



ASIA ORIENT HOLDINGS LIMITED

Stock Code: 214



ANNUAL REPORT
2013

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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. Poon Hai
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas

INDEPENDENT NON-EXECUTIVE

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Mr. 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

HSBC
Bank of China (Hong Kong)
Hang Seng Bank
Industrial and Commercial Bank of China (Asia)
Bank of East Asia
Chong Hing Bank
Barclays Bank
Bank Morgan Stanley
UBS
Bank Julius Baer

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
26 Burnaby Street,
Hamilton HM11, 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)	2013	2012	Change
Consolidated profit and loss account			
Revenue	1,227	1,253	-2%
Operating profit/(loss)	2,414	(285)	N/A
Profit/(Loss) attributable to shareholders of the Company	1,364	(89)	N/A
Earnings/(loss) per share – basic (HK\$)	1.91	(0.13)	N/A
Consolidated balance sheet			
Total assets	22,012	19,795	+11%
Net assets	17,532	14,833	+18%
Equity attributable to shareholders of the Company	8,373	6,980	+20%
Net debt	3,006	3,513	-14%

Supplementary information with hotel properties in operation at valuation (note):

Revalued total assets	24,374	21,434	+14%
Revalued net assets	20,519	17,108	+20%
Equity attributable to shareholders of the Company	9,522	7,854	+21%
Equity attributable to shareholders of the Company per share (HK\$)	13.33	11.00	+21%
Gearing – net debt to revalued net assets	15%	21%	-6%

Note: According to the Group's accounting policies, hotel properties were carried at cost less accumulated depreciation. To give further information on the economic substance of its hotel properties investments, the Group hereby presents supplementary unaudited financial information taking into account the fair market value of hotel properties and excluding the corresponding deferred income tax on Hong Kong properties as Hong Kong tax jurisdiction does not include capital gain tax.

The hotel properties in Hong Kong and Canada were revalued by Vigers Appraisal & Consulting Limited and Grant Thornton Management Consultants respectively, independent professional valuers, on an open market value basis as at 31st March 2013 and 2012.

Chairman's Statement

The Group recorded a HK\$1,364 million profit attributable to shareholders for the year, turnaround from last year's HK\$89 million attributable loss. Total assets (with hotel properties in operation at valuation) grew to HK\$24.4 billion.

All remaining units of the premium residential development Westminster Terrace were sold during the period, and cumulative sales for the entire project reached HK\$2.5 billion.

The Group acquired a premium residential development site in the Jardine's Lookout, jointly with our partner Grosvenor Asia during the financial year. Our development pipeline covers projects in Hong Kong, Macau, Shanghai and Beijing. It is anticipated that the next project available for sale in our development pipeline to be our luxurious detached house development in Shanghai.

Hotel operation continued to produce satisfactory results, and our rental income is expected to increase following a major lease taken up by an international branded retailer at our Central district investment property.

The Group has recorded substantial appreciation in its investment properties and financial investments portfolio resulting from a good performance year.

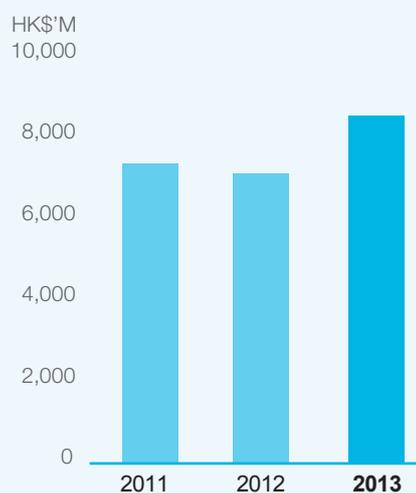
Our management will continue to remain cautious in the face of today's uncertain global environment.

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

Fung Siu To, Clement
Chairman

Hong Kong, 25th June 2013

Equity attributable to shareholders



Business Model and Strategies

Asia Orient has established a well-diversified business model that encompasses four main operating segments namely, property investments, hospitality and travel, financial investments and property development in Hong Kong and first tier cities in China. The Group's property investments, hospitality and travel and financial investments provide a stable recurring income source to the Group, while the property development business is the core driver for the Company's dynamic growth.

The Group's property development business in Hong Kong continues to identify and craft signature properties, leveraging on our expertise in conceiving, designing and developing luxury residential developments. The Group's approach to land banking is to invest in prime locations characterised by its transportation conveniences and connectivity. For projects in China, the Group focuses on larger-scale developments in first tier cities, whereby we aim to replicate the success we have experienced in Hong Kong into China. The Group remains confident in pursuing attractive investment opportunities in tier one cities, as we believe these cities have a sustainable and fundamental demand for housing. At present, while the Group concentrates its business activities in Hong Kong and Mainland China, we will consider thoroughly to expand selectively elsewhere should opportunities arise.

In Hong Kong, the Group's investment properties portfolio comprises commercial and retail spaces in prime locations, namely Central, Wanchai and Causeway Bay. The Group also owns and operates three hotels in core CBDs of Hong Kong and one hotel in downtown Vancouver, Canada. Our diverse property investment portfolio reduces the adverse impact of market volatility and offset particular cyclicity of each business segments. These segments of our business provide a growing and recurring income source to the Group that enhances the company's liquidity and complements our property development arm.

With regards to financial investments, the Group's foremost objective is to generate stable recurring income on a relatively longer-term basis. The portfolio is mainly comprised of equity and debt investments.

The Group is focused on enhancing the performance of its core business and is dedicated to maximise value for shareholders by exploring investment opportunities with the following strategies:

- (i) Build on our reputation and track record of premium property development in Hong Kong and China**
Our development strategy is to continue to invest primarily in Hong Kong and first-tier cities in China. The Group will continue to expand its property development business through carefully selected opportunities in premium as well as large-scale residential development. Leveraging our expertise as a premium residential developer with an international standard, we will continue to look for opportunities to increase our presence in Greater China.
- (ii) Growing recurring income from investment properties and financial investment portfolio**
The Group has a diversified properties and investment portfolio generating a recurring and steady income source. Our investment properties comprise of a mix of commercial and retail spaces situated in core central business districts in Hong Kong. The Group's investment portfolio provides a liquidity buffer and recurring income as well as a diversified cash flow stream, enabling us to finance existing projects and seize potential investment as opportunities arise.
- (iii) To expand and grow our hotel business in prime CBDs and to strive for excellence in management and operations**
The Group owns and operates four hotels under the "Empire" brand, three of which are in core locations of Hong Kong and one in downtown Vancouver, Canada. Our three hotels in Hong Kong are situated within central hubs and are targeted at business travelers as well as visitors from the PRC. Our hospitality chain has a centralised management team to optimise revenue generation and ensuring efficient deployment of resources for achieving maximum cost benefit. The prime locations allow us to cater to both business visitors and tourists, which has led us to maintain a high occupancy and RevPAR at our hotels.
- (iv) Continue to manage risk effectively, through a prudent financial management policy**
The Group aims to monitor risk and manage exposures to a range of debt maturities and a range of debt types in a disciplined and prudent manner. The Group strives to maintain a strong financial position with a healthy level of liquidity and low level of gearing.

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

Management Discussion and Analysis

Proposed residential development at Hung Shui Kiu



RESULTS

The Group's revenue for the year amounted to HK\$1,227 million (2012: HK\$1,253 million), and recorded a HK\$1,364 million profit attributable to shareholders (2012: HK\$89 million loss). The change from loss to profit is mainly due to the net investment gain for the current year compared to net investment loss for last year.

PROPERTY SALES AND DEVELOPMENT

The Group's property sales, development and leasing operation is carried out through Asia Standard International, its 50.6% owned listed subsidiary.

During the year, The Westminster Terrace, a 50% owned joint venture luxurious residential development at Ting-Kau, achieved sales revenue of HK\$159 million (2012: HK\$620 million). By accounting convention, the revenue and profit were excluded from revenue and operating profit but separately accounted for as share of profit from jointly controlled entity. All the residential units of The Westminster Terrace have now been sold, achieving total proceeds of about HK\$2.5 billion.

The Group sold the remaining retail shops of Canaryside for HK\$160 million during the year. Completion of the sales contract occurred shortly after the financial year in April and the sales would be recognised in the coming financial year.

The Group is at present developing 5 residential projects with an attributable GFA of 4.0 million sq. ft., spanning over Hong Kong, Shanghai, Beijing and Macau.

In Hong Kong, our Hung Shui Kiu development is currently undergoing land exchange process. This is a major residential and commercial development on an 110,000 sq. ft. site, which will provide approximately 800 residential units and retail shops with an approximate total GFA of 590,000 sq. ft. Our development is strategically located adjacent to a light rail station linked to the MTR network, and is positioned to be the station portal for the Hong Kong and Shenzhen Western Railway. Furthermore, it is only 15 minutes away from the Qian Hai Bay Economic Zone near Shenzhen.



Empire Hotel Hong Kong

During the year, the Group entered into a joint venture which acquired a residential building in Jardine's Lookout for redevelopment. This development will be our third signature project with our strategic partner, the Grosvenor Group. The development will be a brand new premium residence of approximately 75,000 sq. ft. GFA on a 23,000 sq. ft. site. The Group owns 20% interest in this project.

In Shanghai, we are building approx. 250 detached & semi-detached houses in a traditional high end and low-density residential neighborhood in the Qingpu district, Puxi. There are more than 9 international schools that surrounds our development, which makes the location very sought after. Furthermore, our development is minutes away from the Hongqiao transportation Hub and is only 30 minutes away from the Nanjing west road CBD. The Group's 50% joint venture project is now in superstructure stage. The development has a total floor area of approximately 1,080,000 sq. ft. on a 1.5 million sq. ft. site. We expect the development will be completed in 2015.

In Beijing, our group was successful in gaining planning approvals from the local government of Tongzhou. Our 50% joint venture development is a waterfront residential/commercial development with a total floor area of approximately 2,360,000 sq. ft.. Land premium has been paid and land clearances are under preparation.

In Macau, planning application for the 190,000 sq. ft. site is underway. This site application is located within the proposed residential/commercial Seac Pai Van zoning outline indicated by the local Government.

Subsequent to the financial year end, the Group entered into a sale and purchase agreement to acquire an existing detached house in Jardine's Lookout. The building will be redeveloped into a brand new ultra-luxurious house of approximate 9,000 sq. ft. GFA.

Management Discussion and Analysis

New Hotel adjoining
Empire Hotel Causeway Bay
(opening in 2016)



LEASING

Our leasing portfolio comprises three retail/commercial buildings of 353,000 sq. ft. in Central, Wan Chai and Causeway Bay. Rental income attributable to our investment properties portfolio was approximately HK\$117 million (2012: HK\$112 million), an increase of 4.5%. Significant increases in rent were achieved by the retail space of Asia Standard Tower in Central, which was effective in the second half of the financial year. We expect the total income attributable to the Group next year will increase further with the full year effect of the new leases.

Revaluation gain (including that generated from properties owned by an associated company) of HK\$1,419 million was recorded, compared to HK\$1,118 million of last year.

HOTEL

The hotel and travel operation is carried out through Asia Standard Hotel, another separately listed subsidiary 70.1% owned by Asia Standard International.

Revenue arising from the hotel and travel segment increased 5% from HK\$698 million of last year to HK\$734 million of current year. Average occupancies for the 3 Hong Kong hotels exceeded 95% compared to 92% last year. Contribution to segment results before depreciation was approximately HK\$255 million (2012: HK\$275 million).

The Group has acquired buildings adjacent to our existing hotels in Tsimshatsui and Causeway Bay. These will be redeveloped into new hotels and upon completion in 2016/2017, will add 184 rooms to the portfolio.

A net investment gain of HK\$218 million was registered by the hotel subsidiary group, as opposed to a net investment loss of HK\$567 million last year.

Overall, the hotel group recorded a profit of HK\$424 million (2012: loss of HK\$311 million) on total revenue of HK\$846 million (2012: HK\$823 million).

FINANCIAL INVESTMENTS

At 31st March 2013, the Group's financial investment portfolio amounted to HK\$4,729 million (2012: HK\$4,106 million).

Interest and dividend income for the year from these investments amounted to HK\$378 million (2012: HK\$392million). During the year, the Group recorded a net investment gain of HK\$831 million (2012: HK\$1,690 million loss) of which HK\$590 million unrealised gain arose from the mark to market valuation at year end (2012: HK\$820 million unrealised loss).

These financial investments comprised of 65% by debt securities and 35% by equity securities. They are denominated in different currencies with 59% in United States dollar, 21% in Sterling, 12% in Hong Kong dollar, 5% in Euro and 3% in Renminbi.

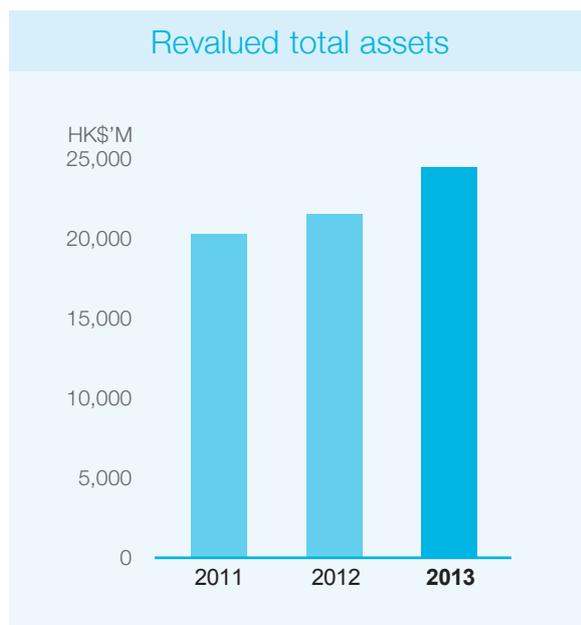
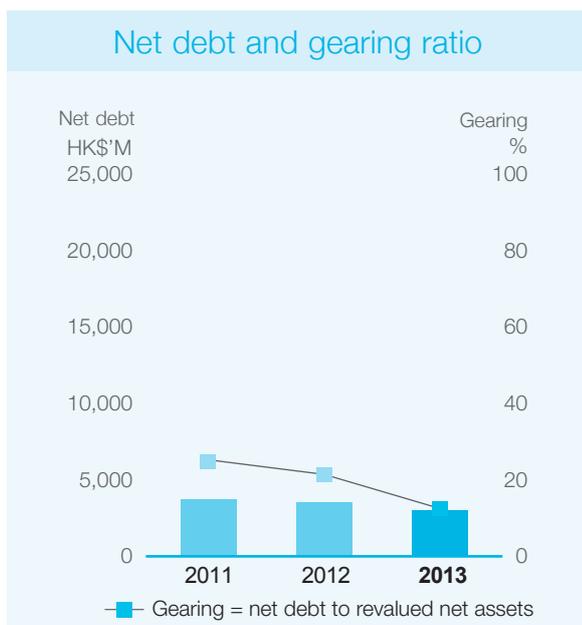
At 31st March 2013, an approximate value of HK\$60 million (2012: HK\$340 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

FINANCIAL REVIEW

At 31st March 2013, the Group's total assets amounted to approximately HK\$22.0 billion (2012: HK\$19.8 billion). Net assets were HK\$17.5 billion (2012: HK\$14.8 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group would be HK\$24.4 billion (2012: HK\$21.4 billion) and HK\$20.5 billion (2012: HK\$17.1 billion).

Net debt at 31st March 2013 was HK\$3,006 million (2012: HK\$3,513 million), of which HK\$37 million (2012: HK\$20 million) attributable to the parent group. Gearing, calculated as net debt to revalued net asset, was further improved to 15% (2012: 21%).

All the bank borrowings are at floating rates, while the convertible bonds carry interest at fixed rate. At 31st March 2013, a total of HK\$150 million (2012: HK\$150 million) interest rate swap contracts were held to hedge our borrowings. Total interest costs (including capitalised interest) are similar to last year.



Management Discussion and Analysis

The maturity of our debts are well spread over a long period of up to 13 years. Convertible bonds account for 2% and revolving loans account for 6%. The remaining 92% are term loans secured by property assets with 6% repayable within 1 year, 46% repayable between one to five years and 40% repayable after five years. At 31st March 2013, the Group had current assets of HK\$6.6 billion (2012: HK\$6.3 billion).

About 95% of the Group's borrowings are in Hong Kong dollar. With the weakening of the foreign currencies in which the remaining borrowings are denominated, the Group recorded HK\$12 million exchange gain during the year and credited to finance costs.

In January 2013, Asia Standard International established a medium term note programme under which it may issue notes in series of aggregate principal amount up to US\$1 billion (or its equivalent in other currencies). Subsequent to the financial year end, it issued, in April, notes under the programme amounting to RMB500 million at effective interest rate (after hedging) of 5.5% p.a. for a period of 5 years.

At 31st March 2013, an approximate HK\$15.1 billion (2012: HK\$14.0 billion) book value of property assets and financial investments were pledged to banks as collateral for credit facilities granted to the Group. HK\$339 million guarantee (2012: HK\$149 million) was provided to financial institution against credit facilities granted to jointly controlled entities.

EMPLOYEES AND REMUNERATION POLICIES

At 31st March 2013, the Group employed approximately 608 (2012: 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 unprecedented liquidity around the world has fuelled asset price inflation in the local property market, which is recently stamped down by tax interventions. We believe this will instill stability into the local market in the longer term. We continue to be bullish on the mainland property market as there remains a strong positive demand for housing from the population and the announced objective to double per capita income between year 2010-2020 by the State will continue to protect this positive demand. Prospects of the hotel segment is looking promising in view of the rising household income of the mainland population which has been a principal source of our business demand.

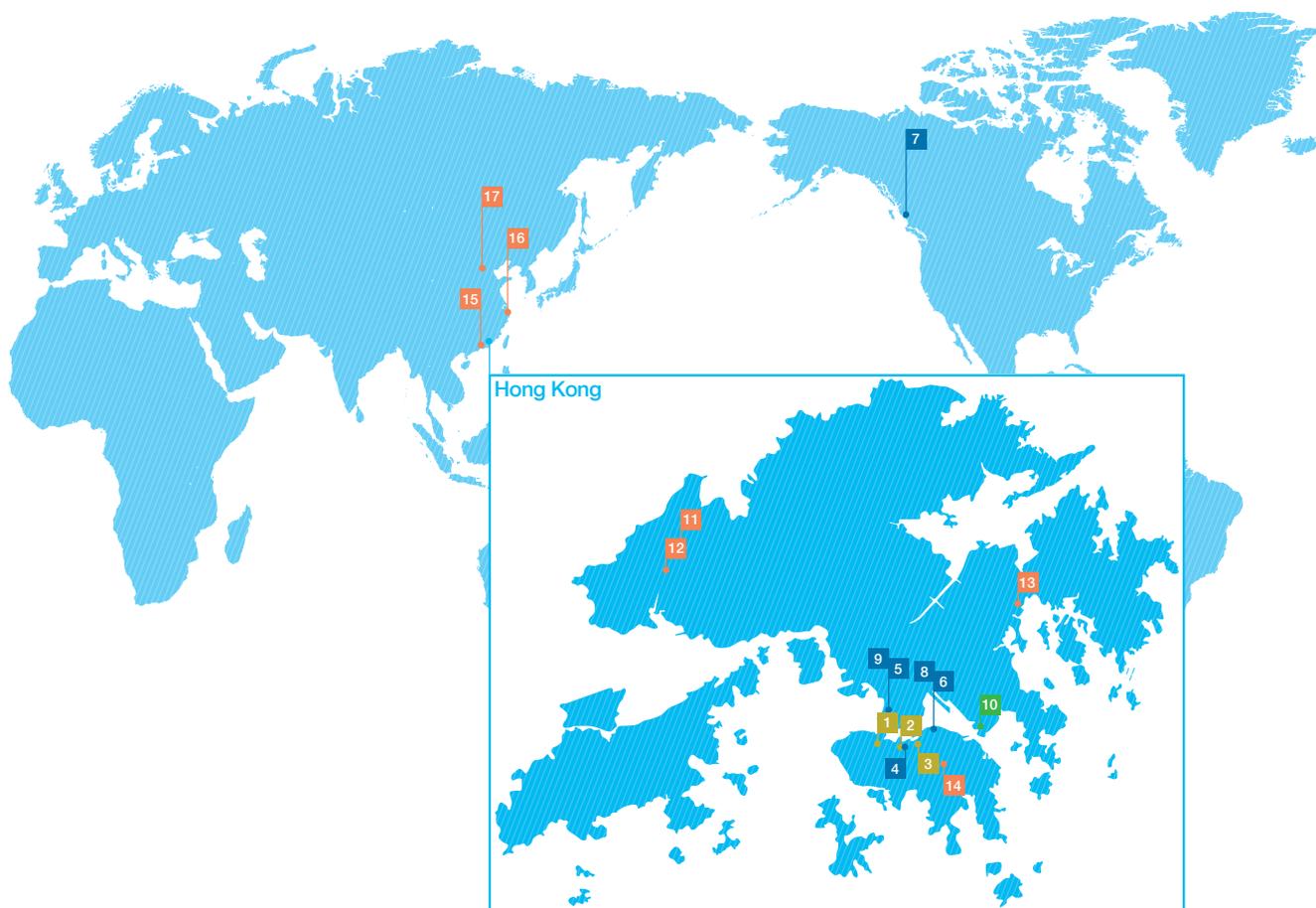
Five-year Financial Summary

Year ended 31st March (in HK\$ million)	2013	2012	2011	2010	2009
Group results					
Revenue	1,227	1,253	194	50	30
Gross profit	836	877	156	41	21
Net investment gain/(loss)	831	(1,690)	344	296	(74)
Fair value gain of investment properties	1,120	898	59	–	–
Net finance costs	(45)	(22)	(17)	(8)	(5)
Share of profits less losses of Jointly controlled entities	(5)	(6)	(5)	1	–
Associated companies	320	236	916	1,195	(199)
Gain on business combination	–	–	1,539	–	–
Profit/(loss) attributable to shareholders of the Company	1,364	(89)	2,791	1,749	(257)
Consolidated balance sheet					
Total assets	22,012	19,795	20,045	4,352	2,575
Total liabilities	(4,480)	(4,962)	(5,101)	(61)	(134)
Non-controlling interests	(9,159)	(7,853)	(7,898)	–	–
Equity attributable to shareholders of the Company	8,373	6,980	7,046	4,291	2,441

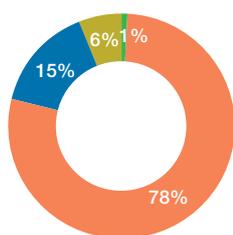
The Group's shareholdings in Asia Standard International Group Limited ("Asia Standard") increased to over 50% in end of January 2011, the status of Asia Standard thus changed from an associated company of the Group to a subsidiary. The results were consolidated from February 2011 onwards. Prior to that,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

Principal Properties

As at 31st March 2013



Type of properties (by area)

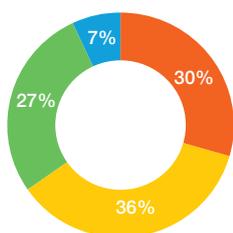


Attributable GFA
(sq. ft.)

Properties under development for sale	1,868,000
Hotel properties	380,000
Investment properties	143,000
Completed properties held for sale	12,000

Total **2,403,000**

Properties by geographic location
(by area)



Hong Kong	732,000
Macau	861,000
Mainland China	652,000
Canada	158,000

Total **2,403,000**

Properties	Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Type
I INVESTMENT PROPERTIES				
01 Asia Standard Tower 59-65 Queen's Road Central, Hong Kong.	50.6%	7,800	133,000	Commercial
02 Asia Orient Tower Town Place, 33 Lockhart Road, Wanchai, Hong Kong.	50.6%	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.	38.5%	10,600	184,000 (363 rooms)	Hotel
05 Empire Hotel Kowloon 62 Kimberley Road, Tsimshatsui, Kowloon.	38.5%	11,400	220,000 (343 rooms)	Hotel
06 Empire Hotel Causeway Bay 8 Wing Hing Street, Causeway Bay, Hong Kong.	38.5%	6,200	108,000 (280 rooms)	Hotel
07 Empire Landmark Hotel 1400 Robson Street, Vancouver B.C., Canada.	38.5%	41,000	410,000 (358 rooms)	Hotel
08 New hotel (under development) 8A&B Wing Hing Street, Causeway Bay, Hong Kong.	38.5%	2,000	31,000 (94 rooms)	Hotel
09 New hotel (under development) 10-12 Kimberley Road, Tsimshatsui, Kowloon.	38.5%	2,800	34,000 (90 rooms)	Hotel

Principal Properties

As at 31st March 2013

Properties	Group's interest	Approx. gross floor area (sq. ft.)	Type
III COMPLETED PROPERTIES HELD FOR SALE			
10 Shops, Canaryside, 8 Shung Shun Street, Lei Yue Mun, Kowloon.	50.6%	24,000	Commercial

Properties	Group's interest	Approx. site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Type	Stage
IV PROPERTIES UNDER DEVELOPMENT FOR SALE					
11 Hung Shui Kiu Yuen Long, New Territories.	50.6%	112,000	590,000	Residential/ Commercial	Schematic design in progress
12 Lam Tei Tuen Mun, New Territories.	50.6%	19,000	75,000	Residential	Planning
13 Sha Ha Sai Kung, New Territories.	3.8%	620,000	300,000	Residential	Planning
14 Monterey Court 47-49 Perkins Road, Hong Kong	10.1%	22,800	75,000	Residential	Schematic design in progress
15 Seac Pai Van, Coloane, Macau	50.6%	186,000	1,700,000	Residential	Planning
16 Qingpu District, Shanghai, PRC	25.3%	1,557,000	677,000	Residential	Superstructure
17 Yong Shun Street West, Tongzhou District, Beijing, PRC.	25.3%	550,000	1,900,000	Residential/ Commercial	Schematic design in progress

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

According to the Bye-Laws of the Company, at every annual general meeting of the Company, one-third of the Directors (other than the Chairman and the Managing Director) for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not exceeding one-third, shall retire from office by rotation. Pursuant to the 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 and to perform corporate governance functions set out in the Code. It also considers and approves future strategic plans and budgets for the Group. The management is delegated with the authority to make decisions and responsible for daily operations of the Group under the leadership of the Chief Executive. The management provides explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information put forward to the Board for approval. The Chief Executive, working with the other Executive Directors and the head of each division, is responsible for managing the business of the Group, including implementation of strategies adopted by the Board and assuming full accountability to the Board for operations of the Group. All Executive Directors have made full and active contributions to the affairs of the Board.

During the year, the Board has reviewed the Company’s policies and practices on corporate governance, and reviewed and monitored the training and continuous professional development of directors and senior management. The Board has also reviewed and ensured compliance of the relevant legal and regulatory requirements, the code of conducts, the Code and the disclosure in the Corporate Governance Report.

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 at the Board meetings and the general meeting of the Company held during the year are as follows:

Director	Title	Number of meetings attended/ Number of meetings held	
		Board meeting	General meeting
Fung Siu To, Clement	Chairman	4/4	1/1
Lim Yin Cheng	Deputy Chairman	4/4	1/1
Poon Jing	Managing Director and Chief Executive	4/4	1/1
Poon Hai	Executive Director (appointed on 9th July 2012 and re-elected at the annual general meeting held on 23rd August 2012)	3/3	1/1
Lun Pui Kan	Executive Director	4/4	1/1
Kwan Po Lam, Phileas	Executive Director	3/4	1/1
Chan Sze Hung	Non-executive Director (resigned on 9th July 2012)	1/1	N/A
Hung Yat Ming	Independent Non-executive Director	4/4	1/1
Cheung Kwok Wah	Independent Non-executive Director	4/4	1/1
Wong Chi Keung	Independent Non-executive Director	4/4	1/1

REMUNERATION COMMITTEE

Mr. Wong Chi Keung, an Independent Non-executive Director of the Company is the Chairman of the Remuneration Committee. 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 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. The Audit Committee has reviewed the annual financial statements for the year ended 31st March 2013.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Director of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year, and they all confirmed that they have fully complied with the required standard set out in the Model Code throughout the year ended 31st March 2013.

CORPORATE GOVERNANCE CODE

During the year, the Company has complied with both the code provisions of the Code on Corporate Governance Practices (effective until 31st March 2012) ("CG Practices") and the Corporate Governance Code (effective from 1st April 2012) ("CG Code") as set out in Appendix 14 of the Listing Rules, except the following deviations:-

1. Code Provision A.4.1 of CG Practices and CG Code provide 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; and
2. Code Provision A.5.1 of CG Code provides that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. The Company does not have a nomination committee. The Board as a whole is responsible for reviewing the structure, size and composition of the Board, the appointment of new Directors and the nomination of Directors for re-election by shareholders at the general meeting of the Company. Under the Bye-Laws of the Company, the Board may from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office until the next following annual general meeting of the Company and shall then eligible for re-election at the meeting.

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 37 to 38 of this annual report.

An amount of HK\$7,235,000 (2012: HK\$7,103,000) 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\$2,582,000 (2012: HK\$1,235,000).

INVESTOR RELATIONSHIP

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

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

PROCEDURE FOR RAISING ENQUIRIES

Shareholders may at any time send their enquires and concerns to the Board in writing to the principal office of the Company in Hong Kong or by e-mail to ao_info@asia.standard.com.hk for the attention of the company secretary.

SHAREHOLDERS' RIGHTS

Subject to the applicable laws and regulations, the Listing Rules and the bye-laws (the "Bye-laws") of the Company as amended from time to time, shareholders ("Shareholders") of the Company may put forward proposals at an annual general meeting (an "AGM") of the Company and convene general meetings of the Company.

(II) PROCEDURE FOR SHAREHOLDER TO MAKE PROPOSALS AT SHAREHOLDERS' MEETING

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

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

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

A copy of the Requisition, or two or more copies which between them contain the signatures of all the Requisitionists, shall be lodged at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and a copy thereof at the principal office of the Company in Hong Kong at 30/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, for the attention of the Company Secretary (i) not less than six (6) weeks before the AGM in the case of a Requisition requiring notice of a resolution, unless an AGM is called for a date six weeks or less after the deposit of the Requisition, in which case the Requisition will be deemed to have been properly deposited; or (ii) not less than one (1) week before the relevant general meeting in the case of any other Requisition.

The Requisitionists must deposit a sum which is reasonably sufficient to meet the Company's expenses in giving effect to the Requisition.

(II) PROCEDURE FOR SHAREHOLDER TO CONVENE SPECIAL GENERAL MEETING

Shareholders holding not less than one-tenth (1/10) of the paid-up capital of the Company carrying the right of voting at the general meetings of the Company (the "SGM Requisitionists") may require the Board to convene a special general meeting of the Company ("SGM") by depositing a written requisition (the "SGM Requisition") at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and a copy thereof at the principal office of the Company in Hong Kong at 30/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for the attention of the Company Secretary.

The SGM Requisition must state the objects of the SGM and be signed by the SGM Requisitionists and may consist of one or more documents in like form, each signed by one or more of the SGM Requisitionists.

Upon receipt of the SGM Requisition, the Directors shall forthwith proceed duly to convene the SGM, and such SGM shall be held within two months after the deposit of the SGM Requisition.

Where, within twenty-one (21) days of the lodging of the SGM Requisition, the Directors do not proceed duly to convene the SGM, the SGM Requisitionists, or any of them representing more than one-half (1/2) of the total voting rights of all of them, may themselves convene the SGM, provided that any SGM so convened shall be held within three (3) months from the date of deposit of the SGM Requisition. The SGM Requisitionists shall convene a SGM in the same manner, as nearly as possible, as that in which SGMs are to be convened by Directors. Under the Bye-laws and pursuant to the requirements of the Listing Rules, a notice specifying the time and place and the general nature of the proposed business to be transacted at the SGM shall be given to all Shareholders entitled to attend the SGM for consideration in the following manner:

- i. notice of not less than twenty-one (21) clear days or ten (10) clear business days, whichever is longer, if a special resolution is to be passed at the SGM; and
- ii. notice of not less than (14) clear days or ten (10) clear business days, whichever is the longer, in all other cases, provided that a SGM may be called by a shorter notice if it is so agreed by a majority in number of the Shareholders having the right to attend and vote at the SGM, being a majority together holding not less than 95% in nominal value of the issued shares of the Company giving such right.

PROFESSIONAL DEVELOPMENT

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

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

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. A summary of training received by Directors according to the records provided by the Directors are as follows:-

Director	Type of training
Fung Siu To, Clement	B
Lim Yin Cheng	A, B
Poon Jing	B
Poon Hai	B
Lun Pui Kan	A, B
Kwan Po Lam, Phileas	B
Hung Yat Ming	B
Cheung Kwok Wah	A, B
Wong Chi Keung	A, B

A: Attending seminar(s)/training session(s)/conference(s)/forum(s) relevant to directors' profession and/or duties and/or other relevant topics

B: Reading materials in relation to corporate governance, regulatory development and other relevant topics

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 projects in Hung Shui Kiu, Yuen Long and Nos. 47-49 Perkins Road, Jardines Lookout, Hong Kong, 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.

(c) Hotel business

The design of our Empire Hotel in Causeway Bay was divided in four zones for optimal gas supply and energy saving. Air-conditioning in Empire Hotel Causeway Bay and Empire Hotel Kowloon has a zone valve whereby electricity supply will be switched off on idle floors for energy preservation purposes. In Empire Hotel Kowloon, the two latest renovated floors have an individual electric heater supply system and the system can be switched off individually for energy reduction purposes. In Empire Hotel Hong Kong, the air cool chiller system has been replaced by a water cool chiller system, which is environmentally friendly and has greater energy efficiency, better controllability, and longer life.

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 of HK\$4,136,000 to a number of charitable and educational organizations, such as Hong Kong Spinal Cord Injury Fund Limited, The Society of the Academy for Performing Arts, Hong Kong Paralympic Committee & Sports Association for the Physically Disabled and Po Leung Kuk.

The Art of Caring' Community Care Program was launched in 2009 by Asia Standard Hotel Group Limited ("Asia Standard Hotel") in conjunction with SAHK, a rehabilitation service organization. Since then, the Program has been giving support to 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 2012/2013, the following activities were organised:

- OLE² (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. Students were selected to experiment a work life in the different department of the hotel industry during October and November in 2012.
- 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 in November and December 2012.
- '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 on 20th and 24th December 2012.
- Joining hands with SAHK, we will continue to expand the breadth and depth of 'The Art of Caring' Community Care Program enabling more learning opportunities and rehabilitation support for children and youth with special needs.

In addition, Asia Standard Hotel has been for a fourth year awarded the Caring Company title 2012/13 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 commitment to making positive contribution to society and communities.

THE PEOPLE

The Group is an equal opportunity employer and does not discriminate on the basis of personal characteristics. Employee Handbooks outline terms and conditions of employment, expectations for employees' behaviour and service delivery, employees' rights and benefits. We establish and implement policies that promote a fair and respectful workplace. We provide ongoing training and development opportunities to enhance our employees' career progression.

Directors and Senior Management

EXECUTIVE DIRECTORS

FUNG Siu To, Clement

Aged 64, is the Chairman of the Company and member of the Remuneration Committee of the Company. He is also the Chairman, an executive director and a 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”). 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 30 years of experience in project management and construction. He is the uncle of Mr. Poon Hai, an Executive Director of the Company. He is also 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 68, 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 a 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 30 years of experience in engineering, project management and administration. He joined the Group in 1992. He is the uncle of Mr. Poon Hai, an Executive Director of the Company. He is also 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 58, 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, an Executive Director of the Company. He is also the brother-in-law of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman and Deputy Chairman of the Company respectively.

POON Hai

Aged 28, is an Executive Director of the Company, Asia Standard and Asia Standard Hotel. Mr. Poon holds a Bachelor of Commerce degree from the University of British Columbia. He is responsible for the business development and the project management of Group. He is the son of Mr. Poon Jing, the Chief Executive and Managing Director of the Company. He is also the nephew of Mr. Fung Siu To, Clement and Dr. Lim Yin Cheng, the Chairman and the Deputy Chairman of the Company respectively. He joined the Group in 2009.

LUN Pui Kan

Aged 49, 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 54, 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.

Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

HUNG Yat Ming

Aged 61, 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 is also an independent non-executive director of Hong Kong Life Sciences and Technologies Group Limited and Sunway International Holdings Limited, both of which are listed on the Stock Exchange. He joined the Group in September 2004.

CHEUNG Kwok Wah

Aged 56, 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 58, 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 company listed 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, 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.

SENIOR MANAGEMENT

LEUNG King Yin, Kevin

Aged 51, 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 the 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 61, 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.

Note:

Messrs. Poon Jing, Fung Siu To, Clement, Poon Hai 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 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the principal subsidiaries are set out in note 39 to the financial statements.

The activities of the Group are mainly based in Hong Kong. Analyses of the Group's turnover and contribution to operating 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 39.

The Company did not pay an interim dividend for the year ended 31st March 2013 (2012: Nil).

The Board recommends a final dividend of HK4.2 cents per share with a scrip option, totaling HK\$29,995,000 for the year ended 31st March 2013 (2012: Nil).

FINANCIAL SUMMARY

A five-year financial summary of the results and of the assets and liabilities of the Group is set out on page 11.

CONVERTIBLE BONDS

Details of the convertible bonds of the Company are set out in note 32 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 15 to the financial statements.

SHARE CAPITAL

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

RESERVES

Movement in the reserves of the Group and the Company during the year are set out in note 29 to the financial statements.

PRINCIPAL PROPERTIES

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

DONATIONS

During the year, the Group made charitable and other donations of HK\$4,136,000 (2012: HK\$429,000).

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. Poon Hai (appointed on 9th July 2012 and re-elected at the annual general meeting held on 23rd August 2012)

Mr. Lun Pui Kan

Mr. Kwan Po Lam, Phileas

Mr. Chan Sze Hung (resigned on 9th July 2012)

Mr. Hung Yat Ming

Mr. Cheung Kwok Wah

Mr. Wong Chi Keung

Dr. Lim Yin Cheng and Mr. Wong Chi Keung will retire from office by rotation in accordance with the Bye-Laws of the Company and Mr. Fung Siu To, Clement will retire to comply with the Appendix 14 (the "Code") of the Rules Governing the Listing at 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 23 to 25.

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 31 to 35, 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 2013, 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

Director	Number of shares held			Total	Percentage of shares in issue (%)
	Personal interest	Corporate interest	Family interest		
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

Director	Associated Corporations	Number of shares held			Total	Percentage of shares in issue (%)
		Personal interest	Corporate interest			
Poon Jing	Asia Standard	1,198,793	626,059,415 (Note 1)	627,258,208	50.71	
Poon Jing	Asia Standard Hotel	50,050	1,132,669,492 (Note 1)	1,132,719,542	73.09	
Fung Siu To, Clement	Mark Honour Limited	9	–	9	0.01	

Notes:

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

(II) LONG POSITIONS IN UNDERLYING SHARES

Interests in share options

(a) The Company

Director	Outstanding as at 1st April 2012 and 31st March 2013
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:

- Options were granted on 29th March 2007 and exercisable during the period from 29th March 2007 to 28th March 2017 at exercise price of HK\$1.4315 per share (as adjusted) per share.
- 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 2012 and 31st March 2013
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:

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

Report of the Directors

(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 2012 and 31st March 2013
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 2013, none of the Directors or chief executive (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO) which (a) are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept under section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

The register of substantial shareholders maintained under section 336 of the SFO shows that as at 31st March 2013, 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 2013, 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.

Report of the Directors

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 2012 and 31st March 2013
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
	<hr/>
	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.

ASSOCIATED CORPORATIONS

– 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 5.8% 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 2012	Lapsed during the year	Outstanding as at 31st March 2013
Directors	8,764,248	–	8,764,248
Director of a subsidiary	2,062,176	(2,062,176)	–
Other employees	2,577,717	–	2,577,717
	13,404,141	(2,062,176)	11,341,965

Notes:

- 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.
- Save as disclosed above, during the year, no option was granted, exercised, cancelled or lapsed.

Report of the Directors

– 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.

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.

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 2012 and 31st March 2013
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	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
	29th March 2007	1.296	29th March 2007 to 28th March 2017	8,000,000
				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.

Report of the Directors

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	40.5%
Percentage of purchases attributable to the Group's five largest suppliers	65.1%
Percentage of sales attributable to the Group's largest customer	9.0%
Percentage of sales attributable to the Group's five largest customers	25.1%

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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, 25th June 2013

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 39 to 109, which comprise the consolidated and company balance sheets as at 31st March 2013, 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.

Independent Auditor's Report

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 2013 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 25th June 2013

Consolidated Profit and Loss Account

For the year ended 31st March 2013

	<i>Note</i>	2013 HK\$'000	2012 HK\$'000
Revenue	5	1,226,529	1,252,744
Cost of sales		(390,199)	(375,557)
Gross profit		836,330	877,187
Selling and administrative expenses		(208,641)	(199,639)
Depreciation		(165,285)	(171,204)
Net investment gain/(loss)	6	831,297	(1,689,809)
Fair value gain of investment properties		1,119,805	898,194
Operating profit/(loss)		2,413,506	(285,271)
Net finance costs	10	(44,685)	(21,987)
Share of profits less losses of			
Jointly controlled entities		(4,915)	(6,267)
Associated companies		320,225	236,301
Profit/(loss) before income tax		2,684,131	(77,224)
Income tax expense	11	(33,366)	(6,237)
Profit/(loss) for the year		2,650,765	(83,461)
Attributable to:			
Shareholders of the Company		1,363,791	(89,210)
Non-controlling interests		1,286,974	5,749
		2,650,765	(83,461)
Dividends	13	29,995	–
Earnings/(loss) per share (HK\$)			
Basic	14	1.91	(0.13)
Diluted	14	1.74	(0.13)

Consolidated Statement of Comprehensive Income

For the year ended 31st March 2013

	2013 HK\$'000	2012 HK\$'000
Profit/(loss) for the year	2,650,765	(83,461)
Other comprehensive income/(charge)		
Net fair value gain/(loss) on available-for-sale investments	36,407	(37,215)
Impairment of available-for-sale investments charged to profit and loss account	395	2,261
Release of reserve upon disposal of available-for-sale investments	(1,319)	–
Currency translation differences	15,386	8,389
	50,869	(26,565)
Total comprehensive income/(charge) for the year	2,701,634	(110,026)
Attributable to:		
Shareholders of the Company	1,385,568	(97,562)
Non-controlling interests	1,316,066	(12,464)
	2,701,634	(110,026)

Consolidated Balance Sheet

As at 31st March 2013

	<i>Note</i>	2013 HK\$'000	2012 HK\$'000
Non-current assets			
Property, plant and equipment	15	7,171,385	6,727,239
Investment properties	16	5,418,841	4,297,374
Jointly controlled entities	18	1,121,706	1,089,587
Associated companies	19	1,441,984	1,138,238
Available-for-sale investments	20	241,390	197,295
Mortgage loans receivable	21	3,790	14,073
Deferred income tax assets	31	1,254	1,466
		15,400,350	13,465,272
Current assets			
Properties under development for sale	22	1,177,534	1,532,123
Completed properties held for sale	22	131,352	132,053
Hotel and restaurant inventories		2,218	2,342
Mortgage loans receivable	21	672	1,156
Trade and other receivables	23	370,570	221,426
Amount due from a jointly controlled entity	18	–	91,000
Income tax recoverable		815	173
Financial assets at fair value through profit or loss	24	4,487,788	3,908,913
Bank balances and cash	26	440,457	440,160
		6,611,406	6,329,346
Current liabilities			
Trade and other payables	27	155,121	142,503
Amount due to jointly controlled entities	18	69,686	55,357
Derivative financial instruments	25	2,289	6,001
Borrowings	30	479,102	1,526,688
Income tax payable		27,214	21,734
		733,412	1,752,283
Net current assets		5,877,994	4,577,063
Total assets less current liabilities		21,278,344	18,042,335

Consolidated Balance Sheet

As at 31st March 2013

	<i>Note</i>	2013 HK\$'000	2012 HK\$'000
<hr/>			
Non-current liabilities			
Long term borrowings	<i>30</i>	2,898,786	2,364,093
Convertible bonds	<i>32</i>	68,493	62,348
Deferred income tax liabilities	<i>31</i>	778,613	782,951
		3,745,892	3,209,392
<hr style="border-top: 1px dashed black;"/>			
Net assets		17,532,452	14,832,943
<hr/>			
Equity			
Share capital	<i>28</i>	71,416	71,416
Reserves	<i>29</i>	8,301,776	6,908,343
<hr/>			
Equity attributable to shareholders of the Company		8,373,192	6,979,759
Non-controlling interests		9,159,260	7,853,184
		17,532,452	14,832,943
<hr/>			

Fung Siu To, Clement

Director

Lun Pui Kan

Director

Balance Sheet

As at 31st March 2013

	<i>Note</i>	2013 HK\$'000	2012 HK\$'000
Non-current assets			
Subsidiaries	17	2,923,909	2,923,532
Current assets			
Amount due from subsidiaries	17	1,890,446	1,461,040
Trade and other receivables		109	109
Bank balances and cash	26	330	306
		1,890,885	1,461,455
Current liabilities			
Trade and other payables		3,172	3,302
Net current assets		1,887,713	1,458,153
Non-current liabilities			
Convertible bonds	32	68,493	62,348
Net assets		4,743,129	4,319,337
Equity			
Share capital	28	71,416	71,416
Reserves	29	4,671,713	4,247,921
		4,743,129	4,319,337

Fung Siu To, Clement
Director

Lun Pui Kan
Director

Consolidated Statement of Cash Flows

For the year ended 31st March 2013

	<i>Note</i>	2013 HK\$'000	2012 HK\$'000
Cash flows from operating activities			
Net cash generated from operations	36	725,001	472,029
Net income tax paid		(28,757)	(11,914)
Interest paid		(73,482)	(74,612)
Interest received from bank deposit and other receivables		4,929	5,477
Net cash generated from operating activities		627,691	390,980
Cash flows from investing activities			
Purchase of available-for-sale investments		(17,462)	–
Proceeds on disposal of available-for-sale investments		18,618	–
Addition to investment properties		(1,662)	(6,163)
Proceeds on disposal of property, plant and equipment		–	5,866
Addition to property, plant and equipment		(221,232)	(13,642)
Increase in investments in jointly controlled entities		(29,000)	(500,000)
(Advances to)/repayment from associated companies and jointly controlled entities		(69,330)	130,841
Dividend received from associated companies and jointly controlled entities		199,500	137,200
Net cash used in investing activities		(120,568)	(245,898)
Net cash generated before financing activities		507,123	145,082
Cash flows from financing activities			
Issue of convertible bonds		–	80,000
Drawdown of long term borrowings		709,055	381,030
Repayment of long term borrowings		(409,873)	(51,500)
Net decrease in short term borrowings		(798,744)	(448,550)
Dividends paid		–	(6,057)
Distribution of dividend by a listed subsidiary to non-controlling shareholders		(2,125)	(14,242)
Net cash used in financing activities		(501,687)	(59,319)
Net increase in cash and cash equivalents		5,436	85,763
Cash and cash equivalents at the beginning of the year		408,155	318,863
Changes in exchange rates		377	3,529
Cash and cash equivalents at the end of the year		413,968	408,155
Analysis of the balances of cash and cash equivalents			
Bank balances and cash (excluding restricted bank balances)	26	413,968	408,155

Consolidated Statement of Changes in Equity

For the year ended 31st March 2013

	Attributable to shareholders of the Company			Non-controlling interests	Total
	Share capital	Reserves	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group					
At 31st March 2011	71,243	6,974,770	7,046,013	7,897,506	14,943,519
Net fair value loss on available-for-sale investments	-	(14,203)	(14,203)	(23,012)	(37,215)
Impairment of available-for-sale investments charged to profit and loss account	-	869	869	1,392	2,261
Currency translation differences	-	4,982	4,982	3,407	8,389
(Loss)/profit for the year	-	(89,210)	(89,210)	5,749	(83,461)
Total comprehensive charge for the year	-	(97,562)	(97,562)	(12,464)	(110,026)
2011 final dividend	173	(6,230)	(6,057)	(13,473)	(19,530)
Issue of convertible bonds	-	18,980	18,980	-	18,980
Net increase in shareholding of subsidiaries	-	18,385	18,385	(18,385)	-
Total transactions with owners	173	31,135	31,308	(31,858)	(550)
At 31st March 2012	71,416	6,908,343	6,979,759	7,853,184	14,832,943
At 31st March 2012	71,416	6,908,343	6,979,759	7,853,184	14,832,943
Net fair value gain on available-for-sale investments	-	13,995	13,995	22,412	36,407
Impairment of available-for-sale investments charged to profit and loss account	-	152	152	243	395
Release of reserve upon disposal of available-for-sale investments	-	(587)	(587)	(732)	(1,319)
Currency translation differences	-	8,217	8,217	7,169	15,386
Profit for the year	-	1,363,791	1,363,791	1,286,974	2,650,765
Total comprehensive income for the year	-	1,385,568	1,385,568	1,316,066	2,701,634
Net increase in shareholding of subsidiaries	-	7,865	7,865	(7,865)	-
Dividends paid by a subsidiary	-	-	-	(2,125)	(2,125)
Total transactions with owners	-	7,865	7,865	(9,990)	(2,125)
At 31st March 2013	71,416	8,301,776	8,373,192	9,159,260	17,532,452

Notes to the Financial Statements

1 BASIS OF PREPARATION

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, available-for-sale investments, financial assets at fair value through profit or loss 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 accounting policies and methods of computation used in the preparation of these annual financial statements are consistent with those used in 2012. There are no new or revised standards or interpretations that are effective for the first time for this year which are relevant to the Group’s operation and have a material impact on the Group’s annual financial statements.

The following new standard is relevant to the Group’s operation but not yet effective.

Effective for accounting periods beginning on or after:

1st January 2013

HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangement
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement

1st January 2015

HKFRS 9	Financial Instruments
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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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

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

HKFRS 11 'Joint Arrangement' classifies joint arrangement as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement.

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.

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 IFRS/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.

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/revised standards. The Group has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether they will have substantial change to the Group's accounting policies and presentation of the financial statements.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(B) BASIS OF CONSOLIDATION

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

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

The 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.

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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(B) BASIS OF CONSOLIDATION (Continued)

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.

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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(E) ASSOCIATED COMPANIES

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

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

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

(F) BALANCES WITH SUBSIDIARIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES

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

(G) GOODWILL

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(H) FINANCIAL ASSETS/LIABILITIES

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

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

This category represents financial assets that are either designated in this category at inception by the management or held for trading, i.e. if acquired for the purpose of selling them in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Loans and receivables

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

(iii) Available-for-sale investments

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(H) FINANCIAL ASSETS/LIABILITIES (Continued)

Gains and losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are included in the profit and loss account in the period in which they arise. Dividend 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.

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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(H) FINANCIAL ASSETS/LIABILITIES (Continued)

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

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

(I) PROPERTY, PLANT AND EQUIPMENT

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

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

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 and hotel properties under development.

Freehold land is not amortised.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(I) PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

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

(J) IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life or are not yet available for use 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 each reporting date.

(K) INVESTMENT PROPERTIES

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated group, is classified as investment property. Investment property comprises 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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(K) INVESTMENT PROPERTIES (Continued)

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

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

(L) PROPERTIES UNDER DEVELOPMENT FOR SALE

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

(M) COMPLETED PROPERTIES HELD FOR SALE

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

(N) HOTEL AND RESTAURANT INVENTORIES

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

(O) TRADE AND OTHER RECEIVABLES

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

Notes to the Financial Statements

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(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.

(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(Y)) over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(S) EMPLOYEE BENEFITS

(i) Employee leave entitlements

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

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

(ii) Retirement benefit obligations

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(S) EMPLOYEE BENEFITS (Continued)

(iii) Share-based compensation

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

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

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

(T) CURRENT AND DEFERRED INCOME TAX

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(T) CURRENT AND DEFERRED INCOME TAX (Continued)

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.

(U) 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.

(V) 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.

(W) REVENUE RECOGNITION

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

(i) Properties

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

(ii) Investment properties

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(W) REVENUE RECOGNITION (Continued)

(iii) Hotel, travel agency and management services businesses

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

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

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

Management fee income is recognised when services are rendered.

(iv) Financial investments

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.

(X) FOREIGN CURRENCY TRANSLATION

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(X) FOREIGN CURRENCY TRANSLATION (Continued)

(iii) Group companies

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

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations 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.

(Y) 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.

(Z) OPERATING LEASES

Leases in which a significant portion of the risks and rewards of ownership are 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.

2 PRINCIPAL ACCOUNTING POLICIES (Continued)

(AA) 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.

(AB) 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.

(AC) 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.

(AD) 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.

(AE) 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

(II) FINANCIAL RISK FACTORS

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

(a) Market risk

(i) Foreign exchange risk

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

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

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

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

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

At 31st March 2013, the Group's entities with functional currency of Hong Kong dollar had United States dollars net monetary assets of HK\$2,931,234,000 (2012: HK\$1,601,787,000). 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)

(II) 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 profit would have the following changes:

	2013			2012		
	Net monetary assets/ (liabilities) amount HK\$'000	Increase/(decrease) on profit attributable to the shareholders of the Company if exchange rate changes by		Net monetary assets/ (liabilities) amount HK\$'000	Increase/(decrease) on profit attributable to the shareholders of the Company if exchange rate changes by	
		+5%	-5%		+5%	-5%
		HK\$'000	HK\$'000		HK\$'000	HK\$'000
Group						
Sterling	1,050,078	26,204	(26,204)	1,444,668	35,978	(35,978)
Euro	232,084	6,338	(6,338)	144,800	4,781	(4,781)
Japanese Yen	(55,929)	(898)	898	(64,086)	(1,027)	1,027
Renminbi	160,598	3,629	(3,629)	-	-	-

(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 Exchange and Luxembourg Stock Exchange. Gains and losses arising from changes in fair value of available-for-sale investments and financial assets at fair value through profit or loss are dealt with in equity and the profit and loss account respectively.

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

(II) FINANCIAL RISK FACTORS (Continued)

(a) Market risk (Continued)

(ii) Price risk (Continued)

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

	2013				2012			
	Increase/(decrease) in result attributable to shareholders of the Company if price changes by +10%		Increase/(decrease) in available-for-sale investments reserve of the Company if price changes by -10%		Increase/(decrease) in result attributable to shareholders of the Company if price changes by +10%		Increase/(decrease) in available-for-sale investments reserve of the Company if price changes by -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	231,601	(231,601)	-	-	197,902	(197,902)	-	-
Available-for-sale investments	-	-	9,501	(9,501)	-	(118)	7,714	(7,596)

(iii) Cash flow interest risk

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

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

At 31st March 2013, with all other variables held constant, if the interest rate had increased/decreased by 10 basis point, the Group's post tax profit attributable to shareholders of the Company would have been HK\$1,076,000 (2012: HK\$1,328,000) lower/higher.

3 FINANCIAL RISK MANAGEMENT (Continued)

(I) FINANCIAL RISK FACTORS (Continued)

(b) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents (note 26), financial assets at fair value through profit or loss (note 24), derivative financial instruments (note 25), 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 committed credit facilities and compliance of financial covenants of borrowings. The Group maintains flexibility in funding by keeping committed credit lines available and maintaining a reasonable level of marketable securities to meet any unexpected and material cash requirements in the course of ordinary business and to provide contingency liquidity support.

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

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

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.

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

(II) FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

	Group					Company		
	On demand HK\$'000	Within 1 year HK\$'000	Between 1 to 5 years HK\$'000	After 5 years HK\$'000	Total undiscouted cash flows HK\$'000	Within 1 year HK\$'000	Between 1 to 5 years HK\$'000	Total undiscouted cash flows HK\$'000
At 31st March 2013								
Non-derivative financial liabilities								
Trade and other payables	-	155,121	-	-	155,121	3,172	-	3,172
Amount due to jointly controlled entities	-	69,686	-	-	69,686	-	-	-
Convertible bonds	-	5,200	85,200	-	90,400	5,200	85,200	90,400
Borrowings	277,180	264,928	1,670,922	1,456,072	3,669,102	-	-	-
	277,180	494,935	1,756,122	1,456,072	3,984,309	8,372	85,200	93,572
Derivative financial liabilities								
Interest rate swap								
- Outflow	-	1,215	876	-	2,091	-	-	-
	277,180	496,150	1,756,998	1,456,072	3,986,400	8,372	85,200	93,572
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 swap								
- 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

3 FINANCIAL RISK MANAGEMENT (Continued)

(II) FINANCIAL RISK FACTORS (Continued)

(c) Liquidity risk (Continued)

The table that follows summaries 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	Between 1 to 5 years HK\$'000	After 5 years HK\$'000	Total undiscounted cash flow HK\$'000
31st March 2013	11,118	44,471	8,338	63,927
31st March 2012	13,211	49,792	20,277	83,280

(III) CAPITAL RISK MANAGEMENT

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio against revalued net assets. Revalued net assets (“Revalued net assets”) are prepared having taken into account the fair value of hotel properties, net of relevant deferred income taxes, in addition to the net assets shown in the consolidated balance sheet prepared in accordance with HKFRS. According to the Group’s accounting policies, no properties other than investment properties are to be carried at valuation. Details of the valuation of the hotel properties in operation, prepared for readers’ information only, are set out in note 15(a) to the financial statements.

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

Notes to the Financial Statements

3 FINANCIAL RISK MANAGEMENT (Continued)

(II) CAPITAL RISK MANAGEMENT (Continued)

The gearing ratios at 31st March 2013 and 2012 were as follows:

	2013 HK\$'000	2012 HK\$'000
Borrowings (note 30)	3,377,888	3,890,781
Convertible bonds	68,493	62,348
Less: bank balances and cash (note 26)	(440,457)	(440,160)
Net debt	3,005,924	3,512,969
Revalued net assets value	20,518,516	17,108,338
Gearing ratio against revalued net assets value	15%	21%

(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
2013			
Assets			
Financial assets at fair value through			
profit or loss	4,487,788	–	4,487,788
Available-for-sale investments	223,923	17,467	241,390
	4,711,711	17,467	4,729,178
Liabilities			
Derivative financial instruments	–	2,289	2,289
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			
Derivative financial instruments	–	6,001	6,001

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.

Notes to the Financial Statements

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.

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 2013, the Group had investment properties with fair value of HK\$5,418,841,000 (2012: HK\$4,297,374,000). 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) FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

The fair value of derivative financial instruments (note 25) 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.

(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 31), 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) 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.

(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.

Notes to the Financial Statements

5 TURNOVER AND SEGMENT INFORMATION

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

The Group is principally engaged in property development and investment, hotel, travel agency and securities investments. Revenue includes revenue from property sales and leasing, hotel and travel agency, management services, interest income and dividend income. Management regards turnover as comprising these revenue as defined under generally accepted accounting principles together with gross consideration from disposal of financial assets at fair value through profit or loss and derivative financial instruments.

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

	Property management HK\$'000	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
2013							
Turnover	12,527	833	90,861	734,172	2,575,273	10,215	3,423,881
Segment revenue	12,527	833	90,861	734,172	377,921	10,215	1,226,529
Contribution to segment results	4,618	131	81,288	255,368	377,921	10,215	729,541
Depreciation	(94)	-	-	(159,690)	-	(5,501)	(165,285)
Net investment gain	-	-	-	-	831,297	-	831,297
Fair value gain of investment properties	-	-	1,119,805	-	-	-	1,119,805
Share of profits less losses of Jointly controlled entities	-	(4,915)	-	-	-	-	(4,915)
Associated companies	-	-	320,225	-	-	-	320,225
Segment results	4,524	(4,784)	1,521,318	95,678	1,209,218	4,714	2,830,668
Unallocated corporate expenses							(101,852)
Net finance costs							(44,685)
Profit before income tax							2,684,131

5 TURNOVER AND SEGMENT INFORMATION (Continued)

	Property management HK\$'000	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial 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
Share of profits less losses of							
Jointly controlled entities	-	(6,267)	-	-	-	-	(6,267)
Associated companies	-	(30)	236,348	-	-	(17)	236,301
Segment results	4,361	(5,993)	1,217,570	109,468	(1,297,311)	17,465	45,560
Unallocated corporate expenses							(100,797)
Net finance costs							(21,987)
Loss before income tax							(77,224)

Notes to the Financial Statements

5 TURNOVER AND SEGMENT INFORMATION (Continued)

	Property management HK\$'000	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
As at 31st March 2013							
Segment assets	17,852	2,554,943	6,835,321	7,126,750	4,869,666	329,061	21,733,593
Other unallocated assets							278,163
							<u>22,011,756</u>
Segment assets include:							
Jointly controlled entities and associated companies	-	1,167,571	1,395,193	-	-	926	2,563,690
Addition to non-current assets*	25	190,362	1,662	221,194	-	4,047	417,290
Segment liabilities							
Borrowings	-	1,115,500	474,932	1,474,202	313,254	-	3,377,888
Other unallocated liabilities							<u>1,101,416</u>
							<u>4,479,304</u>
As at 31st March 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
							<u>19,794,618</u>
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							<u>1,070,894</u>
							<u>4,961,675</u>

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

5 TURNOVER AND SEGMENT INFORMATION (Continued)

	2013 HK\$'000	2012 HK\$'000
Revenue		
Hong Kong	803,632	798,468
Overseas	422,897	454,276
	1,226,529	1,252,744
Non-current assets*		
Hong Kong	13,816,119	11,832,338
Overseas	1,337,797	1,420,100
	15,153,916	13,252,438

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

Notes to the Financial Statements

6 NET INVESTMENT GAIN/(LOSS)

	2013 HK\$'000	2012 HK\$'000
Financial assets at fair value through profit or loss		
– net unrealised gain/(loss) from market price movements	643,207	(782,649)
– net unrealised exchange loss	(52,968)	(37,079)
– net realised gain/(loss) (note)	236,900	(863,457)
Available-for-sale investments		
– net realised gain	4,553	–
– impairment (note 20)	(395)	(2,261)
Derivative financial instruments		
– net realised loss	–	(4,363)
	831,297	(1,689,809)
Note:		
Net realised gain/(loss) on financial assets at fair value through profit or loss		
Gross consideration	2,197,352	3,434,945
Cost of investments	(1,931,544)	(3,316,979)
Total gain	265,808	117,966
Less: net unrealised gain recognised in prior years	(28,908)	(981,423)
Net realised gain/(loss) recognised in current year	236,900	(863,457)

7 INCOME AND EXPENSES BY NATURE

	2013 HK\$'000	2012 HK\$'000
Income		
Net rental income (note)	81,288	83,028
Interest income		
– Listed investments	339,856	356,248
– Unlisted investments	405	379
– A jointly controlled entity	1,489	7,948
– Other receivables	2,260	6,014
– Bank deposits	1,180	952
Dividend income		
– Listed investments	37,207	35,522
Gain on disposal of property, plant and equipment	–	442
Expenses		
Auditor's remuneration	7,235	7,103
Cost of properties and goods sold	200,944	207,495
Employee benefit expense including Director's emoluments (note 8)	192,085	183,425
Loss on disposal of property, plant and equipment	688	–
Operating lease rental expense for land and buildings	6,944	8,041
Note:		
Net rental income		
– Investment properties	89,956	83,815
– Properties held for sale	905	5,127
	90,861	88,942
Outgoings	(9,573)	(5,914)
	81,288	83,028

Notes to the Financial Statements

8 EMPLOYEE BENEFIT EXPENSE

	2013 HK\$'000	2012 HK\$'000
Wages and salaries	186,340	178,222
Retirement benefits cost (note (a))	5,945	5,603
	192,285	183,825
Capitalised under properties under development	(200)	(400)
	192,085	183,425

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

Notes:

(a) Retirement benefits cost

	2013 HK\$'000	2012 HK\$'000
Gross contributions	5,861	5,443
Forfeitures utilised	84	160
Net contributions	5,945	5,603

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% (2012: 5%) or a fixed sum and 4.95% (2012: 4.95%) respectively, of the employee's relevant income in accordance with the local legislative requirements.

As at 31st March 2013, no forfeiture (2012: Nil) was available to reduce the Group's future contributions to the ORSO Scheme.

8 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 2013 are as follows:

<u>Date of grant</u>	<u>Exercise price per share</u>	<u>Expiry date</u>	<u>Number of share options outstanding at 31st March 2012 and 2013</u>
29th March 2007	HK\$1.4315 (as adjusted)	29th March 2017	
Directors			8,505,204
Employees			24,172,684
Directors of Asia Standard Hotel			3,469,228
15th August 2008	HK\$1.0700	15th August 2008	
Employees			5,780,000
			41,927,116

The above share options were exercisable as at 31st March 2013.

During the year, no share options were granted, exercised, cancelled or lapsed (2012: Nil).

Notes to the Financial Statements

8 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 2013 are as follows:

Date of grant	Exercise price per share	Expiry date	Number of share options		
			Outstanding at 1st April 2012	Lapsed during the year	Outstanding at 31st March 2013
30th March 2005	HK\$3.15	29th March 2015			
Directors			8,764,248	–	8,764,248
Director of Asia Standard			2,062,176	(2,062,176)	–
Employees			2,577,717	–	2,577,717
			13,404,141	(2,062,176)	11,341,965

During the year, no share option was granted, exercised or cancelled (2012: Nil).

Asia Standard Hotel

Details of share options held under the share option scheme of Asia Standard Hotel as at 31st March 2013 are as follows:

Date of grant	Exercise price per share	Expiry date	Number of share options outstanding at 31st March 2012 and 2013	
			2012	2013
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 or cancelled or lapsed (2012: Nil).

9 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 2013 and 2012 are set out as below.

Name of Director	Directors' fee	Salaries, allowances and benefits in kind	Employer's contribution to retirement benefit scheme	Total emoluments (note)
2013 (in HK\$'000)				
Executive				
Mr. Fung Siu To, Clement	–	2,323	42	2,365
Dr. Lim Yin Cheng	–	4,608	60	4,668
Mr. Poon Jing	–	24,875	15	24,890
Mr. Poon Hai (appointed on 9 July 2012)	–	4,992	21	5,013
Mr. Lun Pui Kan	–	2,456	102	2,558
Mr. Kwan Po Lam, Phileas	–	4,131	53	4,184
	–	43,385	293	43,678
Non-executive				
Mr. Chan Sze Hung (resigned on 9 July 2012)	–	–	–	–
Independent Non-executive				
Mr. Cheung Kwok Wah	200	–	–	200
Mr. Hung Yat Ming	300	–	–	300
Mr. Wong Chi Keung	360	–	–	360
	860	–	–	860
	860	43,385	293	44,538

Notes to the Financial Statements

9 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)
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

Note:

Total emoluments of HK\$44,538,000 (2012: HK\$44,469,000) include HK\$37,938,000 (2012: HK\$37,849,000) paid and payable by subsidiaries of Asia Standard, which in turn include HK\$19,793,000 (2012: HK\$16,754,000) paid and payable by subsidiaries of Asia Standard Hotel.

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

- (b) The five highest paid individuals in the Group for the year include five (2012: four) Directors whose emoluments are already reflected in the analysis presented above. In 2012, the emoluments payable to the remaining one individual is as follows:

	2013 HK\$'000	2012 HK\$'000
Basic salaries, allowances, benefits in kind and share option benefits	–	2,627

10 NET FINANCE COSTS

	2013 HK\$'000	2012 HK\$'000
Interest expense		
Long term bank loans	(57,416)	(53,764)
Short term bank loan and overdrafts	(11,035)	(22,201)
Convertible bonds	(10,945)	(4,728)
Interest capitalised	26,233	12,042
	(53,163)	(68,651)
Other incidental borrowing costs	(7,603)	(6,396)
Net foreign exchange gain on borrowings	12,369	51,082
Fair value gain on interest rate swap	3,712	1,978
	(44,685)	(21,987)

Notes to the Financial Statements

11 INCOME TAX EXPENSE

	2013 HK\$'000	2012 HK\$'000
Current income tax		
Hong Kong profits tax	(33,495)	(16,560)
(Under)/over-provision in prior years	(99)	19,433
	(33,594)	2,873
Deferred income tax	228	(9,110)
	(33,366)	(6,237)

Hong Kong profits tax is provided at the rate of 16.5% (2012: 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\$1,180,000 (2012: income tax credit of HK\$1,214,000) and HK\$4,037,000 (2012: HK\$3,561,000) are included in the profit and loss account as share of profits less losses of jointly controlled entities and associated companies respectively.

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

	2013 HK\$'000	2012 HK\$'000
Profit/(loss) before income tax	2,684,131	(77,224)
Share of profits less losses of jointly controlled entities and associated companies	(315,310)	(230,034)
	2,368,821	(307,258)
Calculated at a tax rate of 16.5% (2012: 16.5%)	(391,355)	50,698
(Under)/over-provision in prior years	(99)	19,433
Effect of different tax rates in other countries	3,693	2,265
Income not subject to income tax	368,000	218,575
Expenses not deductible for tax purposes	(9,028)	(290,407)
Tax losses not recognised	(5,861)	(5,302)
Reversal of previously recognised tax losses	-	(148)
Utilisation of previously unrecognised tax losses	7,002	2,951
Others	(5,718)	(4,302)
	(33,366)	(6,237)

12 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\$423,792,000 (2012: HK\$167,988,000).

13 DIVIDENDS

	2013 HK\$'000	2012 HK\$'000
Interim, paid, of nil (2012: Nil) per share	–	–
Final, proposed, of HK4.2 cents (2012: Nil) per share	29,995	–
	29,995	–

At a meeting held on 25th June 2013, the Board of Directors has proposed to pay a final dividend of HK4.2 cents with a scrip option for the year ended 31st March 2013 (2012: Nil). The proposed dividend is not reflected in the financial statements, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2014.

The amount of HK\$29,995,000 is based on 714,157,660 issued shares as at 25th June 2013.

14 EARNINGS/(LOSS) PER SHARE

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

	2013 HK\$'000	2012 HK\$'000
Profit/(loss) attributable to shareholders of the Company for calculation of basic earnings/(loss) per share	1,363,791	(89,210)
Effect of dilutive potential shares:		
Interest expense saved on convertible bonds	8,624	–
Profit/(loss) for calculation of diluted earnings/(loss) per share	1,372,415	(89,210)

Number of shares

Weighted average number of shares for calculation of basic earnings/(loss) per share	714,157,660	713,280,543
Effect of dilutive potential shares:		
a portion of share options of the Company assumed to be exercised	685,601	–
convertible bonds assumed to be converted at beginning of the year	72,727,272	–
Weighted average number of shares for calculation of diluted earnings/(loss) per share	787,570,533	713,280,543

Diluted earnings per share for the year ended 31st March 2013 did not assume the exercise of the outstanding share options of Asia Standard and Asia Standard Hotel since their exercise would have an anti-dilutive effect.

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 and conversion of convertible bonds since their exercise would have an anti-dilutive effect.

Notes to the Financial Statements

15 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 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
Disposals	–	–	(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
Cost						
At 31st March 2012	250,745	5,403,640	2,191,614	66,304	55,114	7,967,417
Currency translation differences	(1,304)	–	(7,878)	–	67	(9,115)
Additions	–	198,639	22,555	2,110	1,962	225,266
Transferred from properties under development for sale (note 22)	–	388,649	–	–	–	388,649
Disposals	–	–	(1,084)	–	(63)	(1,147)
At 31st March 2013	249,441	5,990,928	2,205,207	68,414	57,080	8,571,070
Accumulated depreciation						
At 31st March 2012	–	451,142	737,132	7,437	44,467	1,240,178
Currency translation differences	–	–	(5,362)	–	43	(5,319)
Charge for the year	–	83,389	77,414	1,218	3,264	165,285
Disposals	–	–	(396)	–	(63)	(459)
At 31st March 2013	–	534,531	808,788	8,655	47,711	1,399,685
Net book value						
At 31st March 2013	249,441	5,456,397	1,396,419	59,759	9,369	7,171,385

15 PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

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

	2013 HK\$'000	2012 HK\$'000
Hotel properties		
Hotel buildings	1,396,419	1,454,482
Hotel freehold land	249,441	250,745
Hotel leasehold land	5,284,902	4,779,509
	6,930,762	6,484,736

Supplementary information with hotel properties in operation at valuation:

The aggregate open market value of the four hotel properties in Hong Kong and Canada based on valuation conducted in both years by Vigers Appraisal & Consulting Limited and Grant Thornton Management Consultants, independent professional valuers, amounted to HK\$8,702,579,000 (2012: HK\$8,124,088,000).

The supplementary information with hotel properties in operation 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\$7,087,450,000 (2012: HK\$6,688,348,000).
- (c) As at 31st March 2013, the cost of hotel properties under development amounted to HK\$590,559,000 (2012: Nil) of which HK\$388,649,000 (2012: Nil) was transferred from properties under development for sale and HK\$201,910,000 (2012: Nil) in addition during the year.
- (d) The carrying amount of properties is as follows:

	2013 HK\$'000	2012 HK\$'000
Freehold in Canada	408,766	431,707
Long term leases in Hong Kong	4,486,627	3,954,293
Medium term leases in Hong Kong	2,266,623	2,330,593
	7,162,016	6,716,593

16 INVESTMENT PROPERTIES

	2013 HK\$'000	2012 HK\$'000
At the beginning of the year	4,297,374	3,393,017
Addition	1,662	6,163
Fair value gain	1,119,805	898,194
At the end of the year	5,418,841	4,297,374

Notes to the Financial Statements

16 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 2013 and 2012. 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\$5,418,841,000 (2012: HK\$4,297,374,000).

17 SUBSIDIARIES

	2013 HK\$'000	2012 HK\$'000
Unlisted shares, at cost	2,823,639	2,823,640
Listed shares, at cost	100,270	99,892
	2,923,909	2,923,532
Amount due from subsidiaries less provisions	1,890,446	1,461,040
	4,814,355	4,384,572
Market value of listed shares	68,193	61,138

As at 31st March 2013, 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 39.

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

18 JOINTLY CONTROLLED ENTITIES

	2013 HK\$'000	2012 HK\$'000
Share of net assets	745,321	800,730
Advances to jointly controlled entities	404,239	316,711
Provision for advances to jointly controlled entities	(27,854)	(27,854)
	1,121,706	1,089,587
Amount due from a jointly controlled entity included in current assets	-	91,000
Amount due to jointly controlled entities included in current liabilities	(69,686)	(55,357)
	1,052,020	1,125,230

18 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. As at 31st March 2013, except for an amount of HK\$161,075,000 (2012: Nil) due from a jointly controlled entity which is bearing interest at 1% above The Hong Kong and Shanghai Banking Corporation prime rate, the remaining amount due from jointly controlled entities are unsecured, interest free and have no fixed terms of repayment.

Details of the principal jointly controlled entities are set out in note 39.

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

	2013 HK\$'000	2012 HK\$'000
Assets		
Non-current assets	1,057,799	954,559
Current assets	495,670	409,411
	1,553,469	1,363,970
Liabilities		
Non-current liabilities	353,016	156,589
Current liabilities	455,132	406,651
	808,148	563,240
Net assets	745,321	800,730
Income	79,340	310,550
Expenses	(83,075)	(318,031)
Loss before income tax	(3,735)	(7,481)
Income tax (expense)/credit	(1,180)	1,214
Loss for the year	(4,915)	(6,267)

Notes to the Financial Statements

19 ASSOCIATED COMPANIES

	2013 HK\$'000	2012 HK\$'000
Share of net assets	1,337,821	1,034,095
Advances to associated companies	641,975	641,955
Provisions for advances to associated companies	(537,812)	(537,812)
	1,441,984	1,138,238

As at 31st March 2013 and 2012, the shares of 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 39.

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

	2013 HK\$'000	2012 HK\$'000
Assets	1,490,689	1,192,989
Liabilities	(152,868)	(158,894)
Net assets	1,337,821	1,034,095
Revenue	25,984	23,387
Profit for the year	320,225	236,301

20 AVAILABLE-FOR-SALE INVESTMENTS

	2013 HK\$'000	2012 HK\$'000
Equity securities		
– Listed in Hong Kong	223,923	186,331
– Unlisted	17,467	10,964
	241,390	197,295

Impairment provision of HK\$395,000 (2012: HK\$2,261,000) on available-for-sale investments was recognised in the consolidated profit and loss account during the year (note 6).

21 MORTGAGE LOANS RECEIVABLE

	2013 HK\$'000	2012 HK\$'000
Mortgage loans receivable	4,462	15,229
Less: current portion included in current assets	(672)	(1,156)
	3,790	14,073

The mortgage loans receivable carry interest at rates ranged from HSBC prime rate plus 1.5% to 2% (2012: 1.5% to 2%) per annum. The effective interest rate at 31st March 2013 was 6.12% (2012: 6.12%) per annum. The mortgage loans receivable are denominated in Hong Kong dollar. The carrying amounts of the mortgage loans receivable approximate their fair values.

22 PROPERTIES UNDER DEVELOPMENT FOR SALE AND COMPLETED PROPERTIES HELD FOR SALE

	2013 HK\$'000	2012 HK\$'000
Properties under development for sale		
Leasehold land	1,085,827	1,460,317
Development costs	91,707	71,806
	1,177,534	1,532,123
Completed properties held for sale		
Leasehold land	111,204	111,714
Development costs	20,148	20,339
	131,352	132,053

Notes to the Financial Statements

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

During the year, a property under development for sale was transferred from Asia Standard to Asia Standard Hotel for redevelopment to a hotel and hence reclassified to property, plant and equipment (note 15).

At 31st March 2013, properties amounting to HK\$1,132,327,000 (2012: HK\$1,541,528,000) were pledged to banks to secure certain banking facilities of the Group.

At 31st March 2013 and 2012, all the properties under development for sale were not scheduled for completion within twelve months.

23 TRADE AND OTHER RECEIVABLES

	2013 HK\$'000	2012 HK\$'000
Trade receivables		
Fully performing	66,425	28,109
Past due but not impaired	15,236	6,775
Impaired	9	2,968
	81,670	37,852
Less: provision for impairment of receivables	(9)	(2,968)
Trade receivables, net	81,661	34,884
Accrued interest and dividend receivable	113,714	92,008
Loan receivables	54,571	54,571
Deposits paid for purchase of properties	78,000	–
Prepayments	9,769	12,721
Utility and other deposits	9,865	11,592
Other receivables	22,990	15,650
	370,570	221,426

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

	2013 HK\$'000	2012 HK\$'000
0 day to 60 days	80,019	33,832
61 days to 120 days	1,642	992
More than 120 days	–	60
	81,661	34,884

23 TRADE AND OTHER RECEIVABLES (Continued)

The majority of past due but not impaired trade receivables are less than 60 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:

	2013 HK\$'000	2012 HK\$'000
0 day to 60 days	15,047	6,451
More than 60 days	189	324
	15,236	6,775

As at 31st March 2013, trade receivables of HK\$9,000 (2012: HK\$2,968,000) 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:

	2013 HK\$'000	2012 HK\$'000
Hong Kong dollar	226,332	119,342
United States dollar	116,519	50,057
Sterling	14,941	36,297
Canadian dollar	8,013	12,526
Others	4,765	3,204
	370,570	221,426

Loan receivables were interest bearing from HSBC prime rate to 2% above HSBC prime rate per annum (2012: Same).

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

Notes to the Financial Statements

24 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 HK\$'000	2012 HK\$'000
Equity securities		
– Listed in Hong Kong	345,883	575,986
– Listed in the USA	553,712	458,432
– Listed in Europe	533,988	507,322
	1,433,583	1,541,740
Debt securities		
– Listed in Europe	1,001,180	1,439,232
– Listed in Singapore	1,470,547	891,417
– Listed in Hong Kong	582,478	–
– Unlisted	–	8,000
	3,054,205	2,338,649
Unlisted fund	–	28,524
	4,487,788	3,908,913

Notes:

- (a) The debt securities carry fixed coupons ranging from 2% to 13.875% (2012: from 2% to 13.5%) per annum and their nominal values are equivalent to HK\$3,432,351,000 (2012: HK\$3,319,595,000).
- (b) At 31st March 2013, financial assets at fair value through profit or loss equivalent to HK\$60,165,000 (2012: HK\$337,571,000) were pledged as security for borrowings.
- (c) Financial assets at fair value through profit or loss are denominated in the following currencies:

	2013 HK\$'000	2012 HK\$'000
United States dollar	2,775,303	1,592,703
Sterling	987,111	1,407,829
Euro	222,507	324,394
Hong Kong dollar	345,883	583,987
Renminbi	156,984	–
	4,487,788	3,908,913

25 DERIVATIVE FINANCIAL INSTRUMENTS

	2013 HK\$'000	2012 HK\$'000
Interest rate swap – Hong Kong dollar	2,289	6,001

The notional principal amount of the outstanding interest rate swap contracts at 31st March 2013 were HK\$150,000,000 (2012: HK\$150,000,000).

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

26 BANK BALANCES AND CASH

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Cash at bank and in hand	169,168	238,396	330	306
Short term bank deposits	244,800	169,759	–	–
Cash and cash equivalents	413,968	408,155	330	306
Restricted bank balances	26,489	32,005	–	–
	440,457	440,160	330	306

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

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Hong Kong dollar	199,146	314,985	330	306
United States dollar	83,663	21,373	–	–
Canadian dollar	50,999	40,929	–	–
Renminbi	50,049	56,880	–	–
Euro	50,005	4,237	–	–
Others	6,595	1,756	–	–
	440,457	440,160	330	306

Notes to the Financial Statements

27 TRADE AND OTHER PAYABLES

	2013 HK\$'000	2012 HK\$'000
Trade payables	26,067	22,446
Accrual and other payables	85,808	68,338
Building management account surplus	17,540	23,072
Rental and management fee deposits	25,706	28,647
	155,121	142,503

Aging analysis of trade payables is as follows:

	2013 HK\$'000	2012 HK\$'000
0 day to 60 days	25,715	22,243
61 days to 120 days	161	126
More than 120 days	191	77
	26,067	22,446

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.

28 SHARE CAPITAL

Shares of HK\$0.01 each	Number of shares	Amount HK\$'000
Authorised:		
At 31st March 2012 and 2013	3,000,000,000	300,000

	Number of shares		Amount	
	2013	2012	2013 HK\$'000	2012 HK\$'000
Issued and fully paid:				
At the beginning of the year	714,157,660	712,431,720	71,416	71,243
Scrip dividend (note)	-	1,725,940	-	173
At the end of the year	714,157,660	714,157,660	71,416	71,416

Note:

In October 2011, 1,725,940 new shares were allotted and issued at HK\$1.65 per share in lieu of final dividend.

29 RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Convertible bonds reserve HK\$'000	Share options reserve HK\$'000	Available- for-sale investments reserve HK\$'000	Exchange reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
Group									
At 31st March 2011	2,097,635	398,021	60,257	-	11,466	(3,687)	2,351	4,408,727	6,974,770
Net fair value loss on available-for-sale investments	-	-	-	-	-	(14,203)	-	-	(14,203)
Impairment of available-for-sale investments charged to profit and loss account	-	-	-	-	-	869	-	-	869
Currency translation differences	-	-	-	-	-	-	4,982	-	4,982
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)	7,333	4,328,997	6,908,343
At 31st March 2012	2,100,310	398,021	60,257	18,980	11,466	(17,021)	7,333	4,328,997	6,908,343
Net fair value gain on available-for-sale investments	-	-	-	-	-	13,995	-	-	13,995
Impairment of available-for-sale investments charged to profit and loss account	-	-	-	-	-	152	-	-	152
Release of reserve upon disposal of available-for-sale investments	-	-	-	-	-	(587)	-	-	(587)
Currency translation differences	-	-	-	-	-	-	8,217	-	8,217
Profit for the year	-	-	-	-	-	-	-	1,363,791	1,363,791
Net increase in shareholding of subsidiaries	-	-	-	-	-	-	-	7,865	7,865
At 31st March 2013	2,100,310	398,021	60,257	18,980	11,466	(3,461)	15,550	5,700,653	8,301,776
Representing:									
2013 final dividend proposed	-	-	-	-	-	-	-	29,995	29,995
Others	2,100,310	398,021	60,257	18,980	11,466	(3,461)	15,550	5,670,658	8,271,781
At 31st March 2013	2,100,310	398,021	60,257	18,980	11,466	(3,461)	15,550	5,700,653	8,301,776

Notes to the Financial Statements

29 RESERVES (Continued)

	Share premium HK\$'000	Contributed surplus HK\$'000	Convertible bonds reserve HK\$'000	Share options reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
Company						
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 2012	2,100,310	1,895,806	18,980	11,466	221,359	4,247,921
At 31st March 2012	2,100,310	1,895,806	18,980	11,466	221,359	4,247,921
Profit for the year	–	–	–	–	423,792	423,792
At 31st March 2013	2,100,310	1,895,806	18,980	11,466	645,151	4,671,713
Representing:						
2013 final dividend proposed	–	–	–	–	29,995	29,995
Others	2,100,310	1,895,806	18,980	11,466	615,156	4,641,718
At 31st March 2013	2,100,310	1,895,806	18,980	11,466	645,151	4,671,713

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

30 BORROWINGS

	2013 HK\$'000	2012 HK\$'000
Current liabilities		
Short term bank loans and overdrafts		
Secured	213,253	1,020,249
Unsecured	–	4,140
	213,253	1,024,389
Current portion of long term bank loans	213,040	437,303
Portion of long term bank loans containing a repayment on demand clause	52,809	64,996
	479,102	1,526,688
Non-current liabilities		
Long term bank loans, secured	2,898,786	2,364,093
	3,377,888	3,890,781

The maturity of the long term bank loans, based on the scheduled repayment dates set out in the loan agreements and ignoring the effect of any repayment on demand clause, are as follows:

	2013 HK\$'000	2012 HK\$'000
Repayable within one year	213,040	437,303
Repayable between one and two years	476,501	178,853
Repayable between two and five years	1,093,641	633,417
Repayable after five years	1,381,453	1,616,819
	3,164,635	2,866,392
Current portion included in current liabilities	(213,040)	(437,303)
	2,951,595	2,429,089

Notes to the Financial Statements

30 BORROWINGS (Continued)

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

	2013 HK\$'000	2012 HK\$'000
Hong Kong dollar	3,213,708	3,500,232
Euro	–	187,744
Canadian dollar	63,927	76,299
Japanese Yen	56,003	64,159
United States dollar	44,250	62,347
	3,377,888	3,890,781

The interest rates of the borrowing at the balance sheet date range from 0.58% to 3.51% (2012: from 0.59% to 3.6%) per annum.

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

31 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:

	2013 HK\$'000	2012 HK\$'000
Deferred income tax assets	1,254	1,466
Deferred income tax liabilities	(778,613)	(782,951)
	(777,359)	(781,485)

31 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	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
At the beginning of the year	24	43	5,672	23,209	58,706	57,755	64,402	81,007
Recognised in the profit and loss account	(4)	(19)	(4,233)	(17,537)	(606)	951	(4,843)	(16,605)
At the end of the year	20	24	1,439	5,672	58,100	58,706	59,559	64,402

Deferred income tax liabilities

	Accelerated tax depreciation		Revaluation of properties		Fair value adjustments		Total	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
At the beginning of the year	(67,692)	(62,259)	(718,926)	(755,368)	(59,269)	(58,000)	(845,887)	(875,627)
Recognised in the profit and loss account	4,134	(5,433)	12,410	14,197	(11,473)	(1,269)	5,071	7,495
Recognised in share of profits less losses of a jointly controlled entity	-	-	3,898	22,245	-	-	3,898	22,245
At the end of the year	(63,558)	(67,692)	(702,618)	(718,926)	(70,742)	(59,269)	(836,918)	(845,887)

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\$82 million (2012: HK\$89 million) in respect of losses amounting to HK\$489 million (2012: HK\$513 million) that can be carried forward against future taxable income. Except for tax losses of HK\$475 million (2012: HK\$491 million) which have no expiry date, the balance will expire at various dates up to and including 2029.

32 CONVERTIBLE BONDS

On 14th October 2011, the Company issued the 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.

Notes to the Financial Statements

32 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.

33 CAPITAL COMMITMENTS

Capital commitments at the balance sheet date are as follows:

	2013 HK\$'000	2012 HK\$'000
Property, plant and equipment		
Contracted but not provided for	15,427	7,344
Authorised but not contracted for	400,549	33,129
	415,976	40,473

34 OPERATING LEASE ARRANGEMENTS

(A) LESSOR

The Group leases out certain properties under operating leases, the remaining lease terms at 31st March 2013 runs between 1 and 5 years.

At 31st March 2013, the future aggregate minimum rental receipts receivable under non-cancellable operating leases were as follows:

	Group	
	2013 HK\$'000	2012 HK\$'000
In respect of land and buildings:		
Within one year	101,464	92,724
In the second to fifth year inclusive	245,428	223,777
After the fifth year	–	17
	346,892	316,518

34 OPERATING LEASE ARRANGEMENTS (Continued)

(B) LESSEE

At 31st March 2013, the future aggregate minimum lease payments payable under non-cancellable operating leases were as follows:

	Group	
	2013 HK\$'000	2012 HK\$'000
In respect of land and buildings:		
Within one year	4,780	5,618
In the second to fifth year inclusive	7,733	8,940
After the fifth year	793	2,305
	13,306	16,863

35 FINANCIAL GUARANTEES

	Group		Company	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
Guarantees for the banking and loan facilities of jointly controlled entities	339,126	149,461	-	-

Notes to the Financial Statements

36 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2013 HK\$'000	2012 HK\$'000
Profit/(loss) before income tax	2,684,131	(77,224)
Share of profits less losses of		
Jointly controlled entities	4,915	6,267
Associated companies	(320,225)	(236,301)
Depreciation	165,285	171,204
Net investment (gain)/loss	(831,297)	1,689,809
Fair value gain of investment properties	(1,119,805)	(898,194)
Loss/(gain) on disposal of property, plant and equipment	688	(442)
Net foreign exchange gain on borrowings	(12,369)	(51,082)
Dividend income	(37,019)	(35,522)
Interest income	(346,679)	(370,052)
Interest expense	49,851	64,377
Operating profit before working capital changes	237,476	262,840
Decrease in mortgage loans receivable	10,767	70,164
Increase in properties under development for sale (excluding interest expense capitalised)	(11,158)	(350,354)
Decrease/(increase) in hotel and restaurant inventories	124	(1)
(Increase)/decrease in trade and other receivables	(126,662)	28,448
Decrease in financial assets at fair value through profit or loss	248,264	133,274
Decrease in derivative financial instruments	-	(22,625)
Decrease/(increase) in restricted bank balances	5,516	(4,712)
Increase/(decrease) in trade and other payables	11,255	(18,994)
Dividend received from financial investments	30,475	30,902
Interest received from financial investments	318,944	343,087
Net cash generated from operations	725,001	472,029

37 RELATED PARTY TRANSACTIONS

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

(A) SALES AND PURCHASE OF GOODS AND SERVICES

	2013 HK\$'000	2012 HK\$'000
Income from a jointly controlled entity		
Management fee income (note (a))	1,080	1,440
Project management fee (note (a))	1,849	987
Agency fee income (note (a))	1,500	5,280
Interest income (note (b))	4,631	2,284

Notes:

- (a) Project management fee, management fee and agency fee income are subject to mutually agreed fee.
- (b) The details of balances with jointly controlled entities and associated companies are disclosed in notes 18 and 19 respectively.
- (c) 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 9.

(B) KEY MANAGEMENT COMPENSATION

	2013 HK\$'000	2012 HK\$'000
Fee	860	880
Salaries, allowances and benefits in kind	46,754	48,895
Employer's contribution to retirement benefit scheme	325	299
	47,939	50,074

Key management includes the Company's Directors and two (2012: three) senior management members of the Group.

Notes to the Financial Statements

38 SUBSEQUENT EVENT

In April 2013, Asia Standard issued RMB500 million notes at coupon of 6.5% per annum for a period of 5 years under a medium term note programme established during the year. Cross currency swap contracts were entered into simultaneously to hedge the principal repayment and reduce the effective interest rate to 5.5% per annum. The notes are listed on The Stock Exchange of Hong Kong Limited and the net proceeds of approximately RMB490 million will be applied for general corporate purposes.

39 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 Company and have their principal place of operations in Hong Kong.)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
<i>Incorporated in the British Virgin Islands</i>			
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 <i>Direct subsidiary of the Company</i>			
<i>Incorporated in Hong Kong</i>			
Asia Orient Company Limited	Investment holding	US\$26,964,837	100%
Hitako Limited	Securities investment	HK\$20	100%
Ocean Hand Investments Limited	Investment holding	HK\$2	100%
Pan Bright Investment Limited	Investment holding	HK\$20	100%
Pan Harbour Investment Limited	Investment holding	HK\$2	100%
Pan Inn Investment Limited	Investment holding	HK\$20	100%
Pan Kite Investment Limited	Investment holding	HK\$20	100%
Pan Pearl Investment Limited	Investment holding	HK\$20	100%

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

SUBSIDIARIES (Continued)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Pan Spring Investment Limited	Investment holding	HK\$20	100%
Prosperity Land Cleaning Service Limited	Cleaning services	HK\$100 and non-voting deferred share capital of HK\$100	100%
Prosperity Land Estate Management Limited	Property management	HK\$150 and non-voting deferred share capital of HK\$1,500,000	100%
Union Home Development Limited	Investment holding	HK\$2	100%
<i>Incorporated in Liberia</i>			
Bassindale Limited	Investment holding	US\$500	100%
<i>Incorporated in Bermuda</i>			
Asia Standard Hotel Group Limited ²	Investment holding	HK\$30,996,847	38.5%
Asia Standard International Group Limited ²	Investment holding	HK\$12,368,528	50.6%
² <i>Listed in Hong Kong</i>			
<i>Incorporated in Hong Kong</i>			
Asia Standard (Beijing) Company Limited	Investment holding	HK\$2	50.6%
Asia Standard Development (Holdings) Limited	Investment holding	HK\$10 and non-voting deferred share capital of HK\$362,892,949	50.6%
Asia Standard Development (Real Estate Agencies) Limited	Real estate agency services	HK\$2	50.6%
Asia Standard Finance Company Limited	Financing services	HK\$1,000,000	50.6%
Asia Standard International Limited	Investment holding	HK\$1,214,916,441	50.6%
Asia Standard Management Services Limited	Management services	HK\$2	50.6%
Asia Standard Project Management Company Limited	Project management	HK\$2	50.6%
Cheer Selection Limited	Securities investment	HK\$2	50.6%
Full Union Development Limited	Property development	HK\$2	50.6%
Get Rich Enterprises Limited	Property holding	HK\$2	50.6%
Glory Ocean Limited	Property development	HK\$2	50.6%
Grace Profit Enterprises Limited	Investment holding	HK\$2	38.5%

Notes to the Financial Statements

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

SUBSIDIARIES (Continued)

Name	Principal activity	Issued and fully paid share capital	Group equity interest
Hoi Chak Properties Limited	Property investment	HK\$10 and non-voting deferred share capital of HK\$2	50.6%
JBC Travel Company Limited	Travel agency	HK\$2,500,000	38.5%
Master Asia Enterprises Limited	Hotel holding	HK\$10,000	38.5%
Pacific Crown Enterprises Limited	Hotel investment	HK\$1	38.5%
Perfect Wave Limited	Catering operation	HK\$2	38.5%
Stone Pole Limited	Hotel holding	HK\$10	38.5%
Sure Luck Development Limited	Hotel investment	HK\$1	38.5%
Tilpifa Company Limited	Property investment	HK\$10 and non-voting deferred share capital of HK\$10,000	50.6%
Tonlok Limited	Property development	HK\$1,000	50.6%
Union Rich Resources Limited	Property development	HK\$2	50.6%
Vinstar Development Limited	Hotel holding	HK\$2	38.5%
Winfast Engineering Limited	Construction	HK\$2	50.6%
<i>Incorporated in British Virgin Islands</i>			
Enrich Enterprises Ltd. ³	Hotel holding	US\$1	38.5%
Global Gateway Corp. ³	Hotel operation	US\$1	38.5%
Glory Ventures Enterprises Inc. ³	Hotel holding	US\$1	38.5%
Greatime Limited	Securities investment	US\$1	38.5%
Onrich Enterprises Limited	Securities investment	US\$1	38.5%
Techfull Properties Corp.	Securities investment	US\$1	50.6%
Topshine Investment Holdings Limited	Securities investment	US\$1	38.5%
³ Operates in Canada			
<i>Incorporated and operates in the People's Republic of China (the "PRC")</i>			
上海鴻華星期五餐廳有限公司	Catering operation	RMB17,384,640	36.6%
<i>Incorporated and operates in Macau</i>			
國際石廠發展有限公司	Property development	MOB3,000,000	50.6%

39 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 share capital	Group equity interest
Lucky New Investment Limited	Property development	HK\$1	25.3%
Paramount Shine Limited	Property development	HK\$2	25.3%
Imperial Time Limited	Property development	HK\$1	10.1%
<i>Incorporated and operates in the PRC</i>			
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%
<i>Incorporated in the British Virgin Islands</i>			
Chater Capital Limited	Investment holding	US\$4	25.3%

40 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 25th June 2013.

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 development and investment, hotel, travel agency and securities investments.

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 2013.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2013

	2013 HK\$'000	2012 HK\$'000
Revenue	1,161,371	1,174,243
Cost of sales	(382,290)	(363,385)
Gross profit	779,081	810,858
Selling and administrative expenses	(198,845)	(185,560)
Depreciation	(86,588)	(92,213)
Net investment gain/(loss)	732,432	(1,453,884)
Fair value gain of investment properties	1,119,805	900,090
Operating profit/(loss)	2,345,885	(20,709)
Net finance costs	(32,613)	(12,208)
Share of profits less losses of		
Jointly controlled entities	14,812	106,306
Associated companies	320,225	236,301
Profit before income tax	2,648,309	309,690
Income tax expense	(45,800)	(20,259)
Profit for the year	2,602,509	289,431
Attributable to:		
Shareholders of the Company	2,475,670	382,661
Non-controlling interests	126,839	(93,230)
	2,602,509	289,431
Dividends	44,527	9,841
Earnings per share (HK\$)		
Basic and diluted	2.01	0.31

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

CONSOLIDATED BALANCE SHEET

As at 31st March 2013

	2013 HK\$'000	2012 HK\$'000
Non-current assets		
Property, plant and equipment	3,049,588	2,526,770
Investment properties	5,418,841	4,297,374
Jointly controlled entities	1,027,476	971,731
Associated companies	1,499,356	1,195,611
Available-for-sale investments	241,390	197,295
Mortgage loans receivable	3,790	14,073
Deferred income tax assets	805	1,041
	11,241,246	9,203,895
Current assets		
Properties under development for sale	1,166,672	1,521,261
Completed properties held for sale	55,515	56,216
Hotel and restaurant inventories	2,218	2,342
Mortgage loans receivable	672	1,156
Trade and other receivables	353,434	207,603
Amount due from a jointly controlled entity	–	91,000
Income tax recoverable	815	173
Financial assets at fair value through profit or loss	3,942,393	3,507,089
Bank balances and cash	409,426	398,366
	5,931,145	5,785,206
Current liabilities		
Trade and other payables	130,020	113,158
Amount due to jointly controlled entities	69,686	55,357
Derivative financial instruments	2,289	6,001
Borrowings	479,102	1,526,688
Income tax payable	27,214	21,734
	708,311	1,722,938
Net current assets	5,222,834	4,062,268
Total assets less current liabilities	16,464,080	13,266,163

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

CONSOLIDATED BALANCE SHEET (Continued)

As at 31st March 2013

	2013 HK\$'000	2012 HK\$'000
Non-current liabilities		
Long term borrowings	2,898,786	2,364,093
Deferred income tax liabilities	75,995	64,025
	2,974,781	2,428,118
Net assets	13,489,299	10,838,045
Equity		
Share capital	12,369	12,302
Reserves	12,636,934	10,121,020
Equity attributable to shareholders of the Company	12,649,303	10,133,322
Non-controlling interests	839,996	704,723
	13,489,299	10,838,045
Supplementary information with hotel properties in operation at valuation		
Revalued total assets	23,499,789	20,669,886
Revalued net assets	19,791,923	16,491,948

