Annual Report 2012

Stock Code: 214

ASIA ORIENT HOLDINGS LIMITED

Contents

Corporate Information

DIRECTORS

EXECUTIVE

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

NON-EXECUTIVE

Mr. Chan Sze Hung

INDEPENDENT NON-EXECUTIVE

Mr. Cheung Kwok Wah
Mr. Wong Chi Keung
Mr. Hung Yat Ming

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

AUTHORISED REPRESENTATIVES

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

COMPANY SECRETARY

Mr. Tung Kwok Lui

REGISTERED OFFICE

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

PRINCIPAL OFFICE IN HONG KONG

30th Floor, Asia Orient Tower,
Town Place,
33 Lockhart Road, Wanchai,
Hong Kong

Telephone	2866 3336
Facsimile	2866 3772
Website	http://www.asiaorient.com.hk
E-mail	ao_info@asia-standard.com.hk

PRINCIPAL BANKERS

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

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)	**2012**	2011 (Restated)	**Change**
Consolidated profit and loss account			
Revenue	**1,253**	194	+546%
Operating (loss)/profit	**(285)**	483	N/A
Share of profits less losses of associated companies	**236**	916	-74%
(Loss)/profit attributable to shareholders of the Company	**(89)**	2,791	N/A
Basic (loss)/earnings per share (HK$)	**(0.13)**	3.93	N/A
Consolidated balance sheet			
Total assets	**19,795**	20,045	-1%
Net assets	**14,833**	14,944	-1%
Equity attributable to shareholders of the Company	**6,980**	7,046	-1%
Net debt	**3,513**	3,716	-5%
Gearing – net debt to net assets	**24%**	25%	-1%

Chairman's Statement

The Group recorded a loss attributable to shareholders of HK$89 million for the year ended 31st March 2012, compared to HK$2,791 million profit last year. Net assets are HK$14.8 billion, approximately same as last year.

The Group's major investment, Asia Standard International Group Ltd, reported a profit attributable to shareholders of HK$383 million. In last financial year, the Group increased its shareholding in Asia Standard to above 50% and making it a subsidiary of the Group. A one-off accounting gain of HK$1.5 billion was included in result of last year.

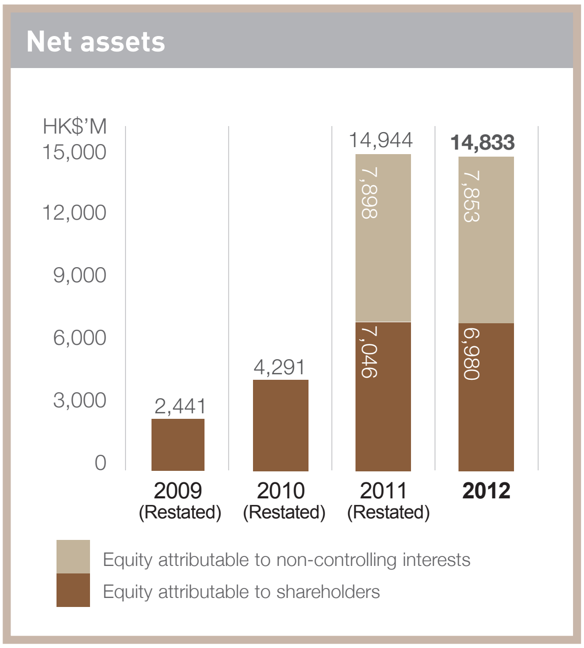
The Group continues its property sales in The Westminster Terrace during the year and shortly after year end, all units in this project were sold. Total sales from this joint venture development amounted to HK$2.5 billion.

During the year, the Group acquired a development site in Shanghai and various progress are ongoing in the Group's development projects in Beijing, Macau and Shanghai.

Hotel operation continues to produce satisfactory result, with operating profit increased by 50% over last year.

Overall, the Group reported a loss due to the loss from its financial assets investment, and management remains cautious in front of the uncertain economic environment.

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



Fung Siu To, Clement
Chairman

Hong Kong, 22nd June 2012

Management Discussion and Analysis

The Westminster Terrace

RESULTS

The Group's revenue for the year amounted to HK$1,253 million (2011: HK$194 million), it recorded a HK$89 million loss attributable to shareholders (2011: HK$2,791 million profit). The loss is mainly due to net investment loss, both realised and unrealised, arising from its securities investment while the Group has made profits from other business segments.

In January 2011, the Group's shareholdings in Asia Standard International Group Limited ("Asia Standard") increased from 49.2% to 50.3%. The increase changed the status of Asia Standard from an associated company of the Group to a subsidiary in January 2011. Accordingly, results of Asia Standard are consolidated for the entire financial year ended 31st March 2012 but only for two months last year, while that of the first ten months of year ended 31st March 2011 were equity accounted for as share of profits of associated company.

ASIA STANDARD

The 50.5% owned major subsidiary Asia Standard reported a profit attributable to shareholders of HK$383 million (2011: HK$2,235 million) with a revenue of HK$1,174 million (2011: HK$1,065 million).

PROPERTY SALES, DEVELOPMENT AND LEASING

Property sales amounted to HK$38 million (2011: HK$134 million). Development profit was HK$5 million (2011: HK$79 million).

The Westminster Terrace, a 50% joint venture luxurious residential development at Castle Peak Road, achieved sales of HK$620 million in this year (2011: HK$824 million). By accounting convention, the revenue and result of this joint venture project was excluded from Asia Standard's revenue and segment results but separately accounted for as share of profit from jointly controlled entity.

Management Discussion and Analysis

Empire Hotel Kowloon

On development planning, the land exchange of the approximately 590,000 sq. ft. GFA residential development at Hung Shui Kiu, New Territories is at discussion with government. The 186,000 sq. ft. site in Macau is currently under planning application for residential development. During the year, planning parameters for the 50% owned joint venture project in Beijing to develop 2 million sq. ft. GFA of residential/ commercial buildings was approved. Land premium was paid and details on demolition and resettlement are being worked out.

During the year, Asia Standard jointly with its 50% partner acquired a 1.5 million sq. ft. site in Shanghai, planning to develop into low rise residential houses of approximately 680,000 sq. ft. GFA. Demolition and resettlement is completed, the site is leveled and construction will commence in the latter part of the year.

On leasing, rental income attributable to its investment properties portfolio increased by about 20% to HK$112 million from HK$94 million of last year. Revaluation gain (including that from associated company) of HK$1,118 million (2011: HK$1,185 million) was recorded. Deferred tax on revaluation surplus of investment properties was written back with the adoption of revised accounting standard during the year.

FINANCIAL INVESTMENTS

At 31st March 2012, Asia Standard's financial investment portfolio amounted to HK$3,704 million (2011: HK$5,250 million). It recorded a net unrealised fair value loss of HK$700 million (2011: HK$676 million gain) and a net realised loss of HK$754 million (2011: HK$30 million gain) during the year. These investments generated coupon income of HK$327 million (2011: HK$194 million).

Empire Hotel
Causeway Bay

HOTEL

The hotel group reported a loss of HK$311 million (2011: profit of HK$326 million) for the year.

Revenue increased for the entire hotel portfolio, slightly offset by minor reduction in the travel agency operation. Contribution to segment results before depreciation of HK$275 million was registered for the year compared to HK$211 million of last year, which is the result of both higher occupancies and room rates.

Due to the net investment loss on its securities investment, the hotel group reported loss on its overall result.

FINANCIAL REVIEW

The Group's total assets at end of both years amounted to approximately HK$20 billion. Net assets were HK$14.8 billion (2011: HK$14.9 billion).

Net debt at 31st March 2012 was HK$3,513 million (2011: HK$3,716 million), of which HK$20 million (2011: HK$145 million) belong to the parent group. Gearing was 24% (2011: 25%).

All the bank borrowings are at floating rates and interest rate fluctuation is partly managed through interest rate swaps. At 31st March 2012, a total of HK$150 million interest rate swap contracts were held for hedging purpose against our borrowings. Total interest costs increased due to increase in average loan balance during the year.

The maturity of our debts spread over a long period of up to 14 years. 20% of total borrowings are from revolving credit facilities secured by property assets. 6% are from revolving credit facilities through the pledge of financial assets investment. 21% are repayable between one to five years and 42% repayable after five years, which are also secured by property assets. At 31st March 2012, the Group had current assets of HK$6,329 million (2011: HK$7,684 million).

Management Discussion and Analysis

About 90% of the Group's borrowings are in Hong Kong dollar, 5% in Euro and remaining 5% in other currencies. With the weakening of these foreign currencies in which the borrowings are denominated, the Group recorded an exchange gain during the year upon these loan repayments, and netted off against finance costs.

At 31st March 2012, the Group's financial investment portfolio amounted to HK$4,106 million (2011: HK$5,949 million). These financial investments comprise 58% by debt securities and 42% by equity securities. They are denominated in different currencies with 39% in US dollar, 34% in Sterling, 19% in HK dollar and 8% in Euro.

Excluding Asia Standard, the parent group has a net unrealised fair value loss of HK$120 million (2011: HK$104 million unrealised gain) and a net realised loss of HK$116 million (2011: HK$1 million gain) recognised in the profit and loss account and generated dividend and interest income of HK$65 million during the year (2011: HK$27 million).

At 31st March 2012, approximately HK$14 billion (2011: HK$13.5 billion) book value of property assets and financial investments were pledged to banks as collateral for credit facilities granted to the Group. HK$149 million guarantee (2011: Nil) was provided to financial institution against credit facilities granted to a jointly controlled entity.

In October 2011, the Company issued 3-year convertible bonds with principal amount of HK$80 million, bearing interest at 6.5% per annum. Net proceeds of HK$78.6 million were applied against repayment of short term borrowings.

EMPLOYEES AND REMUNERATION POLICIES

At 31st March 2012, the Group employed approximately 636 full time employees. Their remuneration packages, commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

FUTURE PROSPECTS

The Group had over the years developed a strong recurrent income base from property rental income, investment coupon and hotel operating income. This has provided a solid foundation to the Group to finance its operation and property development projects.

The Group has property development interests in Hong Kong, Shanghai, Beijing and Macau. We expect that these projects will in time bring profitable return to the shareholders. Meanwhile, the Group continues to hold a cautious approach in seeking development opportunities.

Five-year Financial Summary

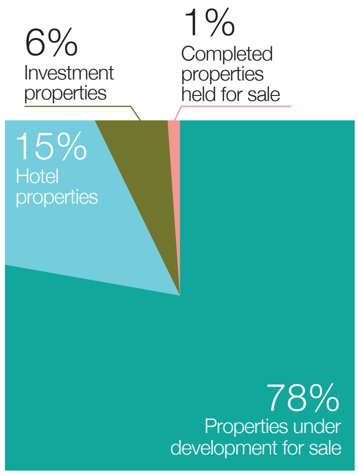
Year ended 31st March (in HK$ million)	**2012**	2011 (Restated)	2010 (Restated)	2009 (Restated)	2008 (Restated)
Results					
Revenue	**1,253**	194	50	30	28
(Loss)/profit attributable to shareholders of the Company	**(89)**	2,791	1,749	(257)	318
Assets and liabilities					
Total assets	**19,795**	20,045	4,352	2,575	2,760
Total liabilities	**(4,962)**	(5,101)	(61)	(134)	(54)
Non-controlling interests	**(7,853)**	(7,898)	–	–	–
Equity attributable to shareholders of the Company	**6,980**	7,046	4,291	2,441	2,706

The change in policy arising from the adoption of HKAS 12 (Amendment) in the year ended 31st March 2012 has a material impact on the current and comparative periods. The Group does not have to provide deferred tax on fair value changes arising from revaluation of investment properties in Hong Kong. Previously, deferred tax was provided on these changes.

The Group's shareholdings in Asia Standard International Group Limited ("Asia Standard") increased to over 50% in end of January 2011, the status of Asia Standard thus changed from an associated company of the Group to a subsidiary and the results were consolidated from February 2011 onwards. Prior to that, the results of Asia Standard were equity accounted for as share of results of associated companies.

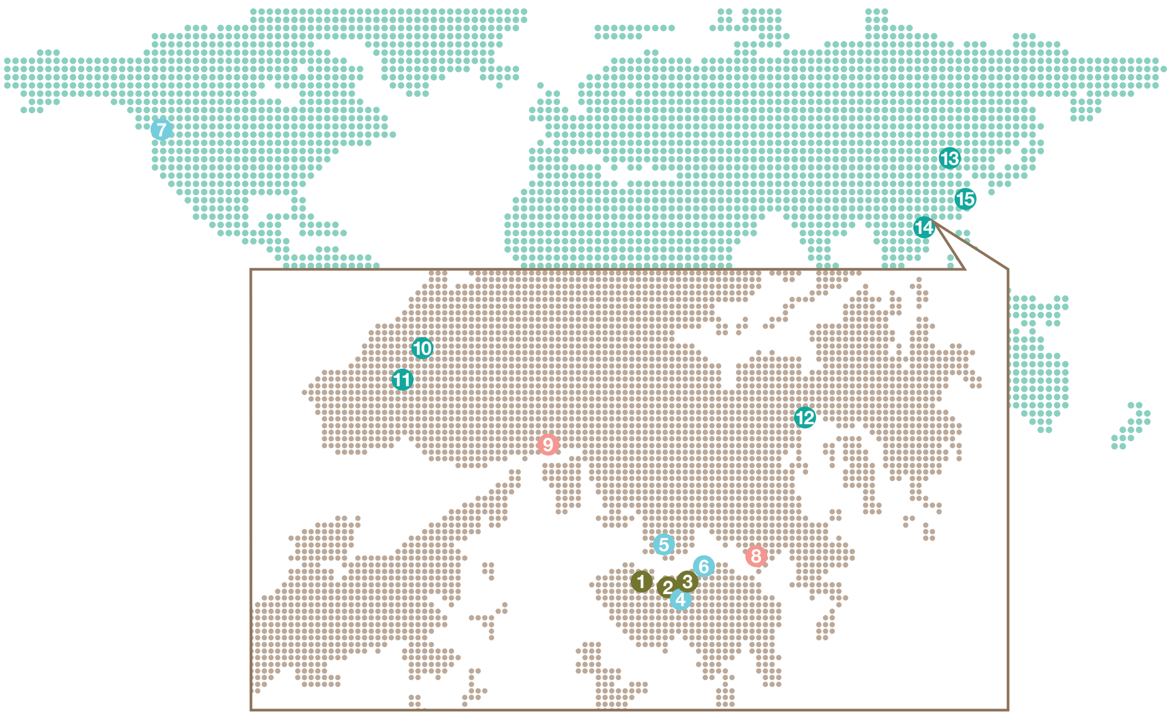
Principal Properties

As at 31st March 2012



	Attributable GFA (sq. ft.)
Properties under development for sale	1,858,000
Hotel properties	354,000
Investment properties	143,000
Completed properties held for sale	15,000
Total	**2,370,000**

	Attributable GFA (sq. ft.)
Hong Kong	702,000
Macau	859,000
Mainland China	651,000
Canada	158,000
Total	**2,370,000**



Principal Properties

As at 31st March 2012

Properties		Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Type
I INVESTMENT PROPERTIES					
01	Asia Standard Tower 59-65 Queen's Road Central, Hong Kong.	50.5%	7,800	133,000	Commercial
02	Asia Orient Tower Town Place, 33 Lockhart Road, Wanchai, Hong Kong.	50.5%	7,300	114,000	Commercial
03	Goldmark 502 Hennessy Road, Causeway Bay, Hong Kong.	16.7%	6,300	106,000	Commercial
II HOTEL PROPERTIES					
04	Empire Hotel Hong Kong 33 Hennessy Road, Wanchai, Hong Kong.	38.4%	10,600	184,000 (362 rooms)	Hotel
05	Empire Hotel Kowloon 62 Kimberley Road, Tsimshatsui, Kowloon.	38.4%	11,400	220,000 (343 rooms)	Hotel
06	Empire Hotel Causeway Bay 8 Wing Hing Street, Causeway Bay, Hong Kong.	38.4%	6,200	108,000 (280 rooms)	Hotel
07	Empire Landmark Hotel 1400 Robson Street, Vancouver B.C., Canada.	38.4%	41,000	410,000 (358 rooms)	Hotel

Properties		Group's interest	Approx. gross floor area (sq. ft.)	Type
III COMPLETED PROPERTIES HELD FOR SALE				
08	Shops, Canaryside, 8 Shung Shun Street, Lei Yue Mun, Kowloon.	50.5%	24,000	Commercial
09	The Westminster Terrace No. 2A, Yau Lai Road, Tsuen Wan, New Territories.	25.3%	13,000	Residential

Principal Properties

As at 31st March 2012

	Properties	Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Type	Stage
IV	**PROPERTIES UNDER DEVELOPMENT FOR SALE**					
10	Hung Shui Kiu Yuen Long, New Territories.	50.5%	112,000	590,000	Residential/ Commercial	Planning
11	Lam Tei Tuen Mun, New Territories.	50.5%	19,000	75,000	Residential	Planning
12	Sha Ha Sai Kung, New Territories.	3.8%	620,000	300,000	Residential	Planning
13	Yong Shun Street West, Tongzhou District, Beijing	25.3%	550,000	1,900,000	Residential/ Commercial	Planning
14	Seac Pai Van, Coloane, Macau	50.5%	186,000	1,700,000	Residential	Planning
15	Qingpu District, Shanghai	25.3%	1,557,000	677,000	Residential	Planning

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

BOARD OF DIRECTORS

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

According to the Bye-Laws of the Company, at every annual general meeting of the Company, one-third of the Directors (other than the Chairman and the Managing Director) for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not exceeding one-third, shall retire from office by rotation. Pursuant to the Appendix 14 (the "Code") of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), 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.

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 Listing Rules on the Stock Exchange, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

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

Name of Director	Title	Attendance at Board meetings/ number of Board meetings held
Fung Siu To, Clement	Chairman	4/4
Lim Yin Cheng	Deputy Chairman	4/4
Poon Jing	Managing Director and Chief Executive	4/4
Lun Pui Kan	Executive Director	4/4
Kwan Po Lam, Phileas	Executive Director	4/4
Chan Sze Hung	Non-executive Director	2/4
Hung Yat Ming	Independent Non-executive Director	4/4
Cheung Kwok Wah	Independent Non-executive Director	4/4
Wong Chi Keung	Independent Non-executive Director	2/4

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

In order to comply with certain amendments to the Code effective on 1st April 2012, Mr. Fung Siu To, Clement has ceased to be Chairman of the Remuneration Committee of the Company but remains as a member of the Remuneration Committee; and Mr. Wong Chi Keung, an Independent Non-executive Director of the Company who is an existing member of the Remuneration Committee has been appointed as Chairman of the Remuneration Committee on 29th March 2012. The terms of reference were revised and adopted by the Board in compliance with the Code. The Remuneration Committee currently comprises the Chairman of the Company, Mr. Fung Siu To, Clement, and two Independent Non-executive Directors, Mr. Hung Yat Ming and Mr. Wong Chi Keung. The duties of the Committee include making recommendations to the Board on the remuneration policy and structure of the Directors and senior management, approving the remuneration, determining the remuneration packages of all Executive Directors and senior management and approving the compensation to all Directors and senior management on termination or dismissal. The remuneration packages including basic salary, annual bonus, retirement and other benefit such as share options are commensurate with their job nature and experience level. No director may be involved in any decisions as to his own remuneration or other benefit. The Group's remuneration policy seeks to provide a fair market remuneration so as to attract, retain and motivate high quality staff. The remuneration is determined with reference to his duties and responsibility, remuneration benchmark in the industry and prevailing market conditions. During the year, the Committee held one meeting, which all members except Mr. Wong Chi 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. Hung Yat Ming (as the Chairman), Mr. Cheung Kwok Wah and Mr. Wong Chi Keung. The terms of reference were revised and adopted by the Board in compliance with the Code. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls and review of the published financial statements. The Audit Committee meets at least twice a year. During the year, the Audit Committee met twice to review the Company's annual and interim financial statements and the recommendation by the auditor on enhancement of internal control. All the members had attended the meetings except Mr. Wong Chi Keung had attended one meeting. The Audit Committee has reviewed the annual financial statements for the year ended 31st March 2012.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Director of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules on the Stock Exchange. 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 2012.

CODE ON CORPORATE GOVERNANCE PRACTICES

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

INTERNAL CONTROL

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

AUDITOR'S REMUNERATION

PricewaterhouseCoopers has been appointed as the auditor of the Company by the shareholders at the annual general meeting. The services provided by PricewaterhouseCoopers include audit, taxation related and other services. A statement by PricewaterhouseCoopers about their reporting responsibilities as the auditor of the Company is included in the Independent Auditor's Report on pages 32 to 33 of this annual report.

An amount of HK$7,103,000 (2011: HK$1,996,000) 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$1,235,000 (2011: HK$497,000). The 2011 balances included only the two-months amount since Asia Standard became a subsidiary from February 2011 onwards. Prior to that, the fees were included within share of results of associated companies.

INVESTOR RELATIONSHIP

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

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

CORPORATE SOCIAL RESPONSIBILITY REPORT

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

ENVIRONMENTAL PROTECTION

(a) Property management

The Group is dedicated to the adoption of green management standards to promote environmental considerations. Within our property management division, process is designed to ensure energy saving through power out in non-operating hours of building facilities (such as non-reserved club house facilities), used clothes donation campaign was carried out to provide assistance to those in need and wasted paper recycling is encouraged in office building to respond to calls for conservation. As part of our energy conservation strategy, the Group has committed to replacement of obsolete lighting fixture with environmentally friendly alternative. Electric car recharging facilities are also adopted at Jadewater, Aberdeen to facilitate the recharging of the electric cars by the residents of the building.

(b) Property development

As a responsible developer, the Group is conscious of environmental protection issues on the design and construction of our properties. Over the years, the design and construction of our properties has been in line with the green features as laid down in the Joint Practice Note Nos. 1-2 in relation to “Green and Innovative Buildings” issued jointly by the Buildings Department, Lands Department and Planning Department. The objectives of such green features mainly encompass: (a) to maximize the use of natural renewable resources and recycled/green building material; (b) to minimize the consumption of energy, in particular those non-renewable types; and (c) to reduce construction and demolition waste. For our development project in Hung Shui Kiu, Yuen Long, New Territories a number of green features will be designed by our environmental consultant and implemented in line with the latest government policy in fostering a quality and sustainably built environment, which will lead to BEAM PLUS Certification after the completion of the project.

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.

(c) Hotel business

The Empire Hotel in Causeway Bay is divided in four zones for optimal gas supply and energy saving. Air-conditioning in Empire Hotel Hong Kong • Causeway Bay and Empire Hotel Kowloon • Tsim Sha Tsui has a zone valve whereby electricity supply will be switched off on idle floors for energy preservation purposes. In our Empire Hotel Kowloon • Tsim Sha Tsui, 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$420,000 to a number of charitable and educational organizations, such as Hong Kong Spinal Cord Injury Fund Limited, Sedan Chair Charities Fund and Po Leung Kuk.

Moreover since March 2009, Asia Standard Hotel Group Limited ("Asia Standard Hotel") has initiated a charity campaign entitled, The Art of Caring, through which we worked to support SAHK (formerly known as "The Spastics Association of Hong Kong"), a local rehabilitation service organization supporting and helping local children and youth with special needs in their education and rehabilitation through the creation of art pieces and a series of educational workshops, learning events and life enriching activities.

During the year, the following activities were organized:

- OLE^2 (Other Learning Experiences x Opportunities for Life Enrichment) Job Shadowing Project was designed in support of the new secondary school curriculum OLE (Other Learning Experiences), aiming to provide students from three special secondary schools of SAHK with valuable working and life experiences and better preparation in developing their future career. 12 students were selected to experiment a work life in the different department of the hotel.

- Cookies Workshop at Empire Hotel Hong Kong • Wan Chai 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.

- Dining Etiquette Workshops in Empire's Kitchen of Empire Hotel Kowloon Tsim Sha Tsui where groups of 15 secondary schools students of SAHK learnt the proper dinner etiquette and table manner by the hotel's restaurant manager.

- 'SAHK Angels in the Realm of Empire Glory' musical performances at Empire Hotel Kowloon Tsim Sha Tsui where school bands of three secondary schools from SAHK performed festive Christmas music in the hotel lobby.

In addition, Asia Standard Hotel has been once again awarded the Caring Company title 2011/12 by The Hong Kong Council of Social Service (HKCSS) in recognition of its contribution to the community. This recognition signifies a solid testimonial and a renewed impetus for the Group on its committee to make positive contribution to society and communities.

THE PEOPLE

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

Directors and Senior Management

EXECUTIVE DIRECTORS

FUNG Siu To, Clement

Aged 63, is the Chairman of the Company and member of the Remuneration Committee of the Company. He is also the chairman, an executive director and member of the remuneration committee of the listed subsidiary, Asia Standard International Group Limited ("Asia Standard"), an executive director of the listed subsidiary, Asia Standard Hotel Group Limited ("Asia Standard Hotel") and an independent non-executive director and an audit committee member of New Times Energy Corporation Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Fung is a holder of a Bachelor of Applied Science (Civil Engineering) degree and is also a fellow member of the Hong Kong Institution of Engineers. He joined the Company and its subsidiaries (together the "Group") in 1988 and has over 25 years of experience in project management and construction. He is the brother-in-law of Mr. Poon Jing and Dr. Lim Yin Cheng, the Managing Director and Deputy Chairman of the Company respectively.

LIM Yin Cheng

Aged 67, is the Deputy Chairman of the Company. He is also the deputy chairman and an executive director of Asia Standard and the deputy chairman, chief executive, an executive director and the member of the remuneration committee of Asia Standard Hotel. Dr. Lim is a holder of a Bachelor of Science (Chemical Engineering) and Doctor of Philosophy degrees. He has over 25 years of experience in engineering, project management and administration. He joined the Group in 1992. He is the brother-in-law of Mr. Poon Jing and Mr. Fung Siu To, Clement, the Managing Director and Chairman of the Company respectively.

POON Jing

Aged 57, is the Chief Executive and Managing Director of the Company. He is also the Chief Executive, Managing Director and an executive director of Asia Standard, the Chairman and an executive director of Asia Standard Hotel. He is the father of Mr. Poon Hai, the development manager of Asia Standard and Asia Standard Hotel. He is also 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 48, is the Finance Director of the Company and Asia Standard. Mr. Lun has over 25 years of experience in accounting and finance. He is a holder of a Bachelor of Science (Engineering) degree and is an associate member of The Hong Kong Institute of Certified Public Accountants ("HKICPA") and a fellow member of The Association of Chartered Certified Accountants ("ACCA"). He joined the Group in 1994.

KWAN Po Lam, Phileas

Aged 53, is an Executive Director of the Company and Asia Standard. Mr. Kwan is a holder of a Bachelor of Business Administration degree. He joined the Group in 1986 and is responsible for property sales and leasing. He has over 25 years of experience in property sales, leasing and real estate management.

NON-EXECUTIVE DIRECTOR

CHAN Sze Hung

Aged 59, is a Non-executive Director of the Company. Mr. Chan graduated from The University of Hong Kong with a degree in law. He joined a legal firm for approximately four years prior to becoming a principal partner of Messrs. Chan, Lau & Wai. He has over 25 years of experience in the legal profession. Mr. Chan is also an independent non-executive director of Heritage International Holdings Limited is listed on the Stock Exchange. He joined the Group in June 1996.

INDEPENDENT NON-EXECUTIVE DIRECTORS

HUNG Yat Ming

Aged 60, is an Independent Non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee of the Company. Mr. Hung graduated from The University of Hong Kong with a Bachelor degree in Mathematics and obtained a post-graduate diploma in Accountancy from University of Strathclyde, Scotland. He has over 25 years of experience in audit, accounting and financial management in several firms in Sydney and Hong Kong and is a financial controller of a Hong Kong listed company. He is a member of The Institute of Chartered Accountants of Scotland and HKICPA. Mr. Hung is also an independent non-executive director, the chairman of the audit committee and remuneration committee of Asia Standard Hotel. He joined the Group in September 2004.

CHEUNG Kwok Wah

Aged 55, is an Independent Non-executive Director and a member of the Audit Committee of the Company. Mr. Cheung has over 20 years of experience in the finance field, during which he held various senior management positions with many public listed companies. He is a solicitor of Hong Kong, and is now the Chief Business Development Officer of Future Bright Holdings Limited. He joined the Group in June 1996.

WONG Chi Keung

Aged 57, is an Independent Non-executive Director, a member of the Audit Committee and the Chairman of Remuneration Committee of the Company. Mr. Wong holds a Master degree in Business Administration from The University of Adelaide in Australia. He is a fellow member of HKICPA, ACCA and CPA Australia; an associate member of The Institute of Chartered Secretaries and Administrators and The Chartered Institute of Management Accountants. Mr. Wong is also a responsible officer for asset management, advising on securities and corporate finance activities for Greater China Capital Limited under the Securities and Futures Ordinance.

Mr. Wong was an executive director, the Deputy General Manager, Group Financial Controller and Company Secretary of Yuexiu Property Company Limited (formerly known as Guangzhou Investment Company Limited) which is a listed company on the Stock Exchange, for over ten years. He is an independent non-executive director, the Chairman of Remuneration Committee and a member of the audit committee of Asia Standard. He is also an independent non-executive director and a member of audit committee of 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), Golden Eagle Retail Group Limited, Ngai Lik Industrial Holdings Limited, PacMOS Technologies Holdings Limited, Paliburg Holdings Limited, Regal Hotels International Holdings Limited, Zhuguang Holdings Group Company Limited and TPV Technology Limited, all of which are listed on the Stock Exchange. Mr. Wong has over 35 years of experience in finance, accounting and management. He joined the Group in 2004.

Directors and Senior Management

SENIOR MANAGEMENT

LEUNG King Yin, Kevin

Aged 50, is the Head of Project Management Division of Asia Standard. Mr. Leung is an Authorized Person under the Buildings Ordinance, a registered architect in Hong Kong and Australia, and member of both The Hong Kong Institute of Architects and Royal Australian Institute of Architects. Mr. Leung was a director of Asia Standard for 5 years prior to his migration to Australia. He re-joined the Group in October 2007. He is responsible for property development and project management.

NG Siew Seng, Richard

Aged 60, 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.

POON Hai

Aged 27, is the development manager of Asia Standard and Asia Standard Hotel and also the director of certain subsidiaries of the Company. Mr. Poon is responsible for the Group's investment, business development and project management. He is the son of Mr. Poon Jing, the Chief Executive and Managing Director of the Company. He joined the Group in 2009.

Note:

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

Report of the Directors

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31st March 2012.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 41 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 did not pay an interim dividend for the year ended 31st March 2012 (2011: HK1.0 cent per share with a scrip option, totaling HK$7,103,000).

The Board does not recommend the payment of a final dividend for the year ended 31st March 2012 (2011: HK1.25 cents per share with a scrip option, totaling HK$8,905,000).

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.

CONVERTIBLE BONDS

Details of the convertible bonds of the Company are set out in Management Discussion and Analysis and note 33 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL

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

RESERVES

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

PRINCIPAL PROPERTIES

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

DONATIONS

During the year, the Group made charitable and other donations of HK$429,000 (2011: HK$5,227,000).

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. Chan Sze Hung
Mr. Hung Yat Ming
Mr. Cheung Kwok Wah
Mr. Wong Chi Keung

Messrs. Kwan Po Lam, Phileas and Cheung Kwok Wah will retire from office by rotation in accordance with the Bye-Laws of the Company and Mr. Poon Jing will retire to comply with the Appendix 14 (the "Code") of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at the forthcoming annual general meeting 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 26 to 30, and that of subsidiaries, Asia Standard International Group Limited ("Asia Standard") and Asia Standard Hotel Group Limited ("Asia Standard Hotel"), at no time during the year was the Company, its subsidiaries or its fellow subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

As at 31st March 2012, 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 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 Listing Rules on the Stock Exchange were as follows:

(I) LONG POSITIONS IN SHARES

(a) The Company

	Number of shares held				
Director	Personal interest	Corporate interest	Family interest	Total	Percentage of shares in issue (%)
Poon Jing	205,026,822	133,068,271	4,873,940	342,969,033	48.02
Fung Siu To, Clement	14,148,814	–	–	14,148,814	1.98

(b) Associated Corporations

		Number of shares held			
Director	Associated corporations	Personal interest	Corporate interest	Total	Percentage of shares in issue (%)
Poon Jing	Asia Standard	1,190,512	621,734,324 *(Note 1)*	622,924,836	50.63
Poon Jing	Asia Standard Hotel	50,050	1,132,669,492 *(Note 1)*	1,132,719,542	73.08
Fung Siu To, Clement	Mark Honour Limited	9	–	9	0.01

Notes:

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

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

Report of the Directors

(II) LONG POSITIONS IN UNDERLYING SHARES

Interests in share options

(a) The Company

Director	Outstanding as at 1st April 2011 and 31st March 2012
Fung Siu To, Clement	2,126,301
Lim Yin Cheng	2,126,301
Lun Pui Kan	2,126,301
Kwan Po Lam, Phileas	2,126,301

Notes:

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

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

(b) Associated corporations

– Asia Standard

Director	Outstanding as at 1st April 2011 and 31st March 2012
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

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 corporations (Continued)

– Asia Standard Hotel

Director	Date of grant	Exercise price (HK$)	Exercise period	Outstanding as at 1st April 2011 and 31st March 2012
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 2012, 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.

Report of the Directors

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

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31st March 2012, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executive.

LONG POSITIONS IN SHARES OF THE COMPANY

Shareholder	Capacity	Number of shares held	Percentage (%)
Heston Holdings Limited ("Heston") *(Note 1)*	Beneficial owner	46,211,662	6.47
Teddington Holdings Limited ("Teddington") *(Note 1)*	Beneficial owner	55,553,832	7.78
Dalton Investments LLC ("Dalton") *(Note 2)*	Investment manager	121,467,993	17.01
Clearwater Insurance Company ("Clearwater Insurance") *(Note 2)*	Trustee	48,341,035	6.77
Daswani Rajkumar Murlidhar	Beneficial owner	49,007,674	6.86

Notes:

1. Mr. Poon Jing, his family interest and the companies wholly owned by him namely Teddington, Heston and Full Speed Investments Limited together hold 342,969,033 shares. The interest of Teddington and Heston duplicate the interest of Mr. Poon Jing disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures".

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

Save as disclosed above, as at 31st March 2012, the Directors are not aware of any other persons who had interests or short positions in the shares or underlying shares of the Company which are required to be recorded in the register required to be kept under section 336 of the SFO.

SHARE OPTION SCHEMES

THE COMPANY

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

The total number of shares available for issue upon exercise of all options to be granted under the Company's Share Option Scheme must not exceed 57,857,634 shares, representing about 8.10% of the shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the Company's Share Option Scheme and any other share option scheme must not exceed 30% of the shares in issue from time to time. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised, outstanding and cancelled options) under any option granted to the same participant under the Company's Share Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the shares in issue from time to time.

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

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

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

Grantee	**Outstanding as at 1st April 2011 and 31st March 2012**
Directors *(Note 1)*	8,505,204
Director of a subsidiary *(Note 1)*	3,469,228
Employees of subsidiaries *(Note 1)*	24,172,684
Employee of a subsidiary *(Note 2)*	5,780,000
	41,927,116

Notes:

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

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

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

Report of the Directors

SUBSIDIARY

– Asia Standard

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

The total number of shares available for issue upon exercise of all options to be granted under the Asia Standard Share Option Scheme must not exceed 71,851,459 shares, representing about 5.84% of the Asia Standard's shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the Asia Standard Share Option Scheme and any other share option scheme must not exceed 30% of the Asia Standard's shares in issue from time to time. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised, outstanding and cancelled options) under any option granted to the same participant under the Asia Standard Share Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the Asia Standard's shares in issue from time to time.

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

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

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

Grantee	Outstanding as at 1st April 2011 and 31st March 2012
Directors	8,764,248
Director of a subsidiary	2,062,176
Other employees	2,577,717
	13,404,141

Notes:

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

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

- **Asia Standard Hotel**

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

The total number of shares available for issue upon exercise of all options to be granted under the Asia Standard Hotel Share Option Scheme must not exceed 125,088,061 shares, representing about 8.07% of the Asia Standard Hotel's shares in issue at the date of this report. The total maximum number of shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the Asia Standard Hotel Share Option Scheme and any other share option scheme must not exceed 30% of the Asia Standard Hotel's shares in issue from time to time. The maximum number of shares in respect of which options might be granted to a participant, when aggregated with shares issued and issuable (including exercised, outstanding and cancelled options) under any option granted to the same participant under the Asia Standard Hotel Share Option Scheme or any other share option scheme within any 12 months period, must not exceed 1% of the Asia Standard Hotel's shares in issue from time to time.

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

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

Report of the Directors

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 2011 and 31st March 2012
Directors	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	24,000,000
Directors of a subsidiary	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	8,000,000
Employees	2nd April 2007	1.300	2nd April 2007 to 1st April 2017	30,999,999
				78,999,999

Note:

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACTS

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

MAJOR CUSTOMERS AND SUPPLIERS

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

Percentage of purchases attributable to the Group's largest supplier	13.5%
Percentage of purchases attributable to the Group's five largest suppliers	29.8%
Percentage of sales attributable to the Group's largest customer	5.3%
Percentage of sales attributable to the Group's five largest customers	16.8%

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITOR

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

On behalf of the Board

Fung Siu To, Clement
Chairman

Hong Kong, 22nd June 2012

Independent Auditor's Report

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

We have audited the consolidated financial statements of Asia Orient Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 34 to 109, which comprise the consolidated and company balance sheets as at 31st March 2012, and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31st March 2012 and of the Group's loss 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, 22nd June 2012

Consolidated Profit and Loss Account

For the year ended 31st March 2012

	Note	2012 HK$'000	2011 HK$'000 (Restated)
Revenue	5	**1,252,744**	194,078
Cost of sales		**(375,557)**	(38,311)
Gross profit		**877,187**	155,767
Selling and administrative expenses		**(199,639)**	(42,286)
Depreciation		**(171,204)**	(27,573)
Net investment (loss)/gain	6	**(1,689,809)**	344,146
Fair value gain of investment properties		**898,194**	58,600
Other charge	7	**–**	(6,140)
Operating (loss)/profit		**(285,271)**	482,514
Finance costs	11	**(21,987)**	(16,989)
Share of profits less losses of			
Jointly controlled entities		**(6,267)**	(4,923)
Associated companies		**236,301**	915,789
Negative goodwill arising from acquisition of additional interest in associated companies		**–**	81,418
Gain on business combination	38	**–**	1,539,265
(Loss)/profit before income tax		**(77,224)**	2,997,074
Income tax expense	12	**(6,237)**	(10,194)
(Loss)/profit for the year		**(83,461)**	2,986,880
Attributable to:			
Shareholders of the Company		**(89,210)**	2,791,155
Non-controlling interests		**5,749**	195,725
		(83,461)	2,986,880
Dividends	14	**–**	16,007
(Loss)/earnings per share (HK$)			
Basic	15	**(0.13)**	3.93
Diluted	15	**(0.13)**	3.92

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2012

	2012 HK$'000	2011 HK$'000 (Restated)
(Loss)/profit for the year	**(83,461)**	2,986,880
Other comprehensive (charge)/income		
Net fair value (loss)/gain on available-for-sale investments		
Company and subsidiaries	**(37,215)**	(9,836)
Associated companies	**–**	3,515
Impairment of available-for-sale investments charged to profit and loss account	**2,261**	146
Currency translation differences	**8,389**	7,823
	(26,565)	1,648
Total comprehensive (charge)/income for the year	**(110,026)**	2,988,528
Total comprehensive (charge)/income attributable to:		
Shareholders of the Company	**(97,562)**	2,794,982
Non-controlling interests	**(12,464)**	193,546
	(110,026)	2,988,528

Consolidated Balance Sheet

As at 31st March 2012

	Note	31st March 2012 HK$'000	31st March 2011 HK$'000 (Restated)	1st April 2010 HK$'000 (Restated)
Non-current assets				
Property, plant and equipment	16	**6,727,239**	6,897,728	85
Investment properties	17	**4,297,374**	3,393,017	–
Jointly controlled entities	19	**1,089,587**	821,543	–
Associated companies	20	**1,138,238**	929,967	3,870,548
Available-for-sale investments	21	**197,295**	230,257	–
Mortgage loans receivable	22	**14,073**	81,729	–
Deferred income tax assets	32	**1,466**	5,852	51
		13,465,272	12,360,093	3,870,684
Current assets				
Properties under development for sale	23	**1,532,123**	1,133,217	–
Completed properties held for sale	23	**132,053**	170,536	–
Hotel and restaurant inventories		**2,342**	2,341	–
Mortgage loans receivable	22	**1,156**	3,664	–
Trade and other receivables	24	**221,426**	244,290	56,922
Amount due from a jointly controlled entity	19	**91,000**	65,000	–
Income tax recoverable		**173**	513	–
Financial assets at fair value through profit or loss	25	**3,908,913**	5,718,781	391,595
Warrant assets		**–**	–	1,439
Bank balances and cash	27	**440,160**	346,156	31,064
		6,329,346	7,684,498	481,020
Current liabilities				
Trade and other payables	28	**142,503**	160,624	54,297
Amount due to a jointly controlled entity	19	**55,357**	–	–
Amount due to an associated company	20	**–**	14,850	494
Income tax payable		**21,734**	36,857	–
Derivative financial instruments	26	**6,001**	26,242	–
Borrowings	31	**1,526,688**	1,791,956	6,000
		1,752,283	2,030,529	60,791
Net current assets		**4,577,063**	5,653,969	420,229
Total assets less current liabilities		**18,042,335**	18,014,062	4,290,913

Consolidated Balance Sheet

As at 31st March 2012

	Note	31st March 2012 HK$'000	31st March 2011 HK$'000 (Restated)	1st April 2010 HK$'000 (Restated)
Non-current liabilities				
Long term borrowings	31	**2,364,093**	2,270,071	–
Convertible bonds	33	**62,348**	–	–
Deferred income tax liabilities	32	**782,951**	800,472	–
		3,209,392	3,070,543	–
Net assets		**14,832,943**	14,943,519	4,290,913
Equity				
Share capital	29	**71,416**	71,243	70,871
Reserves	30	**6,908,343**	6,974,770	4,220,042
Equity attributable to shareholders of the Company		**6,979,759**	7,046,013	4,290,913
Non-controlling interests		**7,853,184**	7,897,506	–
		14,832,943	14,943,519	4,290,913

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Balance Sheet

As at 31st March 2012

	Note	2012 HK$'000	2011 HK$'000
Non-current assets			
Subsidiaries	18	2,923,532	2,923,380
Current assets			
Amounts due by subsidiaries	18	1,461,040	1,215,578
Trade and other receivables		109	109
Bank balances and cash	27	306	284
		1,461,455	1,215,971
Current liabilities			
Trade and other payables		3,302	925
Net current assets		1,458,153	1,215,046
Non-current liabilities			
Convertible bonds	33	62,348	–
Net assets		4,319,337	4,138,426
Equity			
Share capital	29	71,416	71,243
Reserves	30	4,247,921	4,067,183
		4,319,337	4,138,426

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Consolidated Statement of Cash Flows

For the year ended 31st March 2012

	Note	2012 HK$'000	2011 HK$'000
Cash flows from operating activities			
Net cash generated from/(used in) operations	*37(A)*	**472,029**	(579,288)
Net income tax paid		**(11,914)**	(1,060)
Interest paid		**(74,612)**	(17,163)
Interest received from bank deposit and other receivables		**5,477**	11,408
Net cash generated from/(used in) operating activities		**390,980**	(586,103)
Cash flows from investing activities			
Addition to investment properties		**(6,163)**	–
Proceeds on disposal of property, plant and equipment		**5,866**	–
Addition to property, plant and equipment		**(13,642)**	(471)
Acquisition of subsidiaries	*37(B),(C)*	**–**	102,421
Increase in investments in associated companies and jointly controlled entities		**(500,000)**	(5,473)
Repayment from associated companies and jointly controlled entities		**130,841**	36,644
Dividend received from associated companies and jointly controlled entities		**137,200**	12,770
Net cash (used in)/generated from investing activities		**(245,898)**	145,891
Net cash generated/(used) before financing activities		**145,082**	(440,212)
Cash flows from financing activities			
Issue of convertible bonds		**80,000**	–
Drawdown of long term borrowings		**381,030**	1,360,120
Repayment of long term borrowings		**(51,500)**	(26,250)
Net decrease in short term borrowings		**(448,550)**	(568,823)
Dividend paid		**(6,057)**	(10,068)
Repurchase of shares of a listed subsidiary		**–**	(10,667)
Distribution of dividend by listed subsidiaries to non-controlling shareholders		**(14,242)**	(2,797)
Net cash (used in)/generated from financing activities		**(59,319)**	741,515
Net increase in cash and cash equivalents		**85,763**	301,303
Cash and cash equivalents at the beginning of the year		**318,863**	17,597
Changes in exchange rates		**3,529**	(37)
Cash and cash equivalents at the end of the year		**408,155**	318,863
Analysis of the balances of cash and cash equivalents			
Bank balances and cash (excluding restricted bank balances)	*27*	**408,155**	318,863

Consolidated Statement of Changes in Equity

For the year ended 31st March 2012

	Shareholders of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 31st March 2010			
As previously reported	4,134,213	–	4,134,213
Prior year adjustment – Write-back of deferred tax on investment properties	156,700	–	156,700
As restated	4,290,913	–	4,290,913
Currency translation differences	3,999	3,824	7,823
Fair value loss on available-for-sale investments	(228)	(6,093)	(6,321)
Impairment of available-for-sale investments charged to profit and loss account	56	90	146
Profit for the year	2,791,155	195,725	2,986,880
Total comprehensive income for the year	2,794,982	193,546	2,988,528
Associated companies become subsidiaries	(66,300)	7,730,999	7,664,699
2010 final dividend	(6,867)	–	(6,867)
2011 interim dividend	(3,202)	–	(3,202)
Net increase in shareholding of subsidiaries	36,487	(27,039)	9,448
Total transactions with owners	(39,882)	7,703,960	7,664,078
At 31st March 2011 as restated	7,046,013	7,897,506	14,943,519
At 31st March 2011			
As previously reported	6,755,397	7,648,404	14,403,801
Prior year adjustment – Write-back of deferred tax on investment properties	290,616	249,102	539,718
As restated	7,046,013	7,897,506	14,943,519
Currency translation differences	4,982	3,407	8,389
Fair value loss on available-for-sale investments	(14,203)	(23,012)	(37,215)
Impairment of available-for-sale investments charged to profit and loss account	869	1,392	2,261
(Loss)/profit for the year	(89,210)	5,749	(83,461)
Total comprehensive charge for the year	(97,562)	(12,464)	(110,026)
2011 final dividend	(6,057)	(13,473)	(19,530)
Issue of convertible bonds	18,980	–	18,980
Net increase in shareholding of subsidiaries	18,385	(18,385)	–
Total transactions with owners	31,308	(31,858)	(550)
At 31st March 2012	**6,979,759**	**7,853,184**	**14,832,943**

Notes to the Financial Statements

1 BASIS OF PREPARATION

The Group's shareholdings in Asia Standard International Group Limited ("Asia Standard") increased to over 50% in end of January 2011. As a result, the status of Asia Standard changed from an associated company of the Group to a subsidiary and its results were consolidated from February 2011 onwards. Prior to that, the results of Asia Standard were equity accounted for as share of results of associated companies.

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES

(A) THE ADOPTION OF NEW/REVISED HKFRS

The following revised and amended HKFRSs are relevant to the Group's operations and are mandatory for accounting periods beginning on or after 1st January 2011:

HKAS 24 (Revised)	Related Party Disclosures
Amendment to HKAS 34	Interim Financial Reporting

The adoption of the above HKFRSs in the current year did not have any significant effect on the financial statements or result in any substantial changes in the Group's significant accounting policies.

The Group has decided to early adopt the amendments to HKAS 12, "Deferred tax: recovery of underlying assets" ("HKAS 12 (Amendment)"), in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40, "Investment property". The amendments are effective for accounting periods beginning on or after 1st January 2012, but early adoption is permitted.

The change in policy arising from the adoption of HKAS 12 (Amendment) is the only change which has a material impact on the current and comparative periods. The Group does not have to provide deferred tax on fair value changes arising from revaluation of investment properties in Hong Kong. Previously, deferred tax was generally provided on fair value changes arising from this class of assets.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(A) THE ADOPTION OF NEW/REVISED HKFRS (Continued)

This change in accounting policy has been applied retrospectively. The impact of the adoption of HKAS 12 (Amendment) is as follows:

Consolidated profit and loss account

	For the year ended 31st March	
	2012	2011
	HK$'000	HK$'000
Increase in:		
Share of profits less losses of associated companies	**35,927**	85,269
Negative goodwill arising from acquisition of interest in associated companies	**–**	3,921
Gain on business combination	**–**	43,430
Decrease in income tax expense	**148,515**	9,669
Decrease in loss/increase in profit for the year attributable to		
Shareholders of the Company	**93,217**	133,915
Non-controlling interests	**91,225**	8,374
Decrease in loss/increase in earnings per share (HK$)	**0.13**	0.19

Consolidated balance sheet

	31st March 2012 HK$'000	31st March 2011 HK$'000	1st April 2010 HK$'000
Increase/(decrease) in:			
Associated companies	**146,054**	110,127	156,700
Deferred income tax liabilities	**(578,106)**	(429,591)	–
Net assets	**724,160**	539,718	156,700

The following new HKFRSs relevant to the Group's operation but not yet effective for the year ended 31st March 2012:

Effective for accounting periods beginning on or after:

1st January 2013

HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement

1st January 2015

HKFRS 9	Financial Instruments

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(A) THE ADOPTION OF NEW/REVISED HKFRS (Continued)

HKFRS 10 “Consolidated Financial Statements” builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The group is yet to assess HKFRS 10’s full impact and intends to adopt HKFRS 10 no later than the accounting period beginning on or after 1st January 2013.

HKFRS 12 “Disclosures of Interests in Other Entities” includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The group is yet to assess HKFRS 12’s full impact and intends to adopt HKFRS 12 no later than the accounting period beginning on or after 1st January 2013.

HKFRS 13 “Fair Value Measurement” aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. The group is yet to assess HKFRS 13’s full impact and intends to adopt HKFRS 13 no later than the accounting period beginning on or after 1st January 2013.

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

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(B) BASIS OF CONSOLIDATION

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

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

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

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(D) JOINTLY CONTROLLED ENTITIES (Continued)

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

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

(E) ASSOCIATED COMPANIES

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

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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(G) GOODWILL

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

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

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

(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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(H) FINANCIAL ASSETS/LIABILITIES (Continued)

(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.

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 other comprehensive income are included in the profit and loss account as net investment gain or loss.

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(H) FINANCIAL ASSETS/LIABILITIES (Continued)

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

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

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) PROPERTY, PLANT AND EQUIPMENT

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

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

Leasehold land classified as finance lease commences amortisation from the time when the land interest become 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	Remaining lease term
Hotel and other building in Hong Kong	Shorter of 50 years or the remaining lease period of the land on which the buildings are located
Hotel buildings in overseas	25 years
Other equipment	3 to 10 years

No depreciation is provided for buildings under development.

Freehold land is not amortised.

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(J) IMPAIRMENT OF NON-FINANCIAL ASSETS

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

(K) INVESTMENT PROPERTIES

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

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(L) PROPERTIES UNDER DEVELOPMENT FOR SALE

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

(M) COMPLETED PROPERTIES HELD FOR SALE

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

(N) HOTEL AND RESTAURANT INVENTORIES

Hotel and restaurant inventories comprise primarily food, beverage and operating supplies 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) CONVERTIBLE BONDS

The convertible bonds are divided into liability component and equity component. The fair value of the liability component and the equity component were determined at the issuance of the convertible bonds. The fair value of the liability component was calculated using cash flows discounted at a market interest rate. The residual amount, representing the value of equity component, is credited to a convertible bond reserve under equity attributable to the Company's shareholders.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method. The equity component is not re-measured subsequent to initial recognition except on conversion or expiry of the convertible bonds.

(T) 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-marketing vesting conditions. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(T) 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.

(U) CURRENT AND DEFERRED INCOME TAX

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries, associated companies and 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 on a net basis.

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.

(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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(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.

(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;

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(Y) FOREIGN CURRENCY TRANSLATION (Continued)

(iii) Group companies (Continued)

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

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

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings, are taken to other comprehensive income. When a foreign operation is sold, exchange differences that were recorded in other comprehensive income 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.

(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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(AC) RELATED PARTIES

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

(AD) DIVIDEND DISTRIBUTION

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

(AE) SCRIP DIVIDEND

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

(AF) FINANCIAL GUARANTEE (INSURANCE CONTRACTS)

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

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

3 FINANCIAL RISK MANAGEMENT

(I) FINANCIAL RISK FACTORS

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

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

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

At 31st March 2012, the Group's entities with functional currency of Hong Kong dollar had United States dollars net monetary assets of HK$1,601,787,000 (2011: HK$1,569,170,000). Under the Linked Exchange Rate System in Hong Kong, Hong Kong dollar is pegged to United States dollars, management considers that there is no significant foreign exchange risk with respect to United States dollars.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

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

	2012			2011		
	Net monetary assets/ (liabilities) amount	Increase/(decrease) on result attributable to the shareholders of the Company if exchange rate changes by +5%	-5%	Net monetary assets/ (liabilities) amount	Increase/(decrease) on result attributable to the shareholders of the Company if exchange rate changes by +5%	-5%
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Group						
Sterling	1,444,668	35,978	(35,978)	2,681,525	76,565	(76,565)
Euro	144,800	4,781	(4,781)	286,500	8,704	(8,704)
Japanese Yen	(64,086)	(1,027)	1,027	(81,992)	(2,642)	2,642

(ii) Price risk

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

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

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

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

	2012				2011			
	Increase/(decrease) in result attributable to shareholders of the Company if price changes by		Increase/(decrease) in available-for-sale investment reserve of the Company if price changes by		Increase/(decrease) in result attributable to shareholders of the Company if price changes by		Increase/(decrease) in available-for-sale investment reserve of the Company if price changes by	
	+10%	-10%	+10%	-10%	+10%	-10%	+10%	-10%
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Group								
Financial assets at fair value through profit or loss	197,902	(197,902)	–	–	298,466	(298,466)	–	–
Available-for-sale investments	–	(118)	7,714	(7,596)	–	(97)	8,910	(8,813)

(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.

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 credit facilities and compliance of financial covenants of borrowings. The Group maintains flexibility in funding by keeping 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.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

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.

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 flows HK$'000	Within 1 year HK$'000	Within 2 to 5 years HK$'000	Total undiscounted cash flows HK$'000
At 31st March 2012								
Non-derivative financial liabilities								
Trade and other payables	–	142,503	–	–	142,503	3,302	–	3,302
Amount due to a jointly controlled entity	–	55,357	–	–	55,357	–	–	–
Convertible bonds	–	5,200	90,400	–	95,600	5,200	90,400	95,600
Borrowings	1,100,548	469,506	882,156	1,705,212	4,157,422	–	–	–
	1,100,548	672,566	972,556	1,705,212	4,450,882	8,502	90,400	98,902
Derivative financial liabilities								
Interest rate swaps – Outflow	–	3,816	1,922	–	5,738	–	–	–
	1,100,548	676,382	974,478	1,705,212	4,456,620	8,502	90,400	98,902
At 31st March 2011								
Non-derivative financial liabilities								
Trade and other payables	–	160,624	–	–	160,624	925	–	925
Amount due to an associated company	–	14,850	–	–	14,850	–	–	–
Borrowings	1,531,053	297,084	695,353	1,806,008	4,329,498	–	–	–
	1,531,053	472,558	695,353	1,806,008	4,504,972	925	–	925
Derivative financial liabilities								
Interest rate swaps								
– Inflow	–	(77,862)	–	–	(77,862)	–	–	–
– Outflow	–	101,276	3,904	–	105,180	–	–	–
	–	23,414	3,904	–	27,318	–	–	–
	1,531,053	495,972	699,257	1,806,008	4,532,290	925	–	925

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

	Within 1 year HK$'000	Within 2 to 5 years HK$'000	After 5 years HK$'000	Total undiscounted cash flows HK$'000
31st March 2012	**13,211**	**49,792**	**20,277**	**83,280**
31st March 2011	13,916	52,522	33,222	99,660

(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 (except financial investments with fixed coupons) 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 2012, with all other variables held constant, if the interest rate had increased/decreased by 10 basis point, the Group's post tax result attributable to shareholders of the Company would have been HK$1,328,000 (2011: HK$1,370,000) worse/better.

(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.

3 FINANCIAL RISK MANAGEMENT (Continued)

(II) CAPITAL RISK MANAGEMENT (Continued)

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.

The gearing ratios at 31st March 2012 and 2011 were as follows:

	2012	2011
	HK$'000	HK$'000
		(Restated)
Borrowings *(note 31)*	**3,890,781**	4,062,027
Convertible bonds *(note 33)*	**62,348**	–
Less: bank balances and cash *(note 27)*	**(440,160)**	(346,156)
Net debt	**3,512,969**	3,715,871
Net assets	**14,832,943**	14,943,519
Gearing ratio against net assets	**24%**	25%

(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).

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.

	Level 1 HK$'000	Level 2 HK$'000	Total HK$'000
2012			
Assets			
Financial assets at fair value through profit or loss	**3,872,389**	**36,524**	**3,908,913**
Available-for-sale investments	**186,331**	**10,964**	**197,295**
	4,058,720	**47,488**	**4,106,208**
Liabilities			
Convertible bonds	**–**	**62,348**	**62,348**
Derivative financial instruments	**–**	**6,001**	**6,001**
	–	**68,349**	**68,349**
2011			
Assets			
Financial assets at fair value through profit or loss	5,684,251	34,530	5,718,781
Available-for-sale investments	220,100	10,157	230,257
	5,904,351	44,687	5,949,038
Liabilities			
Derivative financial instruments	–	26,242	26,242

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.

3 FINANCIAL RISK MANAGEMENT (Continued)

(III) FAIR VALUE ESTIMATION (Continued)

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 2012, the Group had investment properties with fair value of HK$4,297,374,000 (2011: HK$3,393,017,000). The best evidence of fair value is current prices in an active market for similar properties. In the absence of such information, the amount is determined within a range of reasonable fair value estimates. Information from a variety of sources are considered in making the judgement:

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

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

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

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(B) IMPAIRMENT OF TRADE AND OTHER RECEIVABLES

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

(C) INCOME TAXES

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

Recognition of deferred income tax assets (note 32), which principally relate to tax losses, depends on the management's expectations of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

(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.

5 TURNOVER AND SEGMENT INFORMATION (Continued)

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

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

Last year segment results include two-month segment results of Asia Standard, which is consolidated from February 2011 onwards. Prior to that, its result was included as share of profits less losses of associated companies.

	Property management HK$'000	Property sales HK$'000	Property leasing HK$'000	Hotel and travel HK$'000	Investments HK$'000	Others HK$'000	Total HK$'000
2012							
Turnover	12,199	38,132	88,942	698,218	3,831,118	22,755	4,691,364
Segment revenue	12,199	38,132	88,942	698,218	392,498	22,755	1,252,744
Contribution to segment results	4,437	304	83,028	275,323	392,498	22,755	778,345
Depreciation	(76)	–	–	(165,855)	–	(5,273)	(171,204)
Net investment loss	–	–	–	–	(1,689,809)	–	(1,689,809)
Fair value gain of investment properties	–	–	898,194	–	–	–	898,194
Segment results	4,361	304	981,222	109,468	(1,297,311)	17,482	(184,474)
Unallocated corporate expenses							(100,797)
Operating loss							(285,271)
Finance costs							(21,987)
Share of profits less losses of							
Jointly controlled entities	–	(6,267)	–	–	–	–	(6,267)
Associated companies	–	(30)	236,348	–	–	(17)	236,301
Loss before income tax							(77,224)
Income tax expense							(6,237)
Loss for the year							(83,461)

5 TURNOVER AND SEGMENT INFORMATION (Continued)

	Property management HK$'000	Property sales HK$'000	Property leasing HK$'000	Hotel and travel HK$'000	Investments HK$'000	Others HK$'000	Total HK$'000
2011 (Restated)							
Turnover	11,181	175	14,524	97,843	135,420	6,801	265,944
Segment revenue	11,181	175	14,524	97,843	63,554	6,801	194,078
Contribution to segment results	3,160	14,550	14,467	34,728	63,554	6,801	137,260
Depreciation	(43)	–	–	(27,036)	–	(494)	(27,573)
Net investment gain	–	–	–	–	344,146	–	344,146
Fair value gain of investment properties	–	–	58,600	–	–	–	58,600
Other charge	–	(6,140)	–	–	–	–	(6,140)
Segment results	3,117	8,410	73,067	7,692	407,700	6,307	506,293
Unallocated corporate expenses							(23,779)
Operating profit							482,514
Finance costs							(16,989)
Share of profits less losses of							
Jointly controlled entities	–	(4,923)	–	–	–	–	(4,923)
Associated companies	–	88,221	533,260	14,260	265,205	14,843	915,789
Negative goodwill arising from acquisition of additional interest in associated companies							81,418
Gain on business combination							1,539,265
Profit before income tax							2,997,074
Income tax expense							(10,194)
Profit for the year							2,986,880

5 TURNOVER AND SEGMENT INFORMATION (Continued)

	Property management HK$'000	Property sales HK$'000	Property leasing HK$'000	Hotel and travel HK$'000	Investments HK$'000	Others HK$'000	Total HK$'000
2012							
Segment assets	23,547	2,891,170	5,395,688	6,676,895	4,198,216	335,011	19,520,527
Other unallocated assets							274,091
							19,794,618
Segment assets include:							
Jointly controlled entities and associated companies	–	1,226,443	1,091,468	–	–	914	2,318,825
Addition to non-current assets*	308	500,000	6,163	7,397	–	5,937	519,805
Segment liabilities							
Borrowings	–	1,543,000	486,495	1,044,007	817,279	–	3,890,781
Other unallocated liabilities							1,070,894
							4,961,675
2011 (Restated)							
Segment assets	21,714	2,237,605	4,281,120	6,813,618	6,070,249	407,205	19,831,511
Other unallocated assets							213,080
							20,044,591
Segment assets include:							
Jointly controlled entities and associated companies	–	932,409	883,170	–	–	931	1,816,510
Addition to non-current assets*	15	874,916	4,055,413	6,673,932	–	249,276	11,853,552
Segment liabilities							
Borrowings	–	775,000	498,484	1,097,683	1,690,860	–	4,062,027
Other unallocated liabilities							1,039,045
							5,101,072

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

5 TURNOVER AND SEGMENT INFORMATION (Continued)

	2012 HK$'000	2011 HK$'000 (Restated)
Revenue		
Hong Kong	**798,468**	120,863
Overseas	**454,276**	73,215
	1,252,744	194,078
Non-current assets*		
Hong Kong	**11,832,338**	11,189,570
Overseas	**1,420,100**	852,685
	13,252,438	12,042,255

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

Notes to the Financial Statements

6 NET INVESTMENT (LOSS)/GAIN

	2012 HK$'000	2011 HK$'000
Financial assets at fair value through profit or loss		
– net unrealised (loss)/gain from market price movements	**(782,649)**	267,352
– net unrealised exchange (loss)/gain	**(37,079)**	67,953
– net realised (loss)/gain *(Note)*	**(863,457)**	7,590
Available-for-sale investments		
– impairment	**(2,261)**	(146)
Derivative financial instruments		
– net realised loss	**(4,363)**	–
– net unrealised gain	**–**	1,397
	(1,689,809)	344,146

Note:

Net realised (loss)/gain on financial assets at fair value through profit or loss

	2012	2011
Gross consideration	**3,434,945**	71,865
Cost of investments	**(3,316,979)**	(42,077)
Total gain	**117,966**	29,788
Less: net unrealised gain recognised in prior years	**(981,423)**	(22,198)
Net realised (loss)/gain recognised in current year	**(863,457)**	7,590

7 OTHER CHARGE

	2012 HK$'000	2011 HK$'000
Provision for diminution in value of properties under development for sale	**–**	(6,140)

8 INCOME AND EXPENSES BY NATURE

	2012 HK$'000	2011 HK$'000
Income		
Net rental income *(note)*	83,028	14,467
Interest income		
– Listed investments	356,248	59,153
– Unlisted investments	379	64
– A jointly controlled entity	7,948	4,950
– Other receivables	6,014	611
– Bank deposits	952	106
Dividend income		
– Listed investments	35,522	4,305
Gain on disposal of property, plant and equipment	442	–
Expenses		
Operating lease rental expense for land and buildings	8,041	2,082
Loss on disposal of property, plant and equipment	–	115
Employee benefit expense including Directors' emoluments *(note 9)*	183,425	34,300
Auditor's remuneration	7,103	1,996
Cost of properties and goods sold	207,495	21,910

Note:

	2012 HK$'000	2011 HK$'000
Net rental income		
Investment properties	83,815	13,723
Properties held for sale	5,127	744
	88,942	14,467
Outgoings	(5,914)	–
Net rental income	83,028	14,467

9 EMPLOYEE BENEFIT EXPENSE

	2012 HK$'000	2011 HK$'000
Wages and salaries	**178,222**	33,556
Retirement benefits cost *(note (a))*	**5,603**	744
	183,825	34,300
Capitalised under properties under development	**(400)**	–
Employee benefit expense	**183,425**	34,300

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

Notes:

(a) Retirement benefits cost

	2012 HK$'000	2011 HK$'000
Gross contributions	**5,443**	750
Forfeitures utilised	**160**	(6)
Net contributions	**5,603**	744

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% (2011: 5%) or a fixed sum and 4.95% (2011: 4.95%) respectively, of the employee's relevant income in accordance with the local legislative requirements.

As at 31st March 2012, no forfeiture (2011: Nil) was available to reduce the Group's future contributions to the ORSO Scheme.

9 EMPLOYEE BENEFIT EXPENSE (Continued)

(b) Share options

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

Company

Details of share options held under the scheme as at 31st March 2012 are as follows:

Date of grant	Exercise price per share	Expiry date	Number of share options outstanding at 31st March 2011 and 2012
29th March 2007	HK$1.4315 (as adjusted)	29th March 2017	
Directors			8,505,204
Employees			24,172,684
Directors of Asia Standard Hotel			3,469,228
15th August 2008	HK$1.0700	15th August 2018	
Employees			5,780,000
			41,927,116

During the year, no share options were granted, exercised, cancelled or lapsed (2011: Nil).

9 EMPLOYEE BENEFIT EXPENSE (Continued)

(b) Share options (Continued)

Asia Standard

Details of share options held under the share option scheme of Asia Standard as at 31st March 2012 are as follows:

Date of grant	Exercise price per share	Expiry date	Number of share options outstanding at 31st March 2011 and 2012
30th March 2005	HK$3.15	29th March 2015	
Directors			8,764,248
Director of Asia Standard			2,062,176
Employees			2,577,717
			13,404,141

During the year, no share option was granted, exercised, cancelled or lapsed (2011: Nil).

Asia Standard Hotel

Details of share options held under the share option scheme of Asia Standard Hotel as at 31st March 2012 are as follows:

Date of grant	Exercise price per share	Expiry date	Number of share options outstanding at 31st March 2011 and 2012
29th March 2007	HK$1.296	28th March 2017	
Directors			8,000,000
Employees			8,000,000
			16,000,000
2nd April 2007	HK$1.300	1st April 2017	
Directors			24,000,000
Director of Asia Standard Hotel			8,000,000
Employees			30,999,999
			62,999,999
			78,999,999

During the year, no share options were granted, exercised, cancelled or lapsed (2011: Nil).

10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) The aggregate amount of emoluments paid and payable to Directors of the Company for the years ended 31st March 2012 and 2011 are set out as below. As mentioned in note 1, the 2011 balances only include the emoluments paid by Asia Standard after January 2011.

Name of Director	Directors' fee	Salaries, allowances and benefits in kind	Employer's contribution to retirement benefit scheme	Total emoluments (note)
2012 (in HK$'000)				
Executive				
Mr. Fung Siu To, Clement	–	2,430	42	2,472
Dr. Lim Yin Cheng	–	4,571	60	4,631
Mr. Poon Jing	–	27,474	12	27,486
Mr. Lun Pui Kan	–	2,324	96	2,420
Mr. Kwan Po Lam, Phileas	–	6,527	53	6,580
	–	43,326	263	43,589
Non-executive				
Mr. Chan Sze Hung	20	–	–	20
Independent Non-executive				
Mr. Cheung Kwok Wah	200	–	–	200
Mr. Hung Yat Ming	300	–	–	300
Mr. Wong Chi Keung	360	–	–	360
	860	–	–	860
	880	43,326	263	44,469

10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

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

Balance includes HK$21,095,000 and HK$16,754,000 (2011: HK$2,923,000 and HK$1,767,000) paid by subsidiaries of Asia Standard and Asia Standard Hotel respectively.

10 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(b) The five highest paid individuals in the Group for the year include four (2011: two) Directors whose emoluments are already reflected in the analysis presented above.

The emoluments payable to the remaining one (2011: three) individuals during the years are as follows:

	2012 **HK$'000**	2011 HK$'000
Basic salaries, allowances, benefits in kind and share option benefits	**2,627**	1,503

The emoluments fell within the following bands:

	Number of individuals	
	2012	2011
Emolument bands		
HK$2,500,001 to HK$3,000,000	**1**	–
Below HK$1,000,000	**–**	3

11 FINANCE COSTS

	2012 **HK$'000**	2011 HK$'000
Interest expense		
Long term bank loans	**(53,764)**	(431)
Short term bank loans and overdrafts	**(22,201)**	(8,517)
Convertible bonds	**(4,728)**	–
Interest capitalised under properties under development for sales	**12,042**	–
Other incidental borrowing costs	**(6,396)**	(2,873)
Net foreign exchange gain/(loss) on borrowings	**51,082**	(4,922)
Fair value gain/(loss) on interest rate swaps	**1,978**	(246)
	(21,987)	(16,989)

12 INCOME TAX EXPENSE

	2012 HK$'000	2011 HK$'000 (Restated)
Current income tax		
Hong Kong profits tax	(16,560)	(7,073)
Over/(under) provisions in prior years	19,433	(67)
	2,873	(7,140)
Deferred income tax	(9,110)	(3,054)
	(6,237)	(10,194)

Hong Kong profits tax is provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit for the year. Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the rates of tax prevailing in the countries in which the Group operates.

Share of income tax expenses of jointly controlled entities and associated companies for the year of HK$21,031,000 (2011: income tax credit of HK$969,000) and HK$3,561,000 (2011: HK$28,016,000, as restated) 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 (loss)/profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2012 HK$'000	2011 HK$'000 (Restated)
(Loss)/profit before income tax	(77,224)	2,997,074
Share of profits less losses of jointly controlled entities and associated companies	(230,034)	(910,866)
	(307,258)	2,086,208
Calculated at a tax rate of 16.5% (2011: 16.5%)	50,698	(344,224)
Over/(under) provisions in prior years	19,433	(67)
Effect of different tax rates in other countries	2,265	113
Income not subject to income tax	218,575	336,444
Expenses not deductible for tax purposes	(290,407)	(2,212)
Tax losses not recognised	(5,302)	(1,259)
Recognition of previously unrecognised tax losses	–	562
Reversal of previously recognised tax losses	(148)	–
Utilisation of previously unrecognised tax losses	2,951	438
Other temporary difference	(4,302)	11
Income tax expense	(6,237)	(10,194)

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$167,988,000 (2011: HK$23,625,000).

14 DIVIDENDS

	2012 **HK$'000**	2011 HK$'000
Interim, paid, of nil (2011: HK1 cent) per share	**–**	7,102
Final, proposed, of nil (2011: HK1.25 cents) per share	**–**	8,905
	–	16,007

At a meeting held on 22nd June 2012, the Board of Directors does not recommend the payment of a final dividend for the year ended 31st March 2012 (2011: HK1.25 cents per share with a scrip option).

15 (LOSS)/EARNINGS PER SHARE

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

	2012 **HK$'000**	2011 HK$'000 (Restated)
(Loss)/profit attributable to shareholders of the Company for calculation of diluted (loss)/earnings per share	**(89,210)**	2,791,155

	Number of shares	
Weighted average number of shares for calculation of basic (loss)/earnings per share	**713,280,543**	709,753,236
Effect of dilutive potential shares:		
A portion of share options assumed to be exercised	**–**	2,058,433
Weighted average number of shares for calculation of diluted (loss)/earnings per share	**713,280,543**	711,811,669

Diluted loss per share for the year ended 31st March 2012 did not assume the exercise of the outstanding share options of the Company, Asia Standard and Asia Standard Hotel since their exercise would have an anti-dilutive effect.

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

16 PROPERTY, PLANT AND EQUIPMENT

	Freehold land of a hotel in Canada HK$'000	Leasehold land in Hong Kong HK$'000	Hotel buildings HK$'000	Other buildings HK$'000	Other equipments HK$'000	Total HK$'000
Cost						
At 31st March 2010	–	–	–	–	5,120	5,120
Consolidation of Asia Standard	250,794	5,403,640	2,185,489	73,012	44,703	7,957,638
Currency translation differences	2,296	–	13,709	–	23	16,028
Additions	–	–	3,852	–	1,170	5,022
Cost over provided	–	–	(3,922)	(628)	–	(4,550)
Disposal	–	–	(511)	–	(481)	(992)
Write-off	–	–	–	–	(1,028)	(1,028)
At 31st March 2011	253,090	5,403,640	2,198,617	72,384	49,507	7,977,238
Accumulated depreciation						
At 31st March 2010	–	–	–	–	5,035	5,035
Consolidation of Asia Standard	–	354,106	641,257	6,368	38,638	1,040,369
Currency translation differences	–	–	8,418	–	19	8,437
Charge for the year	–	13,069	13,895	279	330	27,573
Disposals	–	–	(395)	–	(481)	(876)
Write-off	–	–	–	–	(1,028)	(1,028)
At 31st March 2011	–	367,175	663,175	6,647	42,513	1,079,510
Net book value						
At 31st March 2011	253,090	5,036,465	1,535,442	65,737	6,994	6,897,728
Cost						
At 31st March 2011	253,090	5,403,640	2,198,617	72,384	49,507	7,977,238
Currency translation differences	(2,345)	–	(14,114)	–	226	(16,233)
Additions	–	–	7,397	376	5,869	13,642
Disposal	–	–	(286)	(6,456)	(488)	(7,230)
At 31st March 2012	**250,745**	**5,403,640**	**2,191,614**	**66,304**	**55,114**	**7,967,417**
Accumulated depreciation						
At 31st March 2011	–	367,175	663,175	6,647	42,513	1,079,510
Currency translation differences	–	–	(8,913)	–	184	(8,729)
Charge for the year	–	83,967	83,048	1,936	2,253	171,204
Disposals	–	–	(178)	(1,146)	(483)	(1,807)
At 31st March 2012	**–**	**451,142**	**737,132**	**7,437**	**44,467**	**1,240,178**
Net book value						
At 31st March 2012	**250,745**	**4,952,498**	**1,454,482**	**58,867**	**10,647**	**6,727,239**

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

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

	2012 HK$'000	2011 HK$'000
Hotel properties		
Hotel buildings	**1,454,482**	1,535,442
Hotel freehold land	**250,745**	253,090
Hotel leasehold land	**4,779,509**	4,861,984
	6,484,736	6,650,516

Supplementary information with hotel properties at valuation:

The aggregate open market value of the hotel properties in Hong Kong and Canada based on valuation conducted respectively by Vigers Appraisal & Consulting Limited and Grant Thornton Management Consultants, independent professional valuers, amounted to HK$8,124,088,000 (2011: HK$6,791,059,000).

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$6,688,348,000 (2011: HK$6,831,836,000).

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

	2012 HK$'000	2011 HK$'000
Freehold in Canada	**431,707**	458,766
Long term leases in Hong Kong	**3,954,293**	4,019,500
Medium term leases in Hong Kong	**2,330,593**	2,412,468
	6,716,593	6,890,734

17 INVESTMENT PROPERTIES

	2012 HK$'000	2011 HK$'000
At the beginning of the year	**3,393,017**	–
Additions	**6,163**	3,334,417
Fair value change	**898,194**	58,600
At the end of the year	**4,297,374**	3,393,017

17 INVESTMENT PROPERTIES (Continued)

Investment properties were revalued by Prudential Surveyors International Limited, independent professional valuers, on an open market value basis as at 31st March 2012 and 2011. Investment properties are situated on long term leasehold land in Hong Kong.

The aggregate net book value of investment properties pledged as securities for loans amounted to HK$4,297,374,000 (2011:HK$3,307,200,000).

18 SUBSIDIARIES

	2012 HK$'000	2011 HK$'000
Unlisted shares, at cost	**2,823,640**	2,823,640
Listed shares, at cost	**99,892**	99,740
	2,923,532	2,923,380
Amounts due by subsidiaries less provisions included in current assets	**1,461,040**	1,215,578
	4,384,572	4,138,958
Market value of listed shares	**61,138**	90,124

As at 31st March 2012, 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 41.

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

19 JOINTLY CONTROLLED ENTITIES

	2012 HK$'000	2011 HK$'000
Share of net assets	**800,730**	465,039
Advances to jointly controlled entities	**316,711**	384,269
Provisions for advances to jointly controlled entities	**(27,854)**	(27,765)
	1,089,587	821,543
Amount due from a jointly controlled entity included in current assets	**91,000**	65,000
Amount due to a jointly controlled entity included in current liabilities	**(55,357)**	–
	1,125,230	886,543

19 JOINTLY CONTROLLED ENTITIES (Continued)

Advances to jointly controlled entities are equity in nature and made to finance property development projects. The advances to jointly controlled entities are denominated in Hong Kong dollar. In 2011, except for an amount of HK$149,208,000 due from a jointly controlled entity which is interest bearing at The Hong Kong and Shanghai Banking Corporation ("HSBC") prime rate, the remaining amounts are unsecured, interest free and have no fixed term of repayment. The interest bearing amount was fully repaid during the year.

Details of the principal jointly controlled entities are set out in note 41.

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

	2012	2011
	HK$'000	HK$'000
Assets		
Non-current assets	**954,559**	503,020
Current assets	**409,411**	481,476
	1,363,970	984,496
Liabilities		
Non-current liabilities	**156,589**	6,446
Current liabilities	**406,651**	513,011
	563,240	519,457
Net assets	**800,730**	465,039
Income	**310,550**	56,445
Expenses	**(318,031)**	(62,337)
Loss before income tax	**(7,481)**	(5,892)
Income tax credit	**1,214**	969
Loss for the year	**(6,267)**	(4,923)

20 ASSOCIATED COMPANIES

	2012	2011	2010
	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)
Share of net assets	**1,034,095**	825,799	3,870,548
Advances to associated companies	**641,955**	641,932	–
Provisions for advances to associated companies	**(537,812)**	(537,764)	–
	1,138,238	929,967	3,870,548
Amount due to an associated company included in current liabilities	**–**	(14,850)	(494)
	1,138,238	915,117	3,870,054

As at 31st March 2012 and 2011, 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 41.

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

	2012	2011	2010
	HK$'000	HK$'000	HK$'000
		(Restated)	(Restated)
Assets	**1,192,989**	988,200	4,951,336
Liabilities	**158,894**	(162,401)	(1,080,788)
Net assets	**1,034,095**	825,799	3,870,548
Revenue	**23,387**	393,674	901,073
Profit for the year	**236,301**	915,789	1,298,454

21 AVAILABLE-FOR-SALE INVESTMENTS

	2012 HK$'000	2011 HK$'000
Equity securities		
– Listed in Hong Kong	**186,331**	220,100
– Unlisted	**10,964**	10,157
	197,295	230,257

Impairment provision of HK$2,261,000 (2011: HK$146,000) on available-for-sale investments of subsidiaries was recognised in consolidated profit and loss account during the year (note 6).

22 MORTGAGE LOANS RECEIVABLE

	2012 HK$'000	2011 HK$'000
Mortgage loans receivable	**15,229**	85,393
Less: current portion included in current assets	**(1,156)**	(3,664)
	14,073	81,729

The mortgage loans receivable carry interest at rates ranged from HSBC prime rate plus 1.5% to 2% (2011: 1.5% to 2%) per annum. The effective interest rate at 31st March 2012 was 6.12% (2011: 6.52%) 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

	2012 HK$'000	2011 HK$'000
Properties under development for sale		
Leasehold land	**1,460,317**	1,101,933
Development costs	**71,806**	31,284
	1,532,123	1,133,217
Completed properties held for sale		
Leasehold land	**111,714**	127,925
Development costs	**20,339**	42,611
	132,053	170,536

23 PROPERTIES UNDER DEVELOPMENT FOR SALE AND COMPLETED PROPERTIES HELD FOR SALE (Continued)

At 31st March 2012, properties amounting to HK$1,541,528,000 (2011: HK$1,217,221,000) were pledged to banks to secure certain banking facilities of the Group.

At the year end date of 2012 and 2011, all the properties under development for sale were not scheduled for completion within twelve months.

24 TRADE AND OTHER RECEIVABLES

	2012 HK$'000	2011 HK$'000
Trade receivables		
Fully performing	28,109	62,140
Past due but not impaired	6,775	6,160
Impaired	2,968	446
	37,852	68,746
Less: provision for impairment of receivables	(2,968)	(446)
Trade receivables, net	34,884	68,300
Accrued interest and dividend receivable	92,008	86,466
Loan receivables	54,571	55,072
Prepayments	12,721	10,258
Utility and other deposits	11,592	8,921
Other receivables	15,650	15,273
	221,426	244,290

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

	2012 HK$'000	2011 HK$'000
0 day to 60 days	33,832	67,777
61 days to 120 days	992	500
More than 120 days	60	23
	34,884	68,300

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:

	2012 HK$'000	2011 HK$'000
0 day to 60 days	**6,451**	6,026
More than 60 days	**324**	134
	6,775	6,160

As at 31st March 2012, trade receivables of HK$2,968,000 (2011: HK$446,000) 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.

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

	2012 HK$'000	2011 HK$'000
Hong Kong dollar	**119,342**	114,669
United States dollar	**50,057**	57,075
Sterling	**36,297**	57,050
Canadian dollar	**12,526**	10,576
Others	**3,204**	4,920
	221,426	244,290

Loan receivables were interest bearing from HSBC prime rate to 2% above HSBC prime rate per annum (2011: same).

The maximum exposure to credit risk at the balance date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2012 HK$'000	2011 HK$'000
Equity securities		
– Listed in Hong Kong	575,986	440,778
– Listed in the USA	458,432	920,313
– Listed in Europe	507,322	840,366
– Unlisted	–	44,695
	1,541,740	2,246,152
Debt securities		
– Listed in the USA	–	104,510
– Listed in Europe	1,439,232	3,040,755
– Listed in Singapore	891,417	292,834
– Unlisted	8,000	8,000
	2,338,649	3,446,099
Unlisted fund	28,524	26,530
	3,908,913	5,718,781

Notes:

(a) The debt securities carry fixed coupons ranging from 2% to 13.5% (2011: from 5.905% to 13.5%) per annum and their nominal values are equivalent to HK$3,319,595,000 (2011: HK$4,157,450,000).

(b) At 31st March 2012, financial assets at fair value through profit or loss equivalent to HK$337,571,000 (2011: HK$1,351,826,000) were pledged as security for borrowings (2011: United States dollar versus Japanese Yen interest rate swaps (note 26(b)) and borrowings).

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

	2012 HK$'000	2011 HK$'000
Sterling	1,407,829	2,878,710
United States dollar	1,592,703	1,843,888
Euro	324,394	547,405
Hong Kong dollar	583,987	448,778
	3,908,913	5,718,781

26 DERIVATIVE FINANCIAL INSTRUMENTS

	2012 **HK$'000**	2011 HK$'000
Interest rate swaps		
– Hong Kong dollar *(note (a))*	**6,001**	7,979
– Foreign currency *(note (b))*	**–**	18,263
	6,001	26,242

Notes:

(a) The notional principal amount of the outstanding interest rate swap contracts at 31st March 2012 were HK$150,000,000 (2011: HK$200,000,000).

(b) In 2011, the notional principal amount of US$10,000,000 of the outstanding foreign currency (United States dollar versus Japanese yen) interest rate swap contract was secured by certain financial assets at fair value through profit or loss (note 25(b)).

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

27 BANK BALANCES AND CASH

	Group		**Company**	
	2012 **HK$'000**	2011 HK$'000	**2012** **HK$'000**	2011 HK$'000
Cash at bank and in hand	**238,396**	118,324	**306**	284
Short term bank deposits	**169,759**	200,539	**–**	–
Cash and cash equivalents	**408,155**	318,863	**306**	284
Restricted bank balances	**32,005**	27,293	**–**	–
	440,160	346,156	**306**	284

27 BANK BALANCES AND CASH (Continued)

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

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong dollar	**314,985**	289,956	**306**	284
Canadian dollar	**40,929**	34,086	**–**	–
Renminbi	**56,880**	11,518	**–**	–
United States dollar	**21,373**	7,621	**–**	–
Others	**5,993**	2,975	**–**	–
	440,160	346,156	**306**	284

28 TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	HK$'000
Trade payables	**22,446**	58,321
Accrual and other payables	**68,338**	55,573
Building management account surplus	**23,072**	22,131
Rental and management fee deposits	**28,647**	24,599
	142,503	160,624

The aging analysis of trade payables is as follows:

	2012	2011
	HK$'000	HK$'000
0 day to 60 days	**22,243**	58,132
61 days to 120 days	**126**	83
More than 120 days	**77**	106
	22,446	58,321

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 SHARE CAPITAL

Shares of HK$0.01 each	**Number of shares**	**Amount**
		HK$'000
Authorised:		
At 31st March 2011 and 2012	3,000,000,000	300,000

	Number of shares		**Amount**	
	2012	2011	**2012**	2011
			HK$'000	HK$'000
Issued and fully paid:				
At the beginning of the year	**712,431,720**	708,707,100	**71,243**	70,871
Scrip dividend *(note (a))*	**1,725,940**	1,443,419	**173**	144
Scrip dividend *(note (b))*	**–**	2,281,201	**–**	228
At the end of the year	**714,157,660**	712,431,720	**71,416**	71,243

Notes:

(a) In October 2011, 1,725,940 (2011: 1,443,419) new shares were allotted and issued at HK$1.65 (2011: HK$1.38) per share in lieu of final dividend for the year ended 31st March 2011.

(b) In February 2011, 2,281,201 new shares were allotted and issued at HK$1.71 per share in lieu of interim dividend for the six months ended 30th September 2010.

30 RESERVES

	Share premium HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Convertible bond reserve HK$'000	Share option reserve HK$'000	Available-for-sale investment reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
Group								
At 31st March 2010								
As previously reported	2,092,114	398,021	60,257	–	18,910	32,636	1,461,404	4,063,342
Prior year adjustment – write-back of deferred tax on investment properties	–	–	–	–	–	–	156,700	156,700
As restated	2,092,114	398,021	60,257	–	18,910	32,636	1,618,104	4,220,042
Consolidation of Asia Standard *(note 38)*	–	–	–	–	(7,444)	(36,151)	(22,705)	(66,300)
Currency translation differences	–	–	–	–	–	–	3,999	3,999
Fair value loss on available-for-sale investments	–	–	–	–	–	(228)	–	(228)
Impairment of available-for-sale investments charged to profit and loss account	–	–	–	–	–	56	–	56
Profit for the year	–	–	–	–	–	–	2,791,155	2,791,155
2010 final dividend	1,848	–	–	–	–	–	(8,859)	(7,011)
2011 interim dividend	3,673	–	–	–	–	–	(7,103)	(3,430)
Net increase in shareholding of subsidiaries	–	–	–	–	–	–	36,487	36,487
At 31st March 2011	2,097,635	398,021	60,257	–	11,466	(3,687)	4,411,078	6,974,770
Representing:								
2011 final dividend proposed	–	–	–	–	–	–	8,905	8,905
Others	2,097,635	398,021	60,257	–	11,466	(3,687)	4,402,173	6,965,865
At 31st March 2011	2,097,635	398,021	60,257	–	11,466	(3,687)	4,411,078	6,974,770
At 31st March 2011								
As previously reported	2,097,635	398,021	60,257	–	11,466	(3,687)	4,120,462	6,684,154
Prior year adjustment – write-back of deferred tax on investment properties	–	–	–	–	–	–	290,616	290,616
As restated	2,097,635	398,021	60,257	–	11,466	(3,687)	4,411,078	6,974,770
Currency translation differences	–	–	–	–	–	–	4,982	4,982
Fair value loss on available-for-sale investments	–	–	–	–	–	(14,203)	–	(14,203)
Impairment of available-for-sale investments	–	–	–	–	–	869	–	869
Loss for the year	–	–	–	–	–	–	(89,210)	(89,210)
2011 final dividend	2,675	–	–	–	–	–	(8,905)	(6,230)
Issue of convertible bonds	–	–	–	18,980	–	–	–	18,980
Net increase in shareholding of subsidiaries	–	–	–	–	–	–	18,385	18,385
At 31st March 2012	**2,100,310**	**398,021**	**60,257**	**18,980**	**11,466**	**(17,021)**	**4,336,330**	**6,908,343**

30 RESERVES (Continued)

	Share premium HK$'000	Contributed surplus HK$'000	Convertible bond reserve HK$'000	Share option reserve HK$'000	Revenue reserve HK$'000	Total HK$'000
Company						
At 31st March 2010	2,092,114	1,895,806	–	11,466	54,613	4,053,999
Profit for the year	–	–	–	–	23,625	23,625
2010 final dividend	1,848	–	–	–	(8,859)	(7,011)
2011 interim dividend	3,673	–	–	–	(7,103)	(3,430)
At 31st March 2011	2,097,635	1,895,806	–	11,466	62,276	4,067,183
Representing:						
2011 final dividend proposed	–	–	–	–	8,905	8,905
Others	2,097,635	1,895,806	–	11,466	53,371	4,058,278
At 31st March 2011	2,097,635	1,895,806	–	11,466	62,276	4,067,183
At 31st March 2011	2,097,635	1,895,806	–	11,466	62,276	4,067,183
Profit for the year	–	–	–	–	167,988	167,988
2011 final dividend	2,675	–	–	–	(8,905)	(6,230)
Issue of convertible bonds	–	–	18,980	–	–	18,980
At 31st March 2011	**2,100,310**	**1,895,806**	**18,980**	**11,466**	**221,359**	**4,247,921**

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

31 BORROWINGS

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Current liabilities				
Short term bank loans and overdrafts				
Secured	**1,020,249**	1,411,860	**–**	–
Unsecured	**4,140**	99,000	**–**	–
	1,024,389	1,510,860	**–**	–
Current portion of long term bank loans	**437,303**	202,541		
Portion of long term bank loans containing a repayment on demand clause	**64,996**	78,555	**–**	–
	1,526,688	1,791,956	**–**	–
Non-current liabilities				
Long term bank loans, secured	**2,364,093**	2,270,071	**–**	–
	3,890,781	4,062,027	**–**	–

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

	Group	
	2012	2011
	HK$'000	HK$'000
Repayable within one year	**437,303**	202,541
Repayable between one and two years	**178,853**	388,244
Repayable between two and five years	**633,417**	247,890
Repayable after five years	**1,616,819**	1,712,492
	2,866,392	2,551,167
Current portion included in current liabilities	**(437,303)**	(202,541)
	2,429,089	2,348,626

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

31 BORROWINGS (Continued)

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

	2012 HK$'000	2011 HK$'000
Hong Kong dollar	**3,500,232**	3,045,974
Euro	**187,744**	265,639
Canadian dollar	**76,299**	90,193
Japanese Yen	**64,159**	63,817
United States dollar	**62,347**	339,869
Sterling	**–**	256,535
	3,890,781	4,062,027

The effective interest rates of the borrowing at the balance sheet date range from 0.59% to 3.6% (2011: from 0.57% to 2.70%) per annum.

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

32 DEFERRED INCOME TAX

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

	2012 HK$'000	2011 HK$'000 (Restated)
Deferred income tax assets	**1,466**	5,852
Deferred income tax liabilities	**(782,951)**	(800,472)
	(781,485)	(794,620)

32 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:

Deferred income tax assets

	Accelerated accounting depreciation		Tax loss		Difference in cost base of properties		Total	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000
At beginning of the year	**43**	30	**23,209**	28	**57,755**	–	**81,007**	58
Consolidation of Asia Standard	**–**	–	**–**	27,564	**–**	57,629	**–**	85,193
Recognised in the profit and loss account	**(19)**	13	**(17,537)**	(4,383)	**951**	126	**(16,605)**	(4,244)
At the end of the year	**24**	43	**5,672**	23,209	**58,706**	57,755	**64,402**	81,007

Deferred income tax liabilities

	Accelerated tax depreciation		Revaluation of properties		Fair value adjustments		Total	
	2012 HK$'000	2011 HK$'000	**2012 HK$'000**	2011 HK$'000 (Restated)	**2012 HK$'000**	2011 HK$'000	**2012 HK$'000**	2011 HK$'000 (Restated)
At the beginning of the year								
As previously stated	**(62,259)**	(7)	**(1,184,959)**	–	**(58,000)**	–	**(1,305,218)**	(7)
Prior year adjustment	**–**	–	**429,591**	–	**–**	–	**429,591**	–
As restated	**(62,259)**	(7)	**(755,368)**	–	**(58,000)**	–	**(875,627)**	(7)
Consolidation of Asia Standard	**–**	(61,853)	**–**	(761,683)	**–**	(58,000)	**–**	(881,536)
Recognised in the profit and loss account	**(5,433)**	(399)	**14,197**	1,589	**(1,269)**	–	**7,495**	1,190
Recognised in share of profits less losses of a jointly controlled entity	**–**	–	**22,245**	4,726	**–**	–	**22,245**	4,726
At the end of the year	**(67,692)**	(62,259)	**(718,926)**	(755,368)	**(59,269)**	(58,000)	**(845,887)**	(875,627)

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$89 million (2011: HK$84 million) in respect of losses amounting to HK$513 million (2011: HK$494 million) that can be carried forward against future taxable income. Except for tax losses of HK$491 million (2011: HK$476 million) which have no expiry date, the balance will expire at various dates up to and including 2029.

33 CONVERTIBLE BONDS

On 14th October 2011, the Company issued convertible bonds with principal amount of HK$80 million which bears interest at 6.5% per annum payable semi-annually in arrears. The bondholders have the option to convert the bonds into fully paid shares at HK$1.1 per share at any time within three years from the date of issue. Unless previously converted or purchased, the convertible bonds will be redeemed on 14th October 2014 at redemption price equal to 100% of the principal amount.

33 CONVERTIBLE BONDS (Continued)

The fair value of the liability component and the equity convertible component were determined at the issuance of the convertible bonds. The fair value of the liability component was calculated using cash flows discounted at a market interest rate. The residual amount, representing the value of equity component, is credited to a convertible bond reserve under equity attributable to the Company's shareholders.

The interest expense on the convertible bonds is calculated using the effective interest method by applying the effective interest rate per annum.

34 CAPITAL COMMITMENTS

Capital commitments at the balance sheet date are as follows:

	2012	2011
	HK$'000	HK$'000
Property, plant and equipment		
Contracted but not provided for	**7,344**	1,054
Authorised but not contracted for	**33,129**	4,277
	40,473	5,331

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 2012, the future aggregate minimum rental receipts receivable under non-cancellable operating leases were as follows:

	Group	
	2012	2011
	HK$'000	HK$'000
In respect of land and buildings:		
Within one year	**92,724**	80,462
In the second to fifth year inclusive	**223,777**	46,430
After the fifth year	**17**	–
	316,518	126,892

35 OPERATING LEASE ARRANGEMENTS (Continued)

(B) LESSEE

At 31st March 2012, the future aggregate minimum lease payments payable under non-cancellable operating leases were as follows:

	Group	
	2012	2011
	HK$'000	HK$'000
In respect of land and buildings:		
Within one year	**5,618**	5,090
In the second to fifth year inclusive	**8,940**	7,614
After the fifth year	**2,305**	3,699
	16,863	16,403

36 FINANCIAL GUARANTEES

	Group		Company	
	2012	2011	**2012**	2011
	HK$'000	HK$'000	**HK$'000**	HK$'000
Guarantees for the banking and loan facilities of:				
Subsidiaries	**–**	–	**–**	6,000
Jointly controlled entities	**149,461**	–	**–**	–
	149,461	–	**–**	6,000

37 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

(A) RECONCILIATION OF (LOSS)/PROFIT BEFORE INCOME TAX TO NET CASH GENERATED FROM/(USED IN) OPERATIONS

	2012 HK$'000	2011 HK$'000 (Restated)
(Loss)/profit before income tax	(77,224)	2,997,074
Share of profits less losses of		
Jointly controlled entities	6,267	4,923
Associated companies	(236,301)	(915,789)
Depreciation	171,204	27,573
Amortisation	183	–
Net realised and unrealised loss/(gain) on financial assets at fair value through profit or loss	1,683,185	(342,895)
Impairment of available-for-sale investments	2,261	146
Net realised and unrealised loss/(gain) on derivative financial instruments	4,363	(1,397)
Fair value gain of investment properties	(898,194)	(58,600)
(Gain)/loss on disposal of property, plant and equipment	(442)	115
Net provision for diminution in value of properties under development for sale/completed properties held for sale	–	6,140
Dividend income	(35,522)	(4,305)
Interest income	(370,052)	(64,884)
Interest expense	13,112	16,012
Negative goodwill arising from acquisition of additional interest in associated companies	–	(81,418)
Gain on business combination	–	(1,539,265)
Operating profit before working capital changes	262,840	43,430
Decrease in mortgage loans receivable	70,164	2,848
(Increase)/decrease in properties under development for sale (excluding interest expense capitalised)	(350,354)	846
Increase in hotel and restaurant inventories	(1)	(110)
Decrease/(increase) in trade and other receivables	28,448	(37,253)
Decrease/(increase) in financial assets at fair value through profit or loss	133,274	(659,326)
Increase in derivative financial instruments	(22,625)	–
Increase in restricted bank balances	(4,712)	(8,118)
(Decrease)/increase in trade and other payables	(18,994)	27,812
Dividend received from financial investments	30,902	2,684
Interest received from financial investments	343,087	47,899
Net cash generated from/(used in) operations	472,029	(579,288)

37 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(B) CONSOLIDATION OF ASIA STANDARD

	2012 HK$'000	2011 HK$'000 (Restated)
Bank balances and cash – unrestricted	–	102,421
Bank balances and cash – restricted	–	5,708
Other assets and liabilities acquired	–	5,964,123
Net assets acquired *(note 38)*	–	6,072,252
Interests originally held by the Group as associated companies	–	(4,599,288)
Release of reserves upon change		
Available-for-sale investment reserve	–	36,151
Share option reserve	–	7,444
Exchange reserve	–	22,706
Gain on business combination *(note 38)*	–	(1,539,265)
Consideration	–	–

(C) ANALYSIS OF NET CASHFLOW IN RESPECT OF CONSOLIDATION OF ASIA STANDARD

	2012 HK$'000	2011 HK$'000
Cash consideration	–	–
Bank balances and cash acquired	–	102,421
	–	102,421

38 BUSINESS COMBINATIONS

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

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

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

The quoted share price of Asia Standard at 31st January 2011 was HK$1.95 per share, which was a significant discount to net asset value per share as at the acquisition date. The carrying value of the Group's interests in Asia Standard immediately before the acquisition date was HK$4,599 million. Using the quoted Asia Standard share price of HK$1.95 at the acquisition date as fair value of the consideration received for the previously held interest and controlling interest of 613,365,050 shares in Asia Standard, a significant fair value loss on remeasurement of the Group's previously held interest and a significant negative goodwill on the Group's acquired controlling interest, would have arisen. The resulting net gain of HK$1,539 million has been recognised in the Group's consolidated profit and loss account.

38 BUSINESS COMBINATIONS (Continued)

	HK$'000 (Restated)
Fair value of net assets	
Property, plant and equipment	6,917,269
Investment properties	3,334,417
Jointly controlled entities and associated companies	1,596,845
Mortgage loan receivables	88,241
Available-for-sale investment	240,093
Deferred tax assets	6,121
Properties under development for sale	1,136,579
Completed properties held for sale	174,161
Hotel and restaurant inventory	2,231
Trade and other receivables	294,873
Financial assets at fair value through profit or loss	4,313,498
Income tax recoverable	1,242
Bank balances and cash – unrestricted	102,421
Bank balances and cash – restricted	5,708
Trade and other payables	(122,844)
Derivative financial instruments	(27,422)
Short-term borrowings	(2,162,485)
Long-term borrowings	(1,127,953)
Tax payables	(31,517)
Deferred income tax liabilities	(1,178,955)
Non-controlling interests	(1,827,948)
	11,734,575
Adjustment for non-controlling interests	(5,662,323)
Net assets acquired *(note 37(B))*	6,072,252
Interests originally held by the Group as associated companies	(4,599,288)
Release of reserves upon change	
Available-for-sale investment reserve	36,151
Share option reserve	7,444
Exchange reserve	22,706
Gain on business combination	1,539,265

Since the date of acquisition, Asia Standard contributed revenues of approximately HK$156 million and generated a profit of approximately HK$508 million. If the acquisition had occurred on 1st April 2010, the Group's revenue would have increased by HK$910 million but profit for the year would have remained unchanged.

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

39 RELATED PARTY TRANSACTIONS

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

(A) SALES AND PURCHASE OF GOODS AND SERVICES

	2012 HK$'000	2011 HK$'000
Income from/(expense to) associated companies		
Property management fee income *(note (a))*	–	850
Cleaning income *(note (b))*	–	660
Rental expenses *(note (c))*	–	(525)
Income from a jointly controlled entity		
Property management fee income *(note (a))*	–	5
Management fee income *(note (a))*	1,440	220
Project management fee *(note (a))*	987	120
Agency fee income *(note (a))*	5,280	517
Interest income	2,284	2,754

Notes:

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

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

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

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

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

(B) KEY MANAGEMENT COMPENSATION

	2012 HK$'000	2011 HK$'000
Fee	880	654
Salaries, allowances and benefits in kind	48,895	10,158
Employer's contribution to retirement benefit scheme	299	49
	50,074	10,861

39 RELATED PARTY TRANSACTIONS (Continued)

(B) KEY MANAGEMENT COMPENSATION (Continued)

Key management includes the Company's Directors and three (2011: two) senior management members of the Group. As mentioned in note 1, the 2011 balances only include the emoluments paid by Asia Standard after January 2011.

40 SUBSEQUENT EVENT

Subsequent to the balance sheet date, the Group has entered into provisional sale and purchase agreements in relation to acquisition of a building in Hong Kong for an aggregate consideration of approximately HK$177 million. This is part of a hotel development project undertaken by the Group to increase its hotel capacity. The acquisition is expected to be completed by September 2012.

41 PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES

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

SUBSIDIARIES

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

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Incorporated in the British Virgin Islands			
Asia Orient Holdings (BVI) Limited[1]	Investment holding	US$100	100%
Impetus Holdings Limited	Investment holding	US$1	100%
Persian Limited	Investment holding	US$49,050	100%
Sunrich Holdings Limited	Securities investment	US$1	100%

[1] *Direct subsidiary of the Company*

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

41 PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (Continued)

SUBSIDIARIES (Continued)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Pan Pearl Investment Limited	Investment holding	HK$20	100%
Pan Spring Investment Limited	Investment holding	HK$20	100%
Prosperity Land Cleaning Service Limited	Cleaning services	HK$100 and non-voting deferred share capital of HK$100	100%
Prosperity Land Estate Management Limited	Property management	HK$150 and non-voting deferred share capital of HK$1,500,000	100%
Union Home Development Limited	Investment holding	HK$2	100%
Incorporated in Liberia			
Bassindale Limited	Investment holding	US$500	100%

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

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Incorporated in Bermuda			
Asia Standard Hotel Group Limited[2]	Investment holding	HK$30,996,847	38.4%
Asia Standard International Group Limited[2]	Investment holding	HK$12,301,421	50.5%

[2] *Listed in Hong Kong*

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Incorporated in Hong Kong			
Asia Standard (Beijing) Company Limited	Investment holding	HK$2	50.5%
Asia Standard Development (Holdings) Limited	Investment holding	HK$10 and non-voting deferred share capital of HK$362,892,949	50.5%
Asia Standard Development (Real Estate Agencies) Limited	Real estate agency services	HK$2	50.5%
Asia Standard Finance Company Limited	Financing services	HK$1,000,000	50.5%
Asia Standard International Limited	Investment holding	HK$1,214,916,441	50.5%
Asia Standard Management Services Limited	Management services	HK$2	50.5%
Asia Standard Project Management Company Limited	Project management	HK$2	50.5%
Cheer Selection Limited	Securities investment	HK$2	50.5%

41 PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (Continued)

SUBSIDIARIES (Continued)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Full Union Development Limited	Property development	HK$2	50.5%
Get Rich Enterprises Limited	Property holding	HK$2	50.5%
Glory Ocean Limited	Property development	HK$2	50.5%
Grace Profit Enterprises Limited	Investment holding	HK$2	38.4%
Hoi Chak Properties Limited	Property investment	HK$10 and non-voting deferred share capital of HK$2	50.5%
JBC Travel Company Limited	Travel agency	HK$2,500,000	38.4%
Mark Honour Limited	Property development	HK$100,000	38.4%
Master Asia Enterprises Limited	Hotel holding	HK$10,000	38.4%
Perfect Wave Limited	Catering operation	HK$2	38.4%
Stone Pole Limited	Hotel holding	HK$10	38.4%
Tilpifa Company Limited	Property investment	HK$10 and non-voting deferred share capital of HK$10,000	50.5%
Tonlok Limited	Property development	HK$1,000	50.5%
Union Rich Resources Limited	Property development	HK$2	50.5%
Vinstar Development Limited	Hotel holding	HK$2	38.4%
Winfast Engineering Limited	Construction	HK$2	50.5%
Incorporated in British Virgin Islands			
Enrich Enterprises Ltd.[3]	Hotel holding	US$1	38.4%
Global Gateway Corp.[3]	Hotel operation	US$1	38.4%
Glory Ventures Enterprises Inc.[3]	Hotel holding	US$1	38.4%
Greatime Limited	Securities investment	US$1	38.4%
Onrich Enterprises Limited	Securities investment	US$1	38.4%
Techfull Properties Corp.	Securities investment	US$1	50.5%
Topshine Investment Holdings Limited	Securities investment	US$1	38.4%

[3] *Operates in Canada*

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Incorporated and operates in the People's Republic of China (the "PRC")			
上海鴻華星期五餐廳有限公司	Catering operation	RMB17,384,640	36.5%
Incorporated and operates in Macau			
國際石廠發展有限公司	Property development	MOB3,000,000	50.5%

41 PRINCIPAL SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES (Continued)

ASSOCIATED COMPANIES

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

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Gallop Worldwide Limited (incorporated in the British Virgin Islands)	Investment holding	US$2	25.3%
Perfect Pearl Company Limited	Property investment	HK$1,000 and non-voting deferred share capital of HK$10,000	16.7%

JOINTLY CONTROLLED ENTITIES

(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
Lucky New Investment Limited	Property development	HK$1	25.3%
Paramount Shine Limited	Property development	HK$2	25.3%
Incorporated and operates in the PRC			
北京黃海房地產開發有限公司	Property development	RMB240,000,000	25.3%
上海廣南房地產發展有限公司	Property development	US$70,000,000	25.3%
Incorporated in the British Virgin Islands			
Chater Capital Limited	Investment holding	US$4	25.3%

42 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 22nd June 2012.

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

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

To provide shareholders with further information on the financial performance and position of Asia Standard, the following is a summary of the audited consolidated financial statements of Asia Standard for the year ended 31st March 2012.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2012

	2012 HK$'000	2011 HK$'000 (Restated)
Revenue	1,174,243	1,065,244
Cost of sales	(363,385)	(391,193)
Gross profit	810,858	674,051
Selling and administrative expenses	(185,560)	(173,947)
Depreciation	(92,213)	(89,848)
Net investment (loss)/gain	(1,453,884)	706,225
Fair value gain of investment properties	900,090	887,987
Other gain and charges	–	(7,336)
Operating (loss)/profit	(20,709)	1,997,132
Finance costs	(12,208)	(77,941)
Share of profits less losses of		
Jointly controlled entities	106,306	151,522
Associated companies	236,301	308,215
Profit before income tax	309,690	2,378,928
Income tax expense	(20,259)	(43,906)
Profit for the year	289,431	2,335,022
Attributable to:		
Shareholders of the Company	382,661	2,234,761
Non-controlling interests	(93,230)	100,261
	289,431	2,335,022
Dividends	9,841	30,644
Earnings per share (HK$)		
Basic	0.31	1.80
Diluted	0.31	1.80

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

CONSOLIDATED BALANCE SHEET

As at 31st March 2012

	2012 HK$'000	2011 HK$'000 (Restated)
Non-current assets		
Property, plant and equipment	**2,526,770**	2,617,038
Investment properties	**4,297,374**	3,391,122
Jointly controlled entities	**971,731**	568,871
Associated companies	**1,195,611**	987,338
Available-for-sale investments	**197,295**	230,257
Mortgage loans receivable	**14,073**	81,729
Deferred income tax assets	**1,041**	5,252
	9,203,895	7,881,607
Current assets		
Properties under development for sale	**1,521,261**	1,122,355
Completed properties held for sale	**56,216**	90,289
Hotel and restaurant inventories	**2,342**	2,341
Mortgage loans receivable	**1,156**	3,664
Trade and other receivables	**207,603**	230,845
Amount due from a jointly controlled entity	**91,000**	65,000
Income tax recoverable	**173**	513
Financial assets at fair value through profit or loss	**3,507,089**	5,020,218
Bank balances and cash	**398,366**	315,300
	5,785,206	6,850,525
Current liabilities		
Trade and other payables	**113,158**	133,590
Amount due to a jointly controlled entity	**55,357**	–
Amount due to an associated company	**–**	14,850
Derivative financial instruments	**6,001**	26,242
Borrowings	**1,526,688**	1,615,997
Income tax payable	**21,734**	36,857
	1,722,938	1,827,536
Net current assets	**4,062,268**	5,022,989
Total assets less current liabilities	**13,266,163**	12,904,596

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

CONSOLIDATED BALANCE SHEET (Continued)

As at 31st March 2012

	2012 HK$'000	2011 HK$'000 (Restated)
Non-current liabilities		
Long term borrowings	**2,364,093**	2,270,071
Deferred income tax liabilities	**64,025**	45,105
	2,428,118	2,315,176
Net assets	**10,838,045**	10,589,420
Equity		
Share capital	**12,302**	12,224
Reserves	**10,121,020**	9,761,535
Equity attributable to shareholders of the Company	**10,133,322**	9,773,759
Non-controlling interests	**704,723**	815,661
	10,838,045	10,589,420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