrowings	24	10,854,844	12,049,556
Convertible notes	25	–	9,680
Lease liabilities		350	883
Deferred income tax liabilities	27	191,007	171,923
		11,046,201	12,232,042
Net assets		11,693,469	14,684,382
Equity			
Share capital	28	14,206	13,197
Reserves	29	11,674,172	14,438,231
Equity attributable to shareholders of the Company		11,688,378	14,451,428
Non-controlling interests		5,091	232,954
		11,693,469	14,684,382

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Consolidated Statement of Cash Flows

For the year ended 31st March 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Cash flows from operating activities			
Net cash generated from/(used in) operations	33(A)	3,004,158	(232,459)
Net income tax paid		(80,418)	(3,089)
Interest paid		(1,053,792)	(1,106,816)
Interest received from bank deposits, other receivables and derivative financial instruments		294,138	325,983
Net cash generated from/(used in) operating activities		2,164,086	(1,016,381)
Cash flows from investing activities			
Net proceeds of financial investments		382,364	221,342
Increase in restricted bank balances		(282,606)	–
Addition to investment properties		–	(306)
Addition to property, plant and equipment		(52,308)	(46,059)
Disposal of a subsidiary		–	(379)
Return of investment in joint ventures		95,358	119,233
Advance to associated companies and joint ventures		(523,370)	(510,288)
Repayment from associated companies and joint ventures		29,025	23,016
Net cash used in investing activities		(351,537)	(193,441)
Net cash generated from/(used in) before financing activities		1,812,549	(1,209,822)
Cash flows from financing activities	33(B)		
Drawdown of long term borrowings		2,997,900	4,361,033
Repayment of long term borrowings		(4,828,694)	(3,197,100)
Net (decrease)/increase in short term borrowings		(7,979)	61,000
Purchase of interest in a subsidiary from non-controlling interests		(23,511)	–
Redemption of convertible notes		(43,060)	–
Contribution from non-controlling interests		4,443	3,565
Lease payments		(7,022)	(8,148)
Net cash (used in)/generated from financing activities		(1,907,923)	1,220,350
Net (decrease)/increase in cash and cash equivalents		(95,374)	10,528
Cash and cash equivalents at the beginning of the year		834,864	829,584
Changes in exchange rates		(19,312)	(5,248)
Cash and cash equivalents at the end of the year		720,178	834,864
Analysis of the balances of cash and cash equivalents			
Bank balances and cash (excluding restricted bank balances)	21	720,178	834,864

Consolidated Statement of Changes in Equity

As at 31st March 2025

	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 2023	13,197	19,425,339	19,438,536	535,175	19,973,711
Financial assets at fair value through other comprehensive income					
– net fair value change and other net movements	–	854,210	854,210	87,392	941,602
– release of reserve upon derecognition	–	91,544	91,544	7,092	98,636
Cash flow hedges					
– fair value loss	–	(66,093)	(66,093)	(5,576)	(71,669)
– deferred tax on derivative financial instruments	–	10,905	10,905	920	11,825
Currency translation differences	–	(85,478)	(85,478)	(2,791)	(88,269)
Loss for the year	–	(5,792,196)	(5,792,196)	(389,258)	(6,181,454)
Total comprehensive charge for the year	–	(4,987,108)	(4,987,108)	(302,221)	(5,289,329)
At 31st March 2024	13,197	14,438,231	14,451,428	232,954	14,684,382
Financial assets at fair value through other comprehensive income					
– net fair value change and other net movements	–	1,100,401	1,100,401	7,599	1,108,000
– release of reserve upon derecognition	–	2,014	2,014	359	2,373
Cash flow hedges					
– fair value loss	–	(178,739)	(178,739)	(8,370)	(187,109)
– deferred tax on derivative financial instruments	–	29,492	29,492	1,381	30,873
Currency translation differences	–	(159,035)	(159,035)	(5,342)	(164,377)
(Loss)/profit for the year	–	(3,750,594)	(3,750,594)	39,987	(3,710,607)
Total comprehensive (charge)/income for the year	–	(2,956,461)	(2,956,461)	35,614	(2,920,847)
Transactions with owners					
Increase of interest in a subsidiary	1,009	192,402	193,411	(263,477)	(70,066)
At 31st March 2025	14,206	11,674,172	11,688,378	5,091	11,693,469

Notes to the Financial Statements

1. GENERAL INFORMATION

Asia Standard International Group Limited (the “Company”) is a limited liability company incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited (“SEHK”). 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 of the Group have been prepared in accordance with HKFRS Accounting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). These financial statements also complied with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on SEHK.

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.

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

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

The accounting policies and methods of computation used in the preparation of these annual financial statements are consistent with those used in 2024, except adoption of the following new standard and amendments to standards that are effective for the first time for this year which are relevant to the Group’s operation and are mandatory for accounting periods beginning on or after 1st January 2024:

Amendments to HKAS 1 and related amendments to HK Interpretation 5
HK Interpretation 5 (Revised)

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Presentation of Financial Statement – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

The following new standards, amendment to standards and interpretation are relevant to the Group's operation but not yet effective and have not early adopted by the Group:

Amendments to HKFRS 9 and HKFRS 7 ⁽¹⁾ HKFRS Amendments ⁽¹⁾	Amendments to the Classification and Measurement of Financial Instruments Annual Improvements to HKFRS Accounting Standards – Volume 11
HKFRS 18 ⁽²⁾ Amendments to HK Interpretation 5 ⁽²⁾	Presentation and Disclosure in Financial Statements Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 10 and HKAS 28 ⁽³⁾	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

⁽¹⁾ Effective for annual periods beginning on or after 1st January 2026

⁽²⁾ Effective for annual periods beginning on or after 1st January 2027

⁽³⁾ To be determined

The Group will apply these new standards, amendments to standards and interpretation as and when they become effective. Except for HKFRS 18 which may have impact to the presentation of consolidated financial statements for the year ending 31st March 2028, none of the remaining new standards, amendments to standards and interpretation are expected to have a significant effect on the Group's consolidated financial statements.

(C) Basis of Consolidation

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

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

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

Notes to the Financial Statements

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(C) Basis of Consolidation (Continued)

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

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 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.

(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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(E) Joint Arrangement (Continued)

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.

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.

Notes to the Financial Statements

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(F) Associated Companies (Continued)

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) Financial Investments

(a) Classification

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(H) Financial Investments (Continued)

(b) 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.

(c) 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.

(i) 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 certain 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.

Notes to the Financial Statements

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(H) Financial Investments (Continued)

(c) Measurement (Continued)

(i) Debt instruments (Continued)

- 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.

(ii) 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. For equity investments designated at FVOCI, all subsequent changes in fair value, including any significant declines, are recognised in OCI. These fair value changes are not subsequently reclassified to the profit and loss account.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(H) Financial Investments (Continued)

(d) 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. 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 effective 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 group 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 an impairment gain 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 gain 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.

(e) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group 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.

Notes to the Financial Statements

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(I) Property, Plant and Equipment

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

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

Depreciation of property, plant and equipment is calculated using 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 equipment	3 to 10 years

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

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

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

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

(J) Impairment of Non-Financial Assets

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(K) 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. Where such property includes land held under a lease, the Group recognises a right-of-use asset for its interest in the land in accordance with HKFRS 16. This right-of-use asset is classified as part of investment property and, together with any related owned buildings, is subsequently measured at fair value.

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.

(L) 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 and other direct costs attributable to such properties and are stated at the lower of cost and net realisable value.

Property 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.

(M) Completed Properties Held for Sale

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

Notes to the Financial Statements

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(N) 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.

(O) Trade and Other Receivables

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

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. See note 19 for further information about the Group's accounting for trade receivables.

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

(P) Trade Payables

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

(Q) 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.

(R) 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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(S) 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(X)) over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has a right at the end of the reporting period to defer settlement for at least 12 months. Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(T) Employee Benefits

(a) 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.

(b) Retirement benefit 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.

(c) 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.

Notes to the Financial Statements

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(T) Employee Benefits (Continued)

(c) Share-based compensation (Continued)

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

(U) Current and Deferred Income Tax

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

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

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

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(V) Revenue Recognition

(a) Revenue from contracts with customers

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.

(i) Sales of properties

Revenue from sales of properties is recognised at a point in time when the customer obtains the physical possession or the legal title of the completed properties and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

(ii) 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.

(b) 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.

(c) Rental income from investment properties

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

Notes to the Financial Statements

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(W) Foreign Currency Translation

(a) Functional and presentation currency

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

(b) 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.

(c) 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:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) 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
- (iii) all resulting currency translation differences are recognised in OCI.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(W) Foreign Currency Translation (Continued)

(c) Group companies (Continued)

On consolidation, currency translation differences arising from the translation of the net investment in foreign operations, are taken to other comprehensive income. When a foreign operation is sold, all of the differences accumulated in equity are reclassified to the 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.

(X) 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.

(Y) 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.

As the lessee

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

Notes to the Financial Statements

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(Y) Leases (Continued)

As the lessee (Continued)

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

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

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.

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.

(Z) 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.

(AA) 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.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(AB) 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.

(AC) 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.

(AD) Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The Group designates certain derivatives as hedges of a particular risk associated with cash flow of recognised asset or liability (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 an economic relationship exists between the hedged item and the hedging instrument and the hedge is prospectively effective.

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 a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the consolidated profit and loss account.

Notes to the Financial Statements

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

The Group's accounting policies is to classify the full fair value of a hedging derivative as a non-current asset or liability when the hedged item is more than 12 months; as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

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 operations outside Hong Kong including Canada 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, Sterling pound, Euro, Renminbi and Japanese Yen.

Notes to the Financial Statements

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

At 31st March 2025, the Group's entities with functional currency of Hong Kong dollar had United States dollar net monetary assets of HK\$1.3 billion (2024: HK\$2.2 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:

	2025			2024		
	Net monetary assets amount HK\$'000	Increase/(decrease) in result attributable to the shareholders of the Company if exchange rate changes by +5% HK\$'000	-5% HK\$'000	Net monetary assets amount HK\$'000	Increase/(decrease) in result attributable to the shareholders of the Company if exchange rate changes by +5% HK\$'000	-5% HK\$'000
Renminbi	739,795	29,312	(29,312)	1,517,669	58,821	(58,821)
Japanese Yen	10,370	429	(429)	15,645	540	(540)
Euro	2,310	96	(96)	1,992	74	(74)
Sterling	200	8	(8)	192	8	(8)

(ii) Price risk

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

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

	2025				2024			
	Increase/(decrease) in result attributable to shareholders of the Company if price changes by		Increase/(decrease) in investment revaluation reserve of the Group if price changes by		Increase/(decrease) in result attributable to shareholders of the Company if price changes by		Increase/(decrease) in investment revaluation reserve of the Group if price changes by	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial investments	73,847	(73,847)	4,926	(4,926)	141,898	(141,898)	38,888	(38,888)

(iii) Cash flow interest rate risk

Other than bank balances and deposits, financial investments with fixed coupons, mortgage loans receivable, loans receivable and advances to a 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 is identified as a proportion of the Interest Bearing Liabilities up to the notional risk 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 (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 borrowings, 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 2025 and 2024.

Swaps currently in place cover approximately 23% (2024: 44%) of the Interest Bearing Liabilities. The fixed interest rates of the swaps range between 0.325% and 1% (2024: 0.325% and 1.28%) and the variable rates of the Interest Bearing Liabilities range between 1.35% and 2.5% (2024: 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.

	2025 HK\$'000	2024 HK\$'000
Carrying amount (note 26)	50,060	317,898
Notional amount	3,608,000	7,708,000
Maturity date	Various, up to March 2030	Various, up to March 2030

At 31st March 2025, 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 been HK\$57,614,000 (2024: HK\$59,819,000) lower/higher, and the hedging reserve would have increased/decreased by HK\$9,426,000 (2024: HK\$22,616,000) 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 21), financial investments (note 20), derivative financial instruments (note 26), as well as credit exposures to loans receivables, trade and other receivables (note 19) and amounts due from joint ventures and associated companies (note 17).

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 POCL.

The key definition of the three stages are summarised below:

- Stage 1: For financial instruments with no significant increase in credit risk after initial recognition or that have low credit risk at the reporting date, the expected credit losses are recognised at an amount equal to the portions 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, the Group 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, including forward-looking information, which reflects the significant increase in credit risk. The major factors considered include regulatory and business environment, external credit rating, repayment ability, operation capacity, repayment behaviours, etc. The Group compares the risk of a default occurring as at the end of the reporting period with that as at the date of initial recognition of one financial instrument or a portfolio of financial instruments that shares the similar credit risk characteristics. The Group also considers the following factors to determine whether there is significant increase in credit risk:

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

Definition of default (Stage 3)

The Group considers 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. The Group also 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.

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:

	Gross carrying amount (note)					Carrying amount in consolidated balance sheet HK\$'000
	Simplified approach HK\$'000	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	POCI HK\$'000	
31st March 2025						
Bank balances and cash						
Unrestricted cash	-	720,178	-	-	-	720,178
Restricted cash	-	732,508	-	-	-	732,508
Amounts due from joint ventures and associated companies	-	3,149,617	-	29,175	-	3,149,617
Loan receivables	-	19,355	-	9,115	-	26,982
Trade and other receivables excluding interest receivables	90,433	54,417	-	-	-	144,850
Financial investments at FVOCI, amortised cost and related interest receivables	-	-	-	13,998,925	1,646,262	1,069,055
31st March 2024						
Bank balances and cash						
Unrestricted cash	-	834,864	-	-	-	834,864
Restricted cash	-	362,268	-	-	-	362,268
Amounts due from joint ventures and associated companies	-	3,122,941	-	822,839	-	2,702,209
Loan receivables	-	18,106	-	8,214	-	24,832
Trade and other receivables excluding interest receivables	70,289	70,293	-	6,611	-	146,948
Financial investments at FVOCI, amortised cost and related interest receivables	-	69,803	-	12,927,269	1,283,456	2,045,290

Note:

For the purpose of this disclosure, gross carrying amount is defined as the amortised cost of a financial asset, before adjusting for any loss allowance.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

(b) Credit risk (Continued)

The maximum exposure to credit risk in relation to financial assets at FVPL and derivative financial instruments at the end of the reporting period is the carrying amount of these assets.

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. The Group also provide financial guarantees for banking and loan facilities of joint ventures and an associated company. Except for projects mentioned in note 7, management considered the credit risk of these advances and financial guarantees 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.

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 2025 (2024: HK\$1.7 million) for other receivables and loan receivables.

Due to the worsening market conditions and solvency situation of issuers, this had led to an increase in the recognition of ECL.

Notes to the Financial Statements

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

(b) Credit risk (Continued)

During the year, the movement of loss allowances in relation to the Group's debt securities at FVOCI and amortised cost is as follows:

	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	POCI HK\$'000	Total HK\$'000
At 31st March 2023	3,142	–	4,475,773	339,700	4,818,615
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	–	5,360,221	446,763	5,807,201
	217	–	5,360,221	500,180	5,860,618
Assets derecognised	–	–	(219,246)	(238)	(219,484)
At 31st March 2024	3,359	–	9,616,748	839,642	10,459,749
Total ECL charge to profit and loss account for the year					
Credit quality related changes	–	–	1,708,339	561,684	2,270,023
Assets derecognised	(359)	–	(147)	–	(506)
At 31st March 2025	3,000	–	11,324,940	1,401,326	12,729,266

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 credit rating agencies and other forward-looking factors which taking into account of macroeconomic information for the latest development of the issuers.

For the credit-impaired debt securities (stage 3) and POCI, the impairment loss was estimated based on management's assessment on the recoverable amount by assessing future cash flows using various probability-weighted possible scenarios. The future cash flows are discounted using the effective interest rate determined at initial recognition.

The assessments on the debt securities at FVOCI and amortised cost in Stage 3 and POCI involved probability weighted scenarios and calculation of an expected value. Such scenarios include:

- For the debt securities 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 effective interest rate at initial recognition, and scenarios analysis was applied.
- For the debt securities 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 debt securities 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 debt securities.
- 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 debt securities in the market based on its market price at 31st March 2025 and 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.

Notes to the Financial Statements

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

(b) Credit risk (Continued)

After calculating the expected values of each financial investment under the above mentioned different scenarios, 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 a weighted ECL was calculated for each financial asset.

The below table illustrates the major contributors for the change in ECL for the year ended 31st March 2025 and the assumptions used in estimating the ECL recorded:

Issuer of debt securities	Unrealised loss for the year ended 31st March 2025 HK\$ million	Change in ECL recorded in profit and loss for the year ended 31st March 2025 HK\$ million	ECL balance as at 31st March 2025 HK\$ million	Scenario	Scenario Probability	Debt Reduction	Payment Terms	Coupon rate
Bond issuer 1	(196)	(476)	(1,218)	Restructuring Liquidation	5% – 70%	50%	3 – 7 years	3% – 4%
Bond issuer 2	(110)	(456)	(4,430)	Restructuring Liquidation	20% – 80%	55%	5 – 9 years	2% – 3%
Bond issuer 3	(67)	(424)	(3,384)	Restructuring Liquidation	20% – 80%	55%	6 – 9 years	2% – 3%
Bond issuer 4	(2)	(270)	(349)	Restructuring Liquidation Straight sale	10% – 80%	40%	2 – 6 years	4%
Bond issuer 5	(2)	(253)	(302)	Restructuring Liquidation Straight sale	5% – 90%	0%	4 – 8 years	3%

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due.

At 31st March 2025, the Group had net current assets of HK\$1,388 million, comprising mainly properties held for sale of HK\$6,213 million, unrestricted and restricted bank balances and cash of HK\$1,453 million, and borrowings due within one year of HK\$5,078 million. Up to the date of this report, about HK\$1,569 million of the borrowings due within one year has been repaid or refinanced, and the remaining, which mostly have maturities in the first quarter of 2026, will be arranged for refinancing in the second half of 2025.

The current year loss attributable to Shareholders of the Company of HK\$3,751 million is primarily attributable to net unrealised fair value loss and further provision for expected credit losses on investment in debt securities, together with the fair value loss of investment properties. These fair value losses and provisions are non-cash items and do not impact the operating cash flow of the Group. During the year ended 31st March 2025, net cash generated from operating activities amounted to HK\$2,164 million.

At 31st March 2025, contracted value from our property sales not yet recognised as revenue amounted to HK\$4,467 million, related receivable from these sales amounted to HK\$1,981 million, out of which HK\$1,563 million has been received subsequently up to the date of this report. According to accounting convention, these would not be reflected in the current year's financial statements but will be recorded in next year's financial statements.

The directors of the Company continuously monitor the liquidity requirements of the Group by reviewing the cash flow forecast which covers at least the next twelve months from the end of the reporting period and takes into account the anticipated operating cash inflows from sale of properties and hotel operation; the ability to refinance the existing borrowings and obtain new borrowings with sufficient asset backing; and the continuous compliance of the terms of the loan facilities. The directors believe that the Group will have adequate resources to meet its financial obligations as and when they fall due and to finance its operation for the foreseeable future.

The Group closely monitors its liquidity through maintaining sufficient cash and bank balance, 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 bank balance to meet any unexpected and material cash requirements in the course of ordinary business and to provide contingency liquidity support.

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 table below analyses 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 years HK\$'000	Total undiscounted cash flow HK\$'000
At 31st March 2025					
Non-derivative					
Trade and other payables	-	160,111	17,585	-	177,696
Amount due to joint ventures	-	206,916	-	-	206,916
Amount due to an associated company	-	135,960	-	-	135,960
Borrowings					
– principal	-	5,125,806	10,898,753	-	16,024,559
– interest payable	-	731,580	804,771	-	1,536,351
Lease liabilities	-	2,000	350	-	2,350
Derivative financial instruments	-	6,362,373	11,721,459	-	18,083,832
Net inflow	-	(143,453)	(54,159)	-	(197,612)
	-	6,218,920	11,667,300	-	17,886,220
At 31st March 2024					
Non-derivative					
Trade and other payables	-	287,234	-	-	287,234
Amount due to joint ventures	-	517,159	-	-	517,159
Amount due to an associated company	-	182,820	-	-	182,820
Borrowings					
– principal	100,000	5,649,592	12,114,338	-	17,863,930
– interest payable	-	967,395	1,393,919	-	2,361,314
Convertible notes	-	-	-	44,610	44,610
Lease liabilities	-	5,473	883	-	6,356
Derivative financial instruments	100,000	7,609,673	13,509,140	44,610	21,263,423
Net inflow	-	(290,739)	(71,698)	(10,526)	(372,963)
	100,000	7,318,934	13,437,442	34,084	20,890,460

The Group provide financial guarantees for the banking and loan facilities of joint ventures and an associate company (note 32).

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. 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.

Under the terms of the Group's bank borrowings of HK\$15,922,928,000 (2024: HK\$17,023,679,000), the Group is required to comply with certain financial covenants at the end of annual and interim reporting period. The Group has complied with these covenants throughout the reporting period. There are no indications that the Group would have difficulties complying with the covenants when they will be next tested as at the interim reporting date.

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

The gearing ratios at 31st March 2025 and 2024 were as follows:

	2025 HK\$'000	2024 HK\$'000
Borrowings (note 24)	15,932,928	17,743,209
Convertible notes (note 25)	–	9,680
Less: bank balances and cash (note 21)	(1,452,686)	(1,197,132)
Net debt	14,480,242	16,555,757
Revalued net assets (note (a))	22,515,000	25,474,000
Gearing ratio – net debt to revalued net assets	64%	65%

Note:

- (a) "Revalued net assets" and "Revalued total assets" are not measures of financial performance under generally accepted accounting principles in Hong Kong and 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 Measurement

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

(a) 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.

(b) Financial instruments and related interest receivables 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/offer 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.

(c) Financial instruments and related interest receivables in level 3

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

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

Notes to the Financial Statements

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(III) Fair Value Measurement (Continued)

The following table presents the Group's financial instruments that are measured at fair value at 31st March 2025 and 2024:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
2025			
Assets			
Financial investments			
Debt securities	–	251,414	997,150
Equity securities	44,193	–	–
Unlisted fund	–	–	113,076
Interest receivables on debt securities	–	6,428	246,287
Derivative financial instruments	–	50,060	–
	44,193	307,902	1,356,513
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
2024			
Assets			
Financial investments			
Debt securities	–	387,870	2,143,430
Equity securities	230,122	–	106,213
Unlisted fund	–	–	107,395
Interest receivables on debt securities	–	11,993	318,154
Derivative financial instruments	–	317,898	–
	230,122	717,761	2,675,192

Notes to the Financial Statements

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(III) Fair Value Measurement (Continued)

The following table presents the changes in level 3 financial instruments of the Group for the year ended 31st March 2025 and 2024:

	Debt securities and related interest receivables HK\$'000	Equity securities HK\$'000	Unlisted fund HK\$'000
At 31st March 2024	2,461,584	106,213	107,395
Addition	310,406	–	1,147
Disposal/redemption	(298,560)	(106,213)	(13,043)
Net fair value change and ECL			
– recognised in the profit and loss account	(1,025,197)	–	17,577
– recognised in other comprehensive income	(244,190)	–	–
Transfer into level 3*	39,394	–	–
At 31st March 2025	1,243,437	–	113,076
At 31st March 2023	5,971,523	99,657	105,632
Addition	722,199	542	5,248
Disposal/redemption	(568,378)	–	(5,870)
Net fair value change and ECL			
– recognised in the profit and loss account	(3,327,005)	(319)	2,385
– recognised in other comprehensive income	(1,428,968)	6,333	–
Transfer into level 3*	1,092,213	–	–
At 31st March 2024	2,461,584	106,213	107,395

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 was 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 is unobservable.

Notes to the Financial Statements

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

(III) Fair Value Measurement (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	Significant unobservable input	Relationship of unobservable input to fair value
At 31st March 2025				
Debt securities				
Financial assets at FVOCI	619,222	Discounted cash flow methodology	Discount rate of 34% to 52% 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\$21,808,000/increased by HK\$13,675,000.
Interest receivables	246,287			
Financial assets at FVPL	377,928	Discounted cash flow methodology	Discount rate of 44% 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\$4,177,000/increased by HK\$4,313,000.
Unlisted fund				
Financial assets at FVPL	102,729	Net asset value	Not applicable	The higher the net asset values, the higher the fair value.
Financial assets at FVPL	10,347	Net assets 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 Measurement (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	Significant unobservable input	Relationship of unobservable input to fair value
At 31st March 2024				
Debt securities				
Financial assets at FVOCI	1,051,217	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\$34,956,000/increased by HK\$39,790,000.
Interest receivables	318,154			
Financial assets at FVPL	1,092,213	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 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\$16,966,000/increased by HK\$21,105,000.
Equity securities				
Financial assets at FVOCI	106,213	Net asset value	Not applicable	The higher the net asset values, the higher the fair value.
Unlisted fund				
Financial assets at FVPL	91,773	Net asset value	Not applicable	The higher the net asset values, the higher the fair value.
Financial assets at FVPL	15,622	Net assets 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 this consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st March 2024.

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. The financial investments subject to ECL assessment are mainly represent debt securities at FVOCI and amortised cost.

Significant judgements are required in applying the accounting requirements for measuring ECL. 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 possible scenarios. For POCL, 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. The 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 involved the use of unobservable inputs which may lead to estimation uncertainty. The significant unobservable inputs included estimated future cashflow, the discount rate applied and probability weighting given to different possible scenarios. 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 2025, the Group had investment properties with fair value of HK\$10,262,272,000 (2024: HK\$10,901,144,000). 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 is 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 Held for Sale

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(E) Impairment of Interests in and Amounts due from Joint Ventures and Associated Companies

The Group determines whether interests in joint ventures and associated companies are impaired by regularly reviewing whether there are any indicators of impairment of the investments. For investments where impairment indicators exist, management estimated the recoverable amounts of the investments, being higher of fair value less costs of disposal and value in use, by considering the valuation or estimated cash flows of the underlying projects of the joint ventures and associated companies.

Impairment on amounts due from joint ventures and associated companies 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, through management's critical assessment based on underlying assets, historical repayment pattern, the actual and expected changes in business performance and general market default rate.

Significant judgements are required in estimating the recoverable amounts for the interests in and amounts due from joint ventures and associated companies.

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

5. SEGMENT INFORMATION

The Group is principally engaged in property development and investment, hotel operation and securities investments. Revenue includes revenue from 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 held for sale, trade and other receivables. Segment liabilities comprise mainly borrowings, trade and other payables and contract liabilities.

Notes to the Financial Statements

5. SEGMENT INFORMATION (CONTINUED)

	Property sales HK\$'000	Property leasing HK\$'000	Hotel operation HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
2025						
Segment revenue	1,238,197	131,048	369,318	626,514	42,254	2,407,331
Segment cost of sales and expenses	(791,403)	(51,466)	(191,351)	(10,388)	(653)	(1,045,261)
Contribution to segment results	446,794	79,582	177,967	616,126	41,601	1,362,070
Depreciation	(12,415)	–	(82,552)	–	(39,718)	(134,685)
Net investment (loss)/gain	–	–	–	(2,859,613)	15,409	(2,844,204)
Fair value loss of investment properties	–	(638,872)	–	–	–	(638,872)
Other charge	(121,916)	–	–	–	–	(121,916)
Share of profits less losses of						
Joint ventures	(67,001)	(133,716)	–	(212,767)	15	(413,469)
Associated companies	–	(63,894)	–	–	(4,508)	(68,402)
Segment results	245,462	(756,900)	95,415	(2,456,254)	12,799	(2,859,478)
Unallocated corporate expenses						(161,133)
Net finance costs						(617,750)
Loss before income tax						(3,638,361)
2024						
Segment revenue	–	129,724	366,675	1,205,467	33,475	1,735,341
Segment cost of sales and expenses	(34,323)	(38,024)	(187,009)	(29,085)	(42)	(288,483)
Contribution to segment results	(34,323)	91,700	179,666	1,176,382	33,433	1,446,858
Depreciation	(13,509)	–	(86,734)	–	(38,958)	(139,201)
Net investment (loss)/gain	–	–	–	(6,101,594)	29,982	(6,071,612)
Fair value gain of investment properties	–	56,392	–	–	–	56,392
Other charge	(885,205)	–	–	–	–	(885,205)
Share of profits less losses of						
Joint ventures	(5,520)	–	–	1,640	(278)	(4,158)
Associated companies	–	(19,978)	–	–	(909)	(20,887)
Segment results	(938,557)	128,114	92,932	(4,923,572)	23,270	(5,617,813)
Unallocated corporate expenses						(166,446)
Net finance costs						(595,993)
Loss before income tax						(6,380,252)

Notes to the Financial Statements

5. SEGMENT INFORMATION (CONTINUED)

	Business segment						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	
2025							
Assets	10,218,699	12,523,030	2,684,269	2,140,530	85,827	3,273,937	30,926,292
Assets include:							
Joint ventures and associated companies	3,533,317	2,230,098	–	315,865	20,077	19	6,099,376
Addition to non-current assets*	13,179	–	14,412	–	76,216	1,484	105,291
Liabilities							
Borrowings	3,031,593	2,117,581	4,590,193	–	–	6,193,561	15,932,928
Other liabilities							3,299,895
							19,232,823
2024							
Assets	11,613,295	12,132,820	2,676,212	4,275,964	85,253	3,361,109	34,144,653
Assets include:							
Joint ventures and associated companies	4,935,557	1,194,740	–	400,400	20,364	4,359	6,555,420
Addition to non-current assets*	12,604	307	6,224	–	31,982	7,554	58,671
Liabilities							
Borrowings	5,506,698	2,176,279	4,272,378	–	–	5,787,854	17,743,209
Other liabilities							1,717,062
							19,460,271

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

Notes to the Financial Statements

5. SEGMENT INFORMATION (CONTINUED)

	2025 HK\$'000	2024 HK\$'000
Revenue		
Hong Kong	594,639	533,083
Outside Hong Kong	1,812,692	1,202,258
	2,407,331	1,735,341
Non-current assets*		
Hong Kong	18,926,332	19,773,847
Outside Hong Kong	1,971,366	2,259,528
	20,897,698	22,033,375

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

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

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers		
– recognised at a point in time	1,269,055	31,955
– recognised over time	356,732	344,949
	1,625,787	376,904
Other sources	132,413	138,944
	1,758,200	515,848

A single external customer of business segment of hotel operation contributed over 10% of the total revenue, in the amount of HK\$272,607,000 (2024: HK\$256,295,000).

Notes to the Financial Statements

6. NET INVESTMENT LOSS

	2025 HK\$'000	2024 HK\$'000
Financial assets at FVPL		
– net unrealised fair value loss (note b)	(533,095)	(6,510)
– net realised loss (note a(i))	(782)	(5,431)
Financial assets at FVOCI		
– net unrealised exchange loss (note b)	(5,215)	(13,726)
– net realised gain/(loss) (note a(ii))	787	(161,963)
– change in expected credit losses (note (c))	(1,727,883)	(5,735,363)
Financial assets at amortised cost		
– net unrealised exchange loss (note b)	(3,671)	(1,372)
– net realised loss (note a(iii))	–	(26,620)
– change in expected credit losses (note (c))	(542,140)	(125,255)
Gain on acquisition/disposal of subsidiaries	15,409	29,982
Derivative financial instruments		
– net unrealised loss	(47,614)	(25,354)
	(2,844,204)	(6,071,612)

Notes:

(a)	2025 HK\$'000	2024 HK\$'000
(i) Net realised loss on financial assets at FVPL		
Gross consideration	305,189	477,927
Cost of investments	(333,317)	(495,683)
Add: net unrealised loss recognised in prior years	27,346	12,325
Net realised loss recognised in current year	(782)	(5,431)
(ii) Net realised gain/(loss) on financial assets at FVOCI		
Gross consideration	68,665	281,807
Cost of investments	(55,652)	(658,940)
Transfer from investment revaluation reserve	(12,226)	215,170
Net realised gain/(loss) recognised in current year	787	(161,963)
(iii) Net realised loss on financial assets at amortised cost		
Gross consideration	–	33,801
Cost of investments	–	(60,421)
Net realised loss recognised in current year	–	(26,620)

Notes to the Financial Statements

6. NET INVESTMENT LOSS (CONTINUED)

Notes: (Continued)

- (b) Net unrealised (loss)/gain for the year was mainly generated from the fair value changes of the financial investments that comprised 51 (2024: 54) securities and 4 (2024: 4) funds as at 31st March 2025.

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

	2025 HK\$'000	2024 HK\$'000
Equity securities	1,589	(39,261)
Debt securities	(561,146)	15,268
Unlisted fund	17,576	2,385
	(541,981)	(21,608)

During the year, the following debt securities contributed to the majority of the unrealised loss:

	Unrealised loss for the year ended 31st March 2025 HK\$'000
Debt Securities	
Pearl River 7.5% notes 1 (i)	(228,019)
Pearl River 7.5% notes 2 (i)	(63,637)
Guangzhou R&F 6.7% notes (ii)	(193,650)
	(485,306)

- (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. Main terms of the notes are as follows:

	Coupon per annum	Maturity
Pearl River 7.5% notes 1	7.5%	11th October 2024
Pearl River 7.5% notes 2	7.5%	31st October 2024

6. NET INVESTMENT LOSS (CONTINUED)

Notes: (Continued)

(b) (Continued)

- (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 SEHK (stock code: 2777). Main terms of the notes are as follows:

	Coupon per annum	Maturity
Guangzhou R&F 6.7% notes	6.7%	16th September 2025

(c) 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:

	Changes in ECL for the year ended 31st March 2025 HK\$'000
Scenery Journey 12% notes (i)	(301,357)
Jiayuan 11.375% notes (ii)	(300,475)
Xinyuan 3% notes (iii)	(252,855)
Jiayuan 12% notes (ii)	(166,258)
Evergrande 12% notes (iv)	(163,245)
	(1,184,190)

- (i) Scenery Journey 12% notes, issued by Scenery Journey Limited, an indirect subsidiary of China Evergrande Group ("Evergrande"), carry fixed coupon rates of 12% per annum (maturing on 24th October 2023). These notes are denominated in USD and are listed on SGX-ST. See note 6(c)(iv) for principal activities of Evergrande.
- (ii) Jiayuan 11.375% and Jiayuan 12% notes, issued by Jiayuan International Group Limited ("Jiayuan") and carry fixed coupon rate of 11.375% and 12% per annum. Jiayuan 11.375% notes are unlisted and Jiayuan 12% notes are listed on SGX-ST. The notes are denominated in USD and matured on 29th October 2022 and 30th October 2022 respectively. Jiayuan is principally engaged in property development and property investment in the PRC. Its shares were listed on SEHK (stock code: 2768) and were delisted in October 2024.
- (iii) Xinyuan 3% notes, issued by Xinyuan Real Estate Company Limited ("Xinyuan"), carry fixed coupon rate of 3% per annum. These notes are denominated in USD and mature on 30th September 2027. These notes are listed on SGX-ST. Xinyuan is principally engaged in residential real estate development and the provision of property management services. The Group's operations are conducted mainly in the PRC. Its shares are listed on New York Stock Exchange (stock code: XIN).

Notes to the Financial Statements

6. NET INVESTMENT LOSS (CONTINUED)

Notes: (Continued)

(c) (Continued)

- (iv) Evergrande 12% notes, issued by Evergrande, carry fixed coupon rates of 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 SEHK (stock code: 3333).

7. OTHER CHARGE

Current year charge represents provision of our investment and advance to a joint venture company, which indirectly holds a minority interest in a shopping mall in Hong Kong.

Last year's charge was 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 led to a share of impairment provision in respect of interest in the joint venture project of HK\$885,205,000, which represented 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

	2025 HK\$'000	2024 HK\$'000
Income		
Net rental income (note)	86,192	91,700
Interest income from financial assets at FVOCI		
– Listed investments	262,307	851,106
– Unlisted investments	39,012	86,412
Interest income from financial assets at FVPL		
– Listed investments	113,318	120,832
– Unlisted investments	10,994	8,875
Interest income from financial assets at amortised cost		
– Listed investments	181,426	119,274
– Amount due from joint ventures	15,064	11,178
– Loan receivables	2,962	3,011
– Bank deposits	24,048	18,805
Dividend income		
– Listed investments	18,337	15,649
Expenses		
Auditor's remuneration		
– Audit services	9,182	8,150
– Non-audit services	981	1,287
Cost of properties and goods sold	637,805	6,069
Employee benefit expense including Director's emoluments (note 9)	210,131	196,467
Rental expense for land and buildings	816	950
Note:		
Gross rental income		
Investment properties	130,994	129,670
Properties held for sale	54	54
	131,048	129,724
Outgoings	(44,856)	(38,024)
Net rental income	86,192	91,700

Notes to the Financial Statements

9. EMPLOYEE BENEFIT EXPENSE

	2025 HK\$'000	2024 HK\$'000
Wages and salaries	206,798	196,582
Retirement benefits costs (note (a))	4,909	4,562
	211,707	201,144
Capitalised under properties under development for sale	(1,576)	(4,677)
	210,131	196,467

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

Notes:

(a) Retirement benefits costs

	2025 HK\$'000	2024 HK\$'000
Gross contributions	4,909	4,562

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

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

The Group also participates in the MPF scheme, which are available to all employees not joining the ORSO schemes in Hong Kong and in the CPP organised by the Canadian Government for all employees in Canada. Monthly contributions to the MPF scheme and CPP are made equal to 5% (2024: 5%) or a fixed sum and 5.7% (2024: 5.7%) respectively, of the employee's relevant income in accordance with the local legislative requirements.

As at 31st March 2025 and 2024, no forfeiture was available to reduce the Group's future contributions to the ORSO Scheme.

Notes to the Financial Statements

9. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

Notes: (Continued)

(b) Share options

The Company and Asia Standard Hotel Group Limited ("Asia Standard Hotel"), (a subsidiary of the Company which was withdrawn from listing in October 2024), both of them operates share option schemes, whereby options may be granted to employees of the Group, including the Executive Directors, to subscribe for shares of the Company and Asia Standard Hotel respectively. The consideration to be paid on each grant of option is HK\$1 for the Company and Asia Standard Hotel respectively.

Company

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

Date of grant		Exercise price per share	Expiry date	Number of share options outstanding at 31st March 2025 and 2024
11th December 2015	Directors	HK\$1.38	10th December 2025	7,000,000

During the year, no share options were granted, exercised, cancelled or lapsed. In 2024, no share options were granted, exercised, cancelled except 1,000,000 options were 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	Expiry date	Number of share options		
				Outstanding as at 1st April 2024	Cancelled during the year	Outstanding as at 31st March 2025
11th December 2015	Directors	HK\$0.343	10th December 2025	28,800,000	(28,800,000)	–

All of the options were cancelled by Asia Standard Hotel in accordance with the terms of the 2006 Asia Standard Hotel Share Option Scheme on 3rd March 2025, and there is no outstanding share option under the 2006 Asia Standard Hotel Share Option Scheme as at 31st March 2025.

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 2025 and 2024 are set out as follows:

Name of Director	Fees	Salaries	Discretionary bonuses	Allowance and benefit in kind	Employer's contribution to retirement benefit scheme	Total emoluments
2025 (in HK\$'000)						
Executive						
Mr. Fung Siu To, Clement	–	1,339	–	1,909	42	3,290
Mr. Poon Jing	–	1,303	15,800	11,941	18	29,062
Mr. Poon Hai	–	2,994	16,000	12,564	36	31,594
Mr. Poon Yeung, Roderick	–	1,950	15,000	1,613	36	18,599
Mt. Lun Pui Kan	–	1,878	250	1,237	146	3,511
Mr. Kwan Po Lam, Phileas	–	2,366	197	595	118	3,276
	–	11,830	47,247	29,859	396	89,332
Non-executive						
Ms. Poon Tsing, Rachel	75	–	–	–	–	75
Independent Non-executive						
Mr. Wong Chi Keung	550	–	–	–	–	550
Mr. Ip Chi Wai	350	–	–	–	–	350
Mr. Leung Wai Keung	550	–	–	–	–	550
	1,450	–	–	–	–	1,450
	1,525	11,830	47,247	29,859	396	90,857

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 2025 and 2024 are set out as follows: (Continued)

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	15,800	12,128	18	29,249
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
Mt. 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	48,493	29,796	393	90,433
Independent Non-executive						
Mr. Wong Chi Keung	550	–	–	–	–	550
Mr. Ip Chi Wai	331	–	–	–	–	331
Mr. Koon Bok Ming, Alan	19	–	–	–	–	19
Mr. Leung Wai Keung	550	–	–	–	–	550
	1,450	–	–	–	–	1,450
	1,450	11,751	48,493	29,796	393	91,883

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 2025 and 2024 are set out as follows: (Continued)

Notes:

- (i) During the year, no emolument was paid or is payable by the Group to any of the above directors in respect of accepting office as a director or as compensation for loss of office (2024: Nil).
- (ii) No transactions, arrangement and contracts of significance in relation to the Company's business to which its subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director of the Company and his connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2024: Nil).
- (b) The five highest paid individuals in the Group for the year include five (2024: 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	
	2025	2024
HK\$1,000,001 – HK\$2,000,000	1	1
HK\$2,000,001 – HK\$3,000,000	3	3

Notes to the Financial Statements

11. NET FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest (expense)/income		
Long term bank loans	(1,019,026)	(1,057,373)
Short term bank loans and overdrafts	(494)	(38)
Lease liabilities	(158)	(112)
Amount due to a joint venture	(4,544)	(6,187)
Derivative financial instruments (interest rate swaps)	252,064	283,665
Interest capitalised (note)	246,700	254,466
	(525,458)	(525,579)
Other incidental borrowing costs	(59,187)	(58,863)
Net foreign exchange gain/(loss) on borrowings	9	(21)
Fair value loss on derivative financial instruments (interest rate swaps)		
Cash flow hedge – ineffective portion	(33,114)	(11,530)
	(617,750)	(595,993)

Note:

Borrowing costs were capitalised at rates ranging from 3.1% to 5.4% (2024: 3.0% to 6.0%) per annum.

12. INCOME TAX (EXPENSE)/CREDIT

	2025 HK\$'000	2024 HK\$'000
Current income tax (expense)/credit		
Hong Kong	(4,574)	151,850
Outside Hong Kong	(28,455)	(1,283)
	(33,029)	150,567
Deferred income tax (expense)/credit	(39,217)	48,231
	(72,246)	198,798

Hong Kong profits tax is provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profit for the year. Profits tax outside Hong Kong has been calculated on the estimated assessable profit for the year at the rates prevailing in the countries in which the Group operates.

Notes to the Financial Statements

12. INCOME TAX (EXPENSE)/CREDIT (CONTINUED)

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

	2025 HK\$'000	2024 HK\$'000
Loss before income tax	(3,638,361)	(6,380,252)
Add:		
Share of loss of joint ventures and associated companies	481,871	25,045
	(3,156,490)	(6,355,207)
Calculated at a tax rate of 16.5% (2024: 16.5%)	520,821	1,048,609
Effect of different tax rates in other countries	(23,311)	(3,024)
Income not subject to income tax	130,940	209,616
Expenses not deductible for tax purposes	(642,560)	(1,181,459)
Tax losses not recognised	(42,789)	(30,046)
Recognition of previously unrecognised tax losses	21,747	2,890
Derecognition of previously recognised tax losses	(27,574)	–
Utilisation of previously unrecognised tax losses	606	10,176
Release of tax provision in prior years	–	181,723
Withholding tax	(4,857)	(41,425)
Others	(5,269)	1,738
Income tax (expense)/credit	(72,246)	198,798

13. DIVIDENDS

At a meeting held on 30th June 2025, the Board has resolved not to recommend the payment of a final dividend for the year ended 31st March 2025 (2024: Nil). No interim dividend was declared during the year (2024: Nil).

Notes to the Financial Statements

14. LOSS PER SHARE

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

	2025 HK\$'000	2024 HK\$'000
Loss attributable to shareholders of the Company	(3,750,594)	(5,792,196)
Number of shares		
Weighted average number of shares in issue	1,362,057,670	1,319,782,288

The diluted loss per share is equal to the basic loss per share since there exist no dilutive potential share during the year ended 31st March 2025 and 2024.

15. INVESTMENT PROPERTIES

	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	10,901,144	10,844,446
Addition	–	306
Net fair value (loss)/gain	(638,872)	56,392
At the end of the year	10,262,272	10,901,144

As at 31st March 2025, the aggregate net book value of investment properties pledged as securities for loans amounted to HK\$10,243,372,000 (2024: HK\$10,882,244,000).

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.

Notes to the Financial Statements

15. INVESTMENT PROPERTIES (CONTINUED)

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 2025 and 2024.

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 were no change to the valuation techniques during the year. The adjusted market price, being the significant unobservable inputs, used are as follow:

	Range of significant unobservable inputs	
	2025 HK\$/square feet	2024 HK\$/square feet
Office	25,200-29,800	26,500-33,300
Retail – ground floor	47,200-124,400	34,400-129,600
Retail – others	14,100-28,300	14,500-29,000

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 2023	1,635,505	621,193	255,705	4,068,139	6,580,542
Currency translation differences	–	–	(497)	(3)	(500)
Additions	6,224	31,983	7,852	7,883	53,942
Disposal of a subsidiary	–	–	(89,773)	–	(89,773)
Disposals	(85)	–	(14)	(14,782)	(14,881)
At 31st March 2024	1,641,644	653,176	173,273	4,061,237	6,529,330
Accumulated depreciation					
At 31st March 2023	862,762	43,640	185,272	817,226	1,908,900
Currency translation differences	–	–	(481)	(4)	(485)
Charge for the year	49,588	9,953	14,070	65,590	139,201
Disposal of a subsidiary	–	–	(80,270)	–	(80,270)
Disposals	(41)	–	(4)	(14,782)	(14,827)
At 31st March 2024	912,309	53,593	118,587	868,030	1,952,519
Net book value					
At 31st March 2024	729,335	599,583	54,686	3,193,207	4,576,811
Cost					
At 31st March 2024	1,641,644	653,176	173,273	4,061,237	6,529,330
Currency translation differences	–	–	(3,109)	(88)	(3,197)
Additions	12,700	76,215	2,359	2,922	94,196
Disposals	–	–	(5,160)	(7,343)	(12,503)
At 31st March 2025	1,654,344	729,391	167,363	4,056,728	6,607,826
Accumulated depreciation					
At 31st March 2024	912,309	53,593	118,587	868,030	1,952,519
Currency translation differences	–	–	(3,095)	(24)	(3,119)
Charge for the year	47,795	9,953	12,474	64,463	134,685
Disposals	–	–	(4,966)	(7,343)	(12,309)
At 31st March 2025	960,104	63,546	123,000	925,126	2,071,776
Net book value					
At 31st March 2025	694,240	665,845	44,363	3,131,602	4,536,050

Notes to the Financial Statements

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Notes:

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

	2025 HK\$'000	2024 HK\$'000
Hotel properties		
Hotel buildings	694,240	729,335
Hotel leasehold land	1,868,025	1,917,166
	2,562,265	2,646,501

Supplementary information with hotel properties at valuation:

The aggregate open market value, on a highest and best use basis, of the five (2024: five) hotel properties in Hong Kong based on valuations conducted by Vincorn Consulting & Appraisal Limited (2024: Vigers Appraisal & Consulting Limited), independent professional valuers, amounted to HK\$13,180,000,000 (2024: HK\$13,233,000,000).

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 2025, the aggregate net book value of property, plant and equipment pledged as security for loans facilities to the Group amounted to HK\$4,489,383,000 (2024: HK\$4,515,795,000).
- (c) Right-of-use assets

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

	2025 HK\$'000	2024 HK\$'000
Right-of-use assets		
Leasehold land in Hong Kong	3,129,299	3,186,878
Leased properties – offices and warehouses	2,303	6,329
	3,131,602	3,193,207

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

	2025 HK\$'000	2024 HK\$'000
Depreciation charge of right-of-use assets		
Leasehold land in Hong Kong	57,578	57,578
Leased properties – offices and warehouses	6,884	8,012
	64,462	65,590

Notes to the Financial Statements

17. JOINT VENTURES AND ASSOCIATED COMPANIES

	2025 HK\$'000	2024 HK\$'000
Investment in		
Joint ventures	1,818,914	2,660,499
Associated companies	1,130,845	1,192,712
	2,949,759	3,853,211
Amount due from		
Joint ventures	3,149,350	2,695,540
Associated companies	267	6,669
	3,149,617	2,702,209

(A) Joint Ventures

	2025 HK\$'000	2024 HK\$'000
Share of net assets (note (a))	1,818,914	2,660,499
Amount due from joint ventures (note (b))	3,178,525	3,518,379
Provision for amount due from joint ventures	(29,175)	(822,839)
	4,968,264	5,356,039
Amount due to joint ventures included in current liabilities	(206,916)	(517,159)
	4,761,348	4,838,880

The shares of a joint venture are pledged to secure the loan facilities granted to the Group.

Details of the principal joint ventures are set out in note 37.

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

The Group has provided financial guarantees for banking facilities granted to certain joint ventures (note 32).

Notes to the Financial Statements

17. JOINT VENTURES AND ASSOCIATED COMPANIES (CONTINUED)

(A) Joint Ventures (Continued)

Notes:

- (a) Set out below are the aggregate information for the Group's joint ventures that are not individually material, and attributable to the Group:

	2025 HK\$'000	2024 HK\$'000
Revenue	420,057	662,017
Cost of sales	(236,141)	(342,794)
Gross profit	183,916	319,223
Selling and administrative expenses	(64,351)	(50,060)
Net investment loss	(222,371)	(94,120)
Net finance costs	(127,507)	(190,682)
Fair value loss of investment properties	(116,250)	–
Other charges	(46,470)	(25,000)
Loss before income tax	(393,033)	(40,639)
Income tax (expense)/credit	(20,436)	36,481
Loss for the year	(413,469)	(4,158)
Other comprehensive income/(charge)	78,345	(115,505)
Total comprehensive charge for the year	(335,124)	(119,663)
Aggregate carrying amount of the Group's joint ventures that are not individually material	1,818,914	2,660,499

There is no joint venture as at 31st March 2025, which in the opinion of the Directors, is individually material to the Group.

- (b) Amount due from joint ventures are made to finance property development projects and are denominated in Hong Kong dollar and Canadian dollar. As at 31st March 2025, except for an amount of HK\$95,427,000 (2024: HK\$110,484,000) and HK\$427,449,000 (2024: HK\$425,653,000) due from joint ventures which is bearing interest at 1% to 3% (2024: 1% to 3%) above The Hong Kong and Shanghai Banking Corporation ("HSBC") prime rate per annum and 15% (2024: 15%) per annum respectively, the amount due from joint ventures are unsecured, interest free and have no fixed terms of repayment.

Notes to the Financial Statements

17. JOINT VENTURES AND ASSOCIATED COMPANIES (CONTINUED)

(A) Joint Ventures (Continued)

Notes: (Continued)

- (c) A joint venture company holds a building which was reclassified from property held for sale to investment property during the year ended 31st March 2025. The investment property was revalued by an independent professional valuer on an open market value basis as at 31st March 2025 using valuation techniques including direct comparison method, capitalised income projection method and discounted cash flow projection method.

Valuation techniques	Significant unobservable inputs	Range
Direct comparison	Adjusted market price	HK\$8,750 – HK\$9,000 per square feet
Capitalised income projection	Capitalisation rate	3.25%
Discounted cash flow projection	Discount rate	6.25%
	Annual growth rate	3.5%
	Structural vacancy	5%-10%
	Terminal capitalisation rate	3.25%

(B) Associated Companies

	2025 HK\$'000	2024 HK\$'000
Share of net assets (note (a))	1,130,845	1,192,712
Amount due from associated companies	267	427,402
Provision for amount due from associated companies	–	(420,733)
	1,131,112	1,199,381
Amount due to an associated company included in current liabilities	(135,960)	(182,820)
	995,152	1,016,561

The shares of an associated company are pledged to secure the loan facilities granted to the Group.

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

Details of the principal associated companies are set out in note 37.

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

Notes to the Financial Statements

17. JOINT VENTURES AND ASSOCIATED COMPANIES (CONTINUED)

(B) Associated Companies (Continued)

Set out below are the aggregate information for the Group's associated companies that are not individually material, attributable to the Group:

	2025 HK\$'000	2024 HK\$'000
Loss before income tax (note (b))	(69,177)	(22,130)
Income tax credit	775	1,243
Loss and total comprehensive charge for the year	(68,402)	(20,887)

Notes:

- (a) Mainly represented share of net assets of an associated company holding an investment property.
- (b) Mainly represented share of fair value loss of HK\$59,400,000 (2024: HK\$13,200,000) arising from the revaluation of an investment property held by an associated company. The investment property was revalued by an independent professional valuers on an open market value basis as at 31st March 2025 and 2024. The adjusted market price, being significant unobservable inputs used are as follows:

	Range of significant unobservable inputs	
	2025 HK\$/square feet	2024 HK\$/square feet
Office	17,900-19,400	16,600-22,500
Retail – ground floor	249,000-294,000	269,700-313,400
Retail – others	15,800-38,600	15,300-40,800

Notes to the Financial Statements

18. PROPERTIES HELD FOR SALE

	2025 HK\$'000	2024 HK\$'000
Properties under development for sale		
Leasehold land	2,621,287	2,629,171
Freehold land	137,765	222,745
Development costs	2,211,139	3,510,678
	4,970,191	6,362,594
Completed properties held for sale		
Leasehold land	2,751	2,751
Freehold land	48,047	–
Development costs	1,192,034	730
	1,242,832	3,481
Total	6,213,023	6,366,075

Notes:

- (a) As at 31st March 2025, properties amounting to HK\$4,607,284,000 (2024: HK\$5,974,067,000) were pledged to banks to secure certain banking facilities of the Group.
- (b) As at 31st March 2025, the properties under development for sale amounting to HK\$362,908,000 (2024: HK\$388,527,000) were not scheduled for completion within twelve months.

19. TRADE AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Trade receivables	90,433	76,900
Accrued interest and dividend receivable	258,143	339,066
Loan receivables	26,982	24,832
Prepayments	149,649	65,620
Utility and other deposits	10,384	11,809
Other receivables	38,606	49,319
	574,197	567,546

Notes to the Financial Statements

19. 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:

	2025 HK\$'000	2024 HK\$'000
0 months to 6 months	89,498	71,719
7 months to 12 months	196	3,147
More than 12 months	739	2,034
	90,433	76,900

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:

	2025 HK\$'000	2024 HK\$'000
Hong Kong dollar	263,822	150,825
United States dollar	243,481	354,498
Canadian dollar	54,436	47,222
Renminbi	12,458	15,001
	574,197	567,546

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

Notes to the Financial Statements

20. FINANCIAL INVESTMENTS

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Equity securities		
Listed in Hong Kong	–	186,380
Listed in the USA	–	106,213
	–	292,593
Debt securities		
Listed in Singapore	107,038	582,797
Listed in Europe	58,883	108,352
	165,921	691,149
Unlisted fund	113,076	107,395
	278,997	1,091,137
Current assets		
Equity securities		
Listed in Hong Kong	44,193	43,742
Debt securities		
Listed in the PRC	639,065	1,413,747
Listed in Singapore	587,255	807,684
Listed in Europe	1,406	1,474
Unlisted	13,847	140,601
	1,241,573	2,363,506
	1,285,766	2,407,248
	1,564,763	3,498,385

Notes to the Financial Statements

20. FINANCIAL INVESTMENTS (CONTINUED)

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Financial assets at FVOCI	58,883	531,544
Financial assets at FVPL	113,076	107,395
Financial assets at amortised cost	107,038	452,198
	278,997	1,091,137
Current assets		
Financial assets at FVOCI	598,527	952,837
Financial assets at FVPL	635,347	1,383,254
Financial assets at amortised cost	51,892	71,157
	1,285,766	2,407,248
	1,564,763	3,498,385

Financial investments are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
United States dollar	869,793	1,837,835
Renminbi	639,065	1,413,747
Hong Kong dollar	44,193	230,122
Japanese Yen	10,347	15,622
Euro	1,365	1,059
	1,564,763	3,498,385

At 31st March 2025 and 2024, no financial investments were pledged as security for borrowings.

Notes to the Financial Statements

20. FINANCIAL INVESTMENTS (CONTINUED)

Supplementary information of financial investments:

Debt Securities

As at 31st March 2025, 90% of the Group's financial investments are debt securities. The Group held 39 (2024: 40) debt securities, 27 of them are listed in Singapore, 8 in the PRC, 3 in Europe and 1 unlisted. 38 (2024: 40) debt securities were issued by PRC-based real estate companies, the shares of which are all listed in Hong Kong with the exception of 1 that is listed in the United States and 3 are unlisted.

The summary of debt securities of financial investments as at 31st March 2025 and 2024 are as follows:

	2025 HK\$'000	2024 HK\$'000
Principal amount of notes	13,160,353	13,601,148
Investment cost	11,631,921	11,942,502
Carrying amount	1,406,128	3,053,596
Coupon	3%-14.25%	3%-14.25%
Maturity	Various, up to December 2027	Various, up to December 2027

The debt securities of financial investments gave rise to a net unrealised fair value loss of HK\$1,025 million (2024: HK\$3,423 million) for the year ended 31st March 2025.

As at 31st March 2025, the carrying amount of the five largest debt securities held represents approximately 1.8% (2024: 3.4%) of the Group's revalued total assets. The remaining 34 debt securities represent 1.6% of the Group's revalued total assets, with each of them less than 0.2%.

Notes to the Financial Statements

20. FINANCIAL INVESTMENTS (CONTINUED)

Supplementary information of financial investments: (Continued)

Debt Securities (Continued)

The five largest debt securities held at 31st March 2025 and 2024 are as follows:

31st March 2025

	Carrying amount HK\$'000	% of the debt securities portfolio	Unrealised loss HK\$'000	Interest income after ECL HK\$'000
Guangzhou R&F 7% notes (i)	183,235	13%	(54,428)	27,890
Guangzhou R&F 6.7% notes (i)	170,410	12%	(193,650)	30,000
Pearl River 7.5% notes 1 (i)	166,364	12%	(228,019)	29,014
Golden Wheel 10% notes (ii)	139,933	10%	(780)	34,320
Xinyuan 3% notes (i)	82,184	6%	(1,600)	95,106

31st March 2024

	Carrying amount HK\$'000	% of the debt securities portfolio	Unrealised (loss)/gain HK\$'000	Interest income after ECL HK\$'000
Pearl River 7.5% notes 2 (i)	390,821	13%	(25,540)	59,944
Pearl River 7.5% notes 1 (i)	365,403	12%	(55,412)	49,952
Guangzhou R&F 6.7% notes (i)	335,989	11%	137,258	30,380
Xinyuan 3% notes (i)	241,556	8%	(517)	44,192
Guangzhou R&F 7% notes (i)	209,968	7%	(23,344)	27,056

- (i) The details of these notes were described in note 6(b) and 6(c).
- (ii) Golden Wheel 10% notes, issued by Golden Wheel Tiandi Holdings Limited ("Golden Wheel") and carries fixed coupon rate at 10% per annum. The notes are denominated in USD and matures on 11th April 2025 with amortization 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 SEHK (stock code: 1232).

Notes to the Financial Statements

21. BANK BALANCES AND CASH

	2025 HK\$'000	2024 HK\$'000
Cash at bank and in hand	262,900	301,822
Short term bank deposits with original maturities within 3 months	457,278	533,042
Cash and cash equivalents	720,178	834,864
Restricted bank balances	732,508	362,268
	1,452,686	1,197,132

Restricted bank balances as at 31st March 2025 consist primarily of (i) HK\$322 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, (ii) HK\$411 million as collateral for bank borrowings.

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

	2025 HK\$'000	2024 HK\$'000
Hong Kong dollar	1,163,526	798,833
United States dollar	198,495	58,164
Canadian dollar	60,970	249,890
Renminbi	28,354	88,922
Others	1,341	1,323
	1,452,686	1,197,132

Notes to the Financial Statements

22. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables	74,133	161,693
Accrual and other payables	75,349	84,473
Rental and management fee deposits	38,968	41,068
Lease liabilities	2,000	5,473
	190,450	292,707

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

	2025 HK\$'000	2024 HK\$'000
0 month to 6 months	74,080	161,471
7 months to 12 months	6	6
More than 12 months	47	216
	74,133	161,693

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

They are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
Hong Kong dollar	180,678	173,160
Canadian dollar	9,772	119,547
	190,450	292,707

Notes to the Financial Statements

23. CONTRACT LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Deposits received in advance from customers	2,509,113	484,892
At the beginning of the year	484,892	265,241
Net increase for transactions during the year	2,042,594	221,559
Exchange differences	(18,373)	(1,908)
At the end of the year	2,509,113	484,892

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

24. BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Current liabilities		
Short term bank loans		
Secured	12,021	–
Unsecured	10,000	30,000
Current portion of long term bank loans		
Secured	4,834,543	3,919,811
Unsecured	221,520	1,743,842
	5,078,084	5,693,653
Non-current liabilities		
Long term bank loans		
Secured	8,179,714	9,802,913
Unsecured	2,675,130	2,246,643
	10,854,844	12,049,556
	15,932,928	17,743,209

Notes to the Financial Statements

24. 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:

	2025 HK\$'000	2024 HK\$'000
Repayable within one year	5,056,063	5,663,653
Repayable between one and two years	3,663,122	4,434,985
Repayable between two to five years	7,191,722	7,714,571
	15,910,907	17,713,209
Current portion included in current liabilities	(5,056,063)	(5,663,653)
	10,854,844	12,049,556

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

	2025 HK\$'000	2024 HK\$'000
Hong Kong dollar	15,932,928	17,053,679
Canadian dollar	–	689,530
	15,932,928	17,743,209

The interest rates of the borrowing at the balance sheet date range from 4.8% to 6.5% (2024: from 6% to 8.2%) per annum.

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

25. CONVERTIBLE NOTES

On 23rd February 2017, the Company's then listed subsidiary, Asia Standard Hotel, issued a total of 2,693,204,266 convertible notes (under bonus issue scheme) with total principal amount of HK\$1,220 million (a redemption value of HK\$0.453 per note) which bears interest at 0.1% per annum and have dividend entitlement. 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. The amount represents liability component of the convertible notes held by parent group and non-controlling interest.

Each noteholder has the option to convert the 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 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 convertible notes. Unless previously converted, the convertible notes will be redeemed on the thirtieth anniversary of the date of issue of the convertible notes at redemption price equal to 100% of the principal amount. For details, please refer to Asia Standard Hotel's circular dated 27th January 2017.

In November 2024, The Sai Group Limited, a wholly-owned subsidiary of the Company, converted all the convertible notes of Asia Standard Hotel held by it into shares of Asia Standard Hotel and thereafter, Asia Standard Hotel redeemed all its outstanding convertible notes for a total redemption amount of HK\$43.1 million.

26. DERIVATIVE FINANCIAL INSTRUMENTS

	2025 HK\$'000	2024 HK\$'000
Current assets		
Interest rate swap contracts	23,367	186,945
Non-current assets		
Interest rate swap contracts	26,693	130,953
	50,060	317,898

The principal amounts of the outstanding interest rate swap contracts were HK\$3,608,000,000 (2024: HK\$7,708,000,000).

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

The movement of the Group's hedging reserves is disclosed in note 29.

Notes to the Financial Statements

27. DEFERRED INCOME TAX

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

	2025 HK\$'000	2024 HK\$'000
Deferred income tax assets	148,159	137,419
Deferred income tax liabilities	(191,007)	(171,923)
	(42,848)	(34,504)

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

	Tax loss		Difference in cost base of properties		Fair value adjustments		Total	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	235,859	209,276	–	56,264	(11,552)	(5,768)	224,307	259,772
Recognised in the profit and loss account	14,104	26,583	24,341	(56,264)	(9,366)	(11,102)	29,079	(40,783)
Recognised in other comprehensive income	–	–	–	–	12,842	5,318	12,842	5,318
At the end of the year	249,963	235,859	24,341	–	(8,076)	(11,552)	266,228	224,307

Notes to the Financial Statements

27. DEFERRED INCOME TAX (CONTINUED)

Deferred Income Tax Liabilities

	Accelerated tax depreciation		Withholding tax on unremitted earnings		Fair value adjustments		Total	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
At the beginning of the year	(123,617)	(122,303)	(90,971)	(49,546)	(44,223)	(182,483)	(258,811)	(354,332)
Recognised in the profit and loss account	(2,621)	(1,314)	(81,218)	(41,425)	15,543	131,753	(68,296)	89,014
Recognised in other comprehensive income	–	–	–	–	18,031	6,507	18,031	6,507
At the end of the year	(126,238)	(123,617)	(172,189)	(90,971)	(10,649)	(44,223)	(309,076)	(258,811)

Deferred income tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK\$109 million (2024: HK\$164 million) in respect of losses amounting to HK\$569 million (2024: HK\$884 million) that can be carried forward against future taxable income. As at 31st March 2025, except for tax losses of HK\$416 million which have no expiry date (2024: HK\$678 million), the balance will expire at various dates up to and including 2044.

28. SHARE CAPITAL

Shares of HK\$0.01 each	Number of shares	Amount HK\$'000
Authorised: At 31st March 2025 and 2024	400,000,000,000	4,000,000
Issued and fully paid: At the beginning of the year	1,319,782,288	13,197
Issued during the year (note 34)	100,853,036	1,009
At the end of the year	1,420,635,324	14,206

Notes to the Financial Statements

29. RESERVES

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Hedging reserve HK\$'000	Currency translation reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2023	2,175,239	44,190	2,782,836	5,217	24,891	(2,562,687)	251,305	(103,264)	16,807,612	19,425,339
Financial assets at FVOCI										
- net fair value change and other net movements	-	-	-	-	-	854,210	-	-	-	854,210
- release of reserve upon derecognition	-	-	-	-	-	91,544	-	-	-	91,544
Transfer upon disposal of equity securities at FVOCI	-	-	-	-	-	62,700	-	-	(62,700)	-
Cash flow hedges										
- fair value loss	-	-	-	-	-	-	(66,093)	-	-	(66,093)
- deferred tax on derivative financial instruments	-	-	-	-	-	-	10,905	-	-	10,905
Currency translation differences	-	-	-	-	-	-	-	(85,478)	-	(85,478)
Loss for the year	-	-	-	-	-	-	-	-	(5,792,196)	(5,792,196)
At 31st March 2024	2,175,239	44,190	2,782,836	5,217	24,891	(1,554,233)	196,117	(188,742)	10,952,716	14,438,231
At 31st March 2024	2,175,239	44,190	2,782,836	5,217	24,891	(1,554,233)	196,117	(188,742)	10,952,716	14,438,231
Financial assets at FVOCI										
- net fair value change and other net movements	-	-	-	-	-	1,100,401	-	-	-	1,100,401
- release of reserve upon derecognition	-	-	-	-	-	2,014	-	-	-	2,014
Transfer upon disposal of equity securities at FVOCI	-	-	-	-	-	(178,874)	-	-	178,874	-
Cash flow hedges										
- fair value loss	-	-	-	-	-	-	(178,739)	-	-	(178,739)
- deferred tax on derivative financial instruments	-	-	-	-	-	-	29,492	-	-	29,492
Currency translation differences	-	-	-	-	-	-	-	(159,035)	-	(159,035)
Loss for the year	-	-	-	-	-	-	-	-	(3,750,594)	(3,750,594)
Increase of interest in a subsidiary (note 34)	45,384	-	-	-	-	-	-	-	147,018	192,402
Share option lapsed	-	-	-	(2,404)	-	-	-	-	2,404	-
At 31st March 2025	2,220,623	44,190	2,782,836	2,813	24,891	(630,692)	46,870	(347,777)	7,530,418	11,674,172

Notes to the Financial Statements

30. COMMITMENTS

Commitments at the balance sheet date are as follows:

	2025 HK\$'000	2024 HK\$'000
Contracted but not provided for Property, plant and equipment	9,947	49,659

31. OPERATING LEASE ARRANGEMENTS

Lessor

As at 31st March 2025 and 2024, the future aggregate minimum rental receipts receivable under non-cancellable operating leases were as follows:

	2025 HK\$'000	2024 HK\$'000
In respect of land and buildings:		
Within one year	124,194	93,966
In the second to fifth year inclusive	89,805	133,164
	213,999	227,130

32. FINANCIAL GUARANTEES

	2025 HK\$'000	2024 HK\$'000
Guarantees for the banking and loan facilities of joint ventures and an associated company	2,472,658	2,657,554

Notes to the Financial Statements

33. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(A) Reconciliation of Loss Before Income Tax to Net Cash Generated from/(Used In) Operations

	2025 HK\$'000	2024 HK\$'000
Loss before income tax	(3,638,361)	(6,380,252)
Share of profits less losses of		
Joint ventures	413,469	4,158
Associated companies	68,402	20,887
Depreciation	134,685	139,201
Net investment loss	2,844,204	6,071,612
Other charge	121,916	885,205
Fair value loss/(gain) on investment properties	638,872	(56,392)
Loss on disposal of property, plant and equipment	194	55
Interest income	(172,968)	(199,463)
Net finance costs	617,750	595,993
Operating profit before working capital changes	1,028,163	1,081,004
Decrease/(increase) in properties under development for sale (excluding interest expense capitalised)	227,731	(1,112,755)
Decrease in hotel and restaurant inventories	1,174	1,196
Increase in trade and other receivables	(404,666)	(766,877)
Net proceeds from financial investments	308,331	411,736
Increase in restricted bank balances	(99,858)	(179,361)
(Decrease)/increase in trade and other payables	(99,311)	111,039
Increase in contract liabilities	2,042,594	221,559
Net cash generated from/(used in) operations	3,004,158	(232,459)

Notes to the Financial Statements

33. 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	Convertible notes HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 31st March 2023	16,537,233	52,949	9,086	6,542	16,605,810
Financing cash flows					
Net drawdown	1,224,933	–	–	–	1,224,933
Lease payment	–	–	–	(8,148)	(8,148)
Contribution from non-controlling interests	–	3,565	–	–	3,565
Loan facilities fee paid	(26,080)	–	–	–	(26,080)
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	–	–	594	112	706
Derecognition upon disposal of a subsidiary	(31,000)	–	–	–	(31,000)
Exchange translation differences	(3,030)	–	–	(33)	(3,063)
At 31st March 2024	17,743,209	56,514	9,680	6,356	17,815,759
Financing cash flows					
Net repayment	(1,838,773)	–	–	–	(1,838,773)
Lease payment	–	–	–	(7,022)	(7,022)
Contribution from non-controlling interests	–	4,443	–	–	4,443
Loan facilities fee paid	(24,842)	–	–	–	(24,842)
Non-cash changes					
Amortisation of loan facilities fee and issue expenses	53,932	–	–	–	53,932
Addition of lease liabilities	–	–	–	2,922	2,922
Accrued interest	–	–	368	158	526
Conversion of convertible notes	–	–	(10,048)	–	(10,048)
Exchange translation differences	(598)	–	–	(64)	(662)
At 31st March 2025	15,932,928	60,957	–	2,350	15,996,235

Notes to the Financial Statements

34. GROUP REORGANISATION

Group reorganisation (the “Group Reorganisation”) relating to Asia Standard Hotel.

A joint announcement dated 19th June 2024 was made by the Company, Asia Standard Hotel and The Sai Group Limited (the “Offeror”, a wholly-owned subsidiary of the Company) relating to the Group Reorganisation. It involved a scheme of arrangement of Asia Standard Hotel (the “Scheme”) pursuant to which, every 20 shares of Asia Standard Hotel held by shareholders of Asia Standard Hotel other than the Offeror and Offeror concerted parties (the “Offerees”) will be exchanged into 3 new shares of the Company and HK\$0.70 cash paid by the Offeror.

In October 2024, the Scheme became effective and the listing of Asia Standard Hotel shares on SEHK was withdrawn. A total of approximately 100.9 million new shares of the Company were issued to and approximately HK\$23.5 million cash was paid to the Offerees. In November 2024, the Offeror converted all the convertible notes of Asia Standard Hotel held by it into shares of Asia Standard Hotel and thereafter, Asia Standard Hotel redeemed all its outstanding convertible notes for a total redemption amount of HK\$43.1 million. After the Group Reorganisation and the conversion of convertible notes, the Group currently holds a 98.97% interest in the share capital of Asia Standard Hotel, and 1.03% interest was held by fellow subsidiary companies.

The above transactions do not have a material effect to the consolidated profit and loss account.

35. RELATED PARTY TRANSACTIONS

The major shareholder of the Group is Asia Orient Holdings Limited (“Asia Orient”), a company incorporated in Bermuda and listed in Hong Kong. Asia Orient directly and indirectly own 50.11% (2024: 51.79%) of the Company’s shares, the remaining 49.89% (2024: 48.21%) shares are widely held.

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

Notes to the Financial Statements

35. RELATED PARTY TRANSACTIONS (CONTINUED)

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

(A) Sales and Purchase of Goods and Services

	2025 HK\$'000	2024 HK\$'000
Income from/(expense to) subsidiaries of Asia Orient		
Rental income (note (i))	1,873	2,037
Building management service fee expense (note (ii))	(5,416)	(5,090)
Cleaning expense (note (iii))	(6,940)	(6,261)

Notes:

- i. Rental income is subject to terms agreed by the parties involved, which are at a fixed monthly fee.
- ii. Building management service fee expense is charged for building management services rendered at a mutually agreed fee.
- iii. Cleaning expense is subject to terms agreed by the parties involved, which are at a fixed monthly fee.

(B) Key Management Compensation

	2025 HK\$'000	2024 HK\$'000
Fee	1,525	1,450
Salaries, allowance and benefit in kind	97,014	98,019
Employer's contribution to retirement benefits scheme	432	429
	98,971	99,898

Key management includes the Company's Directors and four (2024: 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 10.

Notes to the Financial Statements

36. BALANCE SHEET OF THE COMPANY

	Note	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Subsidiaries (note (a))		1,229,076	1,229,076
Current assets			
Amounts due from subsidiaries		6,453,219	6,406,800
Trade and other receivables		178	178
Bank balances and cash		902	853
		6,454,299	6,407,831
Current liabilities			
Trade and other payables		1,720	1,725
Income tax payable		–	25
		1,720	1,750
Net current assets		6,452,579	6,406,081
Net assets		7,681,655	7,635,157
Equity			
Share capital	28	14,206	13,197
Reserves (note (b))		7,667,449	7,621,960
		7,681,655	7,635,157

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Notes to the Financial Statements

36. BALANCE SHEET OF THE COMPANY (CONTINUED)

Notes:

- (a) As at 31st March 2025 and 2024, the shares of certain subsidiaries are pledged to secure loan facilities granted to the Group.

Details of the principal subsidiaries are set out in note 37.

- (b) Reserve movement of the Company

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2023	2,174,088	44,190	2,796,995	2,957	2,603,640	7,621,870
Profit for the year	–	–	–	–	90	90
At 31st March 2024	2,174,088	44,190	2,796,995	2,957	2,603,730	7,621,960
At 31st March 2024	2,174,088	44,190	2,796,995	2,957	2,603,730	7,621,960
Shares issued during the year	45,384	–	–	–	–	45,384
Profit for the year	–	–	–	–	105	105
At 31st March 2025	2,219,472	44,190	2,796,995	2,957	2,603,835	7,667,449

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

Notes to the Financial Statements

37. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

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

Subsidiaries

(Unless indicated otherwise, they are indirectly wholly-owned by the Group 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 Hong Kong</i>			
Asia Standard (Beijing) Company Limited	Investment holding	HK\$2	100%
Asia Standard Development (Holdings) Limited	Investment holding	HK\$10 and non-voting deferred share capital of HK\$426,303,279	100%
Asia Standard Development (Real Estate Agencies) Limited	Real estate agency services	HK\$2	100%
Asia Standard Finance Company Limited	Financing services	HK\$100,000,000	100%
Asia Standard Hotel (Holdings) Limited	Investment holding	HK\$2	98.97%
Asia Standard Hotel Management Services Limited	Hotel management services	HK\$1	98.97%
Asia Standard International Limited ¹	Investment holding	HK\$1,216,067,627	100%
Asia Standard Management Services Limited	Management services	HK\$2	100%
Asia Standard Project Management Company Limited	Project management	HK\$2	100%
Derby Development Limited	Property investment	HK\$1	100%
Empire Hotel International Company Limited	Securities investment	HK\$2	98.97%
Glory Ocean Limited	Property development	HK\$2	100%
Hoi Chak Properties Limited	Property investment	HK\$10 and non-voting deferred share capital of HK\$2	100%
Juno Cliff Limited	Property investment	HK\$2	100%
Master Asia Enterprises Limited	Hotel investment and operation	HK\$10,000	98.97%
Pacific Crown Enterprises Limited	Hotel investment and operation	HK\$1	98.97%
Stone Pole Limited	Hotel investment and operation	HK\$10	98.97%
Sure Luck Development Limited	Hotel investment and operation	HK\$1	98.97%

Notes to the Financial Statements

37. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES (CONTINUED)

Subsidiaries (Continued)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Tilpifa Company Limited	Property investment	HK\$10 and non-voting deferred share capital of HK\$10,000	100%
Union Rich Resources Limited	Property development	HK\$2	100%
Vinstar Development Limited	Hotel investment and operation	HK\$2	98.97%
<i>Incorporated in Bermuda</i>			
Asia Standard Hotel Group Limited	Investment holding	HK\$92,321,652	98.97%
<i>Incorporated in the British Virgin Islands</i>			
Asia Standard Hotel (BVI) Limited	Investment holding	US\$1	98.97%
Assets Century Global Limited	Investment holding	US\$1	98.97%
Greatime Limited	Securities investment	US\$1	98.97%
Master Style Global Limited	Securities investment	US\$1	98.97%
Onrich Enterprises Limited	Securities investment	US\$1	98.97%
Quantum Express Holdings Limited	Securities investment	US\$1	98.97%
Techfull Properties Corp.	Securities investment	US\$1	100%
<i>Incorporated and operates in Canada</i>			
ASNA Alberni Holdings Limited	Investment holding	CAD\$13,101,048	98.97%
1488 Robson Street Holdings Ltd.	Investment holding	CAD\$100	98.97%
ASNA Robson Landmark Holdings Limited	Property development	CAD\$99,601,556	98.97%
ASNA Robson Landmark Developments Limited	Property development	CAD\$6,499,129	98.97%
1388 Robson Nominee Ltd.	Investment holding	CAD\$100	98.97%
AS 1388 Robson Holdings Limited	General partner	CAD\$100	98.97%
AS 1388 Robson Limited Partnership	Property development	CAD\$19,207,159	98.97%
Asia Standard Americas Limited	Property development management	CAD\$100	98.97%
1650 AS Alberni Holdings Limited	Property development	CAD\$19,962,381	98.97%

Associated Companies

(Unless indicated otherwise, they are all incorporated and operates in Hong Kong.)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Perfect Pearl Company Limited	Property investment	HK\$1,000 and non-voting deferred share capital of HK\$10,000	33%

Notes to the Financial Statements

37. PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES (CONTINUED)

Joint Ventures

(Unless indicated otherwise, they are all incorporated and operates in Hong Kong.)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Imperial Time Limited	Property development	HK\$1	20%
Best Prosper Investment Limited	Property development	HK\$1	50%
Health Link Investment Limited	Property investment	HK\$2	25%
Sky Greatest Limited	Property development	HK\$10,000	60%
<i>Incorporated and operates in the PRC</i>			
北京黃海房地產開發有限公司	Property development	RMB110,000,000	50%
上海廣南房地產發展有限公司	Property development	US\$100,000	50%
<i>Incorporated in the British Virgin Islands</i>			
Gallop Worldwide Limited	Investment holding	US\$2	50%
Chater Capital Limited	Investment holding	US\$4	50%
Maulden Investment Limited	Property investment	US\$8	12.5%
<i>Incorporated and operated in Canada</i>			
1488 Alberni Holdings Limited	General partner	CAD\$100	39.59%
1488 Alberni Investment Limited	General partner	CAD\$100	39.59%
1488 Alberni Development Holdings Limited Partnership	Property development	CAD\$31,115,000	39.59%
1488 Alberni Investment Limited Partnership	Property development	CAD\$1,637,624	39.59%
1650 Alberni Residential Ltd.	Property development	CAD\$33,932,307	39.59%
1650 Alberni Commercial Ltd.	Property development	CAD\$3,992,656	39.59%

¹ Direct subsidiary of the Company

38. ULTIMATE HOLDING COMPANY

The ultimate holding company is Asia Orient, a company incorporated in Bermuda and listed in Hong Kong.

39. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 30th June 2025.

