ASIA ORIENT HOLDINGS LIMITED

Stock Code: 214

Annual Report 2010

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. Wong Chi Keung
Mr. Hung Yat Ming

Audit committee

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

Remuneration committee

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

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
Fascimile 2866 3772
Website http://www.asiaorient.com.hk
Email ao_info@asia-standard.com.hk

Principal bankers

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.
Chiyu Banking Corporation Limited
Chong Hing Bank Limited
Hang Seng Bank Limited
The Hongkong and Shanghai Banking Corporation Limited

Legal advisers

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

Appleby
8th Floor, Bank of America Tower,
12 Harcourt Road, 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)	2010	2009	Change
Consolidated profit and loss account			
Turnover	**619**	142	+3.4 times
Revenue	**50**	30	+0.7 time
Net investment gain/(loss)	**296**	(74)	N/A
Operating profit/(loss)	**326**	(73)	N/A
Share of profits/(losses) of associated companies	**1,142**	(180)	N/A
Profit/(loss) attributable to shareholders of the Company	**1,689**	(239)	N/A
Earnings/(loss) per share (HK$)			
Basic	**2.48**	(0.37)	N/A
Diluted	**2.33**	(0.37)	N/A
Consolidated balance sheet			
Total assets	**4,195**	2,478	+69%
Net assets	**4,134**	2,344	+76%
Net assets per share (HK$)	**5.8**	3.6	+61%
Net cash/(debt)	**25**	(69)	N/A
Gearing (net debt to net assets)	**–**	2.9%	N/A

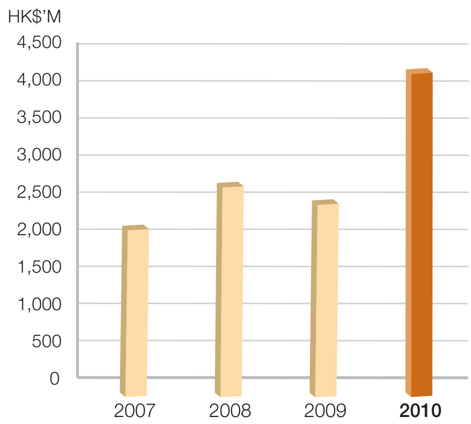
Chairman's Statement

Asia Orient recorded a profit attributable to shareholders of HK$1,689 million for the year ended 31st March 2010, compared to a loss of HK$239 million last year. Net assets increased 76% to HK$4.1 billion.

The Group's major investment, Asia Standard International Group Ltd, also reported a profit attributable to shareholders of HK$2,383 million, benefiting from increased property sales, revaluation surplus on its investment properties and net investment gain on its financial assets.

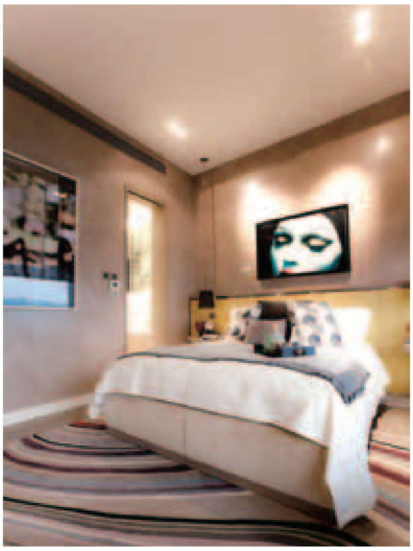
Management, although confident looking ahead, remains cautious and recognises the economic outlook is far from certain.

Equity attributable to shareholders



Fung Siu To, Clement
Chairman

Hong Kong, 29th June 2010



The Westminster Terrace

Results

The Group's profit attributable to shareholders amounted to HK$1,689 million, compared to a loss of HK$239 million last year.

Both the Group and its associated company Asia Standard International Group Limited ("Asia Standard") benefited from the gain from their investment portfolios. During the year, the Group increased its shareholding in Asia Standard by 3.8%, recognising a gain of HK$228 million.

Asia Standard

The 49.2% owned Asia Standard reported a profit attributable to shareholders of HK$2,383 million (2009: a loss of HK$381 million) with a revenue of HK$1,865 million (2009: HK$855 million). The Group's share of profit from this associated company amounted to HK$1,129 million (2009: a loss of HK$173 million).

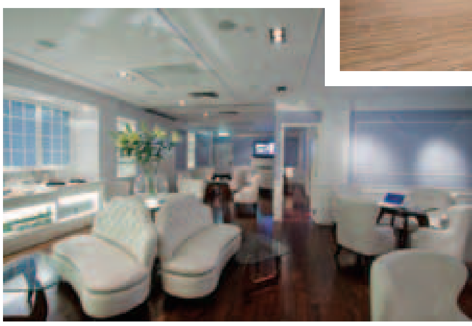
Property sales and leasing

Property sales amounted to HK$1,053 million compared to HK$144 million last year. Development profit was HK$375 million compared to HK$51 million last year. Jadewater, the residential development at Aberdeen, is the main contributor for this segment. During the year, Asia Standard completed the sale of all the residential units and retail shops of this development which has a total gross floor area of 150,000 sq. ft.

Westminster Terrace, Asia Standard's 50% joint venture luxurious residential development with Grosvenor at Castle Peak Road, was completed during the year. Sales for this 200,000 sq. ft. development commenced in the second half year and contributed HK$165 million to Asia Standard's profit of the year.

Asia Standard has approximately 664,000 sq. ft. attributable gross floor area of properties under development in Hong Kong. It also holds a 50% interest in a 2 million sq. ft. gross floor area joint venture waterfront residential/commercial

Empire Hotel Hong Kong



development project in Beijing, which is currently under planning application.

Rental income attributable to its investment properties portfolio decreased slightly to HK$86 million from last year's HK$89 million.

Financial investments

Asia Standard's financial investment portfolio recorded a net unrealised fair value gain of HK$948 million (2009: HK$415 million loss) and a net realised gain of HK$383 million (2009: HK$17 million) during the year. These investments generated dividend and interest income of HK$200 million during the year.

Hotel

Asia Standard holds a 67.4% stake in its listed hotel subsidiary. The hotel group reported a HK$435 million profit (2009: HK$230 million loss) for the year. The reported profit was mostly attributed to net investment gain from its financial investment.

The hotel subsidiary runs and operates 4 hotels with 1,343 rooms (2009: 3 hotels with 1,063 rooms). Average room rates decreased for the 3 existing hotels, mainly affected by the swine flu in the first quarter of the financial year. On the other hand, occupancy levels remain to be similar to the previous year due to an increase in visitor arrivals from mainland China. The new 280 rooms hotel in Causeway Bay became fully operational during the year, adding revenue and profit to the hotel group. The Empire Kowloon Hotel added 28 new rooms and began sales in February 2009. Brand new conference facilities were added to Wanchai hotel operation to complement its repositioning in the market.

Financial Review

At 31st March 2010, the Group's net asset value increased to HK$4.1 billion (2009: HK$2.3 billion). During the year, HK$51 million equity was raised upon the conversion of warrants. The Group was at net cash position at financial year end while last year end was at a net borrowing of HK$69 million. Gearing was 3% at last year end.

At 31st March 2010, the Group had financial investments in amounting to HK$393 million (2009: HK$210 million). A net unrealised fair value gain of HK$65 million (2009: HK$71 million loss) and a net realised gain of HK$231 million (2009: HK$2 million loss) were recognised in the profit and loss account. The investments generated HK$38 million income during the year (2009: HK$16 million).

Certain listed securities were pledged to secure general banking facilities of the Group. The Group did not provide any guarantees to banks and financial institutions on credit facilities to jointly controlled entities, associated companies and third parties.

Employees and Remuneration Policies

At 31st March 2010, the Group employed 189 full time employees with the majority of them working for building management and related services. Their remuneration packages, commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

Future Prospects

Aggressive monetary easing policies adopted by Central Banks worldwide succeeded in preventing the financial meltdown to slide into a deeper turmoil. Substantial rebound is evidenced in the equities market worldwide. Economic recovery is however slow at best, particularly in Euro zone economies.

Demand for local properties remains strong, mainly due to abundances of credit, limited new supply and the expected inflation. In the mainland, the tightening policies against the property market moderated the growth in property values and therefore transaction volumes drops.

Management is alert to the slow worldwide economic recovery and remains cautious in monitoring the Group's investments, while at the same time actively seeking suitable attractive investment opportunities to enhance shareholders' return.

Principal Properties

As at 31st March 2010

The principal properties are held through the subsidiaries, jointly controlled entities and associated companies of Asia Standard, the Group's listed associated company.

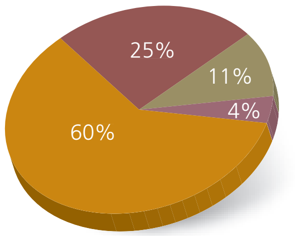
	Attributed GFA to Asia Standard (sq. ft.)
Properties under development for sale	1,544,000
Hotel properties	628,000
Investment properties	282,000
Completed properties held for sale	103,000
Total	**2,557,000**

60% Properties under development for sale

25% Hotel properties

11% Investment properties

4% Completed properties held for sale



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Asia Standard Tower

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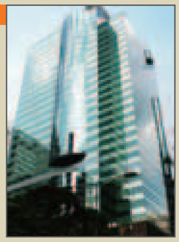
Asia Orient Tower

3

Goldmark

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Empire Hotel Hong Kong

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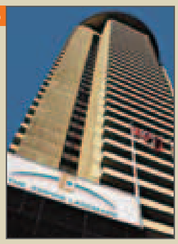
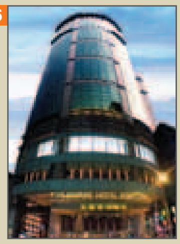
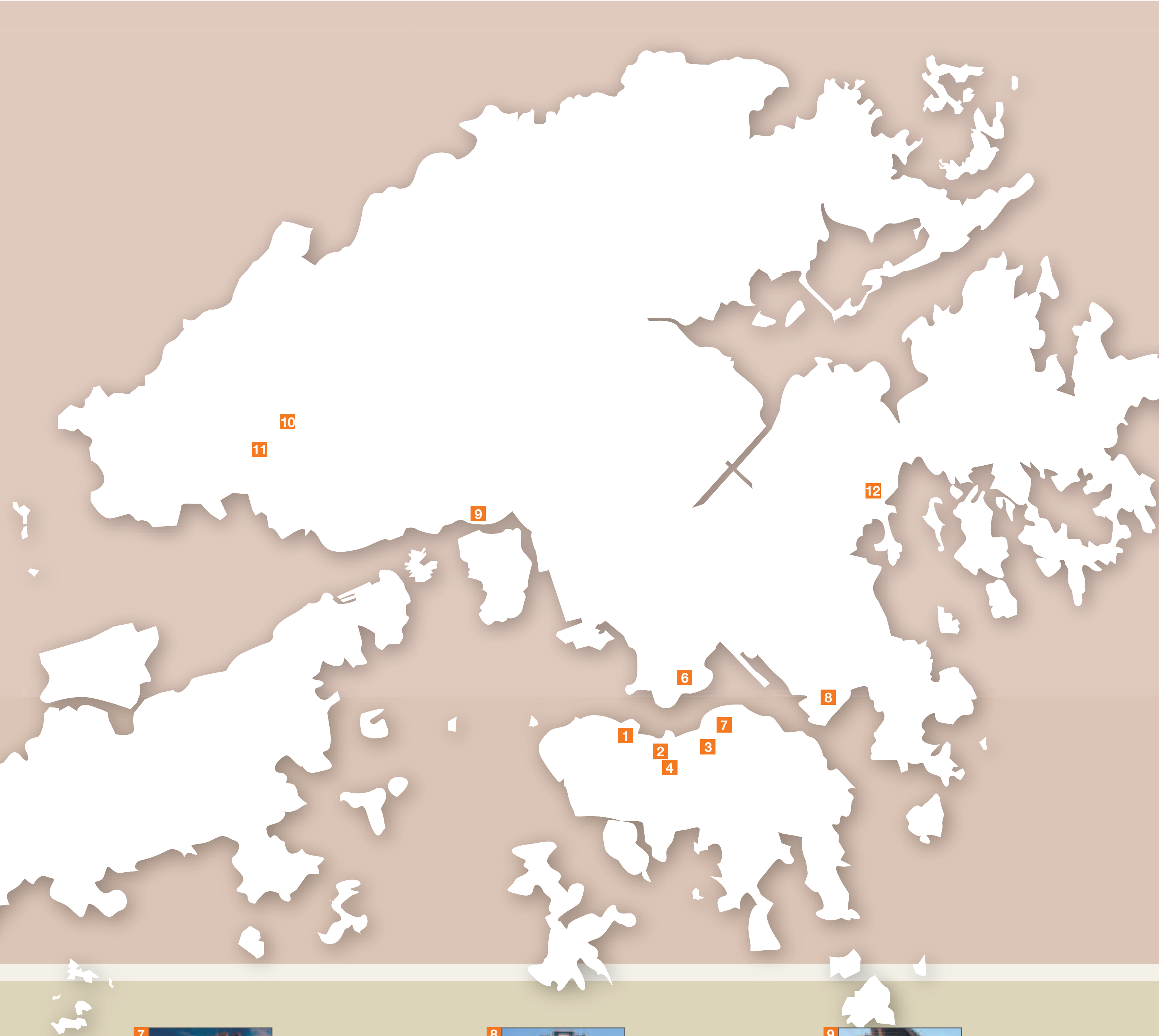

Empire Landmark Hotel

6

Empire Hotel Kowloon

Principal Properties

As at 31st March 2010



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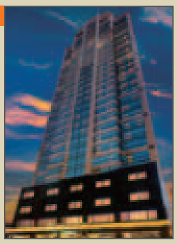

Empire Hotel Causeway Bay

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Canaryside

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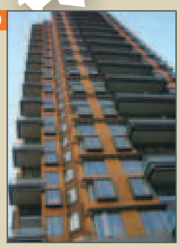

Westminster Terrace

Principal Properties

As at 31st March 2010

Properties		Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Type
I	**Investment properties**				
1	Asia Standard Tower 59-65 Queen's Road Central, Hong Kong.	49.2%	7,800	133,000	Commercial
2	Asia Orient Tower Town Place, 33 Lockhart Road, Wanchai, Hong Kong.	49.2%	7,300	114,000	Commercial
3	Goldmark 502 Hennessy Road, Causeway Bay, Hong Kong.	16.2%	6,300	106,000	Commercial
II	**Hotel properties**				
4	Empire Hotel Hong Kong 33 Hennessy Road, Wanchai, Hong Kong.	36.1%	10,600	184,000 (362 rooms)	Hotel
5	Empire Landmark Hotel 1400 Robson Street, Vancouver B.C., Canada.	36.1%	41,000	420,000 (358 rooms)	Hotel
6	Empire Hotel Kowloon 62 Kimberley Road, Tsimshatsui, Kowloon.	36.1%	11,400	220,000 (343 rooms)	Hotel
7	Empire Hotel Causeway Bay 8 Wing Hing Street, Causeway Bay, Hong Kong.	36.1%	6,200	108,000 (280 rooms)	Hotel

Properties		Group's interest	Approx. gross floor area (sq. ft.)	Type
III	**Completed properties held for sale**			
	Hong Kong			
8	Shops, Canaryside 8 Shung Shun Street, Lei Yue Mun, Kowloon.	49.2%	40,000	Commercial
9	The Westminster Terrace 2A Yau Lai Road, Tsuen Wan, New Territories.	24.6%	126,000	Residential

Properties		Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Type	Stage of completion
IV	**Properties under development for sale**					
10	Hung Shui Kiu Yuen Long, New Territories.	49.2%	101,000	565,000	Residential/ Commercial	Planning
11	Lam Tei Tuen Mun, New Territories.	49.2%	19,000	75,000	Residential/ Commercial	Planning
12	Sha Ha Sai Kung, New Territories.	3.7%	620,000	322,000	Residential	Planning
13	72 Yong Shun Street West Tongzhou District, Beijing PRC.	21.6%	580,000	2,000,000	Residential/ Commercial	Planning

Five-year Financial Summary

Year ended 31st March (In HK$ million)	**2010**	2009	2008	2007	2006
RESULTS					
Turnover	**619**	142	35	119	45
Profit/(loss) attributable to shareholders of the Company	**1,689**	(239)	287	168	56
ASSETS AND LIABILITIES					
Total assets	**4,195**	2,478	2,644	2,062	1,726
Total liabilities	**(61)**	(134)	(53)	(49)	(54)
Total equity	**4,134**	2,344	2,591	2,013	1,672

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 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' Profile.

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.

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
Mr. Fung Siu To, Clement	Chairman	4/4
Dr. Lim Yin Cheng	Deputy Chairman	4/4
Mr. Poon Jing	Managing Director and Chief Executive	4/4
Mr. Lun Pui Kan	Executive Director	4/4
Mr. Kwan Po Lam, Phileas	Executive Director	4/4
Mr. Chan Sze Hung	Non-executive Director	1/4
Mr. Cheung Kwok Wah	Independent Non-executive Director	4/4
Mr. Hung Yat Ming	Independent Non-executive Director	4/4
Mr. 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. Wong Chi Keung and Mr. Hung Yat Ming. 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, approving the remuneration, determining the remuneration packages of all Executive Directors and approving the compensation to all Directors 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.

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 2010.

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year, and they all confirmed that they have fully complied with the required standard set out in the Model Code throughout the year ended 31st March 2010.

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.

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 page 31 of this annual report.

An amount of HK$1,112,000 (2009: HK$1,170,000) 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$358,000 (2009: HK$164,000).

Investor Relationship

The Group aims to provide its shareholders and investors with high level of transparency. During the year, the Executive Directors met with various local and institutional investors and analysts. The Board is committed to providing clear and full performance information of the Group to shareholders and the investment community 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

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.

Executive Directors

FUNG Siu To, Clement

Aged 61, is the Chairman of the Company and the Chairman of the Remuneration Committee. He is also the Chairman and an executive director of the listed associated company, Asia Standard International Group Limited ("Asia Standard"), an executive director of the listed associated company, Asia Standard Hotel Group Limited ("AS 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 65, 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 AS 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 55, is the Managing Director and Chief Executive of the Company. He is also the Managing Director, Chief Executive and an executive director of Asia Standard and the Chairman and an executive director of AS 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 46, is the Finance Director of the Company and Asia Standard. Mr. Lun has over 20 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 51, 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' Profile

Non-executive Director

CHAN Sze Hung

Aged 57, 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 Mascotte Holdings Limited, Heritage International Holdings Limited and Radford Capital Investment Limited, all of which are listed on the Stock Exchange. He joined the Group in June 1996.

Independent Non-executive Directors

CHEUNG Kwok Wah

Aged 53, 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.

WONG Chi Keung

Aged 55, 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 Sinox Fund Management Limited under the Securities and Futures Ordinance (the "SFO").

Mr. Wong was an executive director, the Deputy General Manager, Group Financial Controller and Company Secretary of Yuexiu Property Company Limited (formerly known as Guangzhou Investment Company Limited) which is a company listed on the Stock Exchange, for over ten years. He is also an independent non-executive director and a member of the audit committee of 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.

HUNG Yat Ming

Aged 58, 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 AS 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.

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 Part XV of the SFO.

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31st March 2010.

Principal activities

The principal activity of the Company is investment holding. The principal activities of its principal subsidiaries are set out in note 39 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 result 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 32.

The Company paid an interim dividend of HK1.5 cents (2009: Nil) per share in scrip, totaling HK$10,512,000 (2009: Nil) for the year ended 31st March 2010.

The Board recommends a final dividend of HK1.25 cents (2009: Nil) per share with a scrip option, totaling HK$8,859,000 (2009: Nil) for the year ended 31st March 2010.

Financial summary

A five-year financial summary of the results and of the assets and liabilities of the Group is set out on page 12.

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 31 to the financial statements.

Reserves

Movements in the reserves of the Group and the Company during the year are set out in note 32 to the financial statements.

Principal properties

Details of the principal properties of associated companies of the Group are set out on pages 8 to 11.

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. Wong Chi Keung
Mr. Hung Yat Ming

Dr. Lim Yin Cheng and Mr. Wong Chi Keung will retire from office by rotation in accordance with the Bye-Laws of the Company and Mr. Fung Siu To, Clement will retire to comply with the Code on Corporate Governance Practices 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

Biographical details of the Directors are set out on pages 17 to 19.

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 27 to 28, at no time during the year was the Company or its 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 2010, 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	179,336,132	132,535,465	4,869,248	316,740,845	44.69
Fung Siu To, Clement	13,867,857	–	–	13,867,857	1.96

(I) Long positions in shares (continued)

(b) Associated corporations

		Number of shares held			
Director	**Associated corporation**	**Personal interest**	**Corporate interest**	**Total**	**Percentage of shares in issue (%)**
Poon Jing	Asia Standard International Group Limited ("Asia Standard")	1,160,813	613,365,030 *(Note 1)*	614,525,843	49.28
Poon Jing	Asia Standard Hotel Group Limited ("AS Hotel")	40,844	923,591,414 *(Note 1)*	923,632,258	70.38
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 the shares of Asia Standard and AS 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 2009 and 31st March 2010
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 (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 2009	Adjustment *(note 1)*	Outstanding as at 31st March 2010
Fung Siu To, Clement	20,621,761	(18,559,585)	2,062,176
Lim Yin Cheng	20,621,761	(18,559,585)	2,062,176
Poon Jing	5,155,440	(4,639,896)	515,544
Lun Pui Kan	20,621,761	(18,559,585)	2,062,176
Kwan Po Lam, Phileas	20,621,761	(18,559,585)	2,062,176

(II) Long positions in underlying shares (continued)

(b) Associated corporations (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$0.315 (as adjusted) per share. Subsequent to the consolidation of every ten shares of HK$0.01 each into one consolidated share of HK$0.10 each on 9th September 2009, the exercise price of the share option was adjusted from HK$0.315 per share to HK$3.15 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.

– AS Hotel

Director	Date of Grant	Exercise price (HK$) *(note 1)*	Exercise period	Outstanding as at 1st April 2009	Adjustment *(note 1)*	Outstanding as at 31st March 2010
Fung Siu To, Clement	29th March 2007	1.296	29th March 2007 to 28th March 2017	80,000,000	(72,000,000)	8,000,000
Lim Yin Cheng	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	80,000,000	(72,000,000)	8,000,000
Lun Pui Kan	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	80,000,000	(72,000,000)	8,000,000
Kwan Po Lam, Phileas	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	80,000,000	(72,000,000)	8,000,000

Notes :

(1) Subsequent to the consolidation of every ten shares of HK$0.02 each into one consolidated share of HK$0.20 each on 9th September 2009 (the "ASH Share Consolidation"), the exercise price of share options granted to Mr. Fung Siu To, Clement was adjusted from HK$0.1296 per share to HK$1.296 per share whereas to each of Dr. Lim Yin Cheng, Messrs. Lun Pui Kan and Kwan Po Lam, Phileas was adjusted from HK$0.13 per share to HK$1.30 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.

(II) Long positions in underlying shares (continued)

Interests in warrants

(a) Associated corporation – AS Hotel

	Number of warrants held		
Director	**Personal interest**	**Corporate interest**	**Total**
Poon Jing	7,668	174,221,187	174,228,855

Note :

The warrants are exercisable during the period from 7th September 2007 to 6th September 2010 at an initial subscription price of HK$0.146 per share. Following the ASH Share Consolidation and the fifth reset adjustment on 6th March 2010, the subscription price of the warrants was adjusted from HK$0.029 per share to HK$0.29 per share.

Save as disclosed above, as at 31st March 2010, 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 2010, the Company had been notified of the following substantial shareholders' interests, 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

Shareholder	Capacity	Number of shares held	Percentage (%)
Heston Holdings Limited ("Heston") *(Note 1)*	Beneficial owner	46,058,359	6.50
Teddington Holdings Limited ("Teddington") *(Note 1)*	Beneficial owner	55,287,182	7.80
Dalton Investments LLC ("Dalton") *(Note 2)*	Investment manager	101,964,673	14.39
Clearwater Insurance Company ("Clearwater Insurance") *(Note 2)*	Trustee	48,341,035	6.82
Daswani Rajkumar Murlidhar	Beneficial owner	49,572,045	6.99

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 316,740,845 shares. The interest of Teddington and Heston duplicate the interest of Mr. Poon Jing disclosed under the heading "Directors' and chief executives' 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 and underlying shares duplicate the interest of Dalton disclosed above.

Save as disclosed above, as at 31st March 2010, 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 scheme

The Company adopted the current share option scheme on 11th November 2002. According to the 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.

At the date of this report, the total number of shares available for issue upon exercise of all options to be granted under the share option scheme must not exceed 57,857,634 shares, representing approximately 8.16% of the shares in issue. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the 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 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 must 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 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 share option scheme held by employees (including Directors):

Grantee	**Outstanding as at 1st April 2009 and 31st March 2010**
Directors *(Note 1)*	8,505,204
Director of an associated corporation *(Note 1)*	3,469,228
Employees of associated corporations *(Note 1)*	24,172,684
Employee of an associated corporation *(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.

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 percentage of the Group's purchases and revenue for the year attributable to major suppliers and customers were as follows:

Percentage of purchases attributable to the Group's largest supplier	7.1%
Percentage of purchases attributable to the Group's five largest suppliers	10.1%
Percentage of revenue attributable to the Group's largest customer	24.9%
Percentage of revenue attributable to the Group's five largest customers	71.2%

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 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.

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 issue of the annual report date.

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, 29th June 2010

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 32 to 101, which comprise the balance sheet of the Company and the consolidated balance sheet of the Group at 31st March 2010, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 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 2010 and of the profit and cash flows of the Group 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, 29th June 2010

Consolidated Profit and Loss Account

For the year ended 31st March 2010

	Note	2010 HK$'000	2009 HK$'000
Turnover	5	**618,556**	142,177
Revenue	5	**49,916**	29,855
Cost of sales		**(8,846)**	(8,628)
Gross profit		**41,070**	21,227
Net investment gain/(loss)	6	**296,198**	(73,592)
Administrative expenses		**(10,036)**	(12,922)
Other income and charges	8	**(1,581)**	(7,763)
Operating profit/(loss)		**325,651**	(73,050)
Finance costs	9	**(7,573)**	(4,503)
Share of profits/(losses) of			
Jointly controlled entities		**1,039**	–
Associated companies		**1,141,754**	(180,203)
Negative goodwill arising from acquisition of additional interest in associated companies	19	**228,146**	22,103
Profit/(loss) before income tax		**1,689,017**	(235,653)
Income tax expense	12	**(185)**	(3,135)
Profit/(loss) for the year attributable to shareholders of the Company		**1,688,832**	(238,788)
Dividends	14	**19,371**	–
Earnings/(loss) per share (HK$)			
Basic	15	**2.48**	(0.37)
Diluted	15	**2.33**	(0.37)

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2010

	2010	2009
	HK$'000	HK$'000
Profit/(loss) for the year	**1,688,832**	(238,788)
Other comprehensive income/(charge)		
Net fair value gain/(loss) on available-for-sale investments		
– Company and subsidiaries	**–**	(34,305)
– Associated companies	**37,953**	(9,551)
Release of reserve upon disposal of available-for-sale investments	**–**	(1,530)
Impairment of available-for-sale investments charged to profit and loss account	**–**	31,909
Currency translation differences	**12,508**	(12,075)
	50,461	(25,552)
Total comprehensive income/(charge) for the year attributable to shareholders of the Company	**1,739,293**	(264,340)

Consolidated Balance Sheet

As at 31st March 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	16	**85**	423
Jointly controlled entities	18	**–**	7,272
Associated companies	19	**3,713,848**	2,216,517
Available-for-sale investments	20	**–**	17,658
Deferred income tax assets	30	**51**	236
		3,713,984	2,242,106
Current assets			
Trade and other receivables	21	**56,922**	7,210
Financial assets at fair value through profit or loss	22	**391,595**	185,596
Derivative financial instruments	23	**–**	2,563
Warrant assets	24	**1,439**	4,439
Bank balances and cash	25	**31,064**	36,579
		481,020	236,387
Current liabilities			
Trade and other payables	26	**54,297**	19,367
Amounts due to associated companies	19	**494**	390
Amounts due to minority shareholders	27	**–**	8,311
Short-term borrowings, secured	28	**6,000**	29,039
		60,791	57,107
Net current assets		**420,229**	179,280
Total assets less current liabilities		**4,134,213**	2,421,386
Non-current liabilities			
Convertible bonds	29	**–**	77,265
Net assets		**4,134,213**	2,344,121
Equity			
Share capital	31	**70,871**	65,148
Reserves	32	**4,063,342**	2,278,973
		4,134,213	2,344,121

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Balance Sheet

As at 31st March 2010

	Note	2010 HK$'000	2009 HK$'000
Non-current assets			
Subsidiaries	17	**4,026,015**	4,023,085
Associated companies	19	**99,505**	93,062
Deferred income tax assets	30	**–**	171
		4,125,520	4,116,318
Current assets			
Trade and other receivables		**109**	109
Warrant assets		**–**	296
Bank balances and cash	25	**131**	126
		240	531
Current liabilities			
Trade and other payables		**890**	1,073
Net current liabilities		**(650)**	(542)
Total assets less current liabilities		**4,124,870**	4,115,776
Non-current liabilities			
Convertible bonds	29	**–**	77,265
Net assets		**4,124,870**	4,038,511
Equity			
Share capital	31	**70,871**	65,148
Reserves	32	**4,053,999**	3,973,363
		4,124,870	4,038,511

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Consolidated Statement of Cash Flows

For the year ended 31st March 2010

	Note	2010 HK$'000	2009 HK$'000
Cash flows from operating activities			
Net cash generated from/(used in) operations	36	**97,802**	(226,672)
Dividend received from financial assets at fair value through profit or loss		**14,794**	8,085
Dividend received from available-for-sale investments		**739**	2,095
Interest received		**19,432**	627
Interest paid		**(3,387)**	(1,731)
Net cash generated from/(used in) operating activities		**129,380**	(217,596)
Cash flows from investing activities			
Addition to property, plant and equipment		**(28)**	(26)
Dividend received from associated companies		**6,134**	–
Increase in investments in associated companies	19	**(83,103)**	(7,840)
Repayment by/(repayment to) associated companies		**103**	(1,535)
Increase in advances to a jointly controlled entity		**–**	(400)
Proceeds on disposal of available-for-sale investments		**–**	32,322
Purchase of available-for-sale investments		**(4,831)**	–
Net cash (used in)/generated from investing activities		**(81,725)**	22,521
Net cash generated/(used) before financing activities		**47,655**	(195,075)
Cash flows from financing activities			
(Redemption)/issue of convertible bonds		**(80,000)**	78,000
Conversion of warrants		**50,799**	16,462
Drawdown of short-term borrowings		**324,787**	54,172
Repayment of short-term borrowings		**(347,826)**	(25,133)
Net cash (used in)/generated from financing activities		**(52,240)**	123,501
Net decrease in cash and cash equivalents		**(4,585)**	(71,574)
Cash and cash equivalents at the beginning of the year		**22,182**	93,756
Cash and cash equivalents at the end of the year		**17,597**	22,182
Analysis of the balances of cash and cash equivalents			
Bank balances and cash (excluding restricted bank balances)	25	**17,597**	22,182

Consolidated Statement of Changes in Equity

For the year ended 31st March 2010

	Shareholders of the Company HK$'000
At 31st March 2008	2,590,738
Loss for the year	(238,788)
Net fair value loss on available-for-sale investments	
Company and subsidiaries	(34,305)
Associated companies	(9,551)
Release of reserve upon disposal of available-for-sale investments	(1,530)
Impairment of available-for-sale investments charged to profit and loss account	31,909
Currency translation differences of listed associated companies	(12,075)
Total comprehensive charge for the year	(264,340)
Grant of share options	1,260
Conversion of warrants	16,463
Total transactions with owners	17,723
At 31st March 2009	2,344,121
Profit for the year	1,688,832
Net fair value gain on available-for-sale investments	
Associated companies	37,953
Currency translation differences of listed associated companies	12,508
Total comprehensive income for the year	1,739,293
Conversion of warrants and total transactions with owners	50,799
At 31st March 2010	**4,134,213**

1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investments, financial assets at fair value through profit or loss, derivative financial instruments and warrant assets, 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 both years presented, unless otherwise stated.

2 Principal accounting policies

The principal accounting policies of the Group, including the accounting policies that are relevant to the operations of the associated companies, are set out below.

(a) The adoption of new/revised HKFRS

During the year, the Group adopted the following new and revised standards and amendments to existing standards ("new HKFRS") that are relevant to the Group's operations. These amendments are mandatory for accounting periods beginning on or after 1st January 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 40 (Amendment)	Investment Property
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments

Except for certain changes in presentation and disclosures as described below, the adoption of the above 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 (Revised), "Presentation of Financial Statements". The Group has elected to present two statements: a profit and loss account and a statement of comprehensive income. The financial statements have been prepared under the revised disclosure requirements.

2 Principal accounting policies (continued)

(a) The adoption of new/revised HKFRS (continued)

- HKFRS 7 (Amendment), "Improving Disclosures about Financial Instruments". It requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. This has only resulted in additional disclosures.

- HKFRS 8, "Operating Segments". HKFRS 8 replaces HKAS 14, "Segment Reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in certain changes in the presentation and disclosure information of the reportable segments.

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

Effective for accounting periods beginning on or after:

1st July 2009	
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
1st January 2010	
HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 17 (Amendment)	Leases
1st January 2013	
HKFRS 9	Financial Instruments

(i) 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.

(ii) 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.

2 Principal accounting policies (continued)

(a) The adoption of new/revised HKFRS (continued)

(iii) 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.

(iv) 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.

(v) HKFRS 9 established 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 standards and amendments to existing standards. 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 change 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 purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference, being negative goodwill, is recognised directly in the consolidated profit and loss account.

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 unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the profit and loss account. Purchases from minority interests might result in goodwill, being the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired. If the cost of acquisition is less than the relevant interest of the carrying value of the net assets of the subsidiary acquired, the difference, being negative goodwill, is recognised directly in the profit and loss account.

2 Principal accounting policies (continued)

(c) Subsidiaries

Subsidiaries are all entities (including special purpose entities) in 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.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

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

(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.

Balances with jointly controlled entities are split into its financial assets/liabilities and equity components at initial recognition. The financial asset/liability component is initially stated at fair value and subsequently carried at amortised cost. The equity component is recognised at cost.

2 Principal accounting policies (continued)

(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.

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.

In the Company's balance sheet the investments in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividend received and receivable.

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

(f) 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)

(g) 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 and re-evaluates this designation at every reporting date.

(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.

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.

2 Principal accounting policies (continued)

(g) Financial assets/liabilities (continued)

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 received from financial assets at fair value through profit or loss and available-for-sale equity instruments are recognised in the profit and loss account as part of income when the right to receive payments is established. Changes in the fair value of available-for-sale investments are recognised in equity. When securities classified as available-for-sale investments are sold, the accumulated fair vale adjustments recognised in equity are included in the profit and loss account as net investment gain/(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.

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, 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(q).

Derivatives financial instruments, mainly representing warrants and rights issue entitlement of listed equity securities, 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.

2 Principal accounting policies (continued)

(g) Financial assets/liabilities (continued)

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.

(h) 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. All other repairs and maintenance are expensed in the profit and loss account during the financial period in which they are incurred.

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

Hotel and other buildings in Hong Kong	Shorter of 50 years or the remaining lease period of the land on which the buildings are located
Hotel buildings in overseas	25 years
Other equipment	3 to 10 years

No depreciation is provided for buildings under development.

2 Principal accounting policies (continued)

(h) Property, plant and equipment (continued)

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.

(i) Impairment of assets

Assets that have an indefinite useful life, have not yet available for use and are not subject to depreciation, are at least tested annually for impairment and 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 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.

(j) Warrant assets and liabilities

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

(k) Warrants classified as equity instruments

Warrants without reset arrangement, when classified as equity instruments, are not recognised in the financial statements. When the warrants are converted into ordinary shares, the nominal value of the shares issued upon conversion is credited to share capital while the excess of the proceeds over the nominal value is credited to share premium.

2 Principal accounting policies (continued)

(l) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated group, is classified as investment property. Investment property comprises land held under operating leases and buildings held under finance leases. 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 is reclassified and subsequently accounted for as investment property.

(m) Properties under development for sale

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

(n) Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost comprises leasehold land at amortised cost (note 2(o)), 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.

2 Principal accounting policies (continued)

(o) Leasehold land

The up-front prepayments made for leasehold land are amortised on a straight-line basis over the period of the lease and are charged to profit and loss account. In the course of hotel properties conversion, the amortisation charge of leasehold land is included as part of the costs of hotel properties under conversion. The amortisation during the period before the commencement and after the completion of the construction of the properties is expensed in the profit and loss account. The unamortised upfront payments are recognised as cost of sales when the relevant properties are sold or transferred to the cost of the properties upon completion. Where there is impairment, impairment is expensed in the profit and loss account.

(p) Hotel and restaurant inventories

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

(q) 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 "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 "administrative expenses" in the profit and loss account. Trade and other receivables in the balance sheet are stated net of such provision.

(r) Trade payables

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

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is 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.

2 Principal accounting policies (continued)

(t) Borrowings

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

(u) Convertible bonds

Convertible bonds that can be converted by the holder into a fixed number of ordinary shares of the Company are accounted for as hybrid instruments consisting of an embedded derivative and a host debt contract.

At initial recognition, the embedded derivative of the convertible bonds is accounted for as derivative financial instruments and is measured at fair value. Any excess of proceeds over the amount initially recognised as the derivative component is recognised as liability under the contract. Transaction costs that relate to the issue of the convertible bonds are allocated to the liability under the contract.

The derivative component is subsequently carried at fair value and changes in fair value are recognised in the profit and loss account. The liability under the contract is subsequently carried at amortised cost, calculated using the effective interest method, until extinguished on conversion or maturity.

When the bond is converted, the carrying amount of the liability under the contract together with the fair value of the relevant derivative component at the time of conversion are transferred to share capital and share premium as consideration for the shares issued. When the bond is redeemed, any difference between the redemption amount and the carrying amounts of both components is recognised in the profit and loss account.

(v) Employee benefits

(i) Employee leave entitlements

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

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

2 Principal accounting policies (continued)

(v) Employee benefits (continued)

(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.

(iii) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. 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. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to equity.

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.

(w) 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, jointly controlled entities and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the 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.

2 Principal accounting policies (continued)

(w) Current and deferred income tax (continued)

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 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.

(x) 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.

(y) 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 strategic decisions, is identified as the Board of Directors of the Company.

(z) 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)

(z) 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) Investments and others

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

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

(aa) 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)

(aa) 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 and of borrowings, are taken to shareholders' equity. 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.

(ab) 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)

(ac) 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.

(ad) 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.

(ae) 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.

(af) Dividend distribution

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

(ag) 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.

(ah) Financial guarantee

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

The Company accounts for its financial guarantee contracts in respect of guarantees provided to its subsidiary in accordance with HKFRS 4, "Insurance Contracts".

3 Financial risk management

3.1 Financial risk factors

The Group and its associated companies' 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 and its associated companies operate mainly in Hong Kong and have limited exposures to foreign exchange risk arising from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The associated companies have certain investments in foreign operations in Canada and Mainland China, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the foreign operations in Canada is managed primarily through borrowings denominated in the relevant foreign currency.

The Group and its associated companies are 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. The Group's financial instruments are denominated in Sterling and Euro. The associated companies' financial instruments are denominated in United States dollar, Sterling, Euro and Japanese Yen.

At 31st March 2010, the Group's entities with functional currency of Hong Kong dollar had United States dollar net monetary assets of HK$831,000 (2009: HK$132,129,000). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to United States dollar, management considers that there are no significant foreign exchange risk with respect to United States dollar.

At 31st March 2010, the associated companies with functional currency of Hong Kong dollar had United States dollar net monetary assets of HK$862,701,000 (2009: HK$279,165,000) shared by the Group. Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to United States dollar, management considers that there is no significant foreign exchange risk with respect to United States dollar.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

If foreign currency had strengthened/weakened by 5%, the Group's post tax profit (2009: post tax loss) for the year would have the following changes:

	2010			2009		
	Net monetary assets/ (liabilities)	**Effect on post tax result if exchange rate change by +5%**	**-5%**	Net monetary assets/ (liabilities)	Effect on post tax result if exchange rate change by +5%	-5%
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Group						
Sterling	**344,500**	**17,225**	**(17,225)**	–	–	–
Euro	**44,890**	**2,245**	**(2,245)**	–	–	–
Share of associated companies						
Sterling	**563,217**	**26,082**	**(26,082)**	2,780	97	(97)
Euro	**91,125**	**3,342**	**(3,342)**	18,473	643	(643)
Japanese Yen	**(33,472)**	**(2,391)**	**2,391**	(50,602)	(3,451)	3,451

(ii) Price risk

The Group and its associated companies are exposed to equity and debt securities price risk from their available-for-sale investments, financial assets at fair value through profit or loss and derivative financial instruments. The performance of investments of the Group and its associated companies are closely monitored, together with an assessment of their relevance to their long-term strategic plans.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Price risk (continued)

The Group's and its associated companies' 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, Luxembourg Stock Exchange, Singapore Stock Exchange and New York 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.

If every 10% increase/decrease in the prices of financial instruments or underlying assets, the Group's post tax profit (2009: post tax loss) for the year would have the following changes:

	2010				2009			
	Effect on post tax result if price change by		**Effect on available-for-sale investment reserve if price change by**		Effect on post tax result if price change by		Effect on available-for-sale investment reserve if price change 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	**39,123**	**(39,123)**	**–**	**–**	17,956	(17,956)	–	–
Derivative financial instruments	**333**	**(333)**	**–**	**–**	1,760	(1,760)	–	–
Share of associated companies								
Financial assets at fair value through profit or loss	**136,819**	**(136,819)**	**–**	**–**	27,473	(27,473)	–	–
Available-for-sale investments	**–**	**(131)**	**8,242**	**(8,111)**	3,153	(3,153)	3,189	(3,189)

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

The credit risk of the Group and its associated companies mainly arise from cash and cash equivalents (note 25), financial assets at fair value through profit or loss (note 22), derivative financial instruments (note 23), as well as credit exposures to mortgage loan receivable and trade and other receivables.

The Group and its associated companies are 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 and its associated companies have limited its credit exposure by restricting their selection of financial institutions.

Trade and other debtors 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 and its associated companies are unable to meet their current obligations when they fall due. The Group and its associated companies closely monitor their 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 and its associated companies maintain 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 financial liabilities are analysed in the financial statements.

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

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

	At 31st March 2010		At 31st March 2009		
	Within 1 year HK$'000	**Total undiscounted cash flows HK$'000**	Within 1 year HK$'000	Within 2 to 5 years HK$'000	Total undiscounted cash flows HK$'000
Group					
Trade and other payables	**54,297**	**54,297**	19,367	–	19,367
Amounts due to associated companies	**494**	**494**	390	–	390
Amounts due to minority shareholders	**–**	**–**	8,311	–	8,311
Short-term borrowings – secured	**6,001**	**6,001**	29,047	–	29,047
Convertible bonds	**–**	**–**	3,200	81,600	84,800
	60,792	**60,792**	60,315	81,600	141,915
Company					
Trade and other payables	**890**	**890**	1,073	–	1,073
Convertible bonds	**–**	**–**	3,200	81,600	84,800
	890	**890**	4,273	81,600	85,873

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(d) Cash flow interest rate risk

The Group's interest rate risk arise from deposits and borrowings issued at variable rates.

During the year, the Group's deposits and borrowings at variable rate were denominated in Hong Kong dollar and United States dollar. At 31st March 2010, if market interest rates had been 10 basis points higher/lower with all other variables held constant, the Group's post tax profit (2009: post tax loss) for the year would have been HK$13,000 higher/lower (2009: HK$6,000 higher/lower).

Other than bank balances and deposits, mortgage loans receivable, loans receivable and advance to an associated company (collectively "Interest Bearing Assets"), the associated companies have no other significant interest bearing assets. The associated companies' interest rate risk also arise from borrowings and amounts due to minority shareholders ("Interest Bearing Liabilities").

During the year, the associated companies' deposits and borrowings at variable rate were denominated in Hong Kong dollar, United States dollar, Sterling, Euro and Japanese Yen. At 31st March 2010, if market interest rates had been 10 basis points higher/lower with all other variables held constant, the Group's post tax profit (2009: post tax loss) for the year would have been HK$617,000 lower/higher (2009: HK$451,000 higher/lower).

3.2 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. This ratio is calculated as net debt divided by net assets. Net debt is calculated as total current and non-current borrowings less bank balances and cash.

3 Financial risk management (continued)

3.2 Capital risk management (continued)

The gearing ratios at 31st March 2010 and 2009 were as follows:

	2010	2009
	HK$'000	HK$'000
Short-term borrowings *(note 28)*	**(6,000)**	(29,039)
Liability component of convertible bonds *(note 29)*	**–**	(76,188)
Total borrowings	**(6,000)**	(105,227)
Less: bank balances and cash *(note 25)*	**31,064**	36,579
Net cash/(debt)	**25,064**	(68,648)
Net asset value	**4,134,213**	2,344,121
Gearing ratio against net asset value	**–**	2.9%

3.3 Fair value estimation

Effective 1st April 2009, the group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- 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).

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31st March 2010.

	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
Assets			
Financial assets at fair value through profit or loss			
– Trading securities *(note 22)*	391,595	–	391,595
– Warrant assets *(note 24)*	–	1,439	1,439
	391,595	1,439	393,034
Liabilities	–	–	–

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

The fair values of financial instruments that are not traded in an active market are 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 and its associated companies make 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 2010, the associated companies had investment properties with fair value of HK$1,190,008,000 (2009: HK$838,736,000) shared by the Group. 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;

(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.

4 Critical accounting estimates and judgements (continued)

(b) Impairment of assets

(i) Available-for-sale investments

The Group and its associated companies follow 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. Sensitivity analysis of change in fair value is disclosed in note 3.1(a)(ii).

(ii) Trade and other receivables

The policy for provision for impairment of receivables of the Group and its associated companies are based on the evaluation of collectability and ageing analysis and by management judgement. A considerable amount of judgement of HK$56,922,000 (2009: HK$7,210,000) is required in assessing the ultimate realisation of these receivables.

(c) Income taxes

The Group and its associated companies are 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 30) which principally relate to tax losses, depends on management's expectation of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

(d) Fair value of derivative financial instruments, warrant assets and convertible bonds

The fair values of derivative financial instruments, warrant assets and convertible bonds 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, warrant assets and convertible bonds.

5 Turnover and segment information

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

The Group, its jointly controlled entities and its associated companies are principally engaged in property management, development and investment, hotel, catering services and travel agency, and investments. Turnover comprises revenue from property management, dividend and interest income, together with gross proceeds from disposal of financial assets at fair value through profit or loss and derivative financial instruments. Revenues include revenue from property management and dividend and interest 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 management.

The Group, its jointly controlled entities and associated companies are organised into four main operating segments, comprising property sales, property leasing and management, hotel and travel, and investments. There is no other significant identifiable separate operating segment. Segment revenue from external customers is after elimination of inter-segment revenue. Additional segment information of associated companies was set out in supplementary notes.

Segment assets consist primarily of property, plant and equipment, available-for-sale investments, deferred income tax assets, trade and other receivables, financial assets at fair value through profit or loss, derivative financial instruments and restricted bank balances and mainly exclude warrant assets and unrestricted bank balances and cash. Segment liabilities comprise mainly trade and other payables, amounts due to minority shareholders and short-term borrowings and exclude convertible bonds.

5 Turnover and segment information (continued)

	Property management HK$'000	Investments HK$'000	Others HK$'000	Total HK$'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
Net investment gain	–	296,198	–	296,198
Other income and charges	–	–	(1,581)	(1,581)
Segment results	2,979	334,289	(1,581)	335,687
Unallocated corporate expenses				(10,036)
Operating profit				325,651
Finance costs				(7,573)
Share of profits of				
Jointly controlled entities	–	–	1,039	1,039
Associated companies *(note (i))*				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$'000	Investments HK$'000	Others HK$'000	Total HK$'000
2009				
Turnover	13,372	128,195	610	142,177
Segment revenue	13,372	15,873	610	29,855
Contribution to segment results	4,744	15,873	610	21,227
Net investment loss	–	(73,592)	–	(73,592)
Other income and charges	–	–	(7,763)	(7,763)
Segment results	4,744	(57,719)	(7,153)	(60,128)
Unallocated corporate expenses				(12,922)
Operating loss				(73,050)
Finance costs				(4,503)
Share of losses of associated companies *(note (i))*				(180,203)
Negative goodwill arising from acquisition of additional interest in associated companies				22,103
Loss before income tax				(235,653)
Income tax expense				(3,135)
Loss for the year				(238,788)

5 Turnover and segment information (continued)

Note (i): Share of profits/(losses) of associated companies

	2010	2009
	HK$'000	HK$'000
Property sales	**242,471**	(7,775)
Property leasing	**339,584**	(34,454)
Hotel and travel	**12,038**	21,801
Investments	**666,686**	(143,356)
Others	**8,106**	22,364
Finance costs	**(20,237)**	(20,787)
Income tax (expense)/credit	**(76,660)**	4,268
Unallocated corporate expenses	**(30,234)**	(22,264)
	1,141,754	(180,203)

	Property management	**Investments**	**Others**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
2010				
Segment assets	**13,919**	**448,060**	**–**	**461,979**
Associated companies *(note (ii))*				**3,713,848**
Bank balances and cash, unrestricted				**17,597**
Warrant assets				**1,439**
Other receivables				**141**
				4,195,004
Segment liabilities	**16,684**	**42,232**	**–**	**58,916**
Other payables and accruals				**1,875**
				60,791
Additions to non-current assets*	**28**	**–**	**–**	**28**

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

5 Turnover and segment information (continued)

	Property management HK$'000	Investments HK$'000	Others HK$'000	Total HK$'000
2009				
Segment assets	14,750	212,640	315	227,705
Jointly controlled entities	–	–	7,272	7,272
Associated companies *(note (ii))*				2,216,517
Bank balances and cash, unrestricted				22,182
Warrant assets				4,439
Other receivables				378
				2,478,493
Segment liabilities	17,659	29,039	8,311	55,009
Convertible bonds				77,265
Other payables and accruals				2,098
				134,372
Additions to non-current assets*	26	–	–	26

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

Note (ii): Share of segment assets less liabilities of associated companies

	2010 HK$'000	2009 HK$'000
Property sales	**700,395**	672,841
Property leasing	**1,239,417**	847,673
Hotel and travel	**629,678**	616,587
Investments	**1,207,275**	170,332
Others	**145,770**	67,825
Other unallocated liabilities	**(208,687)**	(158,741)
	3,713,848	2,216,517

5 Turnover and segment information (continued)

	Revenue HK$'000	**Non-current assets*** HK$'000
2010		
Hong Kong	**14,328**	**3,713,933**
Overseas	**35,588**	**–**
	49,916	**3,713,933**
2009		
Hong Kong	16,948	2,224,212
Overseas	12,907	–
	29,855	2,224,212

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

6 Net investment gain/(loss)

	2010 **HK$'000**	2009 HK$'000
Net realised gain/(loss) on		
– Financial assets at fair value through profit or loss	**208,552**	–
– Derivative financial instruments	**331**	2,452
– Available-for-sale investments	**21,992**	(4,733)
Net unrealised gain/(loss) on		
– Financial assets at fair value through profit or loss	**69,001**	(41,965)
– Derivative financial instruments	**–**	2,563
Impairment of available-for-sale investments *(note 20)*	**–**	(31,909)
Provision for interest receivable from financial assets at fair value through profit or loss	**(3,678)**	–
	296,198	(73,592)

7 Income and expenses by nature

	2010 HK$'000	2009 HK$'000
Income		
Bank interest income	**33**	622
Interest income from listed investments	**21,201**	4,867
Dividend income from listed investments	**16,365**	10,994
Expenses		
Auditor's remuneration	**1,112**	1,170
Depreciation	**366**	775
Employee benefit expenses, including Directors' emoluments *(note 11)*	**12,994**	13,471
Operating lease rental expenses for land and buildings	**630**	556

8 Other income and charges

	2010 HK$'000	2009 HK$'000
Realised loss on warrant assets *(note 24)*	**(3,813)**	–
Unrealised gain/(loss) on		
– Warrant assets *(note 24)*	**813**	(17,456)
– Warrant liabilities	**–**	7,341
– Convertible bonds *(note 29)*	**1,077**	2,384
Net exchange gains	**342**	368
Provision for advances to a jointly controlled entity	**–**	(400)
	(1,581)	(7,763)

9 Finance costs

	2010 HK$'000	2009 HK$'000
Interest expenses on short-term borrowings	**1,647**	856
Interest expenses on convertible bonds	**4,545**	3,028
Amortisation of issue expenses of convertible bonds	**1,381**	619
	7,573	4,503

10 Directors' and senior management emoluments

(a) The aggregate amount of emoluments paid and payable to Directors of the Company for the years ended 31st March 2010 and 2009 are as follows:

Name of director	Directors' fee HK$'000	Salaries, allowances and benefits in kind HK$'000	2010 Total HK$'000	Directors' fee HK$'000	Salaries, allowances and benefits in kind HK$'000	2009 Total HK$'000
Executive						
Mr. Poon Jing	–	5,000	5,000	–	4,500	4,500
Mr. Fung Siu To, Clement	–	–	–	–	–	–
Dr. Lim Yin Cheng	–	–	–	–	–	–
Mr. Lun Pui Kan	–	–	–	–	–	–
Mr. Kwan Po Lam, Phileas	–	–	–	–	–	–
Non-executive						
Mr. Chan Sze Hung	20	–	20	20	–	20
Independent Non-executive						
Mr. Cheung Kwok Wah	200	–	200	200	–	200
Mr. Wong Chi Keung	200	–	200	200	–	200
Mr. Hung Yat Ming	200	–	200	200	–	200
	620	5,000	5,620	620	4,500	5,120

(b) The five highest paid individuals in the Group for the year include one (2009: one) Director whose emoluments are already reflected in the analysis presented above.

The emoluments payable to the remaining four (2009: four) individuals during the years are as follows:

	2010 HK$'000	2009 HK$'000
Basic salaries, allowances, benefits in kind and share option benefits	1,756	1,564

The emoluments fell within the following bands:

	Number of individuals 2010	2009
Emolument bands		
Below HK$1,000,000	4	4

(c) Key management comprises all Directors of the Group.

11 Employee benefit expense

	2010 HK$'000	2009 HK$'000
Wages and salaries	**12,725**	12,027
Retirement benefits costs *(note (a))*	**269**	184
Employee share option benefits *(note (b))*	**–**	1,260
	12,994	13,471

Employee benefit expense is stated inclusive of Directors' emoluments.

Notes:

(a) Retirement benefits costs

	2010 HK$'000	2009 HK$'000
Gross contributions	**269**	287
Forfeitures utilised	**–**	(103)
Net contributions	**269**	184

The Group participates in two types of defined contribution schemes for employees, namely the Mandatory Provident Fund ("MPF") Scheme and Occupational Retirement Scheme Ordinance ("ORSO") Scheme 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 employees' 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 is available to all employees not joining the ORSO schemes in Hong Kong. Monthly contributions to the MPF scheme are made equal to 5% (2009: 5%) or a fixed sum of the employee's relevant income in accordance with the legislative requirements.

As at 31st March 2010, no forfeitures (2009: Nil) were available to reduce the Group's future contributions to the ORSO schemes.

11 Employee benefit expense (continued)

(b) Share options

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

During the year, there is no movement of share options held under the schemes and details as at 31st March 2010 are as follows:

Date of grant	Expiry date	Exercise price per share	Number of share options outstanding at 31st March 2009 and 2010
29th March 2007	29th March 2017	HK$1.4315 (as adjusted)	
Directors			8,505,204
Employees			24,172,684
Directors of a listed associated company			3,469,228
15th August 2008	15th August 2018	HK$1.0700	
Employees			5,780,000
			41,927,116

The above share options were exercisable as at 31st March 2010.

None of these options were exercised, cancelled or lapsed (2009: Nil).

The following assumptions were used to calculate the fair values of share options granted on 15th August 2008:

Closing share price at the date of grant (HK$)	1.01
Exercise price (HK$)	1.070
Expected life of options (years)	4
Expected volatility (%)	35.15
Risk free rate (%)	2.795

The volatility measured at the standard deviation of expected share price returns was based on statistical analysis of daily share prices over one year immediately preceding the grant date. The calculation of fair values of share options granted was determined by Trinomial option pricing model based on the assumption that there was no material difference between the expected volatility over the whole life of the options and the historical volatility of the shares.

12 Income tax expense

	2010 HK$'000	2009 HK$'000
Deferred income tax	**(185)**	(3,135)

No provision for Hong Kong profits tax has been made as the Group had sufficient tax losses brought forward to set off against the estimated assessable profits for the current year. In 2009, no provision for Hong Kong profits tax was made as the Group had no assessable profits for the year.

Share of HK$76,660,000 income tax expense (2009: HK$4,268,000 income tax credit) of associated companies for the year is included in the profit and loss account as share of profits of associated companies. There is no share of income tax of jointly controlled entities for the year (2009: Nil).

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

	2010 HK$'000	2009 HK$'000
Profit/(loss) before income tax	**1,689,017**	(235,653)
Share of (profits)/losses of jointly controlled entities and associated companies	**(1,142,793)**	180,203
	546,224	(55,450)
Calculated at a tax rate of 16.5% (2009: 16.5%)	**(90,127)**	9,149
Income not subject to income tax	**92,176**	8,878
Expenses not deductible for tax purposes	**(1,643)**	(9,372)
Tax losses not recognised	**(1,996)**	(8,382)
Other temporary difference	**(40)**	(295)
Effect of change of profits tax rate	**–**	(145)
Derecognition of previously recognised tax losses	**(171)**	(2,968)
Utilisation of previously unrecognised tax losses	**1,616**	–
Income tax expense	**(185)**	(3,135)

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 profit of HK$35,560,000 (2009: HK$25,178,000).

14 Dividends

	2010	2009
	HK$'000	HK$'000
Interim, paid, of HK1.5 cents (2009: Nil) per share in scrip	**10,512**	–
Final, proposed, of HK1.25 cents (2009: Nil) per share with a scrip option	**8,859**	–
	19,371	–

At a meeting held on 29th June 2010, the Board of Directors has proposed to pay a final dividend of HK1.25 cents (2009: Nil) 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 2011.

The amount of HK$8,859,000 is based on 708,707,100 issued shares as at 29th June 2010.

15 Earnings/(loss) per share

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

	2010 HK$'000	2009 HK$'000
Profit/(loss) attributable to shareholders of the Company	**1,688,832**	(238,788)
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/(loss) for calculation of diluted earnings/(loss) per share	**1,692,276**	(238,788)

	Number of shares	
Weighted average number of shares for calculation of basic earnings/(loss) per share	**680,763,526**	638,512,374
Effect of dilutive potential shares:		
Convertible bonds assumed to be converted at beginning of the year	**45,521,602**	–
Weighted average number of shares for calculation of diluted earnings/(loss) per share	**726,285,128**	638,512,374

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 International Group Limited ("Asia Standard") and Asia Standard Hotel Group Limited ("AS Hotel") since their exercise would have an anti-dilutive effect.

The basic and diluted loss per share were the same for the year ended 31st March 2009 as the outstanding warrants and the outstanding share options of the Company, Asia Standard and AS Hotel and the Company's outstanding convertible bonds did not have a dilutive effect on the loss per share in 2009.

16 Property, plant and equipment

	Office equipment
	HK$'000
Cost	
At 31st March 2009	5,092
Additions	28
At 31st March 2010	**5,120**
Accumulated depreciation	
At 31st March 2009	4,669
Charge for the year	366
At 31st March 2010	**5,035**
Net book value	
At 31st March 2010	**85**
Cost	
At 31st March 2008	5,066
Additions	26
At 31st March 2009	5,092
Accumulated depreciation	
At 31st March 2008	3,894
Charge for the year	775
At 31st March 2009	4,669
Net book value	
At 31st March 2009	423

17 Subsidiaries

	2010 HK$'000	2009 HK$'000
Unlisted shares, at cost	**2,823,639**	2,823,639
Amounts due by subsidiaries less provisions	**1,202,376**	1,199,446
	4,026,015	4,023,085

Details of the principal subsidiaries are set out in note 39.

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

18 Jointly controlled entities

	2010 HK$'000	2009 HK$'000
Share of net liabilities	**(43,036)**	(35,764)
Advances to jointly controlled entities less provisions	**43,036**	43,036
Total carrying amounts of jointly controlled entities	**–**	7,272

Advances to jointly controlled entities are made to finance working capital of those jointly controlled entities. The amounts are unsecured, interest free and have no fixed terms of repayment.

18 Jointly controlled entities (continued)

The Group's share of assets and liabilities and results of jointly controlled entities are as follows:

	2010	2009
	HK$'000	HK$'000
Assets		
Non-current assets	**–**	–
Current assets	**265**	294
	265	294
Liabilities		
Non-current liabilities	**42,535**	35,194
Current liabilities	**766**	864
	43,301	36,058
Net liabilities	**(43,036)**	(35,764)
Income	**–**	–
Expense	**–**	–

19 Associated companies

Group

	2010 HK$'000	2009 HK$'000
Share of net assets	**3,630,034**	2,171,402
Share of incremental fair value of net assets upon acquisition of additional interests	**83,814**	45,115
Total carrying amounts of associated companies	**3,713,848**	2,216,517
Amounts due to associated companies included in current liabilities	**(494)**	(390)
	3,713,354	2,216,127
Market value of listed shares	**909,132**	321,365

The Group acquired additional 3.8% (2009: 0.4%) interests in Asia Standard, recognising a negative goodwill of HK$228,146,000 (2009: HK$22,103,000) in the consolidated profit and loss account for the year.

Certain shares of listed associated companies are pledged to secure the loan facilities granted to the Group.

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

Details of the principal associated companies are set out in note 39.

The Group's share of assets and liabilities (before fair value adjustments) and results of associated companies are as follows:

	2010 HK$'000	2009 HK$'000
Assets	**4,867,522**	3,280,235
Liabilities	**(1,237,488)**	(1,108,833)
Net assets	**3,630,034**	2,171,402
Revenue	**901,073**	406,614
Profit/(loss) for the year	**1,141,754**	(180,203)

19 Associated companies (continued)

Company

	2010 **HK$'000**	2009 HK$'000
Shares listed in Hong Kong at cost	**99,505**	93,062
Market value of listed shares	**67,886**	53,542

20 Available-for-sale investments

	2010 **HK$'000**	2009 HK$'000
At the beginning of the year	**17,658**	88,760
Additions	**8,049**	1,751
Disposals	**(25,707)**	(38,040)
Fair value loss to available-for-sale investment reserve	**–**	(2,904)
Impairment charged to profit and loss account *(note 6)*	**–**	(31,909)
At the end of the year	**–**	17,658

All available-for-sale investments were equity securities listed in Hong Kong and were denominated in Hong Kong dollar.

21 Trade and other receivables

	2010 HK$'000	2009 HK$'000
Hong Kong dollar		
Trade receivables	**495**	333
Deposits and prepayments	**126**	137
Receivable on disposal of available-for-sale investments	**47,699**	–
Other receivables	**300**	240
	48,620	710
Sterling		
Interest receivables from financial assets at fair value through profit or loss	**8,302**	–
United States dollar		
Interest receivables from financial assets at fair value through profit or loss	**–**	6,500
	56,922	7,210

The carrying amounts approximate their fair values.

Receivable on disposal of available-for-sale investments, which were listed equity securities in Hong Kong, was settled in two trade days after the transaction.

Aging analysis of trade receivables is as follows:

	2010 HK$'000	2009 HK$'000
0 – 60 days	**495**	333

The trade receivables are due upon presentation of invoices. These balances were past due but not impaired as at 31st March 2010 and 2009. The maximum exposure of trade and other receivables to credit risk is the carrying value.

22 Financial assets at fair value through profit or loss

	2010	2009
	HK$'000	HK$'000
Equity securities		
– listed in Hong Kong	**2,205**	36,599
– listed in UK	**36,956**	–
Preference securities		
– listed in USA	**–**	104,587
Debt securities		
– listed in Europe	**352,434**	44,410
	391,595	185,596

Financial assets at fair value through profit or loss held for trading are denominated in the following currencies:

Hong Kong dollar	**2,205**	36,599
Sterling	**344,500**	–
Euro	**44,890**	–
United States dollar	**–**	148,997
	391,595	185,596

Note:

The debt securities carry fixed coupons ranging from 6.461% to 7.754% (2009: 10%) per annum and their nominal values are GBP36,338,000 and EUR7,000,000 (2009: US$20,000,000).

23 Derivative financial instruments

	2010	2009
	HK$'000	HK$'000
Warrants and rights issue entitlement of listed equity securities in Hong Kong	**–**	2,563

24 Warrant assets

During the year, all outstanding bonus warrants granted from Asia Standard, a listed associated company, in prior year were converted to its equity shares at the conversion price of HK$0.085.

Following the reset arrangement on 6th March 2009 and capital reorganisation on 9th September 2009, the exercise price of the warrants from AS Hotel, another listed associated company, was adjusted to HK$0.29 per share.

Movement of the warrants during the year is as follows:

	2010	2009
	HK$'000	HK$'000
At the beginning of the year	**4,439**	10,163
Conversion of warrants *(note 8)*	**(3,813)**	–
Fair value gain/(loss) to profit and loss account *(note 8)*	**813**	(17,456)
Fair value of warrants granted	**–**	11,732
At the end of the year	**1,439**	4,439

The fair value of warrants at 31st March 2010 and 2009 is determined using Lattice model.

The following assumptions were used to calculate the fair values of warrants at 31st March 2010.

	AS Hotel
Closing share price at 31st March 2010 (HK$)	0.51
Exercise price (HK$)	0.29
Expected remaining life of warrants (months)	5.2
Expected volatility (%)	35.53
Risk free rate (%)	0.15

25 Bank balances and cash

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**17,597**	18,166	**131**	126
Short-term deposits	**–**	4,016	**–**	–
Cash and cash equivalents	**17,597**	22,182	**131**	126
Restricted bank balances *(note)*	**13,467**	14,397	**–**	–
	31,064	36,579	**131**	126

Note:

These balances are building management funds restricted for buildings managed by the Group.

26 Trade and other payables

	2010	2009
	HK$'000	HK$'000
Trade payables	**38,995**	3,051
Building management account surplus	**12,997**	14,078
Other payables	**800**	596
Accrued expenses	**1,505**	1,642
	54,297	19,367

Trade and other payables of the Group include trade payables, rental and management fee deposits and various accruals.

The carrying amounts approximate their fair values and are denominated in Sterling and Hong Kong dollar.

26 Trade and other payables (continued)

Aging analysis of trade payables is as follows:

	2010 HK$'000	2009 HK$'000
0 – 60 days	**38,899**	2,977
61 – 120 days	**67**	21
More than 120 days	**29**	53
	38,995	3,051

27 Amounts due to minority shareholders

Amounts due to minority shareholders were unsecured, interest free and had no specific terms of repayment.

28 Short-term borrowings, secured

The effective interest rate of the short-term borrowings at the balance sheet date is 1.05% (2009: ranged from 1% over HIBOR to 1.25% over LIBOR) per annum. The maturity of all short-term borrowings is repayable within one year. The carrying amounts of the short-term borrowings approximate their fair values.

As at 31st March 2010, the short-term borrowings are secured by certain shares of listed associated companies. As at 31st March 2009, the short-term borrowings are secured by certain shares of listed associated companies and certain financial assets at fair value through profit or loss held by the Group.

Short-term borrowings are denominated in the following currencies:

	2010 HK$'000	2009 HK$'000
Hong Kong dollar	**6,000**	12,000
United States dollar	**–**	17,039
	6,000	29,039

29 Convertible bonds

On 18th August 2008, the Company issued convertible bonds with principal amount of HK$80 million which bears interest at 4% per annum payable semi-annually in arrears for two years. On 30th November 2009, the bonds were fully redeemed.

The convertible bonds were recognised as follows:

	Liability component	**Derivative component**	**Total**
	HK$'000	HK$'000	HK$'000
At 31st March 2009	76,188	1,077	77,265
Finance costs	2,532	–	2,532
Fair value gain to profit and loss account *(note 8)*	–	(1,077)	(1,077)
Full redemption of convertible bonds	(78,720)	–	(78,720)
At 31st March 2010	–	–	–

30 Deferred income tax assets

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

	Group		**Company**	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Deferred income tax assets	**51**	236	**–**	171

30 Deferred income tax assets (continued)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year is as follows:

Group

Deferred income tax assets

	Accelerated accounting depreciation		Tax losses		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**29**	32	**213**	3,347	**242**	3,379
Recognised in the profit and loss account	**1**	(3)	**(185)**	(3,134)	**(184)**	(3,137)
At the end of the year	**30**	29	**28**	213	**58**	242

Deferred income tax liabilities

	Fair value gains on available-for-sale investments		Accelerated tax depreciation		Total	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**–**	(832)	**(6)**	(8)	**(6)**	(840)
Recognised in the profit and loss account	**–**	–	**(1)**	2	**(1)**	2
Charged directly to equity	**–**	832	**–**	–	**–**	832
At the end of the year	**–**	–	**(7)**	(6)	**(7)**	(6)

30 Deferred income tax assets (continued)

Company

Deferred income tax assets

	Tax losees	
	2010	2009
	HK$'000	HK$'000
At the beginning of the year	**171**	171
Recognised in the profit and loss account	**(171)**	–
At the end of the year	**–**	171

Deferred income tax assets are recognised for tax losses carry forwards to the extent that realisation of the related tax benefits through the future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$14 million (2009: HK$13 million) in respect of losses amounting to HK$82 million (2009: HK$78 million) that can be carried forward against future taxable income. These tax losses have no expiry date.

31 Share capital

	Number of shares		Amount	
	2010	2009	**2010**	2009
			HK$'000	HK$'000
Shares of HK$0.1 each				
Authorised				
At the beginning of the year	**3,000,000,000**	1,500,000,000	**300,000**	150,000
Increase during the year	**–**	1,500,000,000	**–**	150,000
At the end of the year	**3,000,000,000**	3,000,000,000	**300,000**	300,000
Issued and fully paid:				
At the beginning of the year	**651,477,243**	623,321,940	**65,148**	62,332
Scrip dividend *(note (a))*	**7,862,874**	11,130,751	**786**	1,113
Conversion of warrants *(note (b))*	**49,366,983**	17,024,552	**4,937**	1,703
At the end of the year	**708,707,100**	651,477,243	**70,871**	65,148

Notes:

(a) In January 2010, the Company allotted and issued 7,862,874 (2009: 11,130,751) new shares at HK$1.337 for HK$10.5 million as scrip dividend.

(b) During the year, the Company allotted and issued 49,366,983 (2009: 17,024,552) new shares for a gross consideration of HK$50.8 million (2009: HK$16.5 million) upon conversion of warrants.

32 Reserves

	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Available-for-sale investment reserve HK$'000	Share option reserve HK$'000	Warrants reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
Group								
At 31st March 2008	2,011,971	398,021	60,257	8,160	19,459	(21,748)	52,286	2,528,406
Fair value loss on available-for-sale investments	–	–	–	(34,305)	–	–	–	(34,305)
Release of reserve upon disposal of available-for-sale investments	–	–	–	(1,530)	–	–	–	(1,530)
Impairment of available-for-sale investments charged to profit and loss account	–	–	–	31,909	–	–	–	31,909
Currency translation differences of listed associated companies	–	–	–	–	–	–	(12,075)	(12,075)
Loss for the year	–	–	–	–	–	–	(238,788)	(238,788)
2008 final dividend in scrip	9,795	–	–	–	–	–	(10,908)	(1,113)
Grant of share options	–	–	–	–	1,260	–	–	1,260
Share options lapsed	–	–	–	–	(727)	–	727	–
Conversion of warrants	14,760	–	–	–	–	4,831	(4,831)	14,760
Expiry of warrants	–	–	–	–	–	16,917	(16,917)	–
Share of reserves of associated companies	–	–	–	(9,551)	(1,082)	–	1,082	(9,551)
At 31st March 2009	2,036,526	398,021	60,257	(5,317)	18,910	–	(229,424)	2,278,973
Currency translation differences of listed associated companies	–	–	–	–	–	–	12,508	12,508
Profit for the year	–	–	–	–	–	–	1,688,832	1,688,832
2009 interim dividend in scrip	9,726	–	–	–	–	–	(10,512)	(786)
Conversion of warrants	45,862	–	–	–	–	–	–	45,862
Share of reserves of associated companies	–	–	–	37,953	–	–	–	37,953
At 31st March 2010	**2,092,114**	**398,021**	**60,257**	**32,636**	**18,910**	**–**	**1,461,404**	**4,063,342**

32 Reserves (continued)

	Share premium HK$'000	Contributed surplus HK$'000	Share option reserve HK$'000	Warrants reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
Company						
At 31st March 2008	2,011,971	1,895,806	10,933	(21,748)	36,316	3,933,278
Profit for the year	–	–	–	–	25,178	25,178
2008 final dividend in scrip	9,795	–	–	–	(10,908)	(1,113)
Grant of share options	–	–	1,260	–	–	1,260
Share options lapsed	–	–	(727)	–	727	–
Conversion of warrants	14,760	–	–	4,831	(4,831)	14,760
Expiry of warrants	–	–	–	16,917	(16,917)	–
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
2009 interim dividend in scrip	9,726	–	–	–	(10,512)	(786)
Conversion of warrants	45,862	–	–	–	–	45,862
At 31st March 2010	**2,092,114**	**1,895,806**	**11,466**	**–**	**54,613**	**4,053,999**

Note:

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

33 Capital commitments

At 31st March 2010, neither the Group nor the Company had any capital commitments which were contracted but not provided for, nor authorised but not contracted for (2009: Nil).

34 Operating lease arrangements

Lessee

At 31st March 2010, the future aggregate minimum lease payments payable under non-cancellable operating leases were as follows:

	Group	
	2010	2009
	HK$'000	HK$'000
In respect of land and building		
Within one year	**210**	630
In the second to fifth year inclusive	**–**	210
	210	840

As 31st March 2010, the Company had no operating lease arrangements (2009: Nil).

35 Financial guarantees

	Group		Company	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Guarantees for the banking and loan facilities of subsidiaries	**–**	–	**6,000**	12,000

At 31st March 2010, the Company had no liability regarding to its financial guarantees as disclosed above (2009: Nil).

36 Note to consolidated statement of cash flows

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

	2010 HK$'000	2009 HK$'000
Profit/(loss) before income tax	**1,689,017**	(236,154)
Negative goodwill arising from acquisition of additional interest in associated companies	**(228,146)**	(22,103)
Share of profits less losses of associated companies and jointly controlled entities	**(1,142,793)**	180,704
Dividend income	**(16,365)**	(10,994)
Depreciation	**366**	775
Amortisation of issue expenses of convertible bonds	**1,381**	619
Employee share option benefits	**–**	1,260
Net realised and unrealised (gain)/loss on financial assets at fair value through profit or loss	**(277,553)**	41,965
Net realised and unrealised loss/(gain) on derivative financial instruments	**2,405**	(7,399)
Realised (gain)/loss on available-for-sale investments	**(21,992)**	4,733
Impairment of available-for-sale investments	**–**	31,909
Net unrealised (gain)/loss on warrant assets and liabilities	**(813)**	10,115
Provision for interest receivable on financial assets at fair value through profit or loss	**3,678**	–
Provision for advances to a jointly controlled entity	**–**	400
Interest income	**(21,234)**	(5,489)
Interest expense	**5,430**	3,149
Operating loss before working capital changes	**(6,619)**	(6,510)
Increase in trade and other receivables	**(70)**	(1,383)
Decrease/(increase) in financial assets at fair value through profit or loss	**104,108**	(220,425)
Disposal of derivative financial instruments	**367**	2,452
Decrease in restricted bank balances	**930**	15,846
Decrease in trade and other payables	**(914)**	(16,652)
Net cash generated from/(used in) operations	**97,802**	(226,672)

37 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:

Sales and purchases of goods and services

	2010 HK$'000	2009 HK$'000
Income from/(expense to) associated companies		
Management fee income *(note (a))*	**1,005**	1,015
Cleaning income *(note (b))*	**867**	744
Rental expenses *(note (c))*	**(630)**	(555)

Notes:

(a) Management fee income is charged for management services rendered at a mutually agreed fee.

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

(c) Rental expenses are 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 18 and 19 respectively.

(e) No significant transactions have been entered with the Directors of the Company (being the key management) during the year other than the emoluments paid to them as disclosed in note 10.

38 Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

39 Principal subsidiaries and associated companies

Listed below are the principal subsidiaries and associated companies which, in the opinion of the Directors, principally affect the results and/or net assets of the Group. There is no significant jointly controlled entity.

Subsidiaries

(Unless indicated otherwise, they are indirectly held 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%

39 Principal subsidiaries and associated companies (continued)

Subsidiaries (continued)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Pan Spring Investment Limited	Investment holding	HK$20	100%
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%

Associated companies

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Incorporated in Bermuda			
Asia Standard Hotel Group Limited[2]	Investment holding	HK$26,245,540	36.1%
Asia Standard International Group Limited[2]	Investment holding	HK$12,471,296	49.2%

2 *Listed in Hong Kong*

39 Principal subsidiaries and associated companies (continued)

Associated companies (continued)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Incorporated in Hong Kong			
Asia Standard Development (Holdings) Limited	Investment holding	HK$10 and non-voting deferred share capital of HK$362,892,949	49.2%
Asia Standard Finance Company Limited	Financing services	HK$1,000,000	49.2%
Asia Standard International Limited	Investment holding	HK$1,214,916,441	49.2%
Asia Standard Management Services Limited	Management services	HK$2	49.2%
Cheer Selection Limited	Securities investment	HK$2	49.2%
Full Union Development Limited	Property development	HK$2	49.2%
Get Rich Enterprises Limited	Property holding	HK$2	49.2%
Hoi Chak Properties Limited	Property investment	HK$10 and non-voting deferred share capital of HK2	49.2%
JBC Travel Company Limited	Travel agency	HK$2,500,000	36.1%
Lucky New Investment Limited	Property development	HK$1	24.6%
Master Asia Enterprises Limited	Hotel holding	HK$10,000	36.1%
Paramount Shine Limited	Property development	HK$2	24.6%
Perfect Wave Limited	Catering operation	HK$2	36.1%
Stone Pole Limited	Hotel holding	HK$10	36.1%
Tilpifa Company Limited	Property investment	HK$10 and non-voting deferred share capital of HK$10,000	49.2%
Tonlok Limited	Property development	HK$1,000	49.2%
Union Rich Resources Limited	Property development	HK$2	49.2%
Vinstar Development Limited	Hotel holding	HK$2	36.1%
Winfast Engineering Limited	Construction	HK$2	49.2%

39 Principal subsidiaries and associated companies (continued)

Associated companies (continued)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Incorporated in the British Virgin Islands			
Enrich Enterprises Ltd.[3]	Hotel holding	US$1	36.1%
Global Gateway Corp.[3]	Hotel operation	US$1	36.1%
Glory Ventures Enterprises Inc.[3]	Hotel holding	US$1	36.1%
Greatime Limited	Securities investment	US$1	36.1%
Techfull Properties Corp.	Securities investment	US$1	49.2%

[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	34.3%
北京黃海房地產開發有限公司[4]	Property development	RMB240,000,000	21.6%

[4] *Operates in the PRC*

40 Approval of financial statements

The financial statements were approved by the Board of Directors on 29th June 2010.

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

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

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 2010.

Consolidated profit and loss account

For the year ended 31st March

	2010	2009
	HK$'000	HK$'000
Revenue	**1,864,888**	855,413
Cost of sales	**(977,456)**	(439,672)
Gross profit	**887,432**	415,741
Net investment gain/(loss)	**1,330,928**	(431,672)
Selling and administrative expenses	**(168,145)**	(154,900)
Depreciation and amortisation	**(97,563)**	(75,577)
Investment properties revaluation gain/(loss)	**568,674**	(109,054)
Other income and charges	**(11,478)**	40,789
Operating profit/(loss)	**2,509,848**	(314,673)
Finance costs	**(51,369)**	(55,526)
Share of profits less losses of		
Jointly controlled entities	**138,892**	(9,197)
Associated companies	**91,718**	(83,243)
Profit/(loss) before income tax	**2,689,089**	(462,639)
Income tax (expense)/credit	**(165,014)**	6,242
Profit/(loss) for the year	**2,524,075**	(456,397)
Attributable to:		
Shareholders of the Company	**2,383,270**	(381,303)
Minority interests	**140,805**	(75,094)
	2,524,075	(456,397)
Dividends	**31,178**	11,211
Earnings/(loss) per share (HK$)		
Basic and diluted	**1.99**	(0.34)

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

Consolidated balance sheet

As at 31st March

	2010 HK$'000	2009 HK$'000
Non-current assets		
Property, plant and equipment	**986,737**	940,979
Investment properties	**2,419,600**	1,849,000
Leasehold land	**1,685,605**	1,712,251
Jointly controlled entities	**674,409**	524,965
Associated companies	**654,581**	565,343
Available-for-sale investments	**228,258**	186,830
Goodwill	**5,103**	5,103
Mortgage loans receivable	**143,035**	24,747
Deferred income tax assets	**9,764**	35,239
	6,807,092	5,844,457
Current assets		
Properties under development for sale	**431,322**	400,768
Completed properties held for sale	**159,127**	698,709
Mortgage loans receivable	**35,315**	1,874
Hotel and restaurant inventories	**2,206**	2,160
Trade and other receivables	**241,590**	232,958
Financial assets at fair value through profit or loss	**3,028,862**	693,075
Derivative financial instruments	**–**	13,429
Income tax recoverable	**880**	79
Bank balances and cash	**227,657**	244,783
	4,126,959	2,287,835
Current liabilities		
Trade and other payables	**145,919**	137,497
Amount due to an associated company	**51,150**	51,150
Derivative financial instruments	**17,961**	22,344
Warrant liabilities	**17,000**	8,481
Short-term borrowings	**756,014**	415,011
Current portion of long term borrowings	**114,706**	42,230
Amounts due to minority shareholders	**–**	105,303
Income tax payable	**64,382**	28,743
	1,167,132	810,759
Net current assets	**2,959,827**	1,477,076
Total assets less current liabilities	**9,766,919**	7,321,533

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

Consolidated balance sheet (continued)

As at 31st March

	2010 HK$'000	2009 HK$'000
Non-current liabilities		
Warrant liabilities	**–**	7,893
Long-term borrowings	**1,501,907**	1,860,196
Deferred income tax liabilities	**279,355**	177,779
	1,781,262	2,045,868
Net assets	**7,985,657**	5,275,665
Equity		
Share capital	**12,471**	113,664
Reserves	**7,226,466**	4,556,311
Equity attributable to shareholders of the Company	**7,238,937**	4,669,975
Minority interests	**746,720**	605,690
	7,985,657	5,275,665

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