ASIA STANDARD INTERNATIONAL GROUP LIMITED

Stock Code: 129

Annual Report 2011

Contents

Corporate Information

Directors

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

Non-executive
Mr. Au Yat Chuen
Mr. Loup, Nicholas James

Independent Non-executive
Mr. Koon Bok Ming, Alan
Mr. Leung Wai Keung
Mr. Wong Chi Keung

Audit committee

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

Remuneration committee

Mr. Fung Siu To, Clement *(Chairman)*
Mr. Loup, Nicholas James
Mr. Koon Bok Ming, Alan
Mr. Leung Wai Keung
Mr. Wong Chi Keung

Authorised representatives

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

Company secretary

Ms. Man Sau Ying

Registered office

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

Principal office in Hong Kong

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

Principal bankers

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

Legal advisers

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

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

Auditor

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

Share registrar in Bermuda

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre,
11 Bermudiana Road,
Pembroke HM08, Bermuda

Hong Kong branch share registrar and transfer office

Computershare Hong Kong Investor Services Limited
Shops 1712 -1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East, Wanchai,
Hong Kong

Financial Highlights

For the year ended 31st March (In HK$ million, except otherwise indicated)	**2011**	2010	Change
Consolidated profit and loss account			
Revenue	**1,065**	1,865	-43%
Operating profit	**1,997**	2,510	-20%
Profit attributable to shareholders of the Company	**2,040**	2,383	-14%
Basic earnings per share (HK$)	**1.64**	1.99	-18%
Consolidated balance sheet			
Total assets	**14,622**	10,934	+34%
Net assets	**10,073**	7,986	+26%
Equity attributable to shareholders of the Company	**9,258**	7,239	+28%
Net debt	**3,571**	2,145	+66%

Supplementary information with hotel properties at valuation (note):

Revalued total assets	**18,881**	13,557	+39%
Revalued net assets	**13,632**	10,178	+34%
Equity attributable to shareholders of the Company	**11,745**	8,717	+35%
Equity attributable to shareholders of the Company per share (HK$)	**9.61**	7.00	+37%
Gearing – net debt to revalued net asset value	**26%**	21%	+5%

Note: According to the Group's accounting policies, hotel properties were carried at cost less accumulated depreciation. To give further information on the economic substance of its hotel properties investments, the Group hereby presents supplementary unaudited financial information taking into account the fair market value of hotel properties and the corresponding deferred income tax.

The hotel properties in Hong Kong and Canada were revalued by Vigers Appraisal & Consulting Limited and Grant Thornton Management Consultants (2010: Vigers Appraisal & Consulting Limited and Grant Thornton Management Consultants) respectively, independent professional valuers, on an open market value basis as at 31st March 2011.

Chairman's Statement

The Group reported a profit attributable to shareholders of HK$2,040 million, comparing to HK$2,383 million last year. The Group is pleased to harvest this favourable result, though there is a decrease from last year because of the exceptionally good contribution from financial assets investment generated last year.

The Group continues the sale of the premium residential development Westminster Terrace at Approach Bay, Kowloon. Cumulative sales reached HK$1.7 billion over 18 months and marketing for the remaining one-third units is continuing.

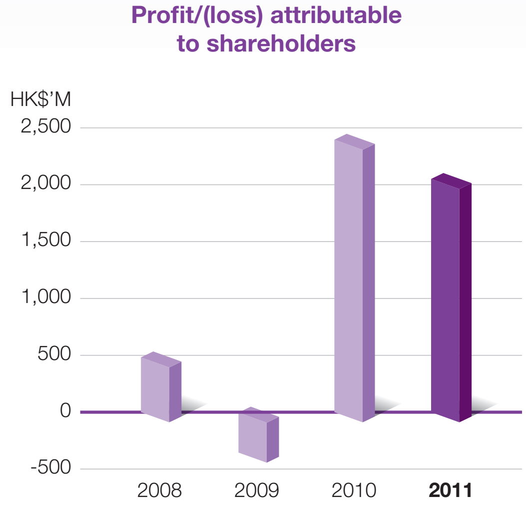
Rental income steadily increases. Hotel operating result is encouraging, rising 52% over last year. The Group also selectively acquired development sites in Macau and Shanghai during and after the financial year, paving the path for future growth.

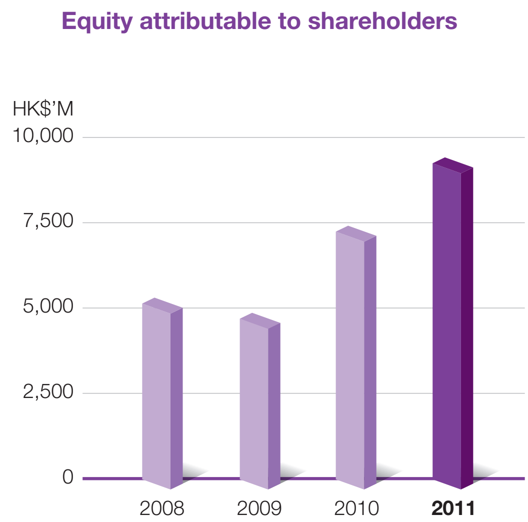
Nonetheless, we remain cautious ahead as a number of challenges and uncertainties remain in the recovery process of the global economy.

The board is pleased with the result achieved for the year and is grateful to our staff for their efforts contributed.

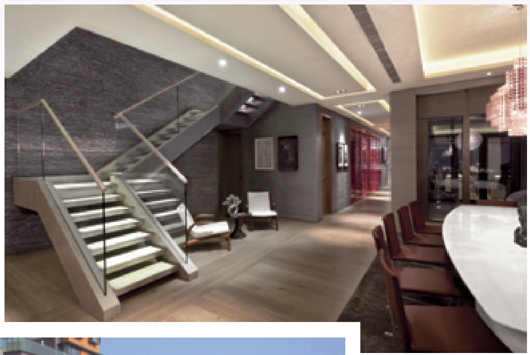
By Order of the Board
Fung Siu To, Clement
Chairman

Hong Kong, 24th June 2011





The Westminster Terrace



Results

The Group recorded a revenue of HK$1,065 million (2010: HK$1,865 million) for the financial year with profit attributable to shareholders of the Company at HK$2,040 million (2010: HK$2,383 million). The drop in group revenue occurred mainly in property sales more detailed below.

Properties Sales, Development and Leasing

Sales

Revenue from property sales amounted to HK$134 million (2010: HK$1,053 million) with operating profit of HK$79 million (2010: HK$375 million). The decrease in sales and profit arise from decrease in sales of property held by subsidiary companies.

Property sales this year was focused in The Westminster Terrace, a 50% joint venture luxurious residential development. Total sales of this project for the year amounted to HK$824 million (2010: HK$877 million) with a pre-tax profit of HK$375 million (2010: HK$370 million). By accounting convention, the relevant sales was not included in the Group's revenue and segment results but separately accounted for as share of profit from jointly controlled entity. Up to 31st March 2011, 68% of total units were sold. Sales continue for the remaining 32%, which is expected to generate further proceeds of some HK$800 million.

Management Discussion and Analysis

Asia Orient Tower

Hung Shui Kiu project

Development

The lease modification discussion of the residential development at Hung Shui Kiu, New Territories, which yield approximately 590,000 sq. ft. GFA has been in progress with Government. Planning parameters have recently been approved at our 50% joint venture in Beijing for an approximately 2 million sq. ft. GFA residential/commercial development. During the year, the Group acquired a 186,000 sq. ft. site in Macau which is under planning application for residential development. Subsequent to financial year end, the Group jointly with its partner acquired another 1.5 million sq. ft. site in Shanghai, planning to be developed into low rise residential buildings and villas. The Group has a 47.5% stake in this project.

Leasing

Rental income attributable to the Group was approximately HK$94 million compared to HK$86 million last year, a result mainly of improved leasing occupancy.

Revaluation gain net of deferred tax (including that generated from properties owned by an associated company) of HK$989 million was recorded, compared to HK$546 million of last year.

Management Discussion and Analysis

Empire Hotel Kowloon

Hotel

Revenue arising from the hotel operation increased by 21% from HK$522 million of last year to HK$632 million of current year. Occupancy increases across the fleet and room rates surge for all Hong Kong located hotels. Full year operation of Empire Causeway Bay Hotel newly opened in last financial year also account for the increase. Operating profit of HK$194 million before depreciation was recorded for the year compared to HK$128 million of last year.

An investment gain of HK$223 million (2010: HK$400 million) from its financial asset investment was registered.

Overall to the hotel group, a net profit of HK$326 million (2010: HK$435 million) on total revenue of HK$696 million (2010: HK$594 million) was recorded.

During the year our Group's shareholdings in the hotel subsidiary increased by 2.5% to 69.9%, mainly a result of exercise of hotel warrants, a negative goodwill of HK$44 million is recognised in reserves.

Investments

At 31st March 2011, the Group held financial investments of approximately HK$5,250 million (2010: HK$3,257 million), of which HK$1,919 million (2010: HK$1,157 million) were held by the listed hotel subsidiary group. The Group recorded a net unrealised fair value gain of HK$676 million (2010: HK$948 million), together with a net realised gain of HK$30 million (2010: HK$383 million) from disposals. Income during the year from these investments amounted to HK$194 million (2010: HK$200 million).

As at 31st March 2011, the Group's financial investments are denominated in different currencies, with 46% in Sterling, 33% in US$, 13% in Hong Kong dollar and 8% in Euro. During the year, HK$133 million unrealised exchange gain (2010: HK$53 million unrealised exchange loss) was recorded.

At 31st March 2011, an approximate value of HK$1,040 million (2010: HK$55 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

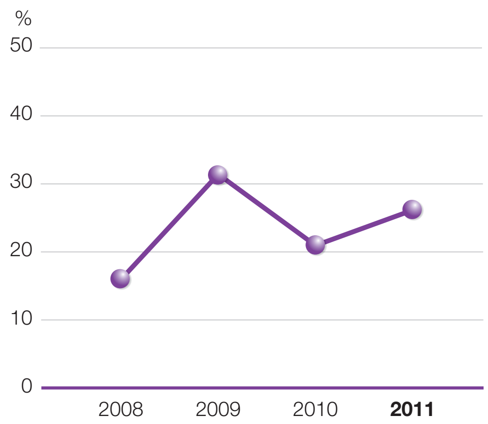
Management Discussion and Analysis

Financial Review

At 31st March 2011, the Group's total assets were approximately HK$14.6 billion, compared to HK$10.9 billion at end of last financial year. The net assets increased by 26% to HK$10.1 billion. Adopting market value of hotel properties instead of amortised cost, the revalued total assets and revalued net assets of the Group would be HK$18.9 billion and HK$13.6 billion, an increase of 39% and 34% compared to HK$13.6 billion and HK$10.2 billion respectively at the end of last financial year.

Net debt increased to HK$3.6 billion (2010: HK$2.1 billion), including HK$1.7 billion (2010: HK$1.4 billion) which belonged to the separately listed hotel subsidiary group. Net debt to revalued net asset value is approximately 26% (2010: 21%). Total interest expense increased by 14% due to increased borrowings.

Gearing ratio
(net debt to revalued net asset value)



About 78% of the Group's borrowings are in Hong Kong dollar. All the debts are at floating rates and interest rate fluctuation is partly managed through interest rate swaps. As at 31st March 2011, a total of HK$200 million interest rate swap contracts were held for hedging purpose against our borrowings. The maturity of our debts spread over a long period of up to 15 years, with approximately 40% repayable within one year and 44% repayable after five years. As at 31st March 2011, the Group had net current assets of HK$5,023 million (2010: HK$2,215 million).

As at 31st March 2011, property assets with an aggregated net book value of HK$7,779 million (2010: HK$6,022 million) were pledged to secure banking facilities of the Group. There were no guarantees provided to financial institutions (2010: HK$108 million to a jointly controlled entity).

Employees and Remuneration Policies

As at 31st March 2011, the Group employed 480 employees. The remuneration packages including basic salary, annual bonus, share options, retirement and other benefits are commensurate with their job nature and level of experience.

Future Prospect

Visitors arrivals continue to be robust, benefiting from Mainland's Individual Visit Scheme and Hong Kong's position as a business hub of the region. With most currencies appreciate against Hong Kong Dollar, its attractiveness further increase as a relatively cheaper place of spending.

Hong Kong properties have witnessed an unprecedented growth in capital values in recent years due to inflation hedge and international capital inflows looking for capital protections and gains in the face of abundant credit supply at historically low interest rates.

The Group continues to hold a cautious approach in seeking investment opportunities.

Five-year Financial Summary

Year ended 31st March (in HK$ million)	2011	2010	2009	2008	2007
Results					
Revenue	**1,065**	1,865	855	1,084	1,374
Profit/(loss) attributable to shareholders of the Company	**2,040**	2,383	(381)	471	288
Assets and liabilities					
Total assets	**14,622**	10,934	8,132	8,190	6,964
Total liabilities	**(4,548)**	(2,948)	(2,857)	(2,389)	(2,228)
Non-controlling interests	**(816)**	(747)	(605)	(690)	(732)
Equity attributable to shareholders of the Company	**9,258**	7,239	4,670	5,111	4,004

Principal Properties

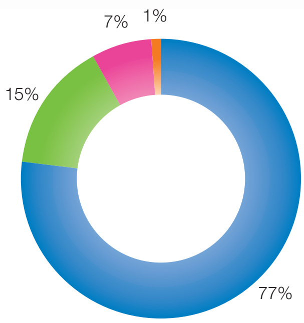
As at 31st March 2011

77% Properties held for development/land bank

15% Hotel properties

7% Investment properties

1% Completed properties held for sale



	Attributed GFA (sq. ft.)
Properties held for development/land bank	3,337,000
Hotel properties	651,000
Investment properties	282,000
Completed properties held for sale	57,000
Total	**4,327,000**

Properties	Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Type
I Investment properties				
01 Asia Standard Tower 59-65 Queen's Road Central, Hong Kong.	100%	7,800	133,000	Commercial
02 Asia Orient Tower Town Place, 33 Lockhart Road, Wanchai, Hong Kong.	100%	7,300	114,000	Commercial
03 Goldmark 502 Hennessy Road, Causeway Bay, Hong Kong.	33%	6,300	106,000	Commercial

Principal Properties

As at 31st March 2011

Properties		Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Type
II	**Hotel properties**				
04	Empire Hotel Hong Kong 33 Hennessy Road, Wanchai, Hong Kong.	69.9%	10,600	184,000 (362 rooms)	Hotel
05	Empire Hotel Kowloon 62 Kimberley Road, Tsimshatsui, Kowloon.	69.9%	11,400	220,000 (343 rooms)	Hotel
06	Empire Hotel Causeway Bay 8 Wing Hing Street, Causeway Bay, Hong Kong.	69.9%	6,200	108,000 (280 rooms)	Hotel
07	Empire Landmark Hotel 1400 Robson Street, Vancouver B.C., Canada.	69.9%	41,000	420,000 (358 rooms)	Hotel

Properties		Group's interest	Approx. gross floor area (sq. ft.)	Type
III	**Completed properties held for sale**			
	Hong Kong			
08	Shops, Canaryside, 8 Shung Shun Street, Lei Yue Mun, Kowloon.	100%	24,000	Commercial
09	The Westminster Terrace No. 2A, Yau Lai Road, Tsuen Wan, New Territories.	50%	65,000	Residential

Principal Properties

As at 31st March 2011

Properties		Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Intended use	Stage
IV	**Properties held for development/land bank**					
10	Hung Shui Kiu Yuen Long, New Territories.	100%	112,000	590,000	Residential	Planning
11	Lam Tei Tuen Mun, New Territories.	100%	19,000	75,000	Residential	Planning
12	Sha Ha Sai Kung, New Territories.	7.5%	620,000	300,000	Residential	Planning
13	72 Yong Shun Street West, Tongzhou District, Beijing, PRC.	50%	550,000	1,900,000	Residential/ Commercial	Planning
14	Seac Pai Van, Coloane, Macau.	100%	186,000	1,700,000	Residential	Planning

Corporate Governance Report

Corporate governance practices

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

Board of Directors

The Board consists of five Executive Directors, two Non-executive Directors and three Independent Non-executive Directors. The posts of Chairman and Chief Executive are separate and are not held by the same individual. The Chairman, Mr. Fung Siu To, Clement, is responsible for overseeing the functioning of the Board and the strategies and policies of the Group. The Chief Executive and the Managing Director, Mr. Poon Jing, is responsible for managing the Group's business. The biographical details and relationship of the Directors are disclosed in the biography of Directors set out in the Directors and Senior Management section.

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

The Board meets quarterly and is responsible for the formulation and reviewing of long-term business directions and strategies, to monitor the operating and financial performance of the Group. It also considers and approves future strategic plans and budgets for the Group. The management is delegated with the authority to make decisions and responsible for daily operations of the Group under the leadership of the Chief Executive. The management provides explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information put forward to the Board for approval. The Chief Executive, working with the other Executive Directors and the head of each division, is responsible for managing the business of the Group, including implementation of strategies adopted by the Board and assuming full accountability to the Board for operations of the Group. All Executive Directors have made full and active contributions to the affairs of the Board.

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

Corporate Governance Report

The Board acknowledges that it is its responsibility to prepare the financial statements and to present a balanced, clear and comprehensive assessment to annual and interim reports, other financial disclosures required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

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

Name of Director	**Title**	**Attendance at Board meetings/ Number of Board Meetings held**
Fung Siu To, Clement	Chairman	4/4
Lim Yin Cheng	Deputy Chairman	4/4
Poon Jing	Managing Director and Chief Executive	4/4
Lun Pui Kan	Executive Director	4/4
Kwan Po Lam, Phileas	Executive Director	4/4
Au Yat Chuen	Non-executive Director	4/4
Loup, Nicholas James	Non-executive Director	4/4
Koon Bok Ming, Alan	Independent Non-executive Director	4/4
Leung Wai Keung	Independent Non-executive Director	2/4
Wong Chi Keung	Independent Non-executive Director	4/4

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

Remuneration Committee

The Remuneration Committee currently comprises the Chairman, Mr. Fung Siu To, Clement, a Non-executive Director, Mr. Loup, Nicholas James, and all the three Independent Non-executive Directors. Mr. Fung is the Chairman of the Remuneration Committee. The duties of the Committee include making recommendations to the Board on the remuneration policy and structure of the Directors and senior management, approving the remuneration, determining the remuneration packages of all Executive Directors and senior management and approving the compensation to Directors and senior management on termination or dismissal. The remuneration packages including basic salary, annual bonus, retirement and other benefit such as share options are commensurate with their job nature and experience level. No director may be involved in any decisions as to his own remuneration or other benefit. The Group's remuneration policy seeks to provide a fair market remuneration so as to attract, retain and motivate high quality staff. The remuneration is determined with reference to his duties and responsibility, remuneration benchmark in the industry and prevailing market conditions. During the year, the Committee held one meeting, which all members except Mr. Leung Wai Keung had attended, to review, discuss and approve the remuneration packages of the Directors and senior management.

Audit Committee

The Audit Committee currently comprises all the Independent Non-executive Directors, Mr. Koon Bok Ming, Alan (as the Chairman), Mr. Wong Chi Keung and Mr. Leung Wai 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 except Mr. Koon Bok Ming, Alan had attended the meetings. The Audit Committee has reviewed the annual financial statements for the year ended 31st March 2011.

Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by 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 2011.

Code on Corporate Governance Practices

During the year, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except for the deviation from code provision A.4.1 which states that non-executive directors should be appointed for a specific term, subject to re-election. All non-executive directors 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 33 of this annual report.

An amount of HK$4,808,000 (2010: HK$4,677,000) 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$1,751,000 (2010: HK$903,000).

Investor relationship

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

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

Corporate Social Responsibility Report

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

Environmental Protection

(a) Property development

As a responsible developer, the Group is conscious of environmental protection issues on the design and construction of our properties. Over the years, the design and construction of our properties has been in line with the green features as laid down in the Joint Practice Note Nos. 1-2 in relation to "Green and Innovative Buildings" issued jointly by the Buildings Department, Lands Department and Planning Department. The objectives of such green features mainly encompass: (a) to maximize the use of natural renewable resources and recycled/green building material; (b) to minimise the consumption of energy, in particular those non-renewable types; and (c) to reduce construction and demolition waste.

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

(b) ***Hotel business***

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

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

The Community

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

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

During the year, the following activities were organised:

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

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

The People

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

Directors and Senior Management

Executive Directors

FUNG Siu To, Clement

Aged 62, is the Chairman of the Company and Chairman of the Remuneration Committee of the Company. He is also the Chairman and an executive director of Asia Orient Holdings Limited ("Asia Orient"), an executive director of its listed subsidiary, Asia Standard Hotel Group Limited ("Asia Standard Hotel") and an independent non-executive director and an audit committee member of New Times Energy Corporation Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Fung is a holder of a Bachelor of Applied Science (Civil Engineering) degree and is also a fellow member of the Hong Kong Institution of Engineers. He joined the Company and its subsidiaries (together the "Group") in 1988 and has over 25 years of experience in project management and construction. He is the brother-in-law of Mr. Poon Jing and Dr. Lim Yin Cheng, the Managing Director and Deputy Chairman of the Company respectively.

LIM Yin Cheng

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

POON Jing

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

LUN Pui Kan

Aged 47, is the Finance Director of the Company. He is also the Finance Director of Asia Orient. Mr. Lun has over 25 years of experience in accounting and finance. He is a holder of a Bachelor of Science (Engineering) degree and is an associate member of The Hong Kong Institute of Certified Public Accountants ("HKICPA") and a fellow member of The Association of Chartered Certified Accountants ("ACCA"). He joined the Group in 1994.

KWAN Po Lam, Phileas

Aged 52, is an executive director of the Company and Asia Orient. Mr. Kwan is a holder of a Bachelor of Business Administration degree. He joined the Group in 1986 and is responsible for property sales and leasing. He has over 20 years of experience in property sales, leasing and real estate management.

Directors and Senior Management

Non-executive Directors

LOUP, Nicholas James

Aged 51, is a non-executive director and a member of the Remuneration Committee of the Company. Mr. Loup is the Chief Executive of Grosvenor Ltd Asia, and a member of Grosvenor Group Limited's Executive Committee in United Kingdom, and he is responsible for managing the Grosvenor operation in Asia where they are active in Hong Kong, China and Tokyo.

He is a General Committee member of the British Chamber of Commerce and a director of the Spinal Cord Injury Fund. He is also Chairman of the Asian Association for Investors in Non-listed Real Estate Vehicles Limited (ANREV) of which he is a founder member, and he is a member of Asia Pacific acquisition committee of the Tate.

Prior to rejoining Grosvenor in 1994, Mr. Loup had been a director of Colliers Jardine Hong Kong and Trafalgar House Property (UK) respectively. He joined the Group in 1999 and re-designated from executive director to a non-executive director of the Company in March 2011.

AU Yat Chuen

Aged 64, is a non-executive director of the Company. Mr. Au is an associate member of the Institute of Chartered Accountants in Australia, a fellow member of HKICPA, a fellow member of the Australian Society of Certified Practising Accountants and an associate member of the Institute of Chartered Secretaries and Administrators ("ICSA"). Between 1979 and 1984, he has held senior financial positions in several major listed property companies. Since 1984, he has been in full time private practice as a certified public accountant. He joined the Group in 1991.

Independent Non-executive Directors

KOON Bok Ming, Alan

Aged 70, is an independent non-executive director, a member of the Remuneration Committee and the Chairman of the Audit Committee of the Company. Mr. Koon is the Chief Executive Officer of a financial advisory firm and has over 30 years of experience in international banking and project and structured finance. He holds a Bachelor degree in Economics and a Master degree in Business Administration. He joined the Group in 1999.

LEUNG Wai Keung

Aged 48, is an independent non-executive director, a member of the Remuneration Committee and the Audit Committee of the Company. Mr. Leung is currently a Barrister-at-Law. He has about 9 years of experience in accounting and financial management in several firms and thereafter practicing as a barrister since 1996. He is also an independent non-executive director and a member of the Audit Committee of Asia Standard Hotel. Mr. Leung is a member of HKICPA, The Hong Kong Institute of Chartered Secretaries ("HKICS"), ACCA, ICSA and The Chartered Institute of Arbitrators. He was admitted to the High Court of Hong Kong as a barrister in 1994. He holds a Master degree in Accounting and Finance from the University of Lancaster and obtained a Bachelor of Laws from Manchester Metropolitan University. He was the President of HKICS in 2006. In 2007, Mr. Leung has been appointed by the Government to be a member of the Guardianship Board, Registration of Persons Tribunal and the Board of Review. Mr. Leung joined the Group in 2004.

Directors and Senior Management

WONG Chi Keung

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

Mr. Wong was an executive director, the Deputy General Manager, Group Financial Controller and Company Secretary of Yuexiu Property Company Limited (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 Orient, 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.

Senior management

LEUNG King Yin, Kevin

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

NG Siew Seng, Richard

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

Report of the Directors

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

Principal activities

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

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

Results and appropriations

The results of the Group for the year are set out in the consolidated profit and loss account on page 34.

The Company paid an interim dividend of HK0.5 cent (2010: HK1.0 cent) per share, totaling HK$6,197,000 (2010: HK$12,471,000) for the year ended 31st March 2011.

The Board recommends a final dividend of HK2.0 cents (2010: HK1.5 cents) per share with a scrip option, totaling HK$24,447,000 (2010: HK$18,707,000) for the year ended 31st March 2011.

Financial summary

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

Property, plant and equipment

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

Share capital

Details of the movements in share capital of the Company during the year are set out in note 30 to the financial statements.

Reserves

Movement in the reserves of the Group and the Company during the year are set out in note 31 to the financial statements.

Report of the Directors

Principal properties

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

Donations

During the year, the Group made charitable and other donations of HK$5,227,000 (2010: HK$4,766,000).

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. Au Yat Chuen
Mr. Loup, Nicholas James
Mr. Koon Bok Ming, Alan
Mr. Leung Wai Keung
Mr. Wong Chi Keung

Messrs. Kwan Po Lam, Phileas, Loup, Nicholas James and Wong Chi Keung will retire from office by rotation in accordance with the Bye-Laws of the Company at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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

Biographical details of Directors and senior management

Biographical details of Directors and senior management are set out on pages 18 to 20.

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 28 to 30, and that of a subsidiary, Asia Standard Hotel Group Limited ("Asia Standard Hotel"), at no time during the year was the Company, its subsidiaries or its fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

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

(I) Long positions in shares

(a) The Company

	Number of shares held			
Director	**Personal interest**	**Corporate interest**	**Total**	**Percentage of shares in issue (%)**
Poon Jing	1,176,670	614,962,312	616,138,982	50.40

Note: By virtue of his controlling interest (46.56%) in Asia Orient Holdings Limited ("Asia Orient"), Mr. Poon Jing is deemed to be interested in the shares of the Company held by Asia Orient as disclosed under the heading "Substantial shareholders and other persons' interests and short positions in shares and underlying shares" below.

Report of the Directors

(I) Long positions in shares (continued)

(b) Associated Corporations

		Number of shares held				
Director	**Associated Corporation**	**Personal interest**	**Family interest**	**Corporate interest**	**Total**	**Percentage of shares in issue (%)**
Poon Jing	Asia Orient	193,842,510	4,873,940	132,997,302 *(Notes)*	331,713,752	46.56
Poon Jing	Asia Standard Hotel	49,528	–	1,120,832,195 *(Notes)*	1,120,881,723	72.88
Fung Siu To, Clement	Asia Orient	14,042,433	–	–	14,042,433	1.97
Fung Siu To, Clement	Mark Honour Limited	9	–	–	9	0.01

Notes:

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

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

(II) Long positions in underlying shares

Interests in share options

(a) The Company

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

Notes:

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

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

(II) Long positions in underlying shares (continued)

Interests in share options (continued)

(b) Associated corporation – Asia Orient

Director	Date of grant	Exercise price (HK$)	Exercise period	Outstanding as at 1st April 2010 and 31st March 2011
Fung Siu To, Clement	29th March 2007	1.4315	29th March 2007 to 28th March 2017	2,126,301
Lim Yin Cheng	29th March 2007	1.4315	29th March 2007 to 28th March 2017	2,126,301
Lun Pui Kan	29th March 2007	1.4315	29th March 2007 to 28th March 2017	2,126,301
Kwan Po Lam, Phileas	29th March 2007	1.4315	29th March 2007 to 28th March 2017	2,126,301

Note:

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

(c) Associated corporation – Asia Standard Hotel

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

Note:

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

Save as disclosed above, as at 31st March 2011, none of the Directors or Chief Executive (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial shareholders and other persons' interests and short positions in shares and underlying shares

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31st March 2011, the Company had been notified of the following substantial shareholders' interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executive.

Long positions in shares of the Company

Shareholder	Capacity	Number of shares held	Total	Percentage (%)
Asia Orient *(Note 1)*	Beneficial Owner	46,939,756		
	Interests in controlled corporation	568,022,556	614,962,312	50.30
Asia Orient Holdings (BVI) Limited ("Asia Orient BVI") *(Note 1)*	Interests in controlled corporation	568,022,556	568,022,556	46.46
Asia Orient Company Limited ("AOCL") *(Note 2)*	Beneficial Owner	273,615,682		
	Interests in controlled corporation	2,210,743	275,826,425	22.56
Kingfisher Inc. and Lipton Investment Limited ("Kingfisher and Lipton") *(Note 2)*	Interests in controlled corporation	255,649,493	255,649,493	20.91
Dalton Investment LLC	Investment manager	62,468,726	62,468,726	5.11

Notes:

1. Asia Orient BVI is a wholly-owned subsidiary of Asia Orient. Accordingly, Asia Orient is deemed to have interest and duplicate the interest in the same 568,022,556 shares held by Asia Orient BVI.

2. AOCL, companies controlled by AOCL, Kingfisher and Lipton are wholly-owned subsidiaries of Asia Orient BVI. Asia Orient BVI is deemed to be interested in and duplicate the interest held by AOCL, Kingfisher and Lipton.

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

Share option schemes

The Company

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

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

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

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

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

Grantee	Outstanding as at 1st April 2010 and 31st March 2011
Directors	10,826,424
Other employees	2,577,717
	13,404,141

Notes:

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

2. No option was granted, lapsed, exercised or cancelled during the year.

Subsidiary – Asia Standard Hotel

Share option schemes

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

The total number of shares available for issue upon exercise of all options to be granted under the Asia Standard Hotel Share Option Scheme must not exceed 125,088,061 shares, representing about 8.13% of the Asia Standard Hotel's shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the Asia Standard Hotel Share Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised, outstanding and cancelled options) under any option granted to the same participant under the Asia Standard Hotel Share Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the Asia Standard Hotel's shares in issue from time to time.

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

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

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

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

Note:

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

Purchase, sale or redemption of listed securities

During the year, the Company purchased a total of 28,802,000 shares of HK$0.01 each on the Stock Exchange at an aggregate consideration of HK$48,887,060 with the highest and lowest price paid per share being HK$1.98 and HK$1.25 respectively.

The Directors considered that the aforesaid shares were purchased at a discount to the net asset value per share and resulted in an increase in the net asset value per share then in issue.

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

Pre-emptive rights

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

Management contracts

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

Major customers and suppliers

The percentages of the Group's purchases and sales for the year attributable to major suppliers and customers were as follows:

Percentage of purchases attributable to the Group's largest supplier	75.87%
Percentage of purchases attributable to the Group's five largest suppliers	89.86%
Percentage of sales attributable to the Group's largest customer	14.26%
Percentage of sales attributable to the Group's five largest customers	21.79%

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

Independent Non-executive Directors

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

Combined balance sheet of affiliated companies

A combined balance sheet of certain affiliated companies with major financial assistance from the Group and the Group's attributable interest in these affiliated companies are shown on page 114 pursuant to Chapter 13 of the Listing Rules.

Sufficiency of public float

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

Auditor

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

On behalf of the Board

Fung Siu To, Clement
Chairman

Hong Kong, 24th June 2011

Independent Auditor's Report

To the shareholders of Asia Standard International Group Limited
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Asia Standard International Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 34 to 113, which comprise the consolidated and company balance sheets as at 31st March 2011, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24th June 2011

Consolidated Profit and Loss Account

For the year ended 31st March 2011

	Note	2011 HK$'000	2010 HK$'000
Revenue	5	**1,065,244**	1,864,888
Cost of sales		**(391,193)**	(977,456)
Gross profit		**674,051**	887,432
Selling and administrative expenses		**(173,947)**	(168,145)
Depreciation		**(89,848)**	(97,563)
Net investment gain	6	**706,225**	1,330,928
Fair value change of investment properties		**887,987**	568,674
Other gain and charges	7	**(7,336)**	(11,478)
Operating profit		**1,997,132**	2,509,848
Finance costs	11	**(77,941)**	(51,369)
Share of profits less losses of			
Jointly controlled entities		**151,522**	138,892
Associated companies		**259,210**	91,718
Profit before income tax		**2,329,923**	2,689,089
Income tax expense	12	**(189,987)**	(165,014)
Profit for the year		**2,139,936**	2,524,075
Attributable to:			
Shareholders of the Company		**2,039,675**	2,383,270
Non-controlling interests		**100,261**	140,805
		2,139,936	2,524,075
Dividends	14	**30,644**	31,178
Earnings per share (HK$)			
Basic	15	**1.64**	1.99
Diluted	15	**1.64**	1.99

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2011

	2011 HK$'000	2010 HK$'000
Profit for the year	**2,139,936**	2,524,075
Other comprehensive income		
Net fair value gain on available-for-sale investments	**8,152**	93,430
Impairment of available-for-sale investments charged to profit and loss account	**551**	1,531
Release of reserve upon disposal of available-for-sale investments	**(9,008)**	21,735
Currency translation differences	**10,574**	36,568
	10,269	153,264
Total comprehensive income for the year	**2,150,205**	2,677,339
Total comprehensive income attributable to:		
Shareholders of the Company	**2,046,844**	2,486,616
Non-controlling interests	**103,361**	190,723
	2,150,205	2,677,339

Consolidated Balance Sheet

As at 31st March 2011

	Note	31st March 2011 HK$'000	31st March 2010 HK$'000 (Restated)	1st April 2009 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment	16	**2,617,038**	2,672,342	2,653,230
Investment properties	17	**3,391,122**	2,419,600	1,849,000
Jointly controlled entities	19	**568,871**	674,409	524,965
Associated companies	20	**877,211**	654,581	565,343
Available-for-sale investments	21	**230,257**	228,258	186,830
Goodwill		**–**	5,103	5,103
Mortgage loans receivable	22	**81,729**	143,035	24,747
Deferred income tax assets	33	**5,252**	9,764	35,239
		7,771,480	6,807,092	5,844,457
Current assets				
Properties under development for sale	23	**1,122,355**	431,322	400,768
Completed properties held for sale	23	**90,289**	159,127	698,709
Hotel and restaurant inventories		**2,341**	2,206	2,160
Mortgage loans receivable	22	**3,664**	35,315	1,874
Trade and other receivables	24	**230,845**	241,590	232,958
Amount due from a jointly controlled entity	19	**65,000**	–	–
Income tax recoverable		**513**	880	79
Financial assets at fair value through profit or loss	25	**5,020,218**	3,028,862	693,075
Derivative financial instruments		**–**	–	13,429
Bank balances and cash	27	**315,300**	227,657	244,783
		6,850,525	4,126,959	2,287,835
Current liabilities				
Trade and other payables	28	**133,590**	145,919	137,497
Amount due to an associated company	20	**14,850**	51,150	51,150
Amount due to a non-controlling shareholder		**–**	–	105,303
Derivative financial instruments	26	**26,242**	17,961	22,344
Warrant liabilities	29	**–**	17,000	8,481
Borrowings	32	**1,615,997**	1,615,257	1,229,749
Income tax payable		**36,857**	64,382	28,743
		1,827,536	1,911,669	1,583,267
Net current assets		**5,022,989**	2,215,290	704,568
Total assets less current liabilities		**12,794,469**	9,022,382	6,549,025

Consolidated Balance Sheet

As at 31st March 2011

	Note	**31st March 2011 HK$'000**	31st March 2010 HK$'000 (Restated)	1st April 2009 HK$'000 (Restated)
Non-current liabilities				
Warrant liabilities	29	**–**	–	7,893
Long term borrowings	32	**2,270,071**	757,370	1,087,688
Deferred income tax liabilities	33	**450,916**	279,355	177,779
		2,720,987	1,036,725	1,273,360
Net assets		**10,073,482**	7,985,657	5,275,665
Equity				
Share capital	30	**12,224**	12,471	113,664
Reserves	31	**9,245,597**	7,226,466	4,556,311
Equity attributable to shareholders of the Company		**9,257,821**	7,238,937	4,669,975
Non-controlling interests		**815,661**	746,720	605,690
		10,073,482	7,985,657	5,275,665

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Balance Sheet

As at 31st March 2011

	Note	2011 HK$'000	2010 HK$'000
Non-current assets			
Subsidiaries	18	**1,229,076**	1,229,076
Current assets			
Amounts due from subsidiaries	18	**4,382,152**	4,081,028
Trade and other receivables		**149**	47
Financial assets at fair value through profit or loss	25	**13**	39
Income tax recoverable		**11**	–
Bank balances and cash	27	**41,377**	50,593
		4,423,702	4,131,707
Current liabilities			
Trade and other payables		**905**	951
Income tax payable		**–**	22
Borrowings	32	**–**	30,000
		905	30,973
Net current assets		**4,422,797**	4,100,734
Net assets		**5,651,873**	5,329,810
Equity			
Share capital	30	**12,224**	12,471
Reserves	31	**5,639,649**	5,317,339
		5,651,873	5,329,810

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Consolidated Statement of Cash Flows

For the year ended 31st March 2011

	Note	2011 HK$'000	2010 HK$'000
Cash flows from operating activities			
Net cash (used in)/generated from operations	37	**(1,379,046)**	79,868
Net income tax paid		**(41,070)**	(3,243)
Interest paid		**(81,775)**	(50,513)
Interest received from bank deposit and other receivables		**26,839**	11,743
Net cash (used in)/generated from operating activities		**(1,475,052)**	37,855
Cash flows from investing activities			
Purchase of available-for-sale investments		**(10,180)**	(23,204)
Proceeds on disposal of available-for-sale investments		**14,786**	139,403
Addition to investment properties		**(10,225)**	(1,926)
Addition to property, plant and equipment		**(69,799)**	(53,988)
Proceeds on disposal of property, plant and equipment		**3**	4,300
Acquisition of additional interest in a subsidiary		**–**	(107,714)
Disposal of a jointly controlled entity		**–**	35,000
Increase in investment in a jointly controlled entity		**(30,000)**	–
Repayment by associated companies and jointly controlled entities		**216,598**	–
Advances to associated companies and jointly controlled entities		**–**	(43,174)
Dividend received from jointly controlled entities		**–**	102
Net cash generated from/(used in) investing activities		**111,183**	(51,201)
Net cash used before financing activities		**(1,363,869)**	(13,346)
Cash flows from financing activities			
Drawdown of long term borrowings		**1,705,120**	6,150
Repayment of long term borrowings		**(68,500)**	(301,984)
Net (decrease)/increase in short term borrowings		**(120,422)**	323,739
Conversion of warrants		**–**	96,827
Dividends paid		**(18,089)**	(12,471)
Repurchase of shares		**(48,887)**	(3,183)
Conversion of warrants of a listed subsidiary by non-controlling shareholders		**9,752**	1,519
Distribution of dividend by a listed subsidiary to non-controlling shareholders		**(4,388)**	–
Decrease in amount due to a non-controlling shareholder		**–**	(105,303)
Net cash generated from financing activities		**1,454,586**	5,294
Net increase/(decrease) in cash and cash equivalents		**90,717**	(8,052)
Cash and cash equivalents at the beginning of the year		**221,614**	226,768
Changes in exchange rates		**(2,762)**	2,898
Cash and cash equivalents at the end of the year		**309,569**	221,614
Analysis of the balances of cash and cash equivalents			
Bank balances and cash (excluding restricted bank balances)	27	**309,569**	221,614

Consolidated Statement of Changes in Equity

For the year ended 31st March 2011

	Shareholders of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 31st March 2009	4,669,975	605,690	5,275,665
Net fair value gain on available-for-sale investments	63,000	30,430	93,430
Impairment of available-for-sale investments charged to profit and loss account	1,032	499	1,531
Release of reserve upon disposal of available-for-sale investments	14,656	7,079	21,735
Currency translation differences	24,658	11,910	36,568
Profit for the year	2,383,270	140,805	2,524,075
Total comprehensive income for the year	2,486,616	190,723	2,677,339
Conversion of warrants	98,000	2,250	100,250
2010 interim dividend	(12,471)	–	(12,471)
Share repurchase	(3,183)	–	(3,183)
Changes in shareholding of subsidiaries	–	(51,943)	(51,943)
Total transactions with owners	82,346	(49,693)	32,653
At 31st March 2010	7,238,937	746,720	7,985,657
Net fair value gain on available-for-sale investments	5,690	2,462	8,152
Impairment of available-for-sale investments charged to profit and loss account	385	166	551
Release of reserve upon disposal of available-for-sale investments	(6,295)	(2,713)	(9,008)
Currency translation differences	7,389	3,185	10,574
Profit for the year	2,039,675	100,261	2,139,936
Total comprehensive income for the year	2,046,844	103,361	2,150,205
Conversion of warrants	–	14,087	14,087
2010 final dividend	(16,222)	(3,459)	(19,681)
2011 interim dividend	(1,867)	(929)	(2,796)
Share repurchase	(48,887)	–	(48,887)
Net increase in shareholding in a listed subsidiary	39,016	(44,119)	(5,103)
Total transactions with owners	(27,960)	(34,420)	(62,380)
At 31st March 2011	**9,257,821**	**815,661**	**10,073,482**

1 Basis of preparation

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

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

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

2 Principal accounting policies

(a) The adoption of new HKFRS

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

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

2 Principal accounting policies (continued)

(a) The adoption of new HKFRS (continued)

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

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

  The new accounting policy has been applied retrospectively by re-presenting the opening balances at 1st April 2009, with consequential reclassification adjustments to comparatives for the year ended 31st March 2010. The reclassification has had no effect on reported profit or loss, total comprehensive income or equity for any period presented.

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

2 Principal accounting policies (continued)

(a) The adoption of new HKFRS (continued)

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

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

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

The impact of the adoption of the new HKFRS is as follows:

Consolidated profit and loss account

	For the year ended 31st March 2011			For the year ended 31st March 2010
	HKAS 17 (Amendment) HK$'000	**HKAS 27 (Revised) and HKFRS 3 (Revised) HK$'000**	**Total HK$'000**	HKAS 17 (Amendment) HK$'000
(Decrease)/increase in profit and loss:				
Depreciation	**(26,646)**	**–**	**(26,646)**	(26,646)
Amortisation	**26,646**	**–**	**26,646**	26,646
Other income and charges	**–**	**(39,016)**	**(39,016)**	–
	–	**(39,016)**	**(39,016)**	–
Decrease in earnings per share (HK$)	**–**	**0.03**	**0.03**	–

2 Principal accounting policies (continued)

(a) The adoption of new HKFRS (continued)

Consolidated balance sheet

	31st March 2011		31st March 2010		1st April 2009	
	HKAS 17 (Amendment)	**HK-Int 5**	HKAS 17 (Amendment)	HK-Int 5	HKAS 17 (Amendment)	HK-Int 5
	HK$'000	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Increase/(decrease) in:						
Property, plant and equipment	**1,613,729**	**–**	1,685,605	–	1,712,251	–
Leasehold land	**(1,613,729)**	**–**	(1,685,605)	–	(1,712,251)	–
Borrowings	**–**	**78,555**	–	744,537	–	772,508
Long term borrowings	**–**	**(78,555)**	–	(744,537)	–	(772,508)
	–	**–**	–	–	–	–

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

Effective for accounting periods beginning on or after:

1st January 2011

HKAS 24 (Revised) — Related Party Disclosures

1st January 2012

HKAS 12 (Amendment) — Income Taxes

1st January 2013

HKFRS 9 — Financial Instruments

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

2 Principal accounting policies (continued)

(a) The adoption of new HKFRS (continued)

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

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

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

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

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

2 Principal accounting policies (continued)

(b) Basis of consolidation

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

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

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

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

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

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2 Principal accounting policies (continued)

(b) Basis of consolidation (continued)

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

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

(c) Subsidiaries

Subsidiaries are all entities (including special purpose entities) 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. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(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.

2 Principal accounting policies (continued)

(d) Jointly controlled entities (continued)

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

(e) Associated companies

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associated companies includes advances that are equity in nature, in substance forming part of the investments, and goodwill (net of any accumulated impairment loss) identified on acquisition.

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

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

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

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

(g) Goodwill

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

2 Principal accounting policies (continued)

(g) Goodwill (continued)

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.

(h) Financial assets/liabilities

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

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

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

(ii) Loans and receivables

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

(iii) Available-for-sale investments

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

2 Principal accounting policies (continued)

(h) Financial assets/liabilities (continued)

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

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

The fair values of financial instruments traded in active markets are based on quoted market price at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

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

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

2 Principal accounting policies (continued)

(h) Financial assets/liabilities (continued)

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

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

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

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

(i) Property, plant and equipment

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

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

2 Principal accounting policies (continued)

(i) Property, plant and equipment (continued)

Amortisation on leasehold land classified as finance lease commences from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Remaining lease term
Hotel and other buildings in Hong Kong	Shorter of 50 years or the remaining lease period of the land on which the buildings are located
Hotel buildings in overseas	25 years
Other equipments	3 to 10 years

No depreciation is provided for buildings under development.

Freehold land is not amortised.

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

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

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

(j) Impairment of non-financial assets

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

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

2 Principal accounting policies (continued)

(k) Investment properties

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

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

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

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

(l) Properties under development for sale

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

2 Principal accounting policies (continued)

(m) Completed properties held for sale

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

(n) Hotel and restaurant inventories

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

(o) Trade and other receivables

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

(p) Trade payables

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

(q) Provisions

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

2 Principal accounting policies (continued)

(r) Borrowings

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

(s) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Retirement benefit obligations

The Group contributes to several defined contribution retirement schemes which are available to employees. The assets of the schemes are held separately from those of the Group in independently administered funds. The Group’s contributions to these schemes are expensed as incurred.

(iii) Share-based compensation

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

2 Principal accounting policies (continued)

(s) Employee benefits (continued)

(iii) ***Share-based compensation*** *(continued)*

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

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

(t) Current and deferred income tax

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

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

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

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

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

(u) Warrant liabilities

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

2 Principal accounting policies (continued)

(v) Share capital

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

(w) Segment reporting

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

(x) Revenue recognition

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

(i) Properties

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

(ii) Investment properties

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

(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.

2 Principal accounting policies (continued)

(x) Revenue recognition (continued)

(iv) Investment and others

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

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

(y) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the securities and other changes in the carrying amount of the securities. Translation differences related to changes in the amortised cost are recognised in the profit and loss account, and other changes in the carrying amount are recognised in equity.

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.

2 Principal accounting policies (continued)

(y) Foreign currency translation (continued)

(iii) Group companies

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

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

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

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

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

Fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(z) Borrowing costs

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

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

2 Principal accounting policies (continued)

(aa) Operating leases

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

(ab) Cash and cash equivalents

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

(ac) Related parties

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

(ad) Dividend distribution

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

(ae) Scrip dividend

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

2 Principal accounting policies (continued)

(af) Financial guarantee (insurance contracts)

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

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

3 Financial risk management

(i) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk and interest rate risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

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

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

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

3 Financial risk management (continued)

(i) Financial risk factors (continued)

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

(i) Foreign exchange risk (continued)

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

The Group is also exposed to foreign currency risk with respect to financial assets at fair value through profit or loss, derivative financial instruments, bank balances and borrowings which are denominated in United States dollar, Sterling pounds, Euros and Japanese Yen.

At 31st March 2011, the Group's entities with functional currency of Hong Kong dollar had United States dollar net monetary assets of HK$1,564,162,000 (2010: HK$1,723,068,000). 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 dollars.

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

	2011			2010		
	Net monetary assets/ (liabilities) amount	**Increase/(decrease) on result attributable to the shareholders of the Company if exchange rate changes by**		Net monetary assets/ (liabilities) amount	Increase/(decrease) on result attributable to the shareholders of the Company if exchange rate changes by	
		+5%	**-5%**		+5%	-5%
	HK$'000	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000
Sterling	**2,207,612**	**103,544**	**(103,544)**	1,129,650	52,256	(52,256)
Euro	**224,846**	**9,853**	**(9,853)**	176,200	6,342	(6,342)
Japanese Yen	**(82,033)**	**(4,841)**	**4,841**	(64,209)	(4,465)	4,465

3 Financial risk management (continued)

(i) Financial risk factors (continued)

(a) *Market risk* (continued)

(ii) Price risk

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

The Group's listed investments in equity and debt securities of other entities (classified as "available-for-sale investments" and "financial assets at fair value through profit or loss") are traded in the Hong Kong Stock Exchange, London Stock Exchange, New York Stock Exchange, Singapore Stock Exchange and Luxembourg Stock Exchange. The price of the Group's unlisted investments are quoted from brokers. 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.

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

	2011				2010			
	Increase/(decrease) in result attributable to shareholders of the Company if price changes by		**Increase/(decrease) in available-for-sale investment reserve of the Company if price changes by**		Increase/(decrease) in result attributable to shareholders of the Company if price changes by		Increase/(decrease) in available-for-sale investment reserve of the Company if price changes by	
	+10%	**-10%**	**+10%**	**-10%**	+10%	-10%	+10%	-10%
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at fair value through profit or loss	**444,505**	**(444,505)**	**–**	**–**	272,633	(272,633)	–	–
Available-for-sale investments	**–**	**(177)**	**16,396**	**(16,219)**	–	(245)	15,391	(15,146)

3 Financial risk management (continued)

(i) Financial risk factors (continued)

(b) Credit risk

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

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

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

(c) Liquidity risk

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

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

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

3 Financial risk management (continued)

(i) Financial risk factors (continued)

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

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

	Group					Company	
	On demand HK$'000	Within 1 year HK$'000	Within 2 to 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flow HK$'000	Within 1 year HK$'000	Total undiscounted cash flows HK$'000
At 31st March 2011							
Non-derivative financial liabilities							
Trade and other payables	**–**	**133,590**	**–**	**–**	**133,590**	**878**	**878**
Amount due to an associated company	**–**	**14,850**	**–**	**–**	**14,850**	**–**	**–**
Borrowings	**642,317**	**1,019,730**	**695,353**	**1,806,008**	**4,163,408**	**–**	**–**
	642,317	**1,168,170**	**695,353**	**1,806,008**	**4,311,848**	**878**	**878**
Derivative financial liabilities							
Interest rate swaps							
– Inflow	**–**	**(77,882)**	**–**	**–**	**(77,882)**	**–**	**–**
– Outflow	**–**	**101,276**	**3,904**	**–**	**105,180**	**–**	**–**
	–	**23,394**	**3,904**	**–**	**27,298**	**–**	**–**
	642,317	**1,191,564**	**699,257**	**1,806,008**	**4,339,146**	**878**	**878**
At 31st March 2010							
Non-derivative financial liabilities							
Trade and other payables	–	145,919	–	–	145,919	951	951
Amount due to an associated company	–	51,150	–	–	51,150	–	–
Borrowings	1,546,990	78,357	285,538	518,995	2,429,880	30,420	30,420
	1,546,990	275,426	285,538	518,995	2,626,949	31,371	31,371
Derivative financial liabilities							
Interest rate swaps							
– Inflow	–	(226)	(77,717)	–	(77,943)	–	–
– Outflow	–	7,691	90,723	–	98,414	–	–
	–	7,465	13,006	–	20,471	–	–
	1,546,990	282,891	298,544	518,995	2,647,420	31,371	31,371

3 Financial risk management (continued)

(i) Financial risk factors (continued)

(c) *Liquidity risk (continued)*

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

	Within 1 year HK$'000	Within 2 to 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flow HK$'000
31st March 2011	**13,916**	**52,522**	**33,222**	**99,660**
31st March 2010	55,871	328,284	473,817	857,972

(d) *Cash flow interest rate risk*

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

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

At 31st March 2011, with all other variables held constant, if the interest rate had increased/decreased by 10 basis point, the Group's post tax profit attributable to shareholders of the Company would have been HK$2,422,000 lower/higher (2010: HK$1,193,000 lower/higher).

3 Financial risk management (continued)

(ii) Capital risk management

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

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

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

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

	2011 **HK$'000**	2010 HK$'000
Borrowings (note 32)	**3,886,068**	2,372,627
Less: bank balances and cash (note 27)	**(315,300)**	(227,657)
Net debt	**3,570,768**	2,144,970
Net assets value	**10,073,482**	7,985,657
Gearing ratio against net asset value	**35%**	27%
Revalued net assets value	**13,632,000**	10,178,000
Gearing ratio against revalued net assets value	**26%**	21%

3 Financial risk management (continued)

(iii) Fair value estimation

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

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31st March 2011.

	Level 1	Level 2	Total
	HK$'000	HK$'000	HK$'000
Assets			
Financial assets at fair value through profit or loss	5,003,375	16,843	5,020,218
Available-for-sale investments	220,100	10,157	230,257
	5,223,475	27,000	5,250,475
Liabilities			
Derivative financial instruments	–	26,242	26,242

3 Financial risk management (continued)

(iii) Fair value estimation (continued)

The following table presents the Group's 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	3,015,862	13,000	3,028,862
Available-for-sale investments	228,258	–	228,258
	3,244,120	13,000	3,257,120
Liabilities			
Derivative financial instruments	–	17,961	17,961
Warrant liabilities	–	17,000	17,000
	–	34,961	34,961

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

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

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

4 Critical accounting estimates and judgements

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

(a) Estimate of fair value of investment properties

At 31st March 2011, the Group had investment properties with fair value of HK$3,391,122,000 (2010: HK$2,419,600,000). The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the amount is determined within a range of reasonable fair value estimates. Information from a variety of sources is considered in making the judgement:

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

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

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

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

(b) Impairment of trade and other receivables

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

4 Critical accounting estimates and judgements (continued)

(c) Income taxes

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

Recognition of deferred income tax assets (note 33), which principally relate to tax losses, depends on the management's expectations of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

(d) Fair value of derivative financial instruments

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

(e) Impairment of available-for-sale investments

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

5 Turnover and segment information

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

The Group is principally engaged in property development and investment, hotel, travel agency and catering operations and securities investments. Turnover comprises revenue from property sales and leasing, hotel and travel agency, management services and interest income and dividend income, together with gross proceeds from disposal of financial assets at fair value through profit or loss and derivative financial instruments. Revenue include revenue from property sales and leasing, hotel and travel agency, management services, interest income and dividend income.

5 Turnover and segment information (continued)

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

	Property sales HK$'000	Property leasing HK$'000	Hotel and travel HK$'000	Investments HK$'000	Others HK$'000	Total HK$'000
2011						
Turnover	133,685	78,997	631,505	1,068,955	26,604	1,939,746
Segment revenue	133,685	78,997	631,505	194,453	26,604	1,065,244
Contribution to segment results	78,608	73,927	194,211	194,453	26,604	567,803
Depreciation	–	–	(87,632)	–	(2,216)	(89,848)
Net investment gain	–	–	–	706,225	–	706,225
Fair value change of investment properties	–	887,987	–	–	–	887,987
Other gain and charges	(20,000)	–	–	–	12,664	(7,336)
Segment results	58,608	961,914	106,579	900,678	37,052	2,064,831
Unallocated corporate expenses						(67,699)
Operating profit						1,997,132
Finance costs						(77,941)
Share of profits less losses of						
Jointly controlled entities	151,523	–	–	–	(1)	151,522
Associated companies	489	258,736	–	–	(15)	259,210
Profit before income tax						2,329,923
Income tax expense						(189,987)
Profit for the year						2,139,936

5 Turnover and segment information (continued)

	Property sales HK$'000	Property leasing HK$'000	Hotel and travel HK$'000	Investments HK$'000	Others HK$'000	Total HK$'000
2010						
Turnover	1,053,098	71,776	522,225	1,456,594	17,763	3,121,456
Segment revenue	1,053,098	71,776	522,225	200,026	17,763	1,864,888
Contribution to segment results	375,361	67,114	127,875	200,026	17,763	788,139
Depreciation	(9,321)	–	(87,416)	–	(826)	(97,563)
Net investment gain	–	–	–	1,330,928	–	1,330,928
Fair value change of investment properties	–	568,674	–	–	–	568,674
Other gain and charges	(4,126)	–	–	–	(7,352)	(11,478)
Segment results	361,914	635,788	40,459	1,530,954	9,585	2,578,700
Unallocated corporate expenses						(68,852)
Operating profit						2,509,848
Finance costs						(51,369)
Share of profits less losses of						
Jointly controlled entities	138,899	–	–	–	(7)	138,892
Associated companies	10,451	81,278	–	–	(11)	91,718
Profit before income tax						2,689,089
Income tax expense						(165,014)
Profit for the year						2,524,075

5 Turnover and segment information (continued)

	Property sales HK$'000	Property leasing HK$'000	Hotel and travel HK$'000	Investments HK$'000	Others HK$'000	Total HK$'000
As at 31st March 2011						
Segment assets	**1,951,195**	**4,169,097**	**2,695,054**	**5,358,447**	**244,584**	**14,418,377**
Other unallocated assets						**203,628**
						14,622,005
Segment assets include:						
Jointly controlled entities and associated companies	**737,108**	**773,043**	**–**	**–**	**931**	**1,511,082**
Addition to non-current assets*	**–**	**10,225**	**29,373**	**–**	**44,348**	**83,946**
Segment liabilities						
Borrowings	**775,000**	**498,484**	**1,097,683**	**1,514,901**	**–**	**3,886,068**
Other unallocated liabilities						**662,455**
						4,548,523
As at 31st March 2010						
Segment assets	1,425,165	3,018,642	2,719,831	3,319,728	294,879	10,778,245
Other unallocated assets						155,806
						10,934,051
Segment assets include:						
Jointly controlled entities and associated companies	777,435	550,607	–	–	948	1,328,990
Addition to non-current assets*	–	1,926	53,579	–	409	55,914
Segment liabilities						
Borrowings	–	499,239	967,374	906,014	–	2,372,627
Other unallocated liabilities						575,767
						2,948,394

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

5 Turnover and segment information (continued)

	2011	2010
	HK$'000	HK$'000
Revenue		
Hong Kong	**792,198**	1,589,827
Overseas	**273,046**	275,061
	1,065,244	1,864,888
Non-current assets*		
Hong Kong	**6,884,036**	5,882,105
Overseas	**570,206**	543,930
	7,454,242	6,426,035

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

6 Net investment gain

	2011 HK$'000	2010 HK$'000
Financial assets at fair value through profit or loss		
– net unrealised gain from market value movements	**553,001**	1,032,125
– net unrealised exchange gain/(loss)	**133,280**	(53,247)
– net realised gain	**28,642**	357,826
– provision for interest receivable	**–**	(37,855)
Available-for-sale investments		
– net realised gain	**2,314**	28,702
– impairment	**(551)**	(1,531)
Derivative financial instruments		
– net unrealised (loss)/gain	**(10,461)**	8,552
– net realised loss	**–**	(3,644)
	706,225	1,330,928

During the year, HK$404,912,000 unrealised gain (2010: HK$134,795,000 unrealised loss) on financial assets at fair value through profit or loss accumulated in prior years had been realised upon disposal.

7 Other gain and charge

	2011 HK$'000	2010 HK$'000
Net provision for diminution in value of properties under development for sale/completed properties held for sale	**(20,000)**	(4,126)
Loss on deemed disposal of interest in a listed subsidiary	**–**	(4,822)
Net fair value gain/(loss) on warrant liabilities	**12,664**	(2,530)
	(7,336)	(11,478)

8 Income and expenses by nature

	2011	2010
	HK$'000	HK$'000
Income		
Net rental income *(note)*	**73,927**	67,114
Interest income		
– Listed investments	**153,637**	93,362
– Unlisted investments	**560**	373
– A jointly controlled entity	**16,524**	8,367
– Other receivables	**3,764**	3,136
– Bank deposits	**811**	240
Dividend income		
– Listed investments	**40,256**	101,772
– Unlisted investments	**–**	4,519
Gain on disposal of property, plant and equipment	**–**	2,664
Expenses		
Operating lease rental expense for land and buildings	**6,285**	6,158
Employee benefit expense including Director's emoluments *(note 9)*	**149,416**	139,241
Loss on disposal of property, plant and equipment	**1,827**	–
Auditor's remuneration	**4,808**	4,677
Cost of properties and goods sold	**247,328**	740,087

Note:

	2011	2010
	HK$'000	HK$'000
Net rental income		
Gross rental income		
Investment properties	**75,014**	66,886
Properties held for sale	**3,983**	4,890
	78,997	71,776
Outgoings	**(5,070)**	(4,662)
	73,927	67,114

9 Employee benefit expense

	2011	2010
	HK$'000	HK$'000
Wages and salaries	**144,920**	135,468
Retirement benefits costs *(note (a))*	**4,496**	3,773
	149,416	139,241

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

Notes:

(a) Retirement benefits costs

	2011	2010
	HK$'000	HK$'000
Gross contributions	**4,445**	4,122
Termination benefit	**51**	(349)
Net contributions	**4,496**	3,773

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

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

The Group also participates in the MPF scheme, which are available to all employees not joining the ORSO schemes in Hong Kong and in the CPP organised by the Canadian Government for all employees in Canada. Monthly contributions to the MPF scheme and CPP are made equal to 5% (2010: 5%) or a fixed sum and 4.95% (2010: 4.95%) respectively, of the employee's relevant income in accordance with the local legislative requirements.

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

9 Employee benefit expense (continued)

(b) Share options

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

Company

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

Date of grant	Exercise price per share	Expiry date	Number of share options outstanding at 1st April 2010 and 31st March 2011
30th March 2005	HK$3.15	29th March 2015	
Directors			10,826,424
Employees			2,577,717
			13,404,141

Note:

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

9 Employee benefit expense (continued)

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

Asia Standard Hotel

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

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

Note:

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

10 Directors' and senior management's emoluments

(a) The aggregate amount of emoluments paid and payable to Directors of the Company for the years ended 31st March 2011 and 2010 are set out as follows:

Name of Director	Directors' fee	Salaries, allowances and benefits in kind *(note)*	Employer's contribution to retirement benefit scheme	Total emoluments
2011 (in HK$'000)				
Executive				
Mr. Fung Siu To, Clement	**–**	**2,566**	**42**	**2,608**
Dr. Lim Yin Cheng	**–**	**4,509**	**60**	**4,569**
Mr. Poon Jing	**–**	**18,512**	**12**	**18,524**
Mr. Lun Pui Kan	**–**	**2,596**	**105**	**2,701**
Mr. Kwan Po Lam, Phileas	**–**	**3,830**	**53**	**3,883**
	–	**32,013**	**272**	**32,285**
Non-executive				
Mr. Loup, Nicholas James	**100**	**–**	**–**	**100**
Mr. Au Yat Chuen	**120**	**–**	**–**	**120**
	220	**–**	**–**	**220**
Independent Non-executive				
Mr. Koon Bok Ming, Alan	**120**	**–**	**–**	**120**
Mr. Leung Wai Keung#	**200**	**–**	**–**	**200**
Mr. Wong Chi Keung	**100**	**–**	**–**	**100**
	420	**–**	**–**	**420**
	640	**32,013**	**272**	**32,925**
2010 (in HK$'000)				
Executive				
Mr. Fung Siu To, Clement	–	6,976	42	7,018
Dr. Lim Yin Cheng	–	4,533	60	4,593
Mr. Poon Jing	–	18,350	12	18,362
Mr. Lun Pui Kan	–	2,437	105	2,542
Mr. Kwan Po Lam, Phileas	–	3,585	53	3,638
Mr. Loup, Nicholas James	100	–	–	100
	100	35,881	272	36,253
Non-executive				
Mr. Au Yat Chuen	120	–	–	120
Independent Non-executive				
Mr. Koon Bok Ming, Alan	120	–	–	120
Mr. Leung Wai Keung#	200	–	–	200
Mr. Wong Chi Keung	100	–	–	100
	420	–	–	420
	640	35,881	272	36,793

Note: Balance includes HK$10,500,000 (2010: HK$12,000,000) paid by Asia Standard Hotel.

Includes fees from Asia Standard Hotel of HK$100,000 (2010: HK$100,000).

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

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

(c) During the year, no emolument was paid or is payable by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2010: Nil).

11 Finance costs

	2011 HK$'000	2010 HK$'000
Interest expense		
Long term bank loans	**30,336**	31,038
Loans from a non-controlling shareholder of subsidiaries	**–**	1,240
Short term bank loan and overdrafts	**16,090**	10,437
Other incidental borrowing costs	**6,963**	6,554
Net foreign exchange loss on borrowings	**26,732**	6,582
Fair value gain on interest rate swaps *(note 26(a))*	**(2,180)**	(4,482)
	77,941	51,369

12 Income tax expense

	2011 HK$'000	2010 HK$'000
Current income tax		
Hong Kong profits tax	**(14,434)**	(37,733)
Over/(under) provisions in prior years	**520**	(230)
	(13,914)	(37,963)
Deferred income tax	**(176,073)**	(127,051)
	(189,987)	(165,014)

12 Income tax expense (continued)

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

Shares of income tax charge of jointly controlled entities and associated companies for the year of HK$28,541,000 (2010: HK$29,184,000) and HK$50,944,000 (2010: HK$15,409,000) are included in the profit and loss account as share of profits less losses of jointly controlled entities and associated companies respectively.

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

	2011	2010
	HK$'000	HK$'000
Profit before income tax	**2,329,923**	2,689,089
Share of profits less losses of jointly controlled entities and associated companies	**(410,732)**	(230,610)
	1,919,191	2,458,479
Calculated at a tax rate of 16.5% (2010: 16.5%)	**(316,667)**	(405,649)
Over/(under) provisions in prior years	**520**	(230)
Effect of different tax rates in other countries	**1,852**	(6,978)
Income not subject to income tax	**142,135**	273,046
Expenses not deductible for tax purposes	**(14,930)**	(22,306)
Tax losses not recognised	**(8,199)**	(8,356)
Recognition of previously unrecognised tax losses	**101**	–
Utilisation of previously unrecognised tax losses	**7,146**	1,986
Others	**(1,945)**	3,473
Income tax expense	**(189,987)**	(165,014)

13 Profit attributable to shareholders of the Company

The profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of HK$389,039,000 (2010: HK$338,525,000).

14 Dividends

	2011	2010
	HK$'000	HK$'000
Interim, paid, of HK0.5 cent (2010: HK1.0 cent) per share	**6,197**	12,471
Final, proposed, of HK2.0 cents (2010: HK1.5 cents) per share	**24,447**	18,707
	30,644	31,178

At a meeting held on 24th June 2011, the Board of Directors has proposed to pay a final dividend of HK2.0 cents (2010: HK1.5 cents) per share with a scrip option. The proposed dividend is not reflected in the financial statements, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2012.

The amount of HK$24,447,000 is based on 1,222,371,832 issued shares as at 24th June 2011.

15 Earnings per share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK$2,039,675,000 (2010: HK$2,383,270,000) and divided by the weighted average number of 1,240,344,588 (2010: 1,199,106,377) shares in issue during the year.

The calculation of diluted earnings per share for the year ended 31st March 2011 is based on HK$2,038,307,000 equalling to the profit attributable to shareholders of the Company of HK$2,039,675,000 with a decrease in share of profit after tax of HK$1,368,000 from the Company's listed subsidiary arising from potential conversion of its warrants and divided by the 1,240,344,588 shares in issue during the year. The Company's and its listed subsidiary's outstanding share options did not have a diluted effect on the earnings per share.

For the year ended 31st March 2010, the Company's and its listed subsidiary's outstanding share options and warrants did not have a diluted effect on the earnings per share, the basic and diluted earnings per share were equal.

16 Property, plant and equipment

	Freehold land of a hotel in Canada HK$'000	Leasehold land in Hong Kong HK$'000	Hotel buildings HK$'000	Other buildings HK$'000	Other equipments HK$'000	Total HK$'000
Cost						
As previously reported	62,754	–	1,339,465	19,000	52,162	1,473,381
Effect of adoption of HKAS 17 (Amendment)	–	2,018,320	–	–	–	2,018,320
At 31st March 2009 (Restated)	62,754	2,018,320	1,339,465	19,000	52,162	3,491,701
Reclassification	–	–	10,902	–	(10,902)	–
Currency translation differences	15,264	–	89,363	–	50	104,677
Additions	–	–	53,561	–	427	53,988
Disposals	–	–	(9,004)	(2,551)	(1,295)	(12,850)
At 31st March 2010 (Restated)	78,018	2,018,320	1,484,287	16,449	40,442	3,637,516
Accumulated depreciation						
As previously reported	–	–	483,238	6,142	43,022	532,402
Effect of adoption of HKAS 17 (Amendment)	–	306,069	–	–	–	306,069
At 31st March 2009 (Restated)	–	306,069	483,238	6,142	43,022	838,471
Reclassification	–	–	3,226	–	(3,226)	–
Currency translation differences	–	–	49,635	–	40	49,675
Charge for the year	–	26,646	60,796	315	485	88,242
Disposals	–	–	(9,002)	(917)	(1,295)	(11,214)
At 31st March 2010 (Restated)	–	332,715	587,893	5,540	39,026	965,174
Net book value						
At 31st March 2010 (Restated)	78,018	1,685,605	896,394	10,909	1,416	2,672,342
Cost						
As previously reported	78,018	–	1,484,287	16,449	40,442	1,619,196
Effect of adoption of HKAS 17 (Amendment)	–	2,018,320	–	–	–	2,018,320
At 31st March 2010 (Restated)	78,018	2,018,320	1,484,287	16,449	40,442	3,637,516
Currency translation differences	3,628	–	21,655	–	269	25,552
Additions	–	–	29,093	38,180	6,448	73,721
Adjustments *(note (c))*	–	–	(3,922)	–	–	(3,922)
Transfer to investment properties	–	(46,099)	–	–	–	(46,099)
Disposals	–	–	(4,326)	–	(1,951)	(6,277)
At 31st March 2011	**81,646**	**1,972,221**	**1,526,787**	**54,629**	**45,208**	**3,680,491**
Accumulated depreciation						
As previously reported	–	–	587,893	5,540	39,026	632,459
Effect of adoption of HKAS 17 (Amendment)	–	332,715	–	–	–	332,715
At 31st March 2010 (Restated)	–	332,715	587,893	5,540	39,026	965,174
Currency translation differences	–	–	13,469	–	223	13,692
Charge for the year	–	26,591	60,977	1,108	1,172	89,848
Transfer to investment properties	–	(814)	–	–	–	(814)
Disposals	–	–	(2,496)	–	(1,951)	(4,447)
At 31st March 2011	**–**	**358,492**	**659,843**	**6,648**	**38,470**	**1,063,453**
Net book value						
At 31st March 2011	**81,646**	**1,613,729**	**866,944**	**47,981**	**6,738**	**2,617,038**

16 Property, plant and equipment (continued)

Notes:

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

	2011	2010
	HK$'000	HK$'000
Hotel properties		
Hotel buildings	**866,944**	896,394
Hotel freehold land	**81,646**	78,018
Hotel leasehold land	**1,583,363**	1,609,692
	2,531,953	2,584,104

Supplementary information with hotel properties at valuation:

The aggregate open market value of the hotel properties in Hong Kong and Canada based on valuations conducted respectively by Vigers Appraisal & Consulting Limited and Grant Thornton Management Consultants (2010: Vigers Appraisal & Consulting Limited and Grant Thornton Management Consultants), independent professional valuers, amounted to HK$6,791,059,000 (2010: HK$5,206,622,000).

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

(b) The aggregate net book value of property, plant and equipment pledged as security for loans amounted to HK$2,569,157,000 (2010: HK$2,621,791,000).

(c) Amount represents write back of cost over provided in prior years.

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

	2011	2010
	HK$'000	HK$'000
Freehold in Canada	**270,517**	274,034
Long term leases in Hong Kong	**1,466,617**	1,526,639
Medium term leases in Hong Kong	**873,166**	870,253
	2,610,300	2,670,926

17 Investment properties

	2011 HK$'000	2010 HK$'000
At the beginning of the year	**2,419,600**	1,849,000
Transfer in from properties under development for sale	**28,025**	–
Transfer in from property, plant and equipment	**45,285**	–
Addition	**10,225**	1,926
Fair value change	**887,987**	568,674
At the end of the year	**3,391,122**	2,419,600

Investment properties were revalued by Prudential Surveyors International Limited (2010: Vigers Appraisal & Consulting Limited), independent professional valuers, on an open market value basis as at 31st March 2011 and 2010. Investment properties are situated on long term leasehold land in Hong Kong.

The aggregate net book value of investment properties pledged as securities for loans amounted to HK$3,307,200,000 (2010: HK$2,419,600,000).

18 Subsidiaries

	2011 HK$'000	2010 HK$'000
Unlisted shares, at cost	**1,229,076**	1,229,076
Amounts due by subsidiaries less provisions	**4,382,152**	4,081,028
	5,611,228	5,310,104

As at 31st March 2011, the shares of certain subsidiaries are pledged to secure loan facilities granted to the Group.

Details of the principal subsidiaries are set out in note 40.

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

19 Jointly controlled entities

	2011 HK$'000	2010 HK$'000
Share of net assets	**212,367**	198,414
Advances to jointly controlled entities	**384,269**	511,328
Provisions on advances to jointly controlled entities	**(27,765)**	(35,333)
	568,871	674,409
Amount due from a jointly controlled entity included in current assets	**65,000**	–
	633,871	674,409

In 2010, advances to a jointly controlled entity amounting HK$261,693,000 was subordinated to the repayment of the loans of those jointly controlled entities.

Advances to jointly controlled entities are equity in nature and made to finance property development projects. The advances to jointly controlled entities are denominated in Hong Kong dollar. During the year, except for an amount of HK$149,208,000 (2010: HK$261,693,000) due from a jointly controlled entity which is interest bearing at The Hong Kong and Shanghai Banking Corporation ("HSBC") prime rate, the remaining amounts are unsecured, interest free and have no fixed term of repayment.

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

19 Jointly controlled entities (continued)

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

	2011	2010
	HK$'000	HK$'000
Assets		
Non-current assets	**503,021**	666,323
Current assets	**228,803**	248,597
	731,824	914,920
Liabilities		
Non-current liabilities	**6,446**	114,642
Current liabilities	**513,011**	601,864
	519,457	716,506
Net assets	**212,367**	198,414
Income	**413,061**	438,587
Expenses	**(232,998)**	(270,511)
Profit before income tax	**180,063**	168,076
Income tax expense	**(28,541)**	(29,184)
Profit for the year	**151,522**	138,892

20 Associated companies

	2011	2010
	HK$'000	HK$'000
Share of net assets	**773,043**	550,608
Advances to associated companies	**641,932**	642,212
Provisions for advances to associated companies	**(537,764)**	(538,239)
	877,211	654,581
Amount due to an associated company included in current liabilities	**(14,850)**	(51,150)
	862,361	603,431

As at 31st March 2011 and 2010, the shares in an associated company are pledged to secure the loan facilities granted to the Group.

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

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

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

	2011	2010
	HK$'000	HK$'000
Assets	**1,045,571**	773,160
Liabilities	**(272,528)**	(222,552)
Net assets	**773,043**	550,608
Revenues	**15,425**	14,410
Profit for the year	**259,210**	91,718

21 Available-for-sale investments

	2011	2010
	HK$'000	HK$'000
Equity securities		
– Listed in Hong Kong	**220,100**	228,258
– Unlisted	**10,157**	–
	230,257	228,258

Notes:

(a) In 2009, the Group reclassified certain financial assets at fair value through profit or loss into the available-for-sale investments. In respect of the reclassified financial assets, the Group recognised fair value loss of HK$16,317,000 before such reclassification. The Group believed that the deterioration of the world's financial markets that occurred during the third quarter of 2008 represents a rare circumstance that allows such a reclassification. The fair values of reclassified financial assets as of the date of reclassification amounted to HK$67,943,000, part of which was subsequently disposal of. No such reclassification was made for the years ended 31st March 2010 and 2011.

As at 31st March 2011, the fair value of the remaining reclassified financial assets was HK$8,544,000 (2010: HK$28,955,000). During the year, fair value gain of HK$1,620,000 (2010: HK$3,570,000) and impairment loss of HK$551,000 (2010: HK$1,531,000) for the reclassified financial assets were recognised in other comprehensive income and profit and loss account respectively.

(b) Impairment provision of HK$551,000 (2010: HK$1,531,000) on available-for-sale investments was recognised in profit and loss account during the year (note 6).

22 Mortgage loans receivable

	2011	2010
	HK$'000	HK$'000
Mortgage loans receivable	**85,393**	178,350
Less: current portion included in current assets	**(3,664)**	(35,315)
	81,729	143,035

22 Mortgage loans receivable (continued)

The mortgage loans receivable carry interest at rates ranged from HSBC prime rate plus 1.5 to 2% (2010: HSBC prime rate plus 1.5% to 2%) per annum. The effective interest rate at 31st March 2011 was 6.52% (2010: 6.58%) per annum. The mortgage loans receivable are denominated in Hong Kong dollar. The carrying amounts of the mortgage loans receivable approximate their fair values.

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

	2011	2010
	HK$'000	HK$'000
Properties under development for sale		
Leasehold land	**1,091,071**	404,112
Development costs	**31,284**	27,210
	1,122,355	431,322
Completed properties held for sale		
Leasehold land	**47,677**	84,092
Development costs	**42,612**	75,035
	90,289	159,127

At 31st March 2011, properties amounting to HK$1,129,632,000 (2010: HK$453,035,000) were pledged to banks to secure certain banking facilities of the Group.

At 31st March 2011 and 2010, all the properties under development for sale were not scheduled for completion within twelve months.

24 Trade and other receivables

	2011 HK$'000	2010 HK$'000
Trade receivables		
Fully performing	**62,127**	61,326
Past due but not impaired	**6,160**	9,282
Impaired	**446**	286
	68,733	70,894
Less: provision for impairment of receivables	**(446)**	(286)
Trade receivables, net	**68,287**	70,608
Accrued interest and dividend receivable	**73,226**	37,347
Prepayments	**10,140**	8,298
Utility and other deposits	**8,912**	44,671
Other receivables	**70,280**	80,666
	230,845	241,590

As at 31st March 2011, other receivables include loan receivable of HK$55,072,000 (2010: HK$54,571,000) which was interest bearing from HSBC prime rate to 2% above HSBC prime rate per annum and repayable within one year for current and prior years.

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

	2011 HK$'000	2010 HK$'000
0 day to 60 days	**67,764**	69,651
61 days to 120 days	**500**	957
More than 120 days	**23**	–
	68,287	70,608

24 Trade and other receivables (continued)

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

	2011 HK$'000	2010 HK$'000
0 day to 60 days	**6,026**	8,325
More than 60 days	**134**	957
	6,160	9,282

As at 31st March 2011, trade receivables of HK$446,000 (2010: HK286,000) were impaired.

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

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

	2011 HK$'000	2010 HK$'000
Hong Kong dollar	**114,464**	182,451
US dollar	**52,831**	23,261
Sterling	**48,197**	22,747
Canadian dollar	**10,576**	10,317
Others	**4,777**	2,814
	230,845	241,590

25 Financial assets at fair value through profit or loss

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Equity securities				
– Listed in Hong Kong	**438,744**	39	**13**	39
– Listed in the USA	**920,313**	1,033,997	**–**	–
– Listed in Europe	**767,434**	199,327	**–**	–
– Unlisted	**44,694**	40,435	**–**	–
	2,171,185	1,273,798	**13**	39
Debt securities				
– Listed in the USA	**104,510**	88,348	**–**	–
– Listed in Europe	**2,507,681**	1,641,770	**–**	–
– Listed in Singapore	**219,999**	11,946	**–**	–
– Unlisted	**8,000**	13,000	**–**	–
	2,840,190	1,755,064	**–**	–
Unlisted fund	**8,843**	–	**–**	–
	5,020,218	3,028,862	**13**	39

Notes:

(a) The debt securities carry fixed coupon ranging from 5.905% to 13.5% (2010: from 5.905% to 13%) per annum and their nominal values are equivalent to HK$3,469,026,000 (2010: HK$2,398,250,000).

(b) At 31st March 2011, financial assets at fair value through profit or loss equivalent to HK$1,040,036,000 (2010: HK$55,070,000) were pledged as security for United States dollar versus Japanese Yen interest rate swaps (note 26(b)) and borrowings.

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

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

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Sterling	**2,413,750**	1,129,536	**–**	–
US dollar	**1,715,854**	1,710,088	**–**	–
Hong Kong dollar	**446,744**	13,039	**13**	39
Euro	**443,870**	176,199	**–**	–
	5,020,218	3,028,862	**13**	39

26 Derivative financial instruments

	2011	2010
	HK$'000	HK$'000
Interest rate swaps		
– Hong Kong dollar *(note (a))*	**7,979**	10,159
– Foreign currency *(note (b))*	**18,263**	7,802
	26,242	17,961

Notes:

(a) The notional principal amount of the outstanding interest rate swap contracts at 31st March 2011 were HK$200,000,000 (2010: HK$300,000,000).

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

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

27 Bank balances and cash

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash at bank and in hand	**109,030**	75,846	**1,377**	593
Short term bank deposits	**200,539**	145,768	**40,000**	50,000
Cash and cash equivalents	**309,569**	221,614	**41,377**	50,593
Restricted bank balances	**5,731**	6,043	**–**	–
	315,300	227,657	**41,377**	50,593

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

	Group	
	2011	2010
	HK$'000	HK$'000
Hong Kong dollar	**259,431**	183,608
Canadian dollar	**34,086**	20,875
Renminbi	**11,518**	9,872
United States dollar	**7,473**	12,980
Others	**2,792**	322
	315,300	227,657

28 Trade and other payables

	2011	2010
	HK$'000	HK$'000
Trade payables	**56,009**	15,808
Accrual and other payables	**52,982**	109,319
Rental and management fee deposits	**24,599**	20,792
	133,590	145,919

28 Trade and other payables (continued)

Aging analysis of trade payables is as follows:

	2011 HK$'000	2010 HK$'000
0 day to 60 days	**55,946**	15,593
61 days to 120 days	**46**	12
More than 120 days	**17**	203
	56,009	15,808

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

29 Warrant liabilities

(a) The Company

On 8th September 2008, the Company issued warrants to shareholders on the basis of one warrant for every five shares of the Company. The initial subscription price was at HK$0.1 per share and the warrants are exercisable at any time within one year from the date of issue. Apart from the adjustments upon occurrence of the usual adjustment events, the subscription price is subject to the reset adjustment ten business days before the date of expiration of the warrants. The warrants expired on 7th September 2009.

Movement of the warrant liabilities during last year is as follows:

	HK$'000
At 1st April 2009	8,481
Fair value gain credited to profit and loss account	(7,308)
Set off against reserve upon conversion of warrants	(1,173)
At 31st March 2010	–

29 Warrant liabilities (continued)

(b) Listed subsidiary

On 7th September 2007, Asia Standard Hotel, a listed subsidiary, issued bonus warrants to shareholders on the basis of one warrant for every five shares of Asia Standard Hotel. The initial subscription price was at HK$0.146 per share and the warrants are exercisable at any time within three years from the date of issue. Apart from the adjustments upon occurrence of the usual adjustment events, the subscription price is subject to the reset adjustment at the end of every six months from the date of issue of the warrants and on the tenth business day before the date of expiration of the warrants. The warrants have expired on 6th September 2010.

Movement of the warrant liabilities during the year is as follows:

	2011	2010
	HK$'000	HK$'000
At 1st April	**17,000**	7,893
Fair value (gain)/loss (credited)/charged to profit and loss account	**(12,664)**	9,838
Set off against non-controlling interest upon conversion of warrants	**(4,336)**	(731)
At 31st March	**–**	17,000

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

Closing share price (HK$)	0.51
Exercise price (HK$)	0.29
Expected remaining life of warrants (years)	0.4
Expected volatility (%)	35.53
Risk free rate (%)	0.145

30 Share capital

Shares of HK$0.01 each	Number of shares	Amount
		HK$'000
Authorised:		
At 31st March 2010 and 2011	400,000,000,000	4,000,000

	Number of shares		Amount	
	2011	2010	**2011**	2010
			HK$'000	HK$'000
Issued and fully paid:				
At the beginning of the year	**1,247,129,646**	11,366,385,969	**12,471**	113,664
Conversion of warrants *(note (a))*	**–**	1,138,498,464	**–**	11,385
Exercise of share options	**–**	27	**–**	–
Scrip dividend *(note (b))*	**4,044,186**	–	**41**	–
Capital Reorganisation *(note (c))*	**–**	(11,254,396,014)	**–**	(112,544)
Share repurchase *(note (d))*	**(28,802,000)**	(3,358,800)	**(288)**	(34)
At the end of the year	**1,222,371,832**	1,247,129,646	**12,224**	12,471

Notes:

(a) During the year ended 31st March 2010, 3,659,878 and 1,134,838,586 of the warrants were converted at exercise price of HK$0.10 and adjusted exercise price of HK$0.085 respectively, the remaining warrants lapsed upon maturity.

(b) In September 2010, 1,789,151 new shares were allotted and issued at HK$1.36 per share in lieu of final dividend for the year ended 31st March 2010.

In February 2011, 2,255,035 new shares were allotted and issued at HK$1.92 per share in lieu of interim dividend for the six months ended 30th September 2010.

(c) On 8th July 2009, the Company proposed a reorganisation of the share capital (the "Capital Reorganisation"). The Capital Reorganisation became effective on 9th September 2009 after approval by the shareholders. The Capital Reorganisation involved the following:

(i) Every ten issued shares of HK$0.01 each were consolidated into one share of HK$0.1 each.

(ii) The paid-up capital of each consolidated share was reduced from HK$0.1 to HK$0.01 by cancelling the paid-up amount to the extent of HK$0.09 so as to form a registered share of HK$0.01 each. The credit arising from the capital reduction was transferred to the contributed surplus account of the Company (note 31).

(d) All the repurchased shares were cancelled during the year.

31 Reserves

Group

	Share premium HK$'000	Capital redemption reserve HK$'000	Share options reserve HK$'000	Warrant reserve HK$'000	Available-for-sale investments reserve HK$'000	Contributed surplus HK$'000	Revenue reserve HK$'000	Total HK$'000
At 31st March 2009	1,923,369	43,868	16,638	(26,097)	(10,772)	2,670,292	(60,987)	4,556,311
Fair value gain on available-for-sale investments	–	–	–	–	63,000	–	–	63,000
Release of reserve upon disposal of available-for-sale investment	–	–	–	–	14,656	–	–	14,656
Impairment of available-for-sale investments charged to profit and loss account	–	–	–	–	1,032	–	–	1,032
Currency translation differences	–	–	–	–	–	–	24,658	24,658
Profit for the year	–	–	–	–	–	–	2,383,270	2,383,270
Conversion of warrants	85,442	–	–	13,662	–	–	(12,489)	86,615
Expiry of warrants	–	–	–	12,435	–	–	(12,435)	–
Capital Reorganisation *(note 30(c))*	–	–	–	–	–	112,544	–	112,544
Share repurchase	–	34	–	–	–	–	(3,183)	(3,149)
2010 interim dividend	–	–	–	–	–	–	(12,471)	(12,471)
At 31st March 2010	2,008,811	43,902	16,638	–	67,916	2,782,836	2,306,363	7,226,466
Representing:								
2010 final dividend proposed	–	–	–	–	–	–	18,707	18,707
Others	2,008,811	43,902	16,638	–	67,916	2,782,836	2,287,656	7,207,759
At 31st March 2010	2,008,811	43,902	16,638	–	67,916	2,782,836	2,306,363	7,226,466
At 31st March 2010	2,008,811	43,902	16,638	–	67,916	2,782,836	2,306,363	7,226,466
Fair value gain on available-for-sale investments	–	–	–	–	5,690	–	–	5,690
Release of reserve upon disposal of available-for-sale investment	–	–	–	–	(6,295)	–	–	(6,295)
Impairment of available-for-sale investments charged to profit and loss account	–	–	–	–	385	–	–	385
Currency translation differences	–	–	–	–	–	–	7,389	7,389
Profit for the year	–	–	–	–	–	–	2,039,675	2,039,675
2010 final dividend	2,415	–	–	–	–	–	(18,655)	(16,240)
2011 interim dividend	4,307	–	–	–	–	–	(6,197)	(1,890)
Share repurchase	–	288	–	–	–	–	(48,887)	(48,599)
Net increase in shareholding in a listed subsidiary	–	–	–	–	–	–	39,016	39,016
At 31st March 2011	**2,015,533**	**44,190**	**16,638**	**–**	**67,696**	**2,782,836**	**4,318,704**	**9,245,597**
Representing:								
2011 final dividend proposed	–	–	–	–	–	–	24,447	24,447
Others	2,015,533	44,190	16,638	–	67,696	2,782,836	4,294,257	9,221,150
At 31st March 2011	**2,015,533**	**44,190**	**16,638**	**–**	**67,696**	**2,782,836**	**4,318,704**	**9,245,597**

31 Reserves (continued)

Company

	Share premium HK$'000	Capital redemption reserve HK$'000	Warrant reserve HK$'000	Contributed surplus HK$'000	Revenue reserve HK$'000	Total HK$'000
At 31st March 2009	1,922,218	43,868	(26,097)	2,684,451	170,835	4,795,275
Profit for the year	–	–	–	–	338,525	338,525
Conversion of warrants	85,442	–	13,662	–	(12,489)	86,615
Expiry of warrants	–	–	12,435	–	(12,435)	–
Capital Reorganisation *(note 30(c))*	–	–	–	112,544	–	112,544
Share repurchase	–	34	–	–	(3,183)	(3,149)
2010 interim dividend	–	–	–	–	(12,471)	(12,471)
At 31st March 2010	2,007,660	43,902	–	2,796,995	468,782	5,317,339
Representing:						
2010 final dividend proposed	–	–	–	–	18,707	18,707
Others	2,007,660	43,902	–	2,796,995	450,075	5,298,632
At 31st March 2010	2,007,660	43,902	–	2,796,995	468,782	5,317,339
At 31st March 2010	2,007,660	43,902	–	2,796,995	468,782	5,317,339
Profit for the year	–	–	–	–	389,039	389,039
2010 final dividend	2,415	–	–	–	(18,655)	(16,240)
2011 interim dividend	4,307	–	–	–	(6,197)	(1,890)
Share repurchase	–	288	–	–	(48,887)	(48,599)
At 31st March 2011	**2,014,382**	**44,190**	**–**	**2,796,995**	**784,082**	**5,639,649**
Representing:						
2011 final dividend proposed	–	–	–	–	24,447	24,447
Others	2,014,382	44,190	–	2,796,995	759,635	5,615,202
At 31st March 2011	**2,014,382**	**44,190**	**–**	**2,796,995**	**784,082**	**5,639,649**

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

32 Borrowings

	Group			Company	
	31st March 2011 HK$'000	31st March 2010 HK$'000 (Restated)	1st April 2009 HK$'000 (Restated)	**31st March 2011 HK$'000**	31st March 2010 HK$'000
Current liabilities					
Short term bank loans and overdrafts					
Secured	**1,235,901**	676,014	385,011	**–**	–
Unsecured	**99,000**	80,000	30,000	**–**	30,000
	1,334,901	756,014	415,011	**–**	30,000
Current portion of long term bank loans	**202,541**	114,706	42,230	**–**	–
Portion of long term bank loans contain a repayment on demand clause	**78,555**	744,537	772,508	**–**	–
	1,615,997	1,615,257	1,229,749	**–**	–
Non-current liabilities					
Long term bank loans, secured	**2,270,071**	757,370	1,087,688	**–**	–
	3,886,068	2,372,627	2,317,437	**–**	30,000

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

	Group	
	31st March 2011 HK$'000	31st March 2010 HK$'000
Repayable within one year	**202,541**	114,706
Repayable between one and two years	**388,244**	198,764
Repayable between two to five years	**247,890**	355,822
Repayable after five years	**1,712,492**	947,321
	2,551,167	1,616,613
Current portion included in current liabilities	**(202,541)**	(114,706)
	2,348,626	1,501,907

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

32 Borrowings (continued)

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

	Group			Company	
	31st March 2011 HK$'000	31st March 2010 HK$'000 (Restated)	1st April 2009 HK$'000 (Restated)	**31st March 2011 HK$'000**	31st March 2010 HK$'000
Hong Kong dollar	**3,039,974**	2,218,705	2,133,100	**–**	30,000
United States dollar	**211,997**	–	–	**–**	–
Sterling	**256,535**	–	–	**–**	–
Euro	**223,552**	–	–	**–**	–
Canadian dollar	**90,193**	97,307	87,214	**–**	–
Japanese Yen	**63,817**	56,615	97,123	**–**	–
	3,886,068	2,372,627	2,317,437	**–**	30,000

The effective interests of the borrowing at the balance sheet date range from 0.57% to 2.7% (2010: 0.53% to 2%) per annum.

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

33 Deferred income tax

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

	Group		Company	
	2011 HK$'000	2010 HK$'000	**2011 HK$'000**	2010 HK$'000
Deferred income tax assets	**5,252**	9,764	**–**	–
Deferred income tax liabilities	**(450,916)**	(279,355)	**–**	–
	(445,664)	(269,591)	**–**	–

33 Deferred income tax (continued)

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

Group

Deferred income tax assets

	Accelerated accounting depreciation		Tax loss		Difference in cost base of properties		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**–**	239	**57,529**	65,428	**59,197**	70,526	**116,726**	136,193
Recognised in the profit and loss account	**–**	(239)	**(34,900)**	(7,899)	**(1,442)**	(11,329)	**(36,342)**	(19,467)
At the end of the year	**–**	–	**22,629**	57,529	**57,755**	59,197	**80,384**	116,726

Deferred income tax liabilities

	Accelerated tax depreciation		Revaluation of properties		Fair value adjustments		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At the beginning of the year	**(69,005)**	(52,407)	**(259,730)**	(166,262)	**(57,582)**	(60,064)	**(386,317)**	(278,733)
Recognised in the profit and loss account	**6,768**	(16,598)	**(146,081)**	(93,468)	**(418)**	2,482	**(139,731)**	(107,584)
At the end of the year	**(62,237)**	(69,005)	**(405,811)**	(259,730)	**(58,000)**	(57,582)	**(526,048)**	(386,317)

Company

Deferred income tax assets

	Tax losses	
	2011	2010
	HK$'000	HK$'000
At the beginning of the year	**–**	2,241
Recognised in the profit and loss account	**–**	(2,241)
At the end of the year	**–**	–

Deferred income tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$72 million (2010: HK$83 million) in respect of losses amounting to HK$422 million (2010: HK$482 million) that can be carried forward against future taxable income. Except for tax losses of HK$404 million (2010: HK$462 million) which have no expiry date, the balance will expire at various dates up to and including 2029 (2010: 2029).

34 Capital commitments

Capital commitments at the balance sheet date are as follows:

	2011	2010
	HK$'000	HK$'000
Property, plant and equipment		
Contracted but not provided for	**1,054**	10,084
Authorised but not contracted for	**4,277**	13,982
	5,331	24,066

35 Operating lease arrangements

(a) Lessor

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

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

	Group	
	2011	2010
	HK$'000	HK$'000
In respect of land and buildings:		
Within one year	**80,462**	79,570
In the second to fifth year inclusive	**46,430**	89,777
	126,892	169,347

35 Operating lease arrangements (continued)

(b) Lessee

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

	Group	
	2011	2010
	HK$'000	HK$'000
In respect of land and buildings:		
Within one year	**5,090**	3,592
In the second to fifth year inclusive	**7,614**	5,776
After the fifth year	**3,699**	4,961
	16,403	14,329

36 Financial guarantees

	Group		Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Guarantees for the banking and loan facilities of:				
Subsidiaries	**–**	–	**1,634,000**	897,000
Jointly controlled entities	**–**	108,190	**–**	108,190
	–	108,190	**1,634,000**	1,005,190

37 Note to consolidated statement of cash flows

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

	2011 HK$'000	2010 HK$'000
Profit before income tax	**2,329,923**	2,689,089
Share of profits less losses of		
Jointly controlled entities	**(151,522)**	(138,892)
Associated companies	**(259,210)**	(91,718)
Depreciation	**89,848**	97,563
Net realised and fair value gains on financial assets at fair value through profit or loss	**(714,923)**	(1,336,704)
Impairment of available-for-sale investments	**551**	1,531
Net realised gain on disposal of available-for-sale investments	**(2,314)**	(28,702)
Net fair value loss/(gain) on derivative financial instruments	**10,461**	(4,908)
Fair value changes of investment properties	**(887,987)**	(568,674)
Net fair value (gain)/loss on warrant liabilities	**(12,664)**	2,530
Loss on deemed disposal of interest in a listed subsidiary	**–**	4,822
Loss/(gain) on disposal of property, plant and equipment	**1,827**	(2,664)
Net provision for diminution in value of properties under development for sale/completed properties held for sale	**20,000**	4,126
Dividend income	**(40,256)**	(106,291)
Interest income	**(175,296)**	(105,478)
Interest expense	**77,941**	51,369
Operating profit before working capital changes	**286,379**	466,999
Decrease/(increase) in mortgage loans receivable	**92,957**	(151,729)
(Increase)/decrease in properties under development for sale (excluding interest expense capitalised)	**(670,219)**	546,529
Increase in hotel and restaurant inventories	**(135)**	(46)
Decrease/(increase) in trade and other receivables	**46,625**	(16)
Increase in financial assets at fair value through profit or loss	**(1,276,433)**	(984,084)
Increase in derivative financial instruments	**–**	(7,748)
Decrease in restricted bank balances	**312**	11,972
(Decrease)/increase in trade and other payables	**(11,958)**	9,156
Dividend received from financial investments	**40,233**	97,580
Interest received from financial investments	**113,193**	91,255
Net cash (used in)/generated from operations	**(1,379,046)**	79,868

38 Related party transactions

The major shareholder of the Group is Asia Orient Holdings Limited ("Asia Orient"), a company incorporated in Bermuda and listed in Hong Kong. Asia Orient directly own 50.31% of the Company's shares, the remaining 49.69% shares are widely held.

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

(a) Sales and purchase of goods and services

	2011	2010
	HK$'000	HK$'000
Income from/(expense to) subsidiaries of Asia Orient		
Rental income *(note (a))*	**630**	630
Management fee expense *(note (b))*	**(1,007)**	(1,005)
Cleaning expense *(note (c))*	**(785)**	(863)
Income from a jointly controlled entity		
Management fee *(note (d))*	**1,320**	2,400
Project management fee *(note (d))*	**720**	3,109
Agency fee *(note (d))*	**3,100**	–
Interest income *(note 19)*	**9,780**	22,264
Interest expense to a minority shareholder	**–**	(1,240)

Notes:

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

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

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

(d) Project management fee, management fee and agency fee is subject to mutually agreed terms.

(e) The balances with jointly controlled entities are disclosed in note 19.

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

38 Related party transactions (continued)

(b) Key management compensation

	2011	2010
	HK$'000	HK$'000
Fee	**640**	640
Salaries, allowances and benefits in kind	**35,115**	38,840
Employer's contribution to retirement benefit scheme	**296**	296
	36,051	39,776

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

39 Comparative figures

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

40 Principal subsidiaries, jointly controlled entities and associated companies

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

Subsidiaries

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

Name	**Principal activity**	**Issued and fully paid ordinary share capital**
Incorporated in Hong Kong		
Asia Standard (Beijing) Company Limited	Investment holding	HK$2
Asia Standard Development (Holdings) Limited	Investment holding	HK$10 and non-voting deferred share capital of HK$362,892,949
Asia Standard Development (Real Estate Agencies) Limited	Real estate agency services	HK$2
Asia Standard Finance Company Limited	Financing services	HK$1,000,000
Asia Standard International Limited*	Investment holding	HK$1,214,916,441
Asia Standard Management Services Limited	Management services	HK$2
Asia Standard Project Management Company Limited	Project management	HK$2
Cheer Selection Limited	Securities investment	HK$2
Full Union Development Limited	Property development	HK$2
Get Rich Enterprises Limited	Property development	HK$2
Glory Ocean Limited	Property development	HK$2
Grace Profit Enterprises Limited (69.9% owned)	Investment holding	HK$2
Hoi Chak Properties Limited	Property investment	HK$10 and non-voting deferred share capital of HK$2
JBC Travel Company Limited (69.9% owned)	Travel agency	HK$2,500,000
Mark Honour Limited (99.9% owned)	Property development	HK$100,000
Master Asia Enterprises Limited (69.9% owned)	Hotel holding	HK$10,000
Perfect Wave Limited (69.9% owned)	Catering operation	HK$2
Stone Pole Limited (69.9% owned)	Hotel holding	HK$10
Tilpifa Company Limited	Property investment	HK$10 and non-voting deferred share capital of HK$10,000
Tonlok Limited	Property development	HK$1,000

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

Subsidiaries (continued)

Name	Principal activity	Issued and fully paid ordinary share capital
Incorporated in Hong Kong (continued)		
Union Rich Resources Limited	Property development	HK$2
Vinstar Development Limited (69.9% owned)	Hotel holding	HK$2
Winfast Engineering Limited	Construction	HK$2
Incorporated in Bermuda		
Asia Standard Hotel Group Limited (69.9% owned)	Investment holding	HK$30,756,648
Incorporated in the British Virgin Islands		
Enrich Enterprises Limited (69.9% owned)**	Hotel holding	US$1
Global Gateway Corp. (69.9% owned)**	Hotel operation	US$1
Glory Ventures Enterprises Inc. (69.9% owned)**	Hotel holding	US$1
Greatime Limited (69.9% owned)	Securities investment	US$1
Onrich Enterprise Limited (69.9% owned)	Securities investment	US$1
Techfull Properties Corp.	Securities investment	US$1
Topshine Investment Holdings Limited (69.9% owned)	Securities investment	US$1
Incorporated in the People's Republic of China (the "PRC")		
Shanghai Hong Hua TGIF Restaurant Company Limited (66.4% owned)***	Catering operation	RMB17,384,640
Incorporated in Macau		
International Quarry Industry Limited	Property development	MOP3,000,000

* *Direct subsidiary of the Company*
** *Operates in Canada*
*** *Operates in the PRC, cooperative joint venture*

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

Associated companies

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

Name	Principal activity	Issued and fully paid ordinary share capital	Group equity interest
Gallop Worldwide Limited (incorporated in the British Virgin Islands)	Investment holding	US$2	50%
Perfect Pearl Company Limited	Property investment	HK$1,000 and non-voting deferred share capital of HK$10,000	33%

Jointly controlled entities

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

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Lucky New Investment Limited	Property development	HK$1	50%
Paramount Shine Limited	Property development	HK$2	50%
Incorporated in the PRC			
北京黃海房地產開發有限公司#	Property development	RMB240,000,000	50%

operates in the PRC

41 Ultimate holding company

The Directors regard Asia Orient, incorporated in Bermuda and listed in Hong Kong, as being the ultimate holding company.

42 Approval of financial statements

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

Combined Balance Sheet of Affiliated Companies

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

	Combined balance sheet 2011 HK$'000	Group's attributable Interest 2011 HK$'000
Property, plant and equipment	**1,681**	**841**
Investment properties	**2,730,000**	**900,900**
Properties under development for sale	**1,161,259**	**580,629**
Current assets	**627,231**	**295,080**
Current liabilities	**(353,359)**	**(168,815)**
Borrowings	**(126,600)**	**(41,778)**
Deferred income tax liabilities	**(355,199)**	**(118,703)**
Non-controlling interests	**(4,144)**	**(2,072)**
Shareholders' advance	**(2,056,188)**	**(460,672)**
	1,624,681	**985,410**

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

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

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

Consolidated profit and loss account

For the year ended 31st March 2011

	2011	2010
	HK$'000	HK$'000
Revenue	**695,851**	594,157
Cost of sales	**(330,246)**	(302,072)
Gross profit	**365,605**	292,085
Selling and administrative expenses	**(107,503)**	(92,675)
Depreciation	**(89,046)**	(88,830)
Net investment gain	**222,905**	399,629
Other gain and charges	**12,664**	(30,700)
Operating profit	**404,625**	479,509
Finance costs	**(51,899)**	(32,955)
Profit before income tax	**352,726**	446,554
Income tax expense	**(26,524)**	(11,974)
Profit for the year attributable to shareholders	**326,202**	434,850
Dividends	**15,367**	13,131
Earnings per share (HK cents)		
Basic	**22.65**	33.20
Diluted	**21.98**	31.06

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

Consolidated balance sheet

As at 31st March 2011

	31st March 2011 HK$'000	31st March 2010 HK$'000 (Restated)	1st April 2009 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment	**2,586,848**	2,636,737	2,616,988
Available-for-sale investments	**220,100**	228,258	182,428
Deferred income tax assets	**–**	1,338	7,771
	2,806,948	2,866,333	2,807,187
Current assets			
Inventories	**2,341**	2,206	2,160
Trade and other receivables	**102,826**	87,811	83,867
Financial assets at fair value through profit or loss	**1,699,188**	928,857	308,132
Derivative financial instruments	**–**	–	12,806
Bank balances and cash	**111,705**	76,452	75,884
	1,916,060	1,095,326	482,849
Current liabilities			
Trade and other payables	**47,112**	62,053	53,931
Derivative financial instruments	**23,767**	14,571	15,773
Warrant liabilities	**–**	53,904	–
Borrowings	**842,295**	799,018	731,712
Income tax payable	**19,340**	14,630	14,512
	932,514	944,176	815,928
Net current assets/(liabilities)	**983,546**	151,150	(333,079)
Total assets less current liabilities	**3,790,494**	3,017,483	2,474,108
Non-current liabilities			
Warrant liabilities	**–**	–	23,935
Long term borrowings	**968,165**	647,370	675,695
Deferred income tax liabilities	**26,619**	6,143	602
	994,784	653,513	700,232
Net assets	**2,795,710**	2,363,970	1,773,876
Equity			
Share capital	**30,757**	26,246	261,409
Reserves	**2,764,953**	2,337,724	1,512,467
	2,795,710	2,363,970	1,773,876

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