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ASIA ORIENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 214)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2018

FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	2018	2017	Change
Revenue	1,925	1,862	+3%
Operating profit	1,717	1,929	-11%
Profit attributable to shareholders of the Company	814	1,011	-19%
Earnings per share - basic (HK\$)	0.97	1.21	-20%
Total assets	38,424	31,454	+22%
Net assets	23,768	22,084	+8%
Equity attributable to shareholders of the Company	12,531	11,615	+8%
Net debt	12,263	7,183	+71%
Supplementary information with hotel properties in operation at valuation:			
Revalued total assets	43,367	36,101	+20%
Revalued net assets	29,273	27,142	+8%
Equity attributable to shareholders of the Company	15,055	13,935	+8%
Gearing – net debt to revalued net assets	42%	26%	+16%

The Directors of Asia Orient Holdings Limited (the “Company”) announce that the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2018 together with the comparative figures for the year ended 31st March 2017 were as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2018

	Note	2018 HK\$'000	2017 HK\$'000
Revenue	2	1,924,720	1,861,549
Cost of sales		(322,701)	(308,928)
Gross profit		1,602,019	1,552,621
Selling and administrative expenses		(266,557)	(263,643)
Depreciation		(211,896)	(199,226)
Net investment (loss)/gain	3	(118,162)	966,159
Fair value gain of investment properties		711,195	671,379
Other exceptional charge		-	(798,743)
Operating profit		1,716,599	1,928,547
Net finance costs	5	(297,776)	(246,791)
Share of profits less losses of			
Joint ventures		73,198	90,744
Associated companies		29,204	(41,507)
Profit before income tax		1,521,225	1,730,993
Income tax (expense)/credit	6	(22,453)	3,465
Profit for the year		1,498,772	1,734,458
Attributable to:			
Shareholders of the Company		814,381	1,010,889
Non-controlling interests		684,391	723,569
		1,498,772	1,734,458
Earnings per share (HK\$)			
Basic	8	0.97	1.21
Diluted	8	0.96	1.21

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2018

	2018 HK\$'000	2017 HK\$'000
Profit for the year	1,498,772	1,734,458
Other comprehensive income/(charge)		
Items that have been reclassified or may be reclassified subsequently to profit or loss		
Net fair value gain on available-for-sale investments	52,030	48,252
Revaluation gain arising from transfer of property, plant and equipment to investment properties	-	37,955
Cash flow hedges		
- fair value gain/(loss)	37,435	(33,214)
- transfer to finance costs	(27,537)	46,149
Currency translation differences	11,058	(5,611)
Share of currency translation differences of joint ventures	155,887	(84,264)
	228,873	9,267
Total comprehensive income for the year	1,727,645	1,743,725
Attributable to:		
Shareholders of the Company	935,619	1,012,916
Non-controlling interests	792,026	730,809
	1,727,645	1,743,725

CONSOLIDATED BALANCE SHEET

As at 31st March 2018

	Note	2018 HK\$'000	2017 HK\$'000
Non-current assets			
Investment properties		8,924,567	8,199,737
Property, plant and equipment		7,715,692	7,959,906
Joint ventures and associated companies		4,790,131	3,599,351
Loan receivables		2,054	317,786
Available-for-sale investments		333,067	273,001
Financial assets at fair value through profit or loss		410,808	328,646
Deferred income tax assets		38,688	44,217
		<u>22,215,007</u>	<u>20,722,644</u>
Current assets			
Properties under development for sale		932,995	640,739
Completed properties held for sale		3,700	3,700
Hotel and restaurant inventories		14,091	15,351
Trade and other receivables	9	560,021	391,668
Loan receivables		340,966	-
Income tax recoverable		2,776	5,698
Financial assets at fair value through profit or loss		13,357,065	8,936,038
Bank balances and cash		997,390	738,373
		<u>16,209,004</u>	<u>10,731,567</u>
Current liabilities			
Trade and other payables	10	327,112	233,419
Amount due to joint ventures		61,659	134,311
Amount due to an associated company		224,400	224,400
Medium term notes		309,696	-
Derivative financial instruments		3,522	-
Income tax payable		42,600	12,111
Borrowings		2,958,974	1,210,619
		<u>3,927,963</u>	<u>1,814,860</u>
Net current assets		<u>12,281,041</u>	<u>8,916,707</u>
Non-current liabilities			
Long term borrowings		9,644,801	6,083,447
Medium term notes		347,291	626,656
Derivative financial instruments		-	76,977
Deferred income tax liabilities		735,955	768,463
		<u>10,728,047</u>	<u>7,555,543</u>
Net assets		<u>23,768,001</u>	<u>22,083,808</u>
Equity			
Share capital		84,087	84,087
Reserves		12,446,722	11,531,284
Equity attributable to shareholders of the Company		<u>12,530,809</u>	<u>11,615,371</u>
Non-controlling interests		11,237,192	10,468,437
		<u>23,768,001</u>	<u>22,083,808</u>

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 all applicable Hong Kong Financial Reporting Standards.

The accounting policies and methods of computation used in the preparation of these annual financial statements are consistent with those used in 2017, except adoption of the following new standard that is effective for the first time for this year which is relevant to the Group's operation and is mandatory for accounting periods beginning on or after 1st January 2017:

Amendment to HKAS7 Statement of Cash Flows

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

Certain new and revised standards have been issued but are not yet effective for the year ended 31st March 2018 and have not been early adopted by the Group.

2 Segment information

Revenue includes revenue from property management, property sales and leasing, hotel and travel operation, management services, interest income and dividend income.

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
2018						
Gross income	-	191,497	633,979	6,843,267	113,162	7,781,905
Segment revenue	-	191,497	529,960	1,090,101	113,162	1,924,720
Contribution to segment results	(11,897)	159,592	203,441	1,087,933	59,398	1,498,467
Depreciation	(3,125)	-	(196,555)	-	(12,216)	(211,896)
Net investment loss	-	-	-	(118,162)	-	(118,162)
Fair value gain of investment properties	-	711,195	-	-	-	711,195
Share of profits less losses of						
Joint ventures	66,282	-	-	-	6,916	73,198
Associated companies	-	29,255	-	-	(51)	29,204
Segment results	51,260	900,042	6,886	969,771	54,047	1,982,006
Unallocated corporate expenses						(163,005)
Net finance costs						(297,776)
Profit before income tax						1,521,225
2017						
Gross income	600	152,120	638,526	4,387,743	106,373	5,285,362
Segment revenue	600	152,120	502,457	1,099,999	106,373	1,861,549
Contribution to segment results	590	120,998	167,917	1,097,823	65,665	1,452,993
Depreciation	-	-	(191,163)	-	(8,063)	(199,226)
Net investment gain	-	-	-	966,159	-	966,159
Fair value gain of investment properties	-	671,379	-	-	-	671,379
Other exceptional charge	(798,743)	-	-	-	-	(798,743)
Share of profits less losses of						
Joint ventures	82,278	-	-	-	8,466	90,744
Associated companies	-	(41,435)	-	-	(72)	(41,507)
Segment results	(715,875)	750,942	(23,246)	2,063,982	65,996	2,141,799
Unallocated corporate expenses						(164,015)
Net finance costs						(246,791)
Profit before income tax						1,730,993

Notes:

- Management regards gross income of travel operation as gross sales proceeds from the sales of air-ticket, hotel reservation arrangement and incentive travel tours.
- Management regards gross income of financial investments 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.

2 Segment information (continued)

	Business segments						Unallocated	Total
	Property sales	Property leasing	Hotel and travel	Financial investments	Others			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
2018								
Assets	4,214,075	10,516,476	6,682,153	14,500,655	628,534	1,881,118	38,424,011	
Assets include:								
Joint ventures and associated companies	3,220,867	1,554,483	-	-	11,230	3,551	4,790,131	
Addition to non-current assets*	616,137	127,602	78,406	-	2,297	-	824,442	
Liabilities								
Borrowings	2,453,469	1,048,628	1,737,356	3,156,992	280,000	3,927,330	12,603,775	
Other unallocated liabilities							<u>2,052,235</u>	
							<u><u>14,656,010</u></u>	
2017								
Assets	2,676,462	9,650,737	7,073,256	9,712,470	778,202	1,563,084	31,454,211	
Assets include:								
Joint ventures and associated companies	2,031,758	1,411,262	-	-	152,729	3,602	3,599,351	
Addition to non-current assets*	107,934	42,538	46,699	-	24,044	-	221,215	
Liabilities								
Borrowings	1,402,964	954,054	1,737,087	1,233,443	280,000	1,686,518	7,294,066	
Other unallocated liabilities							<u>2,076,337</u>	
							<u><u>9,370,403</u></u>	

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

2 Segment information (continued)

	2018 HK\$'000	2017 HK\$'000
Revenue		
Hong Kong	726,508	640,761
Overseas	<u>1,198,212</u>	<u>1,220,788</u>
	<u>1,924,720</u>	<u>1,861,549</u>
Non-current assets*		
Hong Kong	18,966,285	18,105,261
Overseas	<u>2,464,105</u>	<u>1,653,733</u>
	<u>21,430,390</u>	<u>19,758,994</u>

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

3 Net investment (loss)/gain

	2018 HK\$'000	2017 HK\$'000
Financial assets at fair value through profit or loss		
- net unrealised (loss)/gain from market price movements	(365,566)	930,946
- net unrealised exchange gain/(loss)	128,431	(50,852)
- net realised gain (note)	83,006	86,065
Fair value gain on derivative financial instrument	<u>35,967</u>	<u>-</u>
	<u>(118,162)</u>	<u>966,159</u>

Note:

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

Gross consideration	5,753,166	3,287,744
Cost of investments	<u>(5,010,689)</u>	<u>(3,031,239)</u>
Total gain	742,477	256,505
Less: net unrealised gain recognised in prior years	<u>(659,471)</u>	<u>(170,440)</u>
Net realised gain recognised in current year	<u>83,006</u>	<u>86,065</u>

4 Income and expenses by nature

	2018 HK\$'000	2017 HK\$'000
Income		
Interest income		
Listed investments	1,022,813	1,048,029
Loan receivables	36,509	25,685
Bank deposits	2,943	2,477
Dividend income		
Listed investments	41,327	31,382
	<u> </u>	<u> </u>
Expenses		
Cost of properties and goods sold	76,554	72,463
Operating lease rental expense for land and buildings	2,037	2,439
	<u> </u>	<u> </u>

5 Net finance costs

	2018 HK\$'000	2017 HK\$'000
Interest expense		
Long term bank loans	(247,322)	(170,415)
Short term bank loans and overdrafts	(9,694)	(1,641)
Medium term notes	(33,364)	(47,188)
Interest income from hedging derivative financial instruments	3,573	2,585
Interest capitalised	40,630	31,734
	<u> </u>	<u> </u>
	(246,177)	(184,925)
Other incidental borrowing costs	(42,875)	(47,821)
Net foreign exchange (loss)/gain on borrowings	(36,261)	32,308
Fair value loss on derivative financial instruments		
Cash flow hedge, transfer from reserve	27,537	(34,012)
Discontinuation of hedge accounting	-	(12,341)
	<u> </u>	<u> </u>
	<u>(297,776)</u>	<u>(246,791)</u>

6 Income tax (expense)/credit

	2018	2017
	HK\$'000	HK\$'000
Current income tax expense		
Hong Kong profits tax	(45,264)	(8,504)
Overseas profits tax	(6,230)	-
Over provision in prior years	<u>2,062</u>	<u>8,101</u>
	(49,432)	(403)
Deferred income tax credit	<u>26,979</u>	<u>3,868</u>
	<u>(22,453)</u>	<u>3,465</u>

Hong Kong profits tax is provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profit for the year. Overseas profits tax has been provided on the estimated assessable profit for the year at the rate prevailing in the countries in which the Group operates (2017: Nil).

7 Dividends

	2018	2017
	HK\$'000	HK\$'000
Interim, nil (2017: Nil)	-	-
Final, proposed, of HK2.4 cents (2017: HK2.4 cents) per share	<u>20,181</u>	<u>20,181</u>
	<u>20,181</u>	<u>20,181</u>

At a meeting held on 28th June 2018, the Board of Directors has proposed to pay a final dividend of HK2.4 cents (2017: HK2.4 cents) per share for the year ended 31st March 2018. 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 2019.

The amount of HK\$20,181,000 is based on 840,873,996 issued shares as at 28th June 2018.

8 Earnings per share

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

	2018	2017
	HK\$'000	HK\$'000
Profit attributable to shareholders of the Company		
For calculation of basic earnings per share	814,381	1,010,889
Effect of dilutive potential shares:		
A portion of share options of the subsidiaries assumed to be exercised	<u>(1,585)</u>	<u>(673)</u>
Profit for calculation of diluted earnings per share	<u>812,796</u>	<u>1,010,216</u>
	Number of shares	
Weighted average number of shares for calculation of basic earnings per share	840,873,996	834,035,689
Effect of dilutive potential shares:		
A portion of share options of the Company assumed to be exercised	<u>2,600,602</u>	<u>1,323,892</u>
Weighted average number of shares for calculation of diluted earnings per share	<u>843,474,598</u>	<u>835,359,581</u>

9 Trade and other receivables

Trade and other receivables of the Group include trade receivables, accrued interest receivable and accrued dividend receivable, loan receivables, prepayments, utility and other deposits.

Trade receivables of the Group amounted to HK\$72,697,000 (2017: HK\$90,637,000). 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 receivables, credit evaluation of customers are performed periodically.

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

	2018	2017
	HK\$'000	HK\$'000
0 month to 6 months	71,541	89,798
7 months to 12 months	1,126	-
More than 12 months	<u>30</u>	<u>839</u>
	<u>72,697</u>	<u>90,637</u>

10 Trade and other payables

Trade and other payables of the Group include trade payables, rental and management fee deposits, retentions payable of construction costs and various accruals. Trade payables of the Group amounted to HK\$59,215,000 (2017: HK\$35,277,000).

Aging analysis of trade payables is as follows:

	2018	2017
	HK\$'000	HK\$'000
0 month to 6 months	58,403	34,848
7 months to 12 months	343	63
More than 12 months	469	366
	59,215	35,277

The figures in respect of the Group's consolidated balance sheet, consolidated profit and loss account, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31st March 2018 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group's revenue for the year amounted to HK\$1,925 million (2017: HK\$1,862 million), with profit attributable to shareholders at HK\$814 million (2017: HK\$1,011 million). The decrease in profit is mainly caused by mark-to-market valuation loss from our financial investments while that of last year was a gain.

The Group continued carrying out its property sales, development and leasing operation through Asia Standard International, its 51.8% owned listed subsidiary.

PROPERTIES, DEVELOPMENT AND LEASING

Sales and development

Our joint venture company in Shanghai has sold out the second phase of Queen's Gate, a high-end villas and apartments development. During the year, it substantially completed the delivery of the sold houses and collection of the remaining sales proceeds. Recently, we concluded the refurbishment of new show flats for the third phase. Management will continue to monitor the market and regulatory conditions and will launch the third phase of the development once sales permit is obtained.

Joint venture project at Tongzhou, Beijing has completed site clearance during the year and foundation works has already commenced. Sales office and presentation center is under construction to cope with our sales programme in the latter half of the financial year ending March 2019.

In Hong Kong, our residential joint venture re-development at Perkins Road, Jardine's Lookout is near completion. Occupation permit is expected to be issued shortly in mid-2018 and will be launched for sale in the fourth quarter 2018 after completion of refurbishment of show flats. Another luxurious joint venture residential development at Po Shan Road is under foundation construction which is anticipated to complete towards the end of 2018.

The land exchange process for the commercial and residential development at Hung Shui Kiu, Yuen Long is ongoing. Provisional basic terms were substantially agreed. Another residential development at the Lam Tei station nearby is also in the process of land exchange application with the government. These two projects will provide approximately 590,000 sq. ft. of developable GFA.

In Macau, the Group is continuing its appeal on Macau government's declaration of lease expiry of the Group's site in Seac Pai Van. Full provision on the carrying value of the site has been made in last financial year ended 31 March 2017. More details are given in the Notes to the Financial Statements relating to "Other exceptional charges".

In Canada, redevelopment of our Empire Landmark Hotel commenced in the second half of the financial year and will be turned into a mixed-use development with two residential towers ("Landmark on Robson") upon completion. Demolition is in progress and contracted sales of CAD97 million was achieved up to 31 March 2018, since the launch of presale in January 2018. A joint venture redevelopment of a high-end residential complex in Alberni Street, downtown Vancouver is undergoing land re-zoning application.

Shortly after the financial year ended 31 March 2018, the Group, through another joint venture with which it owns 40% equity interest, has completed the acquisition of certain land and building in Alberni Street, within close proximity to its present joint venture project for redevelopment into premium residential units for sale.

Leasing

Leasing income of MassMutual Tower, 33 Lockhart Road in Wanchai increased by about 70% compared with last year, following the repositioning of new tenants and the completion of extensive renovation works in the second half of last financial year.

Leasing income from Asia Standard Tower in Central was at a similar level compared to last year while Goldmark in Causeway Bay decreased following the expiry of a major retail tenancy in the middle of the first half financial year.

Overall leasing income attributable to Asia Standard International increased by 18% from HK\$187 million to HK\$220 million. Net revaluation gain (taking into account our share from the investment property owned by an associated company) of HK\$725 million (2017: HK\$607 million) was recorded.

HOTEL

During the year, overnight stay visitors to Hong Kong increased 5% to approximately 28 million. Mainland visitors dominate this segment with 67% share, and their arrival increased 8% from last year. Total hotel rooms in Hong Kong are approximately 78,000 rooms, an increase of 3% over last year.

Revenue arising from the hotel and travel segment for the year amounted to HK\$530 million (2017: HK\$502 million). Average occupancies for the 4 Hong Kong hotels were approximately 95% (2017: 96%) while average room rates increased 10%. Overall, contribution to segment results before depreciation increased from HK\$168 million to HK\$203 million.

The hotel licence application of our new hotel in Tsimshatsui is being considered by the authority, adding another 90 rooms to the portfolio. This hotel is expected to commence operation in the third quarter of 2018.

FINANCIAL INVESTMENTS

At 31st March 2018, the Group held financial investments of approximately HK\$14,101 million (2017: HK\$9,538 million), with HK\$12,050 million (2017: HK\$8,186 million) held by the two listed subsidiary groups. The investment portfolio comprise 83% by listed debt securities (mostly issued by PRC-based real estate companies), 16% by listed equity securities (of which approximately 72% were issued by major banks) and 1% unlisted funds and securities. They are denominated in different currencies with 90% in United States dollar, 6% in Hong Kong dollar and 4% in Sterling.

The portfolio increase largely arose from a further net investment of HK\$4,749 million and a mark-to-market valuation net loss of HK\$186 million, comprising HK\$497 million loss from debt securities (mostly from PRC-based real estate companies) and HK\$311 million gain from equity securities (largely from our bank investments and a Macau-based gaming resort listed in Hong Kong). The valuation loss in debt securities is mainly due to higher yield expectation from investors amidst a rising interest rate environment. Our equity investment in US bank continued to benefit from the improvement of US economy, while those in the UK banks were boosted by the appreciation of Sterling. The gaming resort in Macau has enjoyed improved business environment following more visitors with the opening of new resorts in the Cotai area.

Income from these investment portfolio amounted to HK\$1,090 million (2017: HK\$1,100 million). The increase in income from further investment was offsetted by a special one-time coupon income last year of certain debt securities from a PRC-based real estate issuer, resulting in a slight decrease this year.

At 31st March 2018, an approximate value of HK\$2,160 million (2017: HK\$760 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

FINANCIAL REVIEW

At 31st March 2018, the Group had over HK\$6.6 billion (2017: HK\$7.8 billion) cash and undrawn banking facilities. The financing and treasury activities of our three listed groups are independently administered.

At 31st March 2018, the Group's total assets amounted to approximately HK\$38.4 billion (2017: HK\$31.5 billion). Net assets were HK\$23.8 billion (2017: HK\$22.1 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group would be HK\$43.3 billion (2017: HK\$36.1 billion) and HK\$29.3 billion (2017: HK\$27.1 billion), an increase of 20% and 8% respectively when compared to end of last financial year.

Net debt at 31st March 2018 was HK\$12,263 million (2017: HK\$7,183 million), of which HK\$808 million (2017: HK\$164 million) was attributable to the parent group. The Group's gearing, calculated as net debt to revalued net asset, was approximately 42% (2017: 26%). 51% of the debts are secured and 97% of the debts are at floating rates. Total interest cost increased as a result of increased borrowings.

The maturities of our debts are spreading over a long period of up to 9 years, with 7% repayable after five years and 71% repayable between one to five years. The remaining 22% is repayable within 1 year of which 8% are revolving and 7% has been refinanced after the financial year end into longer term maturities of 5 years. As at 31st March 2018, the Group had net current assets of HK\$12.3 billion (2017: HK\$8.9 billion).

About 94% of the Group's borrowings are in Hong Kong dollar, 3% in United States Dollar, 2% in Renminbi, and the remaining 1% in other currencies.

At 31st March 2018, an approximate HK\$18.5 billion (2017: HK\$17.8 billion) book value of property assets were pledged to banks as collateral for credit facilities granted to the Group. HK\$897 million guarantee (2017: HK\$1,206 million) was provided to financial institutions against outstanding bank loans of joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

At 31st March 2018, the Group employed approximately 460 (2017: 600) employees. Their remuneration packages, commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

FUTURE PROSPECTS

Property prices in Hong Kong have been rising gradually over the financial year, with demand for both commercial and residential properties still actively pursued, amid the continuous effort of local government to increase the land supply by every means. In view of the upcoming operation of the Hong Kong-Zhuhai-Macau Bridge, Express Rail Link and the Shatin to Central Link, the great shortening of transportation time brought by these major infrastructures would potentially increase demand and fuel the rising trend of property prices. On the other hand, the Hong Kong Interbank Offered Rates have risen significantly, though still at a relatively low level, following a series of interest rate increase in the United States, we anticipate the mortgage interest rate in Hong Kong is also on an upward trend.

The property segment in Mainland cosmopolitans and developing urban areas continue to grow over the past financial year, as evidenced by the increasing sale of major developers. Restrictive purchase measures are still in place to maintain the healthy development of the segment. Recently, the trade dispute between United States and China escalates and management is closely following the development of its impact on Mainland economy and the property segment.

Hotel performance has regained momentum during the financial year. With the completion of more infrastructure projects, we are expecting the continuous gradual increase of visitors' arrivals and remain positive over the long-term prospects of our hospitality industry.

Financial market continues to be volatile, especially amongst environment of trade disputes between various territories with the United States, the interest rate hike, and the political tension brought by United States administration.

The Group have successfully repositioned its tenant mix and improved the rental performance following the upgrading and renovating of the Wanchai headquarter office building. Retail space segment is becoming stable after a period of consolidation. We expect to upkeep our performance in the leasing activities.

Management remains cautious in the rapidly changing environment and is affirmative with the Group's performance.

DIVIDEND

The Board of Directors recommend the payment of a final dividend for the year ended 31st March 2018 of HK2.4 cents per share (2017: HK2.4 cents per share). No interim dividend was declared during the year (2017: Nil). Total dividend for the year amounts to HK2.4 cents per share (2017: HK2.4 cents per share).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Monday, 27th August 2018 to Thursday, 30th August 2018 both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the 2018 annual general meeting to be held on 30th August 2018 (the "Annual General Meeting"). During which period no transfer of shares of the Company will be registered and no shares will be allotted and issued on the exercise of the subscription rights attached to the outstanding share options granted by the Company. In order to qualify for attending the Annual General Meeting, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 24th August 2018.

The proposed final dividend is subject to the approval of the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend is 6th September 2018. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 5th September 2018 to Thursday, 6th September 2018 both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfers of shares of the Company, accompanied by the relevant share certificates and the appropriate transfer forms, must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 4th September 2018. The final dividend will be paid on 26th September 2018.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 2018.

CORPORATE GOVERNANCE CODE

During the year, the Company has complied with the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Listing Rules, except the following deviations :-

1. Code Provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. All 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 the 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 assessing the independence of independent non-executive directors, reviewing the structure, diversity, 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 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 but shall then be eligible for re-election at the meeting.

AUDIT COMMITTEE

The Audit Committee has reviewed the annual results of the Group for the year ended 31st March 2018.

By Order of the Board
Asia Orient Holdings Limited
Fung Siu To, Clement
Chairman

Hong Kong, 28th June 2018

As at the date of this announcement, the executive directors of the Company are Mr. Fung Siu To, Clement, Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Lun Pui Kan and Mr. Kwan Po Lam, Phileas; and the independent non-executive directors are Mr. Cheung Kwok Wah, Mr. Hung Yat Ming and Mr. Wong Chi Keung.