ASIA ORIENT HOLDINGS LIMITED

Stock Code: 214

Annual Report 2011

Contents

Corporate Information

Directors

Executive
Mr. Fung Siu To, Clement *(Chairman)*
Dr. Lim Yin Cheng *(Deputy Chairman)*
Mr. Poon Jing *(Managing Director and Chief Executive)*
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas

Non-executive
Mr. Chan Sze Hung

Independent Non-executive
Mr. Cheung Kwok Wah
Mr. Hung Yat Ming
Mr. Wong Chi Keung

Audit committee

Mr. Hung Yat Ming *(Chairman)*
Mr. Cheung Kwok Wah
Mr. Wong Chi Keung

Remuneration committee

Mr. Fung Siu To, Clement *(Chairman)*
Mr. Hung Yat Ming
Mr. Wong Chi Keung

Authorised representatives

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

Company secretary

Ms. Man Sau Ying

Registered office

Canon's Court,
22 Victoria Street,
Hamilton HM12,
Bermuda

Principal office in Hong Kong

30th Floor, Asia Orient Tower,
Town Place,
33 Lockhart Road, Wanchai,
Hong Kong
Telephone 2866 3336
Facsimile 2866 3772
Website http://www.asiaorient.com.hk
E-mail ao_info@asia-standard.com.hk

Principal bankers

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
The Bank of East Asia Limited
Barclays Bank PLC
Morgan Stanley & Company International PLC

Legal advisers

Stephenson Harwood
35th Floor, Bank of China Tower,
1 Garden Road, Central,
Hong Kong

Appleby
2206-19 Jardine House,
1 Connaught Place,
Central,
Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants
22nd Floor, Prince's Building,
Central, Hong Kong

Share registrar in Bermuda

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre,
11 Bermudiana Road,
Pembroke HM08, 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)	2011	2010	Change
Consolidated profit and loss account			
Revenue	**194**	50	+288%
Operating profit	**483**	326	+48%
Share of profits of associated companies	**831**	1,142	–27%
Gain on business combination	**1,496**	–	N/A
Profit attributable to shareholders of the Company	**2,657**	1,689	+57%
Basic earnings per share (HK$)	**3.74**	2.48	+51%
Consolidated balance sheet			
Total assets	**19,934**	4,195	+375%
Net assets	**14,404**	4,134	+248%
Equity attributable to shareholders of the Company	**6,755**	4,134	+63%
Net (debt)/cash	**(3,716)**	25	N/A

Chairman's Statement

The Group recorded a profit attributable to shareholders of HK$2,657 million for the year ended 31st March 2011, compared to HK$1,689 million last year. Net assets increased to HK$14.4 billion.

The Group's major investment, Asia Standard International Group Ltd, also reported a profit attributable to shareholders of HK$2,040 million. During the year, the Group increased its shareholding in Asia Standard to above 50%, making it a subsidiary of the Group. A one-off accounting gain of HK$1.5 billion is recorded upon this change.

During the year, the Group continues to realise value through property sales at The Westminster Terrace and acquired two development sites in Macau and Shanghai for its land bank.

Hotel operation also achieved satisfactory result, with operating profit increased by 50% over last year.

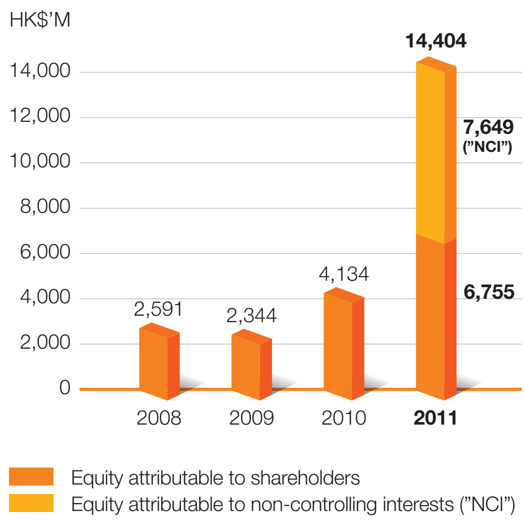
Overall, the board is delighted with the Group's result for the year, yet remains cautious ahead of the uncertain economic environment.

We take this opportunity to thank our staff for their efforts extended during the year.

Fung Siu To, Clement
Chairman

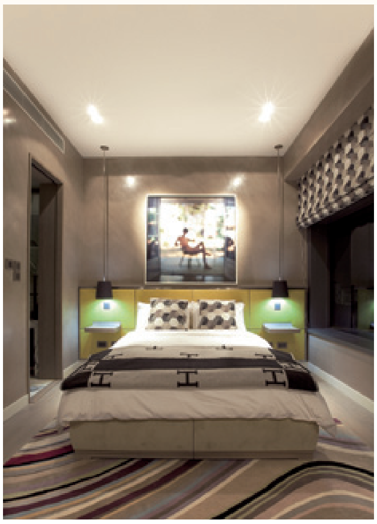
Hong Kong, 24th June 2011

Net assets



Management Discussion and Analysis

The Westminster Terrace



Change of Shareholdings in Asia Standard

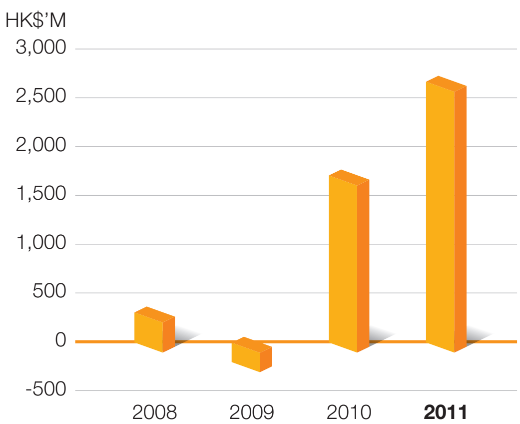
During the year, the Group's shareholdings in Asia Standard International Group Limited ("Asia Standard") increased from 49.2% to 50.3%. The increase changed the status of Asia Standard from an associated company of the Group to a subsidiary in January 2011. Accordingly, results of Asia Standard were equity accounted for up to January 2011 and then consolidated thereafter. At the same time, an accounting gain of HK$1,496 million was recorded.

Results

The Group's revenue amounted to HK$194 million (2010: HK$50 million). The increase is mainly the result of including two months' revenue from Asia Standard upon it becoming a subsidiary.

Profit attributable to shareholders amounted to HK$2,657 million (2010: HK$1,689 million). Excluding the accounting gain arising from the business combination of Asia Standard, there is a decrease in profit due to lesser contribution from Asia Standard and decrease in net investment gain of the parent group.

Profit attributable to shareholders



Management Discussion and Analysis

Asia Orient Tower

Goldmark

Asia Standard

The 50.3% owned Asia Standard reported a profit attributable to shareholders of HK$2,040 million (2010: HK$2,383 million) with a revenue of HK$1,065 million (2010: HK$1,865 million). It contributed profit of HK$950 million (2010: HK$1,129 million) to the Group.

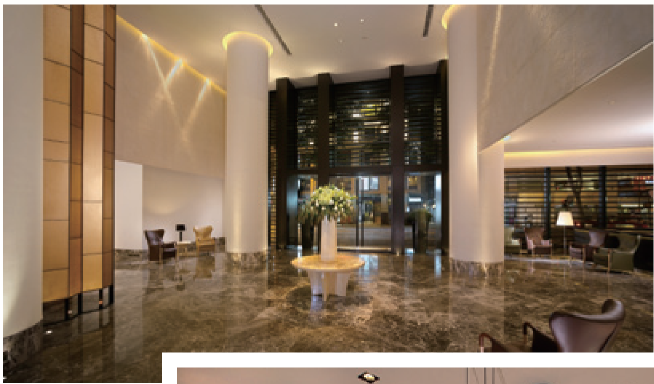
Property Sales, Development and Leasing

Property sales amounted to HK$134 million (2010: HK$1,053 million). Development profit was HK$79 million (2010: HK$375 million). The substantial decrease is because the majority of the property sale activities for the year were in The Westminster Terrace, a 50% joint venture development by Asia Standard group, which by accounting convention, is excluded from Asia Standard Group's revenue and segment results but separately accounted for as share of profit from jointly controlled entity.

The Westminster Terrace was completed last year. Cumulative sales recognised for the two financial years was HK$1.7 billion, with HK$824 million recognised in the current year. Total profit amounted to HK$745 million of which HK$375 million profit was recognised in current year. Sales continue after the financial year end and is expected to generate further proceeds of some HK$800 million when all units are sold.

On the property development side, the lease modification of the approximately 590,000 sq. ft. GFA residential development at Hung Shui Kiu is under discussion with government. It's 50% owned 2 million sq. ft. GFA joint venture waterfront residential/commercial development project in Beijing has recently obtained planning parameters from the government. During the year, Asia Standard acquired a 186,000 sq. ft. site in Macau which is under planning application for residential development. After the financial year end, jointly with its partner, it acquired a 1.5 million sq. ft. site in Shanghai for low density residential development. Asia Standard has a 47.5% stake in this project.

Empire Hotel Hong Kong



On the property leasing side, rental income attributable to its investment properties portfolio increase to HK$94 million from last year's HK$86 million, a result mainly of improved occupancies. Revaluation gain net of deferred tax (including that generated from property owned by its associated company) of HK$989 million was recorded, compared to HK$546 million of last year.

Financial investments

Asia Standard's financial investment portfolio recorded a net fair value gain of HK$676 million (2010: HK$948 million) and a net realised gain of HK$30 million (2010: HK$383 million) from disposals during the year. These investments generated dividend and interest income of HK$194 million (2010: HK$200 million) during the year. Its investment portfolio stood at HK$5,250 million (2010: HK$3,257 million) at 31st March 2011.

Hotel

Asia Standard increased its stake in its listed hotel subsidiary by 2.5% to 69.9%. The hotel group reported a HK$326 million profit (2010: HK$435 million) for the year.

The decrease is due to a lesser investment gain during this reporting period. Income generated from the hotel operations improved due to higher occupancies and room rates, as well as the full operation of Causeway Bay Empire Hotel.

Financial Review

At 31st March 2011, the Group's net asset increased to HK$14.4 billion (2010: HK$4.1 billion). The 2.5 fold increase was mainly the direct result of consolidating Asia Standard (recognising its assets and liabilities at fair value as the Group's carrying value at the date when it became subsidiary).

Management Discussion and Analysis

Net debt at 31st March 2011 was HK$3.7 billion (2010: net cash HK$25 million), of which HK$145 million belong to the parent group and the remaining HK$3.57 billion belong to the separately listed subsidiary. Gearing (net debt/net asset) was 26% (2010: net cash). The increase in debt is due to consolidation of Asia Standard's debt in this year.

At 31st March 2011, the Group's financial investment portfolio amounted to HK$5,949 million (2010: HK$393 million, without consolidating those of Asia Standard). Excluding Asia Standard, the parent group has a net unrealised fair value gain of HK$104 million (2010: HK$65 million) and a net realised gain of HK$1 million (2010: HK$231 million) was recognised in the profit and loss account, and generated dividend and interest income of HK$27 million during the year (2010: HK$38 million).

As at 31st March 2011, the Group's financial investments are denominated in different currencies, with 48% in Sterling, 31% in US dollar, 12% in Hong Kong dollar and 9% in Euro. During the year, HK$68 million unrealised exchange gain (2010: HK$23 million unrealised exchange loss) was recorded.

About 75% of the Group's borrowings are in Hong Kong dollar. All the debts are at floating rates and interest rate fluctuation is partly managed through interest rate swaps. As at 31st March 2011, a total of HK$200 million interest rate swap contracts were held for hedging purpose against our borrowings. The maturity of our debts spread over a long period of up to 15 years, with approximately 42% repayable within one year and 42% repayable after five years. As at 31st March 2011, the Group had net current assets of HK$5,654 million (2010: HK$420 million).

As at 31st March 2011, property assets with an aggregated net book value of HK$12,129 million (2010: Nil) were pledged to secure banking facilities of the Group. There were no guarantees provided to financial institutions (2010: Nil).

Employees and Remuneration Policies

At 31st March 2011, the Group employed 639 full time employees. Their remuneration packages, commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

Future Prospects

Substantial rebound is evidenced in the equities market worldwide. Economic recovery is however slow at best, particularly in Euro zone economies.

Tightening policies in Mainland to combat escalating property prices appears to slowly gain effect, and local cooling measures are also in place to curb the heated property market.

Management is alert to capitalise on investment opportunities whenever it arises.

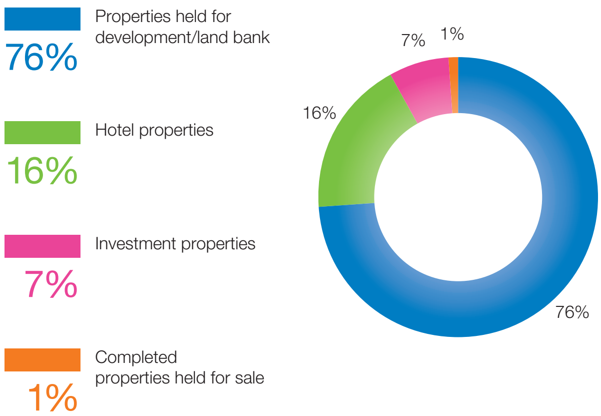
Five-year Financial Summary

Year ended 31st March (in HK$ million)	**2011**	2010	2009	2008	2007
Results					
Turnover	**266**	619	142	35	119
Revenue	**194**	50	30	28	20
Profit/(loss) attributable to shareholders of the Company	**2,657**	1,689	(239)	287	168
Assets and liabilities					
Total assets	**19,934**	4,195	2,478	2,644	2,062
Total liabilities	**(5,531)**	(61)	(134)	(53)	(49)
Non-controlling interests	**(7,648)**	–	–	–	–
Equity attributable to shareholders of the Company	**6,755**	4,134	2,344	2,591	2,013

During the year, the Group's shareholdings in Asia Standard International Group Limited ("Asia Standard") increased from 49.2% to 50.3%. The increase changed the status of Asia Standard from an associated company of the Group to a subsidiary in January 2011. As a result, the Group would consolidate the results of Asia Standard Group from February 2011 onwards and recognised a gain on business combination. Prior to that, the results and net assets of Asia Standard were equity accounted for in the Group's financial statements.

Principal Properties

As at 31st March 2011



	Attributed GFA (sq. ft.)
Properties held for development/land bank	1,680,000
Hotel properties	356,000
Investment properties	142,000
Completed properties held for sale	28,000
Total	**2,206,000**

Properties	Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Type
I Investment properties				
01 Asia Standard Tower 59-65 Queen's Road Central, Hong Kong.	50.3%	7,800	133,000	Commercial
02 Asia Orient Tower Town Place, 33 Lockhart Road, Wanchai, Hong Kong.	50.3%	7,300	114,000	Commercial
03 Goldmark 502 Hennessy Road, Causeway Bay, Hong Kong.	16.6%	6,300	106,000	Commercial

Properties		Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Type
II	**Hotel properties**				
04	Empire Hotel Hong Kong 33 Hennessy Road, Wanchai, Hong Kong.	38.2%	10,600	184,000 (362 rooms)	Hotel
05	Empire Hotel Kowloon 62 Kimberley Road, Tsimshatsui, Kowloon.	38.2%	11,400	220,000 (343 rooms)	Hotel
06	Empire Hotel Causeway Bay 8 Wing Hing Street, Causeway Bay, Hong Kong.	38.2%	6,200	108,000 (280 rooms)	Hotel
07	Empire Landmark Hotel 1400 Robson Street, Vancouver B.C., Canada.	38.2%	41,000	420,000 (358 rooms)	Hotel

Properties		Group's interest	Approx. gross floor area (sq. ft.)	Type
III	**Completed properties held for sale**			
	Hong Kong			
08	Shops, Canaryside, 8 Shung Shun Street, Lei Yue Mun, Kowloon.	50.3%	24,000	Commercial
09	The Westminster Terrace No. 2A, Yau Lai Road, Tsuen Wan, New Territories.	25.2%	65,000	Residential

Principal Properties

As at 31st March 2011

Properties		Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Intended use	Stage
IV	**Properties held for development/land bank**					
10	Hung Shui Kiu Yuen Long, New Territories.	50.3%	112,000	590,000	Residential	Planning
11	Lam Tei Tuen Mun, New Territories.	50.3%	19,000	75,000	Residential	Planning
12	Sha Ha Sai Kung, New Territories.	3.8%	620,000	300,000	Residential	Planning
13	72 Yong Shun Street West, Tongzhou District, Beijing, PRC.	25.2%	550,000	1,900,000	Residential/ Commercial	Planning
14	Seac Pai Van, Coloane, Macau.	50.3%	186,000	1,700,000	Residential	Planning

Corporate Governance Report

Corporate Governance Practices

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

Board of Directors

The Board consists of five 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.

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

The Board meets quarterly and is responsible for the formulation and reviewing of long-term business directions and strategies, to monitor the operating and financial performance of the Group. 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.

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.

Corporate Governance Report

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

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

Name of Director	Title	Attendance at Board meetings/ number of Board meetings held
Fung Siu To, Clement	Chairman	4/4
Lim Yin Cheng	Deputy Chairman	4/4
Poon Jing	Managing Director and Chief Executive	4/4
Lun Pui Kan	Executive Director	4/4
Kwan Po Lam, Phileas	Executive Director	4/4
Chan Sze Hung	Non-executive Director	3/4
Cheung Kwok Wah	Independent Non-executive Director	4/4
Hung Yat Ming	Independent Non-executive Director	4/4
Wong Chi Keung	Independent Non-executive Director	4/4

During the year, no new director was appointed. If new directors are required to be appointed to the Board, the Board will elect the appropriate candidates by considering qualification, ability, working experience and professional ethics of the candidates.

Remuneration Committee

The Remuneration Committee currently comprises the Chairman, Mr. Fung Siu To, Clement, and two Independent Non-executive Directors, Mr. Hung Yat Ming and Mr. Wong Chi Keung. Mr. Fung is the Chairman of the Remuneration Committee. The duties of the 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 other benefit 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 benefit. The Group's remuneration policy seeks to provide a fair market remuneration so as to attract, retain and motivate high quality staff. The remuneration is determined with reference to his duties and responsibility, remuneration benchmark in the industry and prevailing market conditions. During the year, the Committee held one meeting, which all members had attended, to review, discuss and approve the remuneration packages of the Directors and senior management.

Audit Committee

The Audit Committee currently comprises all the Independent Non-executive Directors, Mr. Hung Yat Ming (as the Chairman), Mr. Cheung Kwok Wah and Mr. Wong Chi Keung. The terms of reference were revised and adopted by the Audit Committee in compliance with the Code on Corporate Governance Practices. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls and review of the published financial statements. The Audit Committee meets at least twice a year. During the year, the Audit Committee met twice to review the Company's annual and interim financial statements and the recommendation by the auditor on enhancement of internal control. All the members had attended the meetings. The Audit Committee has reviewed the annual financial statements for the year ended 31st March 2011.

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Director of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year, and they all confirmed that they have fully complied with the required standard set out in the Model Code throughout the year ended 31st March 2011.

Code on Corporate Governance Practices

During the year, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except for the deviation from code provision A.4.1 which states that non-executive directors should be appointed for a specific term, subject to re-election. All non-executive director and independent non-executive directors of the Company are not appointed for specific terms, but subject to retirement by rotations and re-elections at the annual general meeting of the Company in accordance with the Bye-Laws of the Company.

Internal Control

It is the responsibility of the Board to ensure that the Group maintains sound and effective internal controls to safeguard the shareholders' investments and the Group's assets. During the year, the Board reviewed the effectiveness of the internal control system of the Group. The review covered all material controls, including financial, operational and compliance controls and risk management functions of the Group.

Corporate Governance Report

Auditor's Remuneration

PricewaterhouseCoopers has been appointed as the auditor of the Company by the shareholders at the annual general meeting. The services provided by PricewaterhouseCoopers include audit, taxation related and other services. A statement by PricewaterhouseCoopers about their reporting responsibilities as the auditor of the Company is included in the Independent Auditor's Report on pages 36 to 37 of this annual report.

An amount of HK$1,996,000 (2010: HK$1,112,000) was charged to the financial statements of the Group for their audit services. Taxation services, review on interim results and other services provided by PricewaterhouseCoopers to the Group amounted to HK$497,000 (2010: HK$358,000).

Investor Relationship

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

The Company has also maintained a website at http://www.asiaorient.com.hk which enables shareholders, investors and public to access to the information of the Company on a timely basis.

Corporate Social Responsibility Report

We are committed to contributing to the sustainability of the environment and community in which we conduct business and where our stakeholders live.

Environmental Protection

(a) Property management

The Group is dedicated to the adoption of green management standards to promote environmental considerations. Within our property management division, process is designed to ensure energy saving through power out in non-operating hours of building facilities (such as non-reserved club house facilities), used clothes donation campaign was carried out to provide assistance to those in need and wasted paper recycling is encouraged in office building to respond to calls for conservation.

(b) 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 maximize the use of natural renewable resources and recycled/green building material; (b) to minimize the consumption of energy, in particular those non-renewable types; and (c) to reduce construction and demolition waste.

In addition to the green features, the Group has implemented a number of environmental protection facilities to its projects so as to promote a greener lifestyle. In the Westminster Terrace development, large greenery podium gardens are constructed at 3rd Floor and 7th Floor levels. There is a large open lawn area provided for leisure. Greenery and buffer plantings are at peripheral of the building and along elevation of podium car park. Other measures include installation of rain water recycling and self cleaning glass to reduce water consumption and sun shade features on top of windows to reduce heat.

(c) Hotel business

The Empire Hotel Causeway Bay was divided in four zones for optimal gas supply and energy saving. Air-conditioning in Empire Hotel Causeway Bay and Empire Hotel Kowloon has a zone valve whereby electricity supply will be switched off on idle floors for energy preservation purposes. In our Empire Hotel Kowloon, the two new renovation floors have an individual electric heater supply system and can be switched off individually for energy reduction purposes.

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

Corporate Governance Report

The Community

Care for the community is a long-standing corporate value. The Group has during the year made donations exceeding HK$5,200,000 to a number of charitable and educational organizations, such as Hong Kong Spinal Cord Injury Fund Limited, Sedan Chair Charities Fund and Po Leung Kuk.

Moreover since March 2009, Asia Standard Hotel Group Limited ("Asia Standard Hotel") has initiated a charity campaign entitled, The Art of Caring, through which we worked to support SAHK (formerly known as "The Spastics Association of Hong Kong"), a local rehabilitation service organization supporting and helping local children and youth with disabilities in their education and health.

During the year, the following activities were organized:

- Cookies Workshop at Empire Hotel Hong Kong where a group of 4 to 6 year-old children with special needs learnt to make cookies with their parents under the guidance of the hotel's pastry chef
- Charity Bazaar at Empire Hotel Kowloon where children and youth under SAHK's care demonstrated their painting skills and their paintings and handicrafts on sale
- Hotel's Volunteering Team visits three SAHK Schools
- Student Hotel Experience Days at Empire Hotel Causeway Bay

In addition, Asia Standard Hotel has been once again awarded the Caring Company title 2010/11 by The Hong Kong Council of Social Service (HKCSS) in recognition of its contribution to the community. This recognition signifies a solid testimonial and a renewed impetus for the Group on its committee to make positive contribution to society and communities.

The People

Over the year, staff were encouraged and sponsored to attend seminars and courses of their respective professions. Continuous personal study is encouraged to enhance personal development and corporate advancement.

Directors and Senior Management

Executive Directors

FUNG Siu To, Clement

Aged 62, is the Chairman of the Company and Chairman of the Remuneration Committee of the Company. He is also the Chairman and an executive director of the listed subsidiary, Asia Standard International Group Limited ("Asia Standard"), an executive director of the listed subsidiary, Asia Standard Hotel Group Limited ("Asia Standard Hotel") and an independent non-executive director and an audit committee member of New Times Energy Corporation Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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 25 years of experience in project management and construction. He is the brother-in-law of Mr. Poon Jing and Dr. Lim Yin Cheng, the Managing Director and Deputy Chairman of the Company respectively.

LIM Yin Cheng

Aged 66, is the Deputy Chairman of the Company. He is also the Deputy Chairman and an executive director of Asia Standard and the Deputy Chairman, Chief Executive, an executive director and the Chairman of the Remuneration Committee of Asia Standard Hotel. Dr. Lim is a holder of a Bachelor of Science (Chemical Engineering) and Doctor of Philosophy degrees. He has over 25 years of experience in engineering, project management and administration. He joined the Group in 1992. He is the brother-in-law of Mr. Poon Jing and Mr. Fung Siu To, Clement, the Managing Director and Chairman of the Company respectively.

POON Jing

Aged 56, is the Chief Executive and Managing Director of the Company. He is also the Chief Executive, Managing Director and an executive director of Asia Standard and the Chairman and an executive director of Asia Standard Hotel. He is the brother-in-law of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman and Deputy Chairman of the Company respectively.

LUN Pui Kan

Aged 47, is the Finance Director of the Company and Asia Standard. Mr. Lun has over 25 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 52, is an executive director of the Company and Asia Standard. 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 20 years of experience in property sales, leasing and real estate management.

Directors and Senior Management

Non-executive Director

CHAN Sze Hung

Aged 58, is a non-executive director of the Company. Mr. Chan graduated from The University of Hong Kong with a degree in law. He joined a legal firm for approximately four years prior to becoming a principal partner of Messrs. Chan, Lau & Wai. He has over 25 years of experience in the legal profession. Mr. Chan is also an independent non-executive director of Heritage International Holdings Limited which is listed company on the Stock Exchange. He joined the Group in June 1996.

Independent Non-executive Directors

CHEUNG Kwok Wah

Aged 54, is an independent non-executive director and a member of the Audit Committee of the Company. Mr. Cheung has over 20 years of experience in the finance field, during which he held various senior management positions with many public listed companies. He is a solicitor of Hong Kong, and is now the Chief Business Development Officer of Future Bright Holdings Limited. He joined the Group in June 1996.

HUNG Yat Ming

Aged 59, is an independent non-executive director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Hung graduated from The University of Hong Kong with a Bachelor degree in Mathematics and obtained a post-graduate diploma in Accountancy from University of Strathclyde, Scotland. He has over 25 years of experience in audit, accounting and financial management in several firms in Sydney and Hong Kong and is a financial controller of a Hong Kong listed company. He is a member of The Institute of Chartered Accountants of Scotland and HKICPA. Mr. Hung is also an independent non-executive director, the Chairman of the audit committee and a member of remuneration committee of Asia Standard Hotel and an independent non-executive director and a member of the audit committee of SMI Publishing Group Limited, a company listed on the Growth Enterprise Market of the Stock Exchange. He joined the Group in September 2004.

WONG Chi Keung

Aged 56, is an independent non-executive director, a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Wong holds a Master degree in Business Administration from The University of Adelaide in Australia. He is a fellow member of HKICPA, ACCA and CPA Australia; an associate member of The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants. Mr. Wong is also a responsible officer for asset management, advising on securities and corporate finance activities for Greater China Capital Limited under the Securities and Futures Ordinance.

Mr. Wong was an executive director, the Deputy General Manager, Group Financial Controller and Company Secretary of Yuexiu Property Company Limited which is a listed company on the Stock Exchange for over ten years. He is also an independent non-executive director and a member of the audit committee of Asia Standard, Century City International Holdings Limited, China Nickel Resources Holdings Company Limited, China Ting Group Holdings Limited, ENM Holdings Limited, First Natural Foods Holdings Limited (Provisional Liquidators Appointed), FU JI Food and Catering Services Holdings Limited (Provisional Liquidators Appointed), Golden Eagle Retail Group Limited, Ngai Lik Industrial Holdings Limited, PacMOS Technologies Holdings Limited, Paliburg Holdings Limited, Regal Hotels International Holdings Limited and TPV Technology Limited, all of which are listed on the Stock Exchange. Mr. Wong has over 33 years of experience in finance, accounting and management. He joined the Group in 2004.

Note:

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

Senior management

LEUNG King Yin, Kevin

Aged 49, is the Head of Project Management Division of Asia Standard. Mr. Leung is an Authorised Person under the Buildings Ordinance, a registered architect in Hong Kong and Australia, and member of both The Hong Kong Institute of Architects and Royal Australian Institute of Architects. Mr. Leung was a director of Asia Standard for 5 years prior to his migration to Australia. He re-joined Asia Standard Group in October 2007. He is responsible for property development and project management.

NG Siew Seng, Richard

Aged 59, is the Group general manager of Asia Standard Hotel and a director of a subsidiary of Asia Standard Hotel. Mr. Ng is responsible for the development and management of the hotel group's hospitality operations. With over 3 decades' extensive experience in hotel and travel industry for both local and overseas markets, Mr. Ng has held senior marketing and operational positions in a number of major international chain hotels and travel agents in Hong Kong and Macau. He joined Asia Standard Hotel Group in September 2007.

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31st March 2011.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 40 to the financial statements.

The activities of the Group are mainly based in Hong Kong. Analyses of the Group's turnover 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 38.

The Company paid an interim dividend of HK1.0 cent per share with a scrip option (2010: HK1.5 cents per share in scrip), totaling HK$7,102,000 (2010: HK$10,512,000) for the year ended 31st March 2011.

The Board recommends a final dividend of HK1.25 cents (2010: HK1.25 cents) per share with a scrip option, totaling HK$8,905,000 (2010: HK$8,859,000) for the year ended 31st March 2011.

Financial summary

A five-year financial summary of the results and of the assets and liabilities of the Group is set out on page 9.

Property, plant and equipment

Details of the movements in property, plant and equipment of the Group are set out in note 16 to the financial statements.

Share capital

Details of the movements in share capital of the Company during the year are set out in note 29 to the financial statements.

Reserves

Movement in the reserves of the Group and the Company during the year are set out in note 30 to the financial statements.

Principal properties

Details of the principal properties of the Group are set out on pages 10 to 12.

Donations

During the year, the Group made charitable and other donations of HK$5,227,000 (2010: Nil).

Directors

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

Mr. Fung Siu To, Clement
Dr. Lim Yin Cheng
Mr. Poon Jing
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas
Mr. Chan Sze Hung
Mr. Cheung Kwok Wah
Mr. Hung Yat Ming
Mr. Wong Chi Keung

Messrs. Lun Pui Kan, Chan Sze Hung and Hung Yat Ming will retire from office by rotation in accordance with the Bye-Laws of the Company at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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

Biographical details of Directors and senior management

Biographical details of Directors and senior management are set out on pages 19 to 21.

Directors' interests in contracts

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

Arrangements to purchase shares or debentures

Apart from the share option scheme of the Company as disclosed on pages 29 to 33, and that of subsidiaries, Asia Standard International Group Limited ("Asia Standard") and Asia Standard Hotel Group Limited ("Asia Standard Hotel"), at no time during the year was the Company, its subsidiaries or its fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' and chief executive's interests and short positions in shares, underlying shares and debentures

As at 31st March 2011, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) which (a) are required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

(I) Long positions in shares

(a) The Company

	Number of shares held				
Director	Personal interest	Corporate interest	Family interest	Total	Percentage of shares in issue (%)
Poon Jing	193,842,510	132,997,302	4,873,940	331,713,752	46.56
Fung Siu To, Clement	14,042,433	–	–	14,042,433	1.97

(I) Long positions in shares (continued)

(b) Associated Corporations

Director	Associated Corporations	Number of shares held: Personal interest	Corporate interest	Total	Percentage of shares in issue (%)
Poon Jing	Asia Standard	1,176,670	614,962,312 *(Notes)*	616,138,982	50.40
Poon Jing	Asia Standard Hotel	49,528	1,120,832,195 *(Notes)*	1,120,881,723	72.88
Fung Siu To, Clement	Mark Honour Limited	9	–	9	0.01

Notes:

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

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

(II) Long positions in underlying shares

Interests in share options

(a) The Company

Director	Outstanding as at 1st April 2010 and 31st March 2011
Fung Siu To, Clement	2,126,301
Lim Yin Cheng	2,126,301
Lun Pui Kan	2,126,301
Kwan Po Lam, Phileas	2,126,301

Notes:

1. Options were granted on 29th March 2007 and exercisable during the period from 29th March 2007 to 28th March 2017 at exercise price of HK$1.4315 per share (as adjusted) per share.

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

(b) Associated corporations

– *Asia Standard*

Director	Outstanding as at 1st April 2010 and 31st March 2011
Fung Siu To, Clement	2,062,176
Lim Yin Cheng	2,062,176
Poon Jing	515,544
Lun Pui Kan	2,062,176
Kwan Po Lam, Phileas	2,062,176

(II) Long positions in underlying shares (continued)

Interests in share options (continued)

***(b) Associated corporations** (continued)*

– *Asia Standard (continued)*

Notes:

1. Options were granted on 30th March 2005 and exercisable during the period from 30th March 2005 to 29th March 2015 at exercise price of HK$3.15 (as adjusted) per share.

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

– *Asia Standard Hotel*

Director	Date of grant	Exercise price (HK$)	Exercise period	Outstanding as at 1st April 2010 and 31st March 2011
Fung Siu To, Clement	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
Lim Yin Cheng	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000
Lun Pui Kan	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000
Kwan Po Lam, Phileas	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000

Note:

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

Save as disclosed above, as at 31st March 2011, none of the Directors or chief executive (including their spouse and children under 18 years of age) 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 the SFO) which (a) are 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 are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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 2011, 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.

Long positions in shares of the Company

Shareholder	Capacity	Number of shares held	Percentage (%)
Heston Holdings Limited ("Heston") *(Note 1)*	Beneficial owner	46,205,044	6.48
Teddington Holdings Limited ("Teddington") *(Note 1)*	Beneficial owner	55,538,026	7.79
Dalton Investments LLC ("Dalton") *(Note 2)*	Investment manager	101,485,680	14.24
Clearwater Insurance Company ("Clearwater Insurance") *(Note 2)*	Trustee	48,341,035	6.78
Daswani Rajkumar Murlidhar	Beneficial owner	55,134,130	7.73

Notes:

1. Mr. Poon Jing, his family interest and the companies wholly owned by him namely Teddington, Heston and Full Speed Investments Limited together hold 331,713,752 shares. The interest of Teddington and Heston duplicate the interest of Mr. Poon Jing disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures".

2. Dalton is the investment manager for Clearwater Insurance. The interest of Clearwater Insurance in the shares duplicate the interest of Dalton disclosed above.

Save as disclosed above, as at 31st March 2011, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept under section 336 of the SFO.

Share option schemes

The Company

The share option scheme was adopted on 11th November 2002 (the "Company's Share Option Scheme"). The board of Directors of the Company may grant options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to the Company, its subsidiary or any invested entity, their discretionary trust or the companies owned by them. The purpose was to provide incentives, acknowledge the contributions of, motivate and maintain relationship with the eligible participants.

The total number of shares available for issue upon exercise of all options to be granted under the Company's Share Option Scheme must not exceed 57,857,634 shares, representing about 8.12% 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 the Company's Share Option Scheme and any other share option scheme 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 the Company's Share Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the shares in issue from time to time.

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

The subscription price shall be at the discretion of the board of Directors provided that it shall be not less than the highest of (i) the closing price of a share on the relevant date of grant; (ii) the average of the closing prices of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share. The Company's Share Option Scheme is effective for 10 years from 11th November 2002.

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

Grantee	**Outstanding as at 1st April 2010 and 31st March 2011**
Directors *(Note 1)*	8,505,204
Director of a subsidiary *(Note 1)*	3,469,228
Employees of subsidiaries *(Note 1)*	24,172,684
Employee of a subsidiary *(Note 2)*	5,780,000
	41,927,116

Notes:

1. These share options were granted on 29th March 2007 and exercisable during the period from 29th March 2007 to 28th March 2017 at an exercise price of HK$1.4315 (as adjusted) per share.

2. These share options were granted on 15th August 2008 and exercisable during the period from 15th August 2008 to 14th August 2018 at an exercise price of HK$1.07 per share.

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

Subsidiaries

– Asia Standard

The share option scheme of Asia Standard was adopted on 27th August 2004 (the "Asia Standard Share Option Scheme"). The board of Directors of Asia Standard may grant options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to Asia Standard, its subsidiary or any invested entity, their discretionary trust or the companies owned by them. The purpose was to provide incentives, acknowledge the contributions of, motivate and maintain relationship with the eligible participants.

The total number of shares available for issue upon exercise of all options to be granted under the Asia Standard Share Option Scheme must not exceed 71,851,459 shares, representing about 5.88% of the Asia Standard's shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the Asia Standard Share Option Scheme and any other share option scheme must not exceed 30% of the Asia Standard's shares in issue from time to time. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised, outstanding and cancelled options) under any option granted to the same participant under the Asia Standard Share Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the Asia Standard's shares in issue from time to time.

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

The subscription price shall be at the discretion of the board of Directors of Asia Standard provided that it shall be not less than the highest of (i) the closing price of a share on the relevant date of grant; (ii) the average of the closing prices of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share. The Asia Standard Share Option Scheme is effective for 10 years from 27th August 2004.

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

Grantee	**Outstanding as at 1st April 2010 and 31st March 2011**
Directors	8,764,248
Director of a subsidiary	2,062,176
Other employees	2,577,717
	13,404,141

Notes:

1. The options were granted on 30th March 2005 and exercisable from 30th March 2005 to 29th March 2015 at an exercise price of HK$3.15 (as adjusted) per share.

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

– **Asia Standard Hotel**

The share option scheme of Asia Standard Hotel was adopted on 28th August 2006 (the "Asia Standard Hotel Share Option Scheme"). The board of Directors of Asia Standard Hotel may grant options to any Director, employee, consultant, customer, supplier, agent, partner or advisers of or contractor to Asia Standard Hotel, its subsidiary 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 the Asia Standard Hotel Share Option Scheme must not exceed 125,088,061 shares, representing about 8.13% 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 the Asia Standard Hotel Share Option Scheme and any other share option scheme 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 the Asia Standard Hotel Share Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the Asia Standard Hotel's shares in issue from time to time.

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

The subscription price shall be at the discretion of the board of Directors of Asia Standard Hotel provided that it shall be not less than the highest of (i) the closing price of a share on the relevant date of grant; (ii) the average of the closing prices of the shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a share. The Asia Standard Hotel Share Option Scheme is effective for 10 years from 28th August 2006.

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

Grantee	Date of grant	Exercise price (HK$)	Exercise period	Outstanding as at 1st April 2010 and 31st March 2011
Directors	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	24,000,000
Directors of a subsidiary	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000
Employees	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	30,999,999
				78,999,999

Note:

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

Purchase, sale or redemption of listed securities

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

Pre-emptive rights

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

Management contracts

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

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	31.0%
Percentage of purchases attributable to the Group's five largest suppliers	56.2%
Percentage of sales attributable to the Group's largest customer	2.8%
Percentage of sales attributable to the Group's five largest customers	10.8%

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

Independent Non-executive Directors

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

Combined balance sheet of affiliated companies

A combined balance sheet of certain affiliated companies with major financial assistance from the Group and the Group's attributable interest in these affiliated companies are shown on page 129 pursuant to Chapter 13 of the Listing Rules.

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 is sufficient public float of more than 25% of the Company's issued shares at the latest practicable date prior to the issuance of this report.

Auditor

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

On behalf of the Board

Fung Siu To, Clement
Chairman

Hong Kong, 24th June 2011

Independent Auditor's Report

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

We have audited the consolidated financial statements of Asia Orient Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 38 to 128, which comprise the consolidated and company balance sheets as at 31st March 2011, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal controls 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24th June 2011

Consolidated Profit and Loss Account

For the year ended 31st March 2011

	Note	**2011** **HK$'000**	2010 HK$'000
Revenue	5	**194,078**	49,916
Cost of sales		**(38,311)**	(8,846)
Gross profit		**155,767**	41,070
Selling and administrative expenses		**(42,286)**	(9,670)
Depreciation		**(27,573)**	(366)
Net investment gain	6	**344,146**	296,198
Fair value change of investment properties		**58,600**	–
Other gain and charges	7	**(6,140)**	(1,581)
Operating profit		**482,514**	325,651
Finance costs	11	**(16,989)**	(7,573)
Share of profits less losses of			
Jointly controlled entities		**(4,923)**	1,039
Associated companies		**830,520**	1,141,754
Negative goodwill arising from acquisition of additional interest in associated companies		**77,497**	228,146
Gain on business combination	37	**1,495,835**	–
Profit before income tax		**2,864,454**	1,689,017
Income tax expense	12	**(19,863)**	(185)
Profit for the year		**2,844,591**	1,688,832
Attributable to:			
Shareholders of the Company		**2,657,240**	1,688,832
Non-controlling interests		**187,351**	–
		2,844,591	1,688,832
Dividends	14	**16,007**	19,371
Earnings per share (HK$)			
Basic	15	**3.74**	2.48
Diluted	15	**3.73**	2.33

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**2,844,591**	1,688,832
Other comprehensive income		
Net fair value (loss)/gain on available-for-sale investments		
Company and subsidiaries	**(9,836)**	–
Associated companies	**3,515**	37,953
Impairment of available-for-sale investments charged to profit and loss account	**146**	–
Currency translation differences	**7,823**	12,508
	1,648	50,461
Total comprehensive income for the year	**2,846,239**	1,739,293
Total comprehensive income attributable to:		
Shareholders of the Company	**2,661,067**	1,739,293
Non-controlling interests	**185,172**	–
	2,846,239	1,739,293

Consolidated Balance Sheet

As at 31st March 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment	16	**6,897,728**	85
Investment properties	17	**3,393,017**	–
Jointly controlled entities	19	**821,543**	–
Associated companies	20	**819,840**	3,713,848
Available-for-sale investments	21	**230,257**	–
Mortgage loans receivable	22	**81,729**	–
Deferred income tax assets	32	**5,852**	51
		12,249,966	3,713,984
Current assets			
Properties under development for sale	23	**1,133,217**	–
Completed properties held for sale	23	**170,536**	–
Hotel and restaurant inventories		**2,341**	–
Mortgage loans receivable	22	**3,664**	–
Trade and other receivables	24	**244,290**	56,922
Amount due from a jointly controlled entity	19	**65,000**	–
Income tax recoverable		**513**	–
Financial assets at fair value through profit or loss	25	**5,718,781**	391,595
Warrant assets		**–**	1,439
Bank balances and cash	27	**346,156**	31,064
		7,684,498	481,020
Current liabilities			
Trade and other payables	28	**160,624**	54,297
Amount due to an associated company	20	**14,850**	494
Income tax payable		**36,857**	–
Derivative financial instruments	26	**26,242**	–
Borrowings	31	**1,791,956**	6,000
		2,030,529	60,791
Net current assets		**5,653,969**	420,229
Total assets less current liabilities		**17,903,935**	4,134,213

Consolidated Balance Sheet

As at 31st March 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current liabilities			
Long term borrowings	31	**2,270,071**	–
Deferred income tax liabilities	32	**1,230,063**	–
		3,500,134	–
Net assets		**14,403,801**	4,134,213
Equity			
Share capital	29	**71,243**	70,871
Reserves	30	**6,684,154**	4,063,342
Equity attributable to shareholders of the Company		**6,755,397**	4,134,213
Non-controlling interests		**7,648,404**	–
		14,403,801	4,134,213

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Balance Sheet

As at 31st March 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Subsidiaries	18	**2,923,380**	2,823,639
Associated companies	20	**–**	99,505
		2,923,380	2,923,144
Current assets			
Amounts due by subsidiaries	18	**1,215,578**	1,202,376
Trade and other receivables		**109**	109
Bank balances and cash	27	**284**	131
		1,215,971	1,202,616
Current liabilities			
Trade and other payables		**925**	890
Net current assets		**1,215,046**	1,201,726
Net assets		**4,138,426**	4,124,870
Equity			
Share capital	29	**71,243**	70,871
Reserves	30	**4,067,183**	4,053,999
		4,138,426	4,124,870

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Consolidated Statement of Cash Flows

For the year ended 31st March 2011

	Note	2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Net cash (used in)/generated from operations	36(a)	**(579,288)**	132,734
Net income tax paid		**(1,060)**	–
Interest paid		**(17,163)**	(3,387)
Interest received		**11,408**	33
Net cash (used in)/generated from operating activities		**(586,103)**	129,380
Cash flows from investing activities			
Purchase of available-for-sale investments		**–**	(4,831)
Addition to property, plant and equipment		**(471)**	(28)
Acquisition of subsidiaries	36(b),(c)	**102,421**	–
Increase in investments in associated companies		**(5,473)**	(83,103)
Repayment from associated companies and jointly controlled entities		**36,644**	103
Dividend received from associated companies		**12,770**	6,134
Net cash generated from/(used in) investing activities		**145,891**	(81,725)
Net cash (used)/generated before financing activities		**(440,212)**	47,655
Cash flows from financing activities			
Redemption of convertible bonds		**–**	(80,000)
Drawdown of long term borrowings		**1,360,120**	–
Repayment of long term borrowings		**(26,250)**	–
Drawdown of short term borrowings		**398,292**	324,787
Repayment of short term borrowings		**(967,115)**	(347,826)
Conversion of warrants		**–**	50,799
Dividends paid		**(10,068)**	–
Repurchase of shares of a listed subsidiary		**(10,667)**	–
Distribution of dividend of a listed subsidiary to non-controlling shareholders		**(2,797)**	–
Net cash generated from/(used in) financing activities		**741,515**	(52,240)
Net increase/(decrease) in cash and cash equivalents		**301,303**	(4,585)
Cash and cash equivalents at the beginning of the year		**17,597**	22,182
Changes in exchange rates		**(37)**	–
Cash and cash equivalents at the end of the year		**318,863**	17,597
Analysis of the balances of cash and cash equivalents			
Bank balances and cash (excluding restricted bank balances)	27	**318,863**	17,597

Consolidated Statement of Changes in Equity

For the year ended 31st March 2011

	Shareholders of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 31st March 2009	2,344,121	–	2,344,121
Currency translation differences	12,508	–	12,508
Fair value gain on available-for-sale investments of listed associated companies	37,953	–	37,953
Profit for the year	1,688,832	–	1,688,832
Total comprehensive income for the year	1,739,293	–	1,739,293
Conversion of warrants and total transactions with owners	50,799	–	50,799
At 31st March 2010	4,134,213	–	4,134,213
Currency translation differences	3,999	3,824	7,823
Fair value loss on available-for-sale investments	(228)	(6,093)	(6,321)
Impairment of available-for-sale investments charged to profit and loss account	56	90	146
Profit for the year	2,657,240	187,351	2,844,591
Total comprehensive income for the year	2,661,067	185,172	2,846,239
Consolidation of Asia Standard	(66,301)	7,490,271	7,423,970
2010 final dividend	(6,867)	–	(6,867)
2011 interim dividend	(3,202)	–	(3,202)
Net increase in shareholding of subsidiaries	36,487	(27,039)	9,448
Total transactions with owners	(39,883)	7,463,232	7,423,349
At 31st March 2011	**6,755,397**	**7,648,404**	**14,403,801**

1 Basis of preparation

During the year, the Group's shareholdings in Asia Standard International Group Limited ("Asia Standard") increased from 49.2% to 50.3%. The increase changed the status of Asia Standard from an associated company of the Group to a subsidiary in January 2011. As a result, the Group would consolidate the results of Asia Standard Group from February 2011 onwards and recognised a gain on business combination. Prior to that, the results and net assets of Asia Standard were equity accounted for in the Group's financial statements.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale investments, financial assets at fair value through profit or loss and derivative financial instruments, which are carried at fair value, and in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

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

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2 Principal accounting policies

(a) The adoption of new HKFRS

During the year, the Group adopted the following new and revised standards, interpretation and amendments to existing standards ("New HKFRS") that are relevant to the Group's operations and are mandatory for accounting periods beginning on or after 1st January 2010:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 17 (Amendment)	Leases
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 36 (Amendment)	Impairment of Assets
HKFRS 3 (Revised)	Business Combinations
HK-Int 5	Presentation of Financial Statements – Classification by The Borrower of a Term Loan that Contains a Repayment on Demand Clause

2 Principal accounting policies (continued)

(a) The adoption of new HKFRS (continued)

Except for certain changes in accounting policies as described below, the adoption of the New HKFRS in the current year did not have any significant effect on the consolidated financial statements or result in any substantial changes in the Group's significant accounting policies.

- HKAS 1 (Amendment) provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time.

  In order to comply with the requirements of HK-Int 5, the Group has changed its accounting policy on the classification of term loans that contain a repayment on demand clause. Under the new policy, term loans with clauses which give the lender the unconditional right to call the loan at any time are classified as current liabilities in the consolidated balance sheet. Previously such term loans were classified in accordance with the agreed repayment schedule unless the Group had breached any of the loan covenants set out in the agreement as of the reporting date or otherwise had reason to believe that the lender would invoke its rights under the immediate repayment clause within the foreseeable future.

- HKAS 17 (Amendment) deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating using the general principles of HKAS 17. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under "Leasehold land", and amortised over the lease term. HKAS 17 (Amendment) has been applied retrospectively for annual periods beginning 1st January 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of leasehold land on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified the leasehold land from operating lease to finance lease. Since the property interest is held for own use, that land interest classified as finance lease is accounted for as land and hotel buildings and is depreciated from the land interest available for its intended use over the lease term. In addition, leasehold land included in properties under development for sale and completed properties held for sale would be accounted for in accordance with HKAS 2. No amortisation on leasehold land was recognised and the leasehold land was measured at the lower of cost and net realisable value. However, no retrospective adjustment was made to prior year financial statements as this change had no material impact to the consolidated financial statements.

2 Principal accounting policies (continued)

(a) The adoption of new HKFRS (continued)

- HKAS 27 (Revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in the profit and loss account. The change in the accounting policy in respect of the adoption of HKAS 27 (Revised) has been applied prospectively to transactions during the year ended 31st March 2011.

- HKAS 36 (Amendment) clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment, as defined by paragraph 5 of HKFRS 8, 'Operating segments' (that is, before the aggregation of segments with similar economic characteristics).

- HKFRS 3 (Revised) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated profit and loss account. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

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

Effective for accounting periods beginning on or after:

1st January 2011	
HKAS 24 (Revised)	Related Party Disclosures
1st January 2012	
HKAS 12 (Amendment)	Income Taxes
1st January 2013	
HKFRS 9	Financial Instruments

(i) HKAS 24 (Revised) clarifies and simplifies the definition of a related party. The Group will apply the revised standard from 1st January 2011.

2 Principal accounting policies (continued)

(a) The adoption of new HKFRS (continued)

Effective for accounting periods beginning on or after: (continued)

(ii) HKAS 12 (Amendment) introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising from investment property measured at fair value. Prior to the amendment, HKAS 12 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way that management expects to recover or settle the carrying amount of the entity's assets or liabilities. The amendment adds a rebuttable presumption that investment property measured at fair value is recovered entirely by sale. The presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

(iii) HKFRS 9 establishes the principles for financial reporting of financial assets. Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

An instrument is subsequently measured at amortised cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

The Group has not early adopted the above new and revised HKFRS. The Group has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether they will have substantial changes to the Group's accounting policies and presentation of the financial statements.

2 Principal accounting policies (continued)

(b) 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.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting 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 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 this 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 statement of comprehensive income.

The profit or loss on disposal of subsidiaries, jointly controlled entities or associated companies is calculated by reference to the net assets at the date of disposal including the attributable amount of goodwill, and any related exchange reserve.

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.

2 Principal accounting policies (continued)

(b) Basis of consolidation (continued)

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between 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 or significant influence, any retained interest in the entity is remeasured to its fair value, 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.

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.

(c) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

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 dividends received and receivable.

2 Principal accounting policies (continued)

(d) Jointly controlled entities

A jointly controlled entity is a joint venture in respect of which a contractual arrangement is established between the participating venturers and whereby the Group together with other venturers undertake an economic activity which is subject to joint control and none of the venturers has unilateral control over the economic activity. Investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in jointly controlled entities includes advances that are equity in nature, in substance forming part of the investments, and goodwill (net of any accumulated impairment loss) identified on acquisition.

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

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

(e) 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. The Group's investment in associated companies includes advances that are equity in nature, in substance forming part of the investments, and goodwill (net of any accumulated impairment loss) identified on acquisition.

2 Principal accounting policies (continued)

(e) Associated companies (continued)

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the profit and loss account, and its share of post-acquisition movements in reserves is recognised in reserves. 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.

(f) Balances with subsidiaries, jointly controlled entities and associated companies

Balances with subsidiaries, jointly controlled entities 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.

(g) Goodwill

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

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

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

2 Principal accounting policies (continued)

(h) Financial assets/liabilities

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, available-for-sale investments and derivative financial instruments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

(i) Financial assets at fair value through profit or loss and derivative financial instruments

This category represents financial assets that are either designated in this category at inception (except for subsequent reclassification permitted under the standard) or held for trading. A financial asset is classified in this category if so designated by management or for the purpose of selling them in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

(iii) Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the balance sheet date.

2 Principal accounting policies (continued)

(h) Financial assets/liabilities (continued)

Purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss and available-for-sale investments are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are included in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss and available-for-sale investments is recognised in the profit and loss account when the right to receive payment is established. Changes in the fair value of available-for-sale investments are recognised in other comprehensive income. When securities classified as available-for-sale investments are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the profit and loss account as net investment gain or loss.

The fair values of financial instruments traded in active markets are based on quoted market price at the balance sheet date. 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.

The fair values of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used for long term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contract is determined using forward exchange market rates at the balance sheet date.

2 Principal accounting policies (continued)

(h) Financial assets/liabilities (continued)

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale investments, a significant or prolonged decline in the fair value of the securities below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale investments, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the profit and loss – is removed from equity and recognised in the profit and loss account. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account. Impairment test of receivables is described in note 2(o).

Derivatives financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

Changes in the fair value of derivative financial instruments are recognised immediately in the profit and loss account.

The Group may choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables or held-to-maturity investments out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

2 Principal 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.

Amortisation on leasehold land classified as finance lease commences from the time when the land interest become available for the intended use. Amortisation on leasehold land classified as finance lease and 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:

Leasehold land classified as finance lease	Remaining lease term
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
Hotel buildings in overseas	25 years
Other equipments	3 to 10 years

No depreciation is provided for buildings under development.

Freehold land is not amortised.

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

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

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

2 Principal accounting policies (continued)

(j) Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to depreciation or amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

(k) 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 leasehold land and buildings. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment properties are measured initially at its cost, including related transaction costs. After initial recognition, investment properties are carried at fair value and are valued at least annually by independent valuers. The valuations are on an open market basis, related to individual properties, and separate values are not attributed to land and buildings. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. Investment property that is being redeveloped for continuing use as investment property continues to be measured at fair value. Changes in fair values are recognised in the 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 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. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

2 Principal accounting policies (continued)

(l) Properties under development for sale

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

(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.

(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 and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit and loss account within "selling and administrative expenses". When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited against "selling and administrative expenses" in the profit and loss account. Trade and other receivables in the balance sheet are stated net of such provision.

(p) Trade payables

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

2 Principal accounting policies (continued)

(q) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not 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.

(r) 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 profit and loss account or capitalised when applicable (note 2(z)) over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(s) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Retirement 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's contributions to these schemes are expensed as incurred.

2 Principal accounting policies (continued)

(s) Employee benefits (continued)

(iii) Share-based compensation

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

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

The Group has adopted the transitional provisions under HKFRS 2 for options granted after 7th November 2002 and vested at the effective date of HKFRS 2.

2 Principal accounting policies (continued)

(t) Current and deferred income tax

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

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

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associated companies, except for deterred 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 Principal accounting policies (continued)

(u) Warrant liabilities

Warrant liabilities are initially recognised at fair value on the date of grant and are subsequently remeasured at fair value. Changes in the fair value of warrant liabilities are recognised immediately in the profit and loss account.

(v) Share capital

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

(w) Segment reporting

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

(x) Revenue recognition

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

(i) Properties

Revenue from sales of properties is recognised upon the later of completion of the properties and the sale and purchase contracts, where the risks and rewards of the properties are transferred to the purchasers. Deposits and installments received on properties sold prior to the date of revenue recognition are included under current liabilities.

(ii) Investment properties

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

2 Principal accounting policies (continued)

(x) Revenue recognition (continued)

(iii) Hotel, travel agency and management services businesses

Revenue from hotel and catering operations is recognised upon provision of services.

Revenue from sale of air tickets is recognised when the tickets are delivered.

Revenue from hotel reservation service is recognised when services are rendered.

Management fee income is recognised when services are rendered.

(iv) Investment and others

Interest income is recognised on a time proportion basis using the effective interest method.

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

(y) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale 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 profit and loss account, and other changes in the carrying amount are recognised in equity.

2 Principal accounting policies (continued)

(y) Foreign currency translation (continued)

(ii) ***Transactions and balances*** *(continued)*

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the 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 available-for-sale are included in the fair value reserve in equity.

(iii) ***Group companies***

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

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

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

(c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, are taken to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the profit and loss account as part of the gain or loss on sale.

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.

(z) Borrowing costs

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

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

2 Principal accounting policies (continued)

(aa) Operating leases

Leases in which a significant portion of the risks and rewards of ownership and retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors), are charged in the profit and loss account on a straight-line basis over the period of the lease.

(ab) 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.

(ac) Related parties

Related parties are individuals and companies, including subsidiaries, fellow subsidiaries, jointly controlled entities 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.

(ad) 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.

(ae) 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.

(af) Financial guarantee (insurance contracts)

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

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

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 and price risk), credit risk, liquidity risk and interest rate risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

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

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

The Group currently does not have a foreign currency hedging policy. It manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider entering into forward foreign exchange contracts to reduce the exposure should the need arise.

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 assets at fair value through profit or loss, derivative financial instruments, bank balances and borrowings which are denominated in United States dollars, Sterling pounds, Euros and Japanese Yen.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

(a) ***Market risk*** *(continued)*

(i) Foreign exchange risk (continued)

At 31st March 2011, the Group's entities with functional currency of Hong Kong dollar had United States dollars net monetary assets of HK$1,569,170,000 (2010: HK$831,000). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to United States dollars, management considers that there is no significant foreign exchange risk with respect to United States dollars.

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

	2011			2010		
	Net monetary assets/ (liabilities) amount	**Increase/(decrease) on profit attributable to the shareholders of the Company if exchange rate changes by**		Net monetary assets/ (liabilities) amount	Increase/(decrease) on profit attributable to the shareholders of the Company if exchange rate changes by	
		+5%	**-5%**		+5%	-5%
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Group						
Sterling	**2,681,525**	**76,565**	**(76,565)**	344,500	17,225	(17,225)
Euro	**286,500**	**8,704**	**(8,704)**	44,890	2,245	(2,245)
Japanese Yen	**(81,992)**	**(2,642)**	**2,642**	–	–	–
Share of associated companies						
Sterling	**–**	**–**	**–**	563,217	26,082	(26,082)
Euro	**–**	**–**	**–**	91,125	3,342	(3,342)
Japanese Yen	**–**	**–**	**–**	(33,472)	(2,391)	2,391

3 Financial risk management (continued)

(i) Financial risk factors (continued)

(a) ***Market risk*** *(continued)*

(ii) Price risk

The Group is exposed to equity and debt securities price risk from the Group's available-for-sale investments, financial assets at fair value through profit or loss 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 investments in equity and debt securities of other entities (classified as "available-for-sale investments" and "financial assets at fair value through profit or loss") are traded in the Hong Kong Stock Exchange, London Stock Exchange, New York Stock Exchange, Singapore Stock Exchange and Luxembourg Stock Exchange. Gains and losses arising from changes in fair value of available-for-sale investments and financial assets at fair value through profit or loss are dealt with in equity and the profit and loss account respectively.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

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

	2011				2010			
	Increase/(decrease) in result attributable to shareholders of the Company if price changes by		Increase/(decrease) in available-for-sale investment reserve of the Company if price changes by		Increase/(decrease) in result attributable to shareholders of the Company if price changes by		Increase/(decrease) in available-for-sale investment reserve of the Company if price changes by	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Group								
Financial assets at fair value through profit or loss	298,466	(298,466)	–	–	39,123	(39,123)	–	–
Available-for-sale investments	–	(97)	8,910	(8,813)	–	–	–	–
Derivative financial instruments	–	–	–	–	333	(333)	–	–
Share of associated companies								
Financial assets at fair value through profit or loss	–	–	–	–	136,819	(136,819)	–	–
Available-for-sale investments	–	–	–	–	–	(131)	8,242	(8,111)

(b) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents (note 27), financial assets at fair value through profit or loss (note 25), derivative financial instruments (note 26), as well as credit exposures to mortgage loans receivable and trade and other receivables.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

*(b) **Credit risk** (continued)*

The Group is not exposed to significant concentrations of credit risk. Sales of properties are made to customers with appropriate mortgage arrangements. Other sales are either made in cash, via major credit cards or to customers with appropriate credit history.

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

*(c) **Liquidity risk***

Liquidity risk is the risk that the Group is unable to meet its current obligations when they fall due. The Group closely monitors its liquidity through maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and compliance of financial covenants of borrowings. The Group maintains flexibility in funding by keeping committed credit lines available and maintaining a reasonable level of marketable securities to meet any unexpected and material cash requirements in the course of ordinary business and to provide contingency liquidity support.

The 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 and the Company's financial liabilities are analysed in the financial statements.

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

3 Financial risk management (continued)

(i) Financial risk factors (continued)

(c) *Liquidity risk* (continued)

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

	Group					Company	
	On demand HK$'000	Within 1 year HK$'000	Within 2 to 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flow HK$'000	Within 1 year HK$'000	Total undiscounted cash flows HK$'000
At 31st March 2011							
Non-derivative financial liabilities							
Trade and other payables	**–**	**160,624**	**–**	**–**	**160,624**	**925**	**925**
Amount due to an associated company	**–**	**14,850**	**–**	**–**	**14,850**	**–**	**–**
Borrowings	**818,276**	**1,019,730**	**695,353**	**1,806,008**	**4,339,367**	**–**	**–**
	818,276	**1,195,204**	**695,353**	**1,806,008**	**4,514,841**	**925**	**925**
Derivative financial liabilities							
Interest rate swaps							
– Inflow	**–**	**(77,882)**	**–**	**–**	**(77,882)**	**–**	**–**
– Outflow	**–**	**101,276**	**3,904**	**–**	**105,180**	**–**	**–**
	–	**23,394**	**3,904**	**–**	**27,298**	**–**	**–**
	818,276	**1,218,598**	**699,257**	**1,806,008**	**4,542,139**	**925**	**925**
At 31st March 2010							
Non-derivative financial liabilities							
Trade and other payables	–	54,297	–	–	54,297	890	890
Amount due to an associated company	–	494	–	–	494	–	–
Borrowings	6,001	–	–	–	6,001	–	–
	6,001	54,791	–	–	60,792	890	890

3 Financial risk management (continued)

(i) Financial risk factors (continued)

(c) ***Liquidity risk*** *(continued)*

The table that follows summarise the maturity analysis of term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the "on demand" time band in the maturity analysis above. Taking into account the Group's financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such term loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

	Within 1 year HK$'000	Within 2 to 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flow HK$'000
31st March 2011	**13,916**	**52,522**	**33,222**	**99,660**
31st March 2010	–	–	–	–

(d) ***Cash flow interest rate risk***

Other than bank balances and deposits, financial investments with fixed coupons, mortgage loans receivable, loans receivable and advance to a jointly controlled entity (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 and 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 limited use of floating-to-fixed interest rate swaps.

At 31st March 2011, with all other variables held constant, if the interest rate had increased/decreased by 10 basis point, the Group's post tax profit attributable to shareholders of the Company would have been HK$1,370,000 (2010: HK$617,000) lower/higher.

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 net assets and revalued net assets. Net assets ("Net assets") are the net assets as shown in the consolidated balance sheet prepared in accordance with HKFRS where revalued net assets ("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. According to the Group's accounting policies, no properties other than investment properties are to be carried at valuation. Details of the valuation of the hotel properties, prepared for readers' information only, are set out in note 16(a) to the financial statements.

The gearing ratio against Net assets is calculated as net debt divided by Net assets and 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 borrowings as shown in the consolidated balance sheet) less bank balances and cash.

The gearing ratios at 31st March 2011 and 2010 were as follows:

	2011	2010
	HK$'000	HK$'000
Borrowings *(note 31)*	**4,062,027**	6,000
Less: bank balances and cash *(note 27)*	**(346,156)**	(31,064)
Net debt/(cash)	**3,715,871**	(25,064)
Net assets value	**14,403,801**	4,134,213
Gearing ratio against net assets value	**26%**	–

3 Financial risk management (continued)

(iii) Fair value estimation

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

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31st March.

	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
2011			
Assets			
Financial assets at fair value through profit or loss	**5,684,251**	**34,530**	**5,718,781**
Available-for-sale investments	**220,100**	**10,157**	**230,257**
	5,904,351	**44,687**	**5,949,038**
Liabilities			
Derivative financial instruments	**–**	**26,242**	**26,242**
2010			
Assets			
Financial assets at fair value through profit or loss	391,595	1,439	393,034
Liabilities	–	–	–

3 Financial risk management (continued)

(iii) Fair value estimation (continued)

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using latest available transaction price or valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Techniques, such as Lattice model, are used to determine fair values for these remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair values of financial liabilities for disclosure purposes are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below.

(a) Estimate of fair value of investment properties

At 31st March 2011, the Group (2010: the Group and associated companies) had investment properties with fair value of HK$3,393,017,000 (2010: HK$2,419,600,000). The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the amount is determined within a range of reasonable fair value estimates. Information from a variety of sources are considered in making the judgement:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

4 Critical accounting estimates and judgements (continued)

(a) Estimate of fair value of investment properties (continued)

(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; and

(iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

(b) Impairment of trade and other receivables

The policy for provision for impairment of receivables of the Group is based on the evaluation of collectability and ageing analysis and by management judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables.

(c) 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 32), 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.

4 Critical accounting estimates and judgements (continued)

(d) Fair value of derivative financial instruments

The fair value of derivative financial instruments (note 26) that are not traded in active markets are determined by using valuation techniques. Where valuation techniques are used to determine fair values, they are periodically reviewed. To the extent practical, models use only observable data, however areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the fair values of derivative financial instruments and warrants.

(e) Impairment of available-for-sale investments

The Group follows the guidance of HKAS 39 to determine when an available-for-sale investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors the duration and extent to which the fair value of an investment is less than its cost.

5 Turnover and segment information

The Company is a limited liability company incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

The Group is principally engaged in property management, development and investment, hotel, travel agency and catering operations and securities investments. Turnover comprises revenue from property management, property sales and leasing, hotel and travel agency, management services and interest income and dividend income, together with gross proceeds from disposal of financial assets at fair value through profit or loss and derivative financial instruments. Revenue include revenue from property management, property sales and leasing, hotel and travel agency, 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 five main operating segments, comprising property management, property sales, property leasing, hotel and travel and investments. Segment assets consist primarily of property, plant and equipment, leasehold land, investment properties, available-for-sale investments, other non-current assets, hotel inventories, properties, trade and other receivables and financial assets at fair value through profit or loss. Segment liabilities comprise mainly borrowings.

5 Turnover and segment information (continued)

Current year segment results include two-month segment results of Asia Standard, which is consolidated from February 2011 onwards. Prior to that, its result was included as share of profits less losses of associated companies. As a result of this change, certain comparative figures were re-presented to conform to current year's presentation of segment results.

	Property management HK$'000	Property sales HK$'000	Property leasing HK$'000	Hotel and travel HK$'000	Investments HK$'000	Others HK$'000	Group HK$'000
2011							
Turnover	11,181	175	14,524	97,843	135,420	6,801	265,944
Segment revenue	11,181	175	14,524	97,843	63,554	6,801	194,078
Contribution to segment results	3,160	14,550	14,467	34,728	63,554	6,801	137,260
Depreciation	(43)	–	–	(27,036)	–	(494)	(27,573)
Net investment gain	–	–	–	–	344,146	–	344,146
Fair value change of investment properties	–	–	58,600	–	–	–	58,600
Other gain and charges	–	(6,140)	–	–	–	–	(6,140)
Segment results	3,117	8,410	73,067	7,692	407,700	6,307	506,293
Unallocated corporate expenses							(23,779)
Operating profit							482,514
Finance costs							(16,989)
Share of profits less losses of							
Jointly controlled entities	–	(4,923)	–	–	–	–	(4,923)
Associated companies	–	88,221	447,991	14,260	265,205	14,843	830,520
Negative goodwill arising from acquisition of additional interest in associated companies							77,497
Gain on business combination							1,495,835
Profit before income tax							2,864,454
Income tax expense							(19,863)
Profit for the year							2,844,591

5 Turnover and segment information (continued)

	Property management HK$'000	Property sales HK$'000	Property leasing HK$'000	Hotel and travel HK$'000	Investments HK$'000	Others HK$'000	Group HK$'000
2010							
Turnover	11,825	–	–	–	606,731	–	618,556
Segment revenue	11,825	–	–	–	38,091	–	49,916
Contribution to segment results	2,979	–	–	–	38,091	–	41,070
Depreciation	(52)	–	–	–	–	(314)	(366)
Net investment gain	–	–	–	–	296,198	–	296,198
Other gain and charges	–	–	–	–	–	(1,581)	(1,581)
Segment results	2,927	–	–	–	334,289	(1,895)	335,321
Unallocated corporate expenses							(9,670)
Operating profit							325,651
Finance costs							(7,573)
Share of profits less losses of							
Jointly controlled entities	–	–	–	–	–	1,039	1,039
Associated companies	–	200,079	287,674	9,934	636,155	7,912	1,141,754
Negative goodwill arising from acquisition of additional interest in associated companies							228,146
Profit before income tax							1,689,017
Income tax expense							(185)
Profit for the year							1,688,832

5 Turnover and segment information (continued)

	Property management HK$'000	Property sales HK$'000	Property leasing HK$'000	Hotel and travel HK$'000	Investments HK$'000	Others HK$'000	Total HK$'000
2011							
Segment assets	**21,714**	**2,237,605**	**4,170,993**	**6,813,618**	**6,070,249**	**407,205**	**19,721,384**
Other unallocated assets							**213,080**
							19,934,464
Segment assets include:							
Jointly controlled entities and associated companies	**–**	**932,409**	**773,043**	**–**	**–**	**931**	**1,706,383**
Addition to non-current assets*	**15**	**874,916**	**4,055,413**	**6,673,932**	**–**	**249,276**	**11,853,552**
Segment liabilities							
Borrowings	**–**	**775,000**	**498,484**	**1,097,683**	**1,690,860**	**–**	**4,062,027**
Other unallocated liabilities							**1,468,636**
							5,530,663
2010							
Segment assets	13,919	663,133	1,173,477	596,178	1,591,105	138,015	4,175,827
Other unallocated assets							19,177
							4,195,004
Segment assets include:							
Jointly controlled entities and associated companies	–	663,133	1,173,477	596,178	1,143,045	138,015	3,713,848
Addition to non-current assets*	28	–	–	–	–	–	28
Segment liabilities							
Borrowings	–	–	–	–	6,000	–	6,000
Other unallocated liabilities							54,791
							60,791

* The amounts include those acquired through business combination but exclude financial instruments and deferred income tax assets.

5 Turnover and segment information (continued)

	2011 HK$'000	2010 HK$'000
Revenue		
Hong Kong	**120,863**	14,328
Overseas	**73,215**	35,588
	194,078	49,916
Non-current assets*		
Hong Kong	**11,079,443**	3,713,933
Overseas	**852,685**	–
	11,932,128	3,713,933

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

6 Net investment gain

	2011 HK$'000	2010 HK$'000
Financial assets at fair value through profit or loss		
– net unrealised gain from market value movements	**267,352**	91,866
– net unrealised exchange gain/(loss)	**67,953**	(22,865)
– net realised gain	**7,590**	208,552
– provision for interest receivable	**–**	(3,678)
Available-for-sale investments		
– net realised gain	**–**	21,992
– impairment	**(146)**	–
Derivative financial instruments		
– net unrealised gain	**1,397**	–
– net realised gain	**–**	331
	344,146	296,198

During the year, HK$22,198,000 unrealised gain (2010: HK$35,550,000 unrealised loss) on financial assets at fair value through profit or loss accumulated in prior years had been realised upon disposal.

7 Other gain and charges

	2011 HK$'000	2010 HK$'000
Provision for diminution in value of properties under development for sale	**(6,140)**	–
Net fair value loss on warrant assets and convertible bonds	**–**	(1,923)
Net exchange gain	**–**	342
	(6,140)	(1,581)

8 Income and expenses by nature

	2011	2010
	HK$'000	HK$'000
Income		
Net rental income *(note)*	**14,467**	–
Interest income		
– Listed investments	**59,153**	21,201
– Unlisted investments	**64**	–
– A jointly controlled entity	**4,950**	–
– Other receivables	**611**	–
– Bank deposits	**106**	33
Dividend income		
– Listed investments	**4,305**	16,365

Expenses		
Operating lease rental expense for land and buildings	**2,082**	630
Loss on disposal of property, plant and equipment	**115**	–
Employee benefit expense including Director's emoluments *(note 9)*	**34,300**	12,994
Auditor's remuneration	**1,996**	1,112
Cost of properties and goods sold	**21,910**	–

Note:

Net rental income		
Investment properties	**13,723**	–
Properties held for sale	**744**	–
	14,467	–

9 Employee benefit expense

	2011	2010
	HK$'000	HK$'000
Wages and salaries	**33,556**	12,725
Retirement benefits cost *(note (a))*	**744**	269
	34,300	12,994

The amounts stated are inclusive of Directors' emoluments and are included in cost of sales and administrative expenses.

Notes:

(a) Retirement benefits cost

	2011	2010
	HK$'000	HK$'000
Gross contributions	**750**	269
Forfeitures utilised	**(6)**	–
Net contributions	**744**	269

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% (2010: 5%) or a fixed sum and 4.95% (2010: 4.95%) respectively, of the employee's relevant income in accordance with the local legislative requirements.

As at 31st March 2011, no forfeiture (2010: Nil) was available to reduce the Group's future contributions to the ORSO Scheme.

9 Employee benefit expense (continued)

(b) Share options

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

Company

Details of share options held under the scheme as at 31st March 2011 are as follows:

Date of grant	Exercise price per share	Expiry date	Number of share options outstanding at 31st March 2010 and 2011
29th March 2007	HK$1.4315 (as adjusted)	29th March 2017	
Directors			8,505,204
Employees			24,172,684
Directors of Asia Standard Hotel			3,469,228
15th August 2008	HK$1.0700	15th August 2008	
Employees			5,780,000
			41,927,116

The above share options were exercisable as at 31st March 2011.

During the year, no share options were granted, exercised, cancelled or lapsed (2010: Nil).

9 Employee benefit expense (continued)

(b) **Share options** (continued)

Asia Standard

Details of share options held under the share option scheme of Asia Standard as at 31st March 2011 are as follows:

Date of grant	Exercise price per share	Expiry date	Number of share options outstanding at 31st March 2010 and 2011
30th March 2005	HK$3.15	29th March 2015	
Directors			10,826,424
Employees			2,577,717
			13,404,141

During the year, no share option was granted, exercised, cancelled or lapsed (2010: 5,155,440 share options lapsed upon the resignation of an employee).

9 Employee benefit expense (continued)

(b) Share options (continued)

Asia Standard Hotel

Details of share options held under the share option scheme of Asia Standard Hotel as at 31st March 2011 are as follows:

Date of grant	Exercise price per share	Expiry date	Number of share options outstanding at 31st March 2010 and 2011
29th March 2007	HK$1.296	28th March 2017	
Directors			8,000,000
Employees			8,000,000
			16,000,000
2nd April 2007	HK$1.300	1st April 2017	
Directors			24,000,000
Director of Asia Standard Hotel			8,000,000
Employees			30,999,999
			62,999,999
			78,999,999

During the year, no share options were granted, exercised, cancelled or lapsed (2010: Nil).

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 2011 and 2010 are set out as follows:

Name of Director	Directors' fee	Salaries, allowances and benefits in kind	Employer's contribution to retirement benefit scheme	Total emoluments *(note)*
2011 (in HK$'000)				
Executive				
Mr. Fung Siu To, Clement	**–**	**385**	**7**	**392**
Dr. Lim Yin Cheng	**–**	**748**	**10**	**758**
Mr. Poon Jing	**–**	**7,986**	**2**	**7,988**
Mr. Lun Pui Kan	**–**	**316**	**17**	**333**
Mr. Kwan Po Lam, Phileas	**–**	**176**	**9**	**185**
	–	**9,611**	**45**	**9,656**
Non-executive				
Mr. Chan Sze Hung	**20**	**–**	**–**	**20**
Independent Non-executive				
Mr. Hung Yat Ming	**217**	**–**	**–**	**217**
Mr. Cheung Kwok Wah	**217**	**–**	**–**	**217**
Mr. Wong Chi Keung	**200**	**–**	**–**	**200**
	634	**–**	**–**	**634**
	654	**9,611**	**45**	**10,310**
2010 (in HK$'000)				
Executive				
Mr. Fung Siu To, Clement	–	–	–	–
Dr. Lim Yin Cheng	–	–	–	–
Mr. Poon Jing	–	5,000	–	5,000
Mr. Lun Pui Kan	–	–	–	–
Mr. Kwan Po Lam, Phileas	–	–	–	–
	–	5,000	–	5,000
Non-executive				
Mr. Chan Sze Hung	20	–	–	20
Independent Non-executive				
Mr. Hung Yat Ming	200	–	–	200
Mr. Cheung Kwok Wah	200	–	–	200
Mr. Wong Chi Keung	200	–	–	200
	600	–	–	600
	620	5,000	–	5,620

Note:

Balance includes HK$2,923,000 and HK$1,767,000 (2010: Nil) paid by subsidiaries of Asia Standard and Asia Standard Hotel respectively as a result of consolidating two months results of Asia Standard. The full year emoluments paid to common Directors are disclosed separately in the respective financial statements of these listed subsidiaries.

10 Directors' and senior management's emoluments (continued)

(b) The five highest paid individuals in the Group for the year include two (2010: one) Directors whose emoluments are already reflected in the analysis presented above.

The emoluments payable to the remaining three (2010: four) individuals during the years are as follows:

	2011 HK$'000	2010 HK$'000
Basic salaries, allowances, benefits in kind and share option benefits	**1,503**	1,756

The emoluments fell within the following bands:

	Number of individuals 2011	2010
Emolument bands		
Below HK$1,000,000	**3**	4

11 Finance costs

	2011 HK$'000	2010 HK$'000
Interest expense		
Long term bank loans	**431**	–
Short term bank loan and overdrafts	**8,517**	1,647
Convertible bonds	**–**	4,545
Amortisation of issue expenses of convertible bonds	**–**	1,381
Other incidental borrowing costs	**2,873**	–
Net foreign exchange loss on borrowings	**4,922**	–
Fair value loss on interest rate swaps	**246**	–
	16,989	7,573

12 Income tax expense

	2011 HK$'000	2010 HK$'000
Current income tax		
Hong Kong profits tax	**(7,140)**	–
Deferred income tax expense	**(12,723)**	(185)
	(19,863)	(185)

Hong Kong profits tax is provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profit for the year. Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the rates of tax prevailing in the countries in which the Group operates.

Share of HK$969,000 (2010: Nil) income tax credit of jointly controlled entities and HK$77,021,000 (2010: HK$76,660,000) income tax expenses of associated companies for the year are included in the profit and loss account as share of profits less losses of jointly controlled entities and associated companies respectively.

12 Income tax expense (continued)

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

	2011	2010
	HK$'000	HK$'000
Profit before income tax	**2,864,454**	1,689,017
Share of profits less losses of jointly controlled entities and associated companies	**(825,597)**	(1,142,793)
	2,038,857	546,224
Calculated at a tax rate of 16.5% (2010: 16.5%)	**(336,411)**	(90,127)
Under provisions in prior years	**(67)**	–
Effect of different tax rates in other countries	**113**	–
Income not subject to income tax	**318,962**	92,176
Expenses not deductible for tax purposes	**(2,212)**	(1,643)
Tax losses not recognised	**(1,259)**	(1,996)
Recognition of previously unrecognised tax losses	**562**	–
Reversal of previously recognised tax loss	**–**	(171)
Utilisation of previously unrecognised tax losses	**438**	1,616
Other temporary difference	**11**	(40)
Income tax expense	**(19,863)**	(185)

13 Profit attributable to shareholders of the Company

The profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of HK$23,623,000 (2010: HK$35,560,000).

14 Dividends

	2011	2010
	HK$'000	HK$'000
Interim, paid, of HK1 cent per share (2010: HK1.5 cents per share in scrip)	**7,102**	10,512
Final, proposed, of HK1.25 cents (2010: HK1.25 cents) per share	**8,905**	8,859
	16,007	19,371

At a meeting held on 24th June 2011, the Board of Directors has proposed to pay a final dividend of HK1.25 cents (2010: HK1.25 cents) per share with a scrip option. The proposed dividend is not reflected in the financial statements, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2012.

The amount of HK$8,905,000 is based on 712,431,720 issued shares as at 24th June 2011.

15 Earnings per share

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

	2011	2010
	HK$'000	HK$'000
Profit attributable to shareholders of the Company	**2,657,240**	1,688,832
Effect of dilutive potential shares:		
Interest expense saved on convertible bonds	**–**	3,795
Decrease in share of profit arising from exercise of warrants of an associated company	**–**	(351)
Profit for calculation of diluted earnings per share	**2,657,240**	1,692,276

	Number of shares	
Weighted average number of shares for calculation of basic earnings per share	**709,753,236**	680,763,526
Effect of dilutive potential shares:		
A portion of share options assumed to be exercised	**2,058,433**	–
Convertible bonds assumed to be converted at beginning of the year	**–**	45,521,602
Weighted average number of shares for calculation of diluted earnings per share	**711,811,669**	726,285,128

Diluted earnings per share for the year ended 31st March 2011 did not assume the exercise of the outstanding warrants of Asia Standard Hotel since their exercise would have an anti-dilutive effect.

Diluted earnings per share for the year ended 31st March 2010 did not assume the exercise of the outstanding share options of the Company, Asia Standard and Asia Standard Hotel since their exercise would have an anti-dilutive effect.

16 Property, plant and equipment

	Freehold land of a hotel in Canada HK$'000	Leasehold land in Hong Kong HK$'000	Hotel buildings HK$'000	Other buildings HK$'000	Other equipments HK$'000	Total HK$'000
Cost						
At 31st March 2009	–	–	–	–	5,092	5,092
Additions	–	–	–	–	28	28
At 31st March 2010	–	–	–	–	5,120	5,120
Accumulated depreciation						
At 31st March 2009	–	–	–	–	4,669	4,669
Charge for the year	–	–	–	–	366	366
At 31st March 2010	–	–	–	–	5,035	5,035
Net book value						
At 31st March 2010	–	–	–	–	85	85
Cost						
At 31st March 2010	–	–	–	–	5,120	5,120
Consolidation of Asia Standard	250,794	5,403,640	2,185,489	73,012	44,703	7,957,638
Currency translation differences	2,296	–	13,709	–	23	16,028
Additions	–	–	3,852	–	1,170	5,022
Cost adjustment	–	–	(3,922)	(628)	–	(4,550)
Disposal	–	–	(511)	–	(481)	(992)
Write-off	–	–	–	–	(1,028)	(1,028)
At 31st March 2011	**253,090**	**5,403,640**	**2,198,617**	**72,384**	**49,507**	**7,977,238**
Accumulated depreciation						
At 31st March 2010	–	–	–	–	5,035	5,035
Consolidation of Asia Standard	–	354,106	641,257	6,368	38,638	1,040,369
Currency translation differences	–	–	8,418	–	19	8,437
Charge for the year	–	13,069	13,895	279	330	27,573
Disposals	–	–	(395)	–	(481)	(876)
Write-off	–	–	–	–	(1,028)	(1,028)
At 31st March 2011	**–**	**367,175**	**663,175**	**6,647**	**42,513**	**1,079,510**
Net book value						
At 31st March 2011	**253,090**	**5,036,465**	**1,535,442**	**65,737**	**6,994**	**6,897,728**

16 Property, plant and equipment (continued)

Notes:

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

	2011 HK$'000	2010 HK$'000
Hotel properties		
Hotel buildings	**1,535,442**	–
Hotel freehold land	**253,090**	–
Hotel leasehold land	**4,861,984**	–
	6,650,516	–

Supplementary information with hotel properties at valuation:

The aggregate open market value of the hotel properties in Hong Kong and Canada based on valuations conducted respectively by Vigers Appraisal & Consulting Limited and Grant Thornton Management Consultants, independent professional valuers, amounted to HK$6,791,059,000 as at 31st March 2011.

The supplementary information with hotel properties at valuation is for readers' information only. It does not constitute a disclosure requirement under HKAS 16 and HKAS 17.

(b) The aggregate net book value of property, plant and equipment pledged as security for loans amounted to HK$6,831,836,000 (2010: Nil)

(c) The carrying amount of properties is as follows:

	2011 HK$'000	2010 HK$'000
Freehold in Canada	**458,766**	–
Long term leases in Hong Kong	**4,019,500**	–
Medium term leases in Hong Kong	**2,412,468**	–
	6,890,734	–

17 Investment properties

	2011	2010
	HK$'000	HK$'000
At the beginning of the year	**–**	–
Consolidation of Asia Standard *(note 37)*	**3,334,417**	–
Fair value change	**58,600**	–
At the end of the year	**3,393,017**	–

Investment properties were revalued by Prudential Surveyors International Limited, independent professional valuers, on an open market value basis as at 31st March 2011. Investment properties are situated on long term leasehold land in Hong Kong.

The aggregate net book value of investment properties pledged as securities for loans amounted to HK$3,307,200,000 (2010: Nil).

18 Subsidiaries

	2011 HK$'000	2010 HK$'000
Unlisted shares, at cost	**2,823,640**	2,823,639
Listed shares, at cost	**99,740**	–
	2,923,380	2,823,639
Amounts due by subsidiaries less provisions included in current assets	**1,215,578**	1,202,376
	4,138,958	4,026,015
Market value of listed shares	**90,124**	–

As at 31st March 2011, 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 40.

The amounts receivable are unsecured, interest free and have no fixed terms of repayment.

19 Jointly controlled entities

	2011 HK$'000	2010 HK$'000
Share of net assets/(liabilities)	**465,039**	(43,036)
Advances to jointly controlled entities	**384,269**	43,036
Provisions on advances to jointly controlled entities	**(27,765)**	–
	821,543	–
Amount due from a jointly controlled entity included in current assets	**65,000**	–
	886,543	–

19 Jointly controlled entities (continued)

Advances to jointly controlled entities are equity in nature and made to finance property development projects. The advances to jointly controlled entities are denominated in Hong Kong dollar. During the year, except for an amount of HK$149,208,000 due from a jointly controlled entity which is interest bearing at The Hong Kong and Shanghai Banking Corporation ("HSBC") prime rate, the remaining amounts are unsecured, interest free and have no fixed term of repayment.

Details of the principal jointly controlled entities are set out in note 40.

The Group's share of assets and liabilities and results of jointly controlled entities

	2011 HK$'000	2010 HK$'000
Assets		
Non-current assets	**503,020**	–
Current assets	**481,476**	265
	984,496	265
Liabilities		
Non-current liabilities	**6,446**	42,535
Current liabilities	**513,011**	766
	519,457	43,301
Net assets	**465,039**	(43,036)
Income	**56,445**	–
Expenses	**(62,337)**	–
Loss before income tax	**(5,892)**	–
Income tax credit	**969**	–
Loss for the year	**(4,923)**	–

20 Associated companies

Group

	2011 HK$'000	2010 HK$'000
Share of net assets	**715,672**	3,630,034
Share of incremental fair value of net assets upon acquisition of additional interests	**–**	83,814
Advances to associated companies	**641,932**	–
Provisions for advances to associated companies	**(537,764)**	–
	819,840	3,713,848
Amount due to an associated company included in current liabilities	**(14,850)**	(494)
	804,990	3,713,354
Market value of listed shares	**–**	909,132

During the period from April 2010 to January 2011, the Group acquired additional 0.82% (2010: 3.8%) interests in Asia Standard, recognised a negative goodwill of HK$77,497,000 (2010: HK$228,146,000) in the consolidated profit and loss account for the year. Upon the total interests in Asia Standard exceeded 50% at the end of January 2011, Asia Standard and its subsidiary, Asia Standard Hotel became subsidiaries.

As at 31st March 2010, certain shares of listed associated companies, Asia Standard and Asia Standard Hotel are pledged to secure the loan facilities granted to the Group.

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

Details of the principal associated companies are set out in note 40.

20 Associated companies (continued)

The Group's share of assets and liabilities and results of associated company

	2011 HK$'000	2010 HK$'000
Assets	**988,200**	4,867,522
Liabilities	**(272,528)**	(1,237,488)
Net assets	**715,672**	3,630,034
Revenue	**393,674**	901,073
Profit for the year	**830,520**	1,141,754

Company

	2011 HK$'000	2010 HK$'000
Shares listed in Hong Kong at cost	**–**	99,505
Market value of listed shares	**–**	67,886

21 Available-for-sale investments

	2011	2010
	HK$'000	HK$'000
Equity securities		
– Listed in Hong Kong	**220,100**	–
– Unlisted	**10,157**	–
	230,257	–

Impairment provision of HK$146,000 (2010: Nil) on available-for-sale investments of subsidiaries was recognised in consolidated profit and loss account during the year (note 6).

22 Mortgage loans receivable

	2011	2010
	HK$'000	HK$'000
Mortgage loans receivable	**85,393**	–
Less: current portion included in current assets	**(3,664)**	–
	81,729	–

The mortgage loans receivable carry interest at rates ranged from HSBC prime rate plus 1.5 to 2% per annum (2010: Nil). The effective interest rate at 31st March 2011 was 6.52% per annum (2010: Nil). The mortgage loans receivable are denominated in Hong Kong dollar. The carrying amounts of the mortgage loans receivable approximate their fair values.

23 Properties under development for sale and completed properties held for sale

	2011 HK$'000	2010 HK$'000
Properties under development for sale		
Leasehold land	**1,101,933**	–
Development costs	**31,284**	–
	1,133,217	–
Completed properties held for sale		
Leasehold land	**127,925**	–
Development costs	**42,611**	–
	170,536	–

At 31st March 2011, properties amounting to HK$1,217,221,000 (2010: Nil) were pledged to banks to secure certain banking facilities of the Group.

At 31st March 2011, all the properties under development for sale were not scheduled for completion within twelve months.

24 Trade and other receivables

	2011 HK$'000	2010 HK$'000
Trade receivables		
Fully performing	**62,140**	495
Past due but not impaired	**6,160**	–
Impaired	**446**	–
	68,746	495
Less: provision for impairment of receivables	**(446)**	–
Trade receivables, net	**68,300**	495
Accrued interest and dividend receivable	**86,466**	8,302
Prepayments	**10,258**	9
Utility and other deposits	**8,921**	117
Receivable on disposal of available for sale investments	**–**	47,699
Other receivables	**70,345**	300
	244,290	56,922

As at 31st March 2011, other receivables include loan receivable of HK$55,072,000 (2010: Nil) which was interest bearing from HSBC prime rate to 2% above HSBC prime rate per annum and repayable within one year.

An aging analysis of trade receivables net of provision for impairment is as follows:

	2011 HK$'000	2010 HK$'000
0 day to 60 days	**67,777**	495
61 days to 120 days	**500**	–
More than 120 days	**23**	–
	68,300	495

24 Trade and other receivables (continued)

The majority of past due but not impaired trade receivables are less than 120 days. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2011 HK$'000	2010 HK$'000
0 day to 60 days	**6,026**	–
More than 60 days	**134**	–
	6,160	–

As at 31st March 2011, trade receivables of HK$446,000 (2010: Nil) were impaired.

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 debtors, credit evaluations of customers are performed periodically.

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

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

	2011 HK$'000	2010 HK$'000
Hong Kong dollar	**114,669**	48,620
US dollar	**57,075**	–
Sterling	**57,050**	8,302
Canadian dollar	**10,576**	–
Others	**4,920**	–
	244,290	56,922

25 Financial assets at fair value through profit or loss

	2011 HK$'000	2010 HK$'000
Equity securities		
– Listed in Hong Kong	**440,778**	2,205
– Listed in the USA	**920,313**	–
– Listed in Europe	**840,366**	36,956
– Unlisted	**44,695**	–
	2,246,152	39,161
Debt securities		
– Listed in the USA	**104,510**	–
– Listed in Europe	**3,040,755**	352,434
– Listed in Singapore	**292,834**	–
– Unlisted	**8,000**	–
	3,446,099	352,434
Unlisted fund	**26,530**	–
	5,718,781	391,595

Notes:

(a) The debt securities carry fixed coupons ranging from 5.905% to 13.5% (2010: from 6.461% to 7.754%) per annum and their nominal values are equivalent to HK$4,157,450,000 (2010: HK$544,225,000).

(b) At 31st March 2011, financial assets at fair value through profit or loss equivalent to HK$1,351,826,000 (2010: Nil) were pledged as security for United States dollar versus Japanese Yen interest rate swaps (note 26(b)) and borrowings.

25 Financial assets at fair value through profit or loss (continued)

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

	2011 HK$'000	2010 HK$'000
Sterling	**2,878,710**	344,500
US dollar	**1,843,888**	–
Euro	**547,405**	44,890
Hong Kong dollar	**448,778**	2,205
	5,718,781	391,595

26 Derivative financial instruments

	2011 HK$'000	2010 HK$'000
Interest rate swaps		
– Hong Kong dollar *(note (a))*	**7,979**	–
– Foreign currency *(note (b))*	**18,263**	–
	26,242	–

Notes:

(a) The notional principal amount of the outstanding interest rate swap contracts at 31st March 2011 were HK$200,000,000 (2010: Nil).

(b) The notional principal amount of US$10,000,000 (2010: Nil) of the outstanding foreign currency (Japanese yen versus United States dollar) interest rate swap contract was secured by certain financial assets at fair value through profit or loss (note 25(b)).

(c) The Group's derivative financial instruments are settled on a net basis, except for interest income and expense, and notional principal amount derived from United States dollar versus Japanese Yen interest rate swap which are settled in gross.

27 Bank balances and cash

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**118,324**	17,597	**284**	131
Short term bank deposits	**200,539**	–	**–**	–
Cash and cash equivalents	**318,863**	17,597	**284**	131
Restricted bank balances	**27,293**	13,467	**–**	–
	346,156	31,064	**284**	131

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

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**289,956**	30,226	**284**	131
Canadian dollar	**34,086**	–	**–**	–
Renminbi	**11,518**	–	**–**	–
United States dollar	**7,621**	831	**–**	–
Others	**2,975**	7	**–**	–
	346,156	31,064	**284**	131

28 Trade and other payables

	2011	2010
	HK$'000	HK$'000
Trade payables	**58,321**	38,995
Accrual and other payables	**55,573**	2,305
Building management account surplus	**22,131**	12,997
Rental and management fee deposits	**24,599**	–
	160,624	54,297

Aging analysis of trade payables is as follows:

	2011	2010
	HK$'000	HK$'000
0 day to 60 days	**58,132**	38,899
61 days to 120 days	**83**	67
More than 120 days	**106**	29
	58,321	38,995

The carrying amounts of trade and other payables approximate their fair values. The majority of trade and other payables are denominated in Hong Kong dollar (2010: Sterling and Hong Kong dollar).

29 Share capital

Shares of HK$0.1 each	**Number of shares**	**Amount**
		HK$'000
Authorised:		
At 31st March 2010 and 2011	**3,000,000,000**	300,000

	Number of shares		**Amount**	
	2011	2010	**2011**	2010
			HK$'000	HK$'000
Issued and fully paid:				
At the beginning of the year	**708,707,100**	651,477,243	**70,871**	65,148
Conversion of warrants	**–**	49,366,983	**–**	4,937
Scrip dividend *(note (a))*	**1,443,419**	–	**144**	–
Scrip dividend *(note (b))*	**2,281,201**	7,862,874	**228**	786
At the end of the year	**712,431,720**	708,707,100	**71,243**	70,871

Note:

(a) In September 2010, 1,443,419 new shares were allotted and issued at HK$1.38 per share in lieu of final dividend for the year ended 31st March 2010.

(b) In February 2011, 2,281,201 (2010: 7,862,874) new shares were allotted and issued at HK$1.71 (2010: HK$1.337) per share in lieu of interim dividend.

30 Reserves

	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Available-for-sale investment reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
Group							
At 31st March 2009	2,036,526	398,021	60,257	18,910	(5,317)	(229,424)	2,278,973
Currency translation differences	–	–	–	–	–	12,508	12,508
Profit for the year	–	–	–	–	–	1,688,832	1,688,832
Conversion of warrants	45,862	–	–	–	–	–	45,862
2009 interim dividend in scrip	9,726	–	–	–	–	(10,512)	(786)
Share of reserves of associated companies	–	–	–	–	37,953	–	37,953
At 31st March 2010	2,092,114	398,021	60,257	18,910	32,636	1,461,404	4,063,342
Representing:							
2010 final dividend proposed	–	–	–	–	–	8,859	8,859
Others	2,092,114	398,021	60,257	18,910	32,636	1,452,545	4,054,483
At 31st March 2010	2,092,114	398,021	60,257	18,910	32,636	1,461,404	4,063,342
At 31st March 2010	2,092,114	398,021	60,257	18,910	32,636	1,461,404	4,063,342
Consolidation of Asia Standard *(note 37)*	–	–	–	(7,444)	(36,151)	(22,706)	(66,301)
Currency translation differences	–	–	–	–	–	3,999	3,999
Fair value loss on available-for-sale investments	–	–	–	–	(228)	–	(228)
Impairment of available-for-sale investments charged to profit and loss account	–	–	–	–	56	–	56
Profit for the year	–	–	–	–	–	2,657,240	2,657,240
2010 final dividend	1,848	–	–	–	–	(8,859)	(7,011)
2011 interim dividend	3,673	–	–	–	–	(7,103)	(3,430)
Net increase in shareholding of subsidiaries	–	–	–	–	–	36,487	36,487
At 31st March 2011	**2,097,635**	**398,021**	**60,257**	**11,466**	**(3,687)**	**4,120,462**	**6,684,154**
Representing:							
2011 final dividend proposed	–	–	–	–	–	8,905	8,905
Others	2,097,635	398,021	60,257	11,466	(3,687)	4,111,557	6,675,249
At 31st March 2011	**2,097,635**	**398,021**	**60,257**	**11,466**	**(3,687)**	**4,120,462**	**6,684,154**

30 Reserves (continued)

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
Company					
At 31st March 2009	2,036,526	1,895,806	11,466	29,565	3,973,363
Profit for the year	–	–	–	35,560	35,560
Conversion of warrants	45,862	–	–	–	45,862
2009 interim dividend in scrip	9,726	–	–	(10,512)	(786)
At 31st March 2010	2,092,114	1,895,806	11,466	54,613	4,053,999
Representing:					
2010 final dividend proposed	–	–	–	8,859	8,859
Others	2,092,114	1,895,806	11,466	45,754	4,045,140
At 31st March 2010	2,092,114	1,895,806	11,466	54,613	4,053,999
At 31st March 2010	2,092,114	1,895,806	11,466	54,613	4,053,999
Profit for the year	–	–	–	23,623	23,623
2010 final dividend	1,848	–	–	(8,859)	(7,011)
2011 interim dividend	3,673	–	–	(7,101)	(3,428)
At 31st March 2011	**2,097,635**	**1,895,806**	**11,466**	**62,276**	**4,067,183**
Representing:					
2011 final dividend proposed	–	–	–	8,905	8,905
Others	2,097,635	1,895,806	11,466	53,371	4,058,278
At 31st March 2011	**2,097,635**	**1,895,806**	**11,466**	**62,276**	**4,067,183**

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

31 Borrowings

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current liabilities				
Short term bank loans and overdrafts				
Secured	**1,411,860**	6,000	**–**	–
Unsecured	**99,000**	–	**–**	–
	1,510,860	6,000	**–**	–
Current portion of long term bank loans	**202,541**	–	**–**	–
Portion of long term loans contain a repayment on demand clause	**78,555**	–	**–**	–
	1,791,956	6,000	**–**	–
Non-current liabilities				
Long term bank loans, secured	**2,270,071**	–	**–**	–
	4,062,027	6,000	**–**	–

31 Borrowings (continued)

The maturity of the long term bank loans is as follows (note (a)):

	Group	
	2011	2010
	HK$'000	HK$'000
Repayable within one year	**202,541**	–
Repayable between one and two years	**388,244**	–
Repayable between two and five years	**247,890**	–
Repayable after five years	**1,712,492**	–
	2,551,167	–
Current portion included in current liabilities	**(202,541)**	–
	2,348,626	–

Note (a): The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

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

	2011	2010
	HK$'000	HK$'000
Hong Kong dollar	**3,045,974**	6,000
United State dollar	**339,869**	–
Sterling	**256,535**	–
Euro	**265,639**	–
Canadian dollar	**90,193**	–
Japanese Yen	**63,817**	–
	4,062,027	6,000

The effective interest rates of the borrowing at the balance sheet date range from 0.57% to 2.70% (2010: 1.05%) per annum.

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

32 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 related to the same tax jurisdiction. The offset amounts are as follows:

	2011 HK$'000	2010 HK$'000
Deferred income tax assets	**5,852**	51
Deferred income tax liabilities	**(1,230,063)**	–
	(1,224,211)	51

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:

Group

Deferred income tax assets

	Accelerated accounting depreciation		Tax loss		Difference in cost base of properties		Total	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
At the beginning of the year	**30**	29	**28**	213	**–**	–	**58**	242
Consolidation of Asia Standard	**–**	–	**27,564**	–	**57,629**	–	**85,193**	–
Recognised in the profit and loss account	**13**	1	**(4,383)**	(185)	**126**	–	**(4,244)**	(184)
At the end of the year	**43**	30	**23,209**	28	**57,755**	–	**81,007**	58

32 Deferred income tax (continued)

Group (continued)

Deferred income tax liabilities

	Accelerated tax depreciation		Revaluation of properties		Fair value adjustments		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**(7)**	(6)	**–**	–	**–**	–	**(7)**	(6)
Consolidation of Asia Standard	**(61,853)**	–	**(1,181,605)**	–	**(58,000)**	–	**(1,301,458)**	–
Recognised in the profit and loss account	**(399)**	(1)	**(8,080)**	–	**–**	–	**(8,479)**	(1)
Recognised in share of profits less losses of a jointly controlled entity	**–**	–	**4,726**	–	**–**	–	**4,726**	–
At the end of the year	**(62,259)**	(7)	**(1,184,959)**	–	**(58,000)**	–	**(1,305,218)**	(7)

Company

Deferred income tax assets

	Tax losses	
	2011	2010
	HK$'000	HK$'000
At the beginning of the year	**–**	171
Recognised in the profit and loss account	**–**	(171)
At the end of the year	**–**	–

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$84 million (2010: HK$14 million) in respect of losses amounting to HK$494 million (2010: HK$82 million) that can be carried forward against future taxable income. Except for tax losses of HK$476 million (2010: HK$82 million) which have no expiry date, the balance will expire at various dates up to and including 2029.

33 Capital commitments

Capital commitments at the balance sheet date are as follows:

	2011	2010
	HK$'000	HK$'000
Property, plant and equipment		
Contracted but not provided for	**1,054**	–
Authorised but not contracted for	**4,277**	–
	5,331	–

34 Operating lease arrangements

(a) Lessor

The Group leases out certain properties under operating leases which typically run for lease terms between 1 and 6 years.

At 31st March 2011, the future aggregate minimum rental receipts receivable under non-cancellable operating leases were as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
In respect of land and buildings:		
Within one year	**80,462**	–
In the second to fifth year inclusive	**46,430**	–
	126,892	–

34 Operating lease arrangements (continued)

(b) Lessee

At 31st March 2011, the future aggregate minimum lease payments payable under non-cancellable operating leases were as follows:

	Group	
	2011	2010
	HK$'000	HK$'000
In respect of land and buildings:		
Within one year	**5,090**	210
In the second to fifth year inclusive	**7,614**	–
After the fifth year	**3,699**	–
	16,403	210

35 Financial guarantees

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Guarantees for the banking and loan facilities of:				
Subsidiaries	**–**	–	**6,000**	6,000
Jointly controlled entities	**–**	–	**–**	–
	–	–	**6,000**	6,000

36 Note to consolidated statement of cash flows

(a) Reconciliation of profit before income tax to net cash (used in)/generated from operations

	2011 HK$'000	2010 HK$'000
Profit before income tax	**2,864,454**	1,689,017
Negative goodwill arising from acquisition of additional interest in associated companies	**(77,497)**	(228,146)
Gain on business combination	**(1,495,835)**	–
Share of profits less losses of		
Jointly controlled entities	**4,923**	(1,039)
Associated companies	**(830,520)**	(1,141,754)
Depreciation	**27,573**	366
Amortisation	**–**	1,381
Net realised and unrealised gain on financial assets at fair value through profit or loss	**(342,895)**	(277,553)
Impairment of available-for-sale investments	**146**	–
Net realised gain on disposal of available-for-sale investments	**–**	(21,992)
Net realised and unrealised (gain)/loss on derivative financial instruments	**(1,397)**	2,405
Fair value changes of investment properties	**(58,600)**	–
Net provision for diminution in value of properties under development for sale/completed properties held for sale	**6,140**	–
Net fair value gain on warrant assets and liabilities	**–**	(813)
Loss on disposal of property, plant and equipment	**115**	–
Provision for interest receivable on financial assets at fair value through profit or loss	**–**	3,678
Dividend income	**(4,305)**	(16,365)
Interest income	**(64,884)**	(21,234)
Interest expense	**16,012**	5,430
Operating profit/(loss) before working capital changes	**43,430**	(6,619)
Decrease in mortgage loans receivable	**2,848**	–
Decrease in properties under development for sale (excluding interest expense capitalised)	**846**	–
Increase in hotel and restaurant inventories	**(110)**	–
Increase in trade and other receivables	**(37,253)**	(70)
(Increase)/decrease in financial assets at fair value through profit or loss	**(659,326)**	104,475
(Increase)/decrease in restricted bank balances	**(8,118)**	930
Increase/(decrease) in trade and other payables	**27,812**	(914)
Dividend received from financial investments	**2,684**	15,533
Interest received from financial investments	**47,899**	19,399
Net cash (used in)/generated from operations	**(579,288)**	132,734

36 Note to consolidated statement of cash flows (continued)

(b) Consolidation of Asia Standard

	2011 HK$'000	2010 HK$'000
Bank balances and cash – unrestricted	**102,421**	–
Bank balances and cash – restricted	**5,708**	–
Other assets and liabilities acquired	**5,920,693**	–
Net assets acquired *(note 37)*	**6,028,822**	–
Interests originally held by the Group as associated companies	**(4,599,288)**	–
Release of reserves upon change		
Available-for-sale investment reserve	**36,151**	–
Share option reserve	**7,444**	–
Exchange reserve	**22,706**	–
Gain on business combination *(note 37)*	**(1,495,835)**	–
Consideration	**–**	–

(c) Analysis of net cashflow in respect of consolidation of Asia Standard

	2011 HK$'000	2010 HK$'000
Cash consideration	**–**	–
Bank balances and cash acquired	**102,421**	–
	102,421	–

37 Business combinations

As a result of the repurchases by Asia Standard of its 18,330,000 shares during the period from December 2010 to end of January 2011, the Company's direct and indirect shareholding interests in Asia Standard increased from approximately 49.29% to approximately 50.3%. For the purpose of these financial statements, 31st January 2011 was taken as the effective date that Asia Standard became a subsidiary of the Company (the "acquisition date"). The Group consolidated the two months results of Asia Standard from February 2011 onwards and the assets and liabilities of Asia Standard as at 31st March 2011.

In accordance with HKFRS 3 (Revised), the Group is required to remeasure its previously held interest in Asia Standard at its acquisition-date fair value and recognise the related gain/(loss), including reclassification adjustments of amounts previously recognised in other comprehensive income, in the profit and loss account. The fair value of the previously held interest in Asia Standard is treated as the fair value of consideration in return for the controlling interest in Asia Standard from an accounting perspective and results in a discount on acquisition (negative goodwill) in the profit and loss account.

The negative goodwill represents the excess of the fair value of identifiable net assets of Asia Standard over the aggregate of the fair value of consideration transferred. The negative goodwill is a non-cash gain and principally attributable to ascribing fair values of underlying Asia Standard assets which were carried at cost in Asia Standard's books.

The quoted share price of Asia Standard at 31st January 2011 was HK$1.95 per share, which was a significant discount to net asset value per share as at the acquisition date. The carrying value of the Group's interests in Asia Standard immediately before the acquisition date was HK$4,599 million. Using the quoted Asia Standard share price of HK$1.95 at the acquisition date as fair value of the consideration received for the previously held interest and controlling interest of 613,365,050 shares in Asia Standard, a significant fair value loss on remeasurement of the Group's previously held interest and a significant negative goodwill on the Group's acquired controlling interest, would have arisen. The resulting net gain of HK$1,496 million has been recognised in the Group's consolidated profit and loss account.

37 Business combinations (continued)

	HK$'000
Fair value of net assets	
Property, plant and equipment	**6,917,269**
Investment properties	**3,334,417**
Jointly controlled entities and associated companies	**1,596,845**
Mortgage loan receivables	**88,241**
Available-for-sale investment	**240,093**
Deferred tax assets	**6,121**
Properties under development for sale	**1,136,579**
Completed properties held for sale	**174,161**
Hotel and restaurant inventory	**2,231**
Trade and other receivables	**294,873**
Financial assets at fair value through profit or loss	**4,313,498**
Income tax recoverable	**1,242**
Bank balances and cash – unrestricted	**102,421**
Bank balances and cash – restricted	**5,708**
Trade and other payables	**(122,844)**
Derivative financial instruments	**(27,422)**
Short-term borrowings	**(2,162,485)**
Long-term borrowings	**(1,127,953)**
Tax payables	**(31,517)**
Deferred income tax liabilities	**(1,222,385)**
Non-controlling interests	**(1,827,948)**
	11,691,145
Adjustment for non-controlling interests	**(5,662,323)**
Net assets acquired *(note 36(b))*	**6,028,822**
Interests originally held by the Group as associated companies	**(4,599,288)**
Release of reserves upon change	
Available-for-sale investment reserve	**36,151**
Share option reserve	**7,444**
Exchange reserve	**22,706**
Gain on business combination	**1,495,835**

37 Business combinations (continued)

Since the date of acquisition, Asia Standard contributed revenues of approximately HK$156 million and generated a profit of approximately HK$472 million. If the acquisition had occurred on 1st April 2010, the Group's revenue would have increased by HK$910 million but profit for the year would have remained unchanged.

For the prior periods, the Group only shared its net profit in the profit and loss account and movements of reserves to adjust the carrying amount of investment in associated companies.

38 Related party transactions

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

	2011	2010
	HK$'000	HK$'000
Income from/(expense to) associated companies		
Property management fee income *(note (a))*	**850**	1,005
Cleaning income *(note (b))*	**660**	867
Rental expenses *(note (c))*	**(525)**	(630)
Income from a jointly controlled entity		
Property management fee income *(note (a))*	**5**	–
Management fee income *(note (a))*	**220**	–
Project management fee *(note (a))*	**120**	–
Agency fee income *(note (a))*	**517**	–
Interest income	**2,754**	–

38 Related party transactions (continued)

(a) Sales and purchase of goods and services (continued)

Notes:

(a) Property management fee income, management fee income, project management fee income, and agency fee income are subject to mutually agreed fee.

(b) Cleaning income is subject to terms agreed by the parties involved, which are at a fixed monthly fee.

(c) Rental expense is subject to terms agreed by the parties involved, which are at a fixed monthly fee.

(d) The balances with jointly controlled entities and associated companies are disclosed in notes 19 and 20 respectively.

(e) 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.

(b) Key management compensation

	2011	2010
	HK$'000	HK$'000
Fee	**653**	620
Salaries, allowances and benefits in kind	**10,159**	5,000
Employer's contribution to retirement benefit scheme	**49**	–
	10,861	5,620

Key management includes the Company's Directors and two (2010: Nil) senior management members of the Group.

39 Comparative figures

Certain comparative figures have been restated as a result of the adoption of new HKFRS and to conform with current year's presentation.

40 Principal subsidiaries, jointly controlled entities and associated companies

Listed below are the principal subsidiaries, jointly controlled entities 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
Incorporated in the British Virgin Islands			
Asia Orient Holdings (BVI) Limited[1]	Investment holding	US$100	100%
Finnex Limited	Securities Investment	US$1	100%
Impetus Holdings Limited	Investment holding	US$1	100%
Persian Limited	Investment holding	US$49,050	100%
Sunrich Holdings Limited	Securities Investment	US$1	100%
United Resources Associates Limited	Investment holding	US$6	83.3%

[1] *Direct subsidiary of the Company*

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Incorporated in Hong Kong			
Asia Orient Company Limited	Investment holding	US$26,964,837	100%
Good Year Engineering Service Limited	Engineering and maintenance services	HK$2	100%
Hitako Limited	Investment holding	HK$20	100%
Ocean Hand Investments Limited	Investment holding	HK$2	100%
Pan Bright Investment Limited	Investment holding	HK$20	100%
Pan Harbour Investment Limited	Investment holding	HK$2	100%
Pan Inn Investment Limited	Investment holding	HK$20	100%
Pan Kite Investment Limited	Investment holding	HK$20	100%
Pan Pearl Investment Limited	Investment holding	HK$20	100%
Pan Spring Investment Limited	Investment holding	HK$20	100%

40 Principal subsidiaries, jointly controlled entities and associated companies (continued)

Subsidiaries (continued)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Prosperity Land Cleaning Service Limited	Cleaning services	HK$100 and non-voting deferred share capital of HK$100	100%
Prosperity Land Estate Management Limited	Property management	HK$150 and non-voting deferred share capital of HK$1,500,000	100%
Union Home Development Limited	Investment holding	HK$2	100%
Incorporated in Liberia			
Bassindale Limited	Investment holding	US$500	100%

Since the Group's interests in Asia Standard International Group Limited ("Asia Standard") exceeded 50% upon Asia Standard repurchased its own shares in January 2011, the following companies became subsidiaries of the Group since then.

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Incorporated in Bermuda			
Asia Standard Hotel Group Limited[2]	Investment holding	HK$30,756,648	38.2%
Asia Standard International Group Limited[2]	Investment holding	HK$12,223,718	50.3%

[2] *Listed in Hong Kong*

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Incorporated in Hong Kong			
Asia Standard (Beijing) Company Limited	Investment holding	HK$2	50.3%
Asia Standard Development (Holdings) Limited	Investment holding	HK$10 and non-voting deferred share capital of HK$362,892,949	50.3%

40 Principal subsidiaries, jointly controlled entities and associated companies (continued)

Subsidiaries (continued)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Asia Standard Development (Real Estate Agencies) Limited	Real estate agency services	HK$2	50.3%
Asia Standard Finance Company Limited	Financing services	HK$1,000,000	50.3%
Asia Standard International Limited	Investment holding	HK$1,214,916,441	50.3%
Asia Standard Management Services Limited	Management services	HK$2	50.3%
Asia Standard Project Management Company Limited	Project management	HK$2	50.3%
Cheer Selection Limited	Securities investment	HK$2	50.3%
Full Union Development Limited	Property development	HK$2	50.3%
Get Rich Enterprises Limited	Property holding	HK$2	50.3%
Glory Ocean Limited	Property development	HK$2	50.3%
Grace Profit Enterprises Limited	Investment holding	HK$2	38.2%
Hoi Chak Properties Limited	Property Investment	HK$10 and non-voting deferred share capital of HK$2	50.3%
JBC Travel Company Limited	Travel agency	HK$2,500,000	38.2%
Master Asia Enterprises Limited	Hotel holding	HK10,000	38.2%
Perfect Wave Limited	Catering operation	HK$2	38.2%
Stone Pole Limited	Hotel holding	HK$10	38.2%
Tilpifa Company Limited	Property Investment	HK$10 and non-voting deferred share capital of HK$10,000	50.3%
Tonlok Limited	Property development	HK$1,000	50.3%
Union Rich Resources Limited	Property development	HK$2	50.3%
Vinstar Development Limited	Hotel holding	HK$2	38.2%
Winfast Engineering Limited	Construction	HK$2	50.3%

40 Principal subsidiaries, jointly controlled entities and associated companies (continued)

Subsidiaries (continued)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Incorporated in British Virgin Islands			
Enrich Enterprises Ltd.[3]	Hotel holding	US$1	38.2%
Global Gateway Corp.[3]	Hotel operation	US$1	38.2%
Glory Ventures Enterprises Inc.[3]	Hotel holding	US$1	38.2%
Greatime Limited	Securities Investment	US$1	38.2%
Onrich Enterprises Limited	Securities Investment	US$1	38.2%
Techfull Properties Corp.	Securities Investment	US$1	50.3%
Topshine Investment Holdings Limited	Securities Investment	US$1	38.2%

[3] *Operates in Canada*

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Incorporated in the People's Republic of China (the "PRC")			
Shanghai Hong Hua TGIF Restaurant Company Limited[4]	Catering operation	RMB17,384,640	36.4%

[4] *Operates in the PRC*

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Incorporated in Macau			
International Quarry Industry Limited[5]	Property development	MOB3,000,000	50.3%

[5] *Operates in Macau*

40 Principal subsidiaries, jointly controlled entities and associated companies (continued)

Associated companies

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

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Gallop Worldwide Limited (incorporated in the British Virgin Islands)	Investment holding	US$2	25.2%
Perfect Pearl Company Limited	Property investment	HK$1,000 and non-voting deferred share capital of HK$10,000	16.6%

Jointly controlled entities

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

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Lucky New Investment Limited	Property development	HK$1	25.2%
Paramount Shine Limited	Property development	HK$2	25.2%
Incorporated in the PRC			
北京黃海房地產發展有限公司[4]	Property development	RMB240,000,000	25.2%

[4] *operates in the PRC*

41 Approval of financial statements

The financial statements were approved by the Board of Directors on 24th June 2011.

Combined Balance Sheet of Affiliated Companies

The Group had amounts due from and loans to certain affiliated companies in a total sum of HK$1,026 million (before Group's provisions) as at 31st March 2011 which exceeds 8% of the Group's consolidated total assets. A combined balance sheet of certain affiliated companies with major financial assistance from the Group and the Group's attributable interest in these affiliated companies are presented below:

	Combined balance sheet 2011 HK$'000	Group's attributable Interest 2011 HK$'000
Property, plant and equipment	**1,681**	**423**
Investment properties	**2,730,000**	**453,233**
Properties under development for sale	**1,356,560**	**487,409**
Current assets	**627,126**	**148,452**
Current liabilities	**(353,359)**	**(84,929)**
Borrowings	**(126,600)**	**(21,018)**
Deferred income tax liabilities	**(355,199)**	**(59,718)**
Non-controlling interests	**(4,144)**	**717,531**
Shareholders' advance	**(2,056,188)**	**(460,672)**
	1,819,877	**1,180,711**

Extracts from the Audited Consolidated Financial Statements of Asia Standard International Group Limited

Asia Standard International Group Limited ("Asia Standard") is a principal subsidiary of the Company. It is incorporated in Bermuda and listed in Hong Kong and its subsidiaries are principally engaged in property sales, development and investment, hotel and catering services, travel agency businesses and financial investment.

To provide shareholders with further information on the financial performance and position of Asia Standard, the following is a summary of the audited consolidated financial statements of Asia Standard for the year ended 31st March 2011.

Consolidated profit and loss account

For the year ended 31st March 2011

	2011	2010
	HK$'000	HK$'000
Revenue	**1,065,244**	1,864,888
Cost of sales	**(391,193)**	(977,456)
Gross profit	**674,051**	887,432
Selling and administrative expenses	**(173,947)**	(168,145)
Depreciation	**(89,848)**	(97,563)
Net investment gain	**706,225**	1,330,928
Fair value change of investment properties	**887,987**	568,674
Other gain and charges	**(7,336)**	(11,478)
Operating profit	**1,997,132**	2,509,848
Finance costs	**(77,941)**	(51,369)
Share of profits less losses of		
Jointly controlled entities	**151,522**	138,892
Associated companies	**259,210**	91,718
Profit before income tax	**2,329,923**	2,689,089
Income tax expense	**(189,987)**	(165,014)
Profit for the year	**2,139,936**	2,524,075
Dividends	**30,644**	31,178
Earning per share *(HK$)*		
– Basic	**1.64**	1.99
– Diluted	**1.64**	1.99

Extracts from the Audited Consolidated Financial Statements of Asia Standard International Group Limited

Consolidated balance sheet

As at 31st March 2011

	At 31st March 2011 HK$'000	At 31st March 2010 HK$'000 (Restated)
Non-current assets		
Property, plant and equipment	**2,617,038**	2,672,342
Investment properties	**3,391,122**	2,419,600
Jointly controlled entities	**568,871**	674,409
Associated companies	**877,211**	654,581
Available-for-sale investments	**230,257**	228,258
Goodwill	**–**	5,103
Mortgage loans receivable	**81,729**	143,035
Deferred income tax assets	**5,252**	9,764
	7,771,480	6,807,092
Current assets		
Properties under development for sale	**1,122,355**	431,322
Completed properties held for sale	**90,289**	159,127
Hotel and restaurant inventories	**2,341**	2,206
Mortgage loans receivable	**3,664**	35,315
Trade and other receivables	**230,845**	241,590
Amount due from a jointly controlled entity	**65,000**	–
Income tax recoverable	**513**	880
Financial assets at fair value through profit or loss	**5,020,218**	3,028,862
Bank balances and cash	**315,300**	227,657
	6,850,525	4,126,959
Current liabilities		
Trade and other payables	**133,590**	145,919
Amount due to an associated company	**14,850**	51,150
Derivative financial instruments	**26,242**	17,961
Warrant liabilities	**–**	17,000
Borrowings	**1,615,997**	1,615,257
Income tax payable	**36,857**	64,382
	1,827,536	1,911,669
Net current assets	**5,022,989**	2,215,290
Total assets less current liabilities	**12,794,469**	9,022,382

Extracts from the Audited Consolidated Financial Statements of Asia Standard International Group Limited

Consolidated balance sheet (continued)

As at 31st March 2011

	At 31st March 2011 HK$'000	At 31st March 2010 HK$'000 (Restated)
Non-current liabilities		
Long term borrowings	**2,270,071**	757,370
Deferred income tax liabilities	**450,916**	279,355
	2,720,987	1,036,725
Net assets	**10,073,482**	7,985,657
Equity		
Share capital	**12,224**	12,471
Reserves	**9,245,597**	7,226,466
Equity attributable to shareholders of the Company	**9,257,821**	7,238,937
Non-controlling interests	**815,661**	746,720
	10,073,482	7,985,657

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