



ASIA ORIENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code 214)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2007

FINANCIAL HIGHLIGHTS

For the year ended 31st March <i>(in HK\$ million, except otherwise indicated)</i>	2007	2006	Change (%)
Turnover	119	45	+164%
Operating profit/(loss)	45	(14)	N/A
Share of profits of associated companies	123	66	+86%
Profit attributable to shareholders	168	56	+200%
Earnings per share - basic (HK\$)	0.44	0.21	+110%
Dividend per share (HK cents) – interim + final	5.20	-	N/A
Total assets	2,062	1,726	+19%
Net assets	2,013	1,672	+20%
Net assets per share (HK\$)	5.22	6.57	-21%
Gearing	Net cash	Net cash	N/A

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 2007 together with the comparative figures for the year ended 31st March 2006 were as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2007

	<i>Note</i>	2007 HK\$'000	2006 <i>HK\$'000</i>
Revenue from property management, dividend and interest income and proceeds from sale of financial assets at fair value through profit or loss	3, 5	<u>118,650</u>	<u>45,090</u>
Revenue from property management, dividend and interest income	3, 5	20,237	17,363
Cost of sales		<u>(8,895)</u>	<u>(8,317)</u>
Gross profit		11,342	9,046
Administrative expenses	5	(22,302)	(12,342)
Other income and charges	4	<u>56,310</u>	<u>(10,869)</u>
Operating profit/(loss)		45,350	(14,165)
Finance costs	6	(688)	(1,363)
Share of profits less losses of Jointly controlled entities		-	6,334
Associated companies		<u>122,873</u>	<u>65,599</u>
Profit before income tax		167,535	56,405
Income tax credit	7	<u>36</u>	-
Profit for the year attributable to shareholders of the Company		<u>167,571</u>	<u>56,405</u>
Dividends and distribution	8	<u>23,791</u>	-
Earnings per share (HK dollars)			
Basic	9	<u>0.44</u>	<u>0.21</u>
Diluted	9	<u>0.44</u>	<u>0.21</u>

CONSOLIDATED BALANCE SHEET*As at 31st March 2007*

	Note	2007 HK\$'000	2006 HK\$'000
Non-current assets			
Property, plant and equipment		1,876	2,646
Jointly controlled entities		7,272	11,694
Associated companies		1,876,465	1,453,079
Deferred income tax assets		3,885	3,902
		<u>1,889,498</u>	<u>1,471,321</u>
Current assets			
Trade and other receivables	10	891	102,977
Financial assets at fair value through profit or loss		50,321	45,943
Derivative financial instruments		5,902	-
Bank balances and cash		115,045	105,505
		<u>172,159</u>	<u>254,425</u>
Current liabilities			
Trade and other payables	11	39,100	40,659
Amounts due to jointly controlled entities		-	4,422
Amounts due to associated companies		1,641	18
Amounts due to minority shareholders		8,311	8,311
		<u>49,052</u>	<u>53,410</u>
Net current assets		<u>123,107</u>	<u>201,015</u>
Total assets less current liabilities		2,012,605	1,672,336
Non-current liabilities			
Deferred income tax liabilities		9	135
Net assets		<u>2,012,596</u>	<u>1,672,201</u>
Equity			
Share capital		38,572	25,456
Reserves		1,974,024	1,646,745
		<u>2,012,596</u>	<u>1,672,201</u>

NOTES

1 Basis of preparation

The financial statements have been prepared under the historical cost convention as modified by the revaluation of 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”).

2 The adoption of new/revised HKFRS

During the year, the Group adopted the amendments and interpretation of HKFRS below, which are relevant to its operations.

HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 and HKFRS 4 (Amendment)	Financial Guarantee Contracts
HK(IFRIC) – Int 4	Determining whether an Arrangement contains a Lease

The Group has assessed the impact of the adoption of these amendments and interpretation and considered that there were no significant impact on the Group’s results and financial position and no substantial changes in the Group’s accounting policies.

Standards, interpretations and amendments to existing standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published which are relevant to the Group’s operations and financial statements and are mandatory for the Group’s accounting periods beginning on or after 1st April 2007 or later periods as follows:

Effective from 1st January 2007

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HK (IFRIC) – Int 8	Scope of HKFRS 2
HK (IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK (IFRIC) – Int 10	Interim Reporting and Impairment
HK (IFRIC) – Int 11	HKFRS 2 - Group and Treasury Share Transactions
HKFRS 7	Financial Instruments: Disclosures

Effective from 1st January 2009

HKFRS 8	Operating Segments
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The Group has not early adopted the above standards, amendments and interpretations and is not expected to have substantial changes to the Group’s accounting policies and presentation of the financial statements.

3 Revenue and segment information

An analysis of revenue, results, assets and liabilities of the Group by business segments and geographical segments is set out below:

Business segments

	Property management	Investment	Other operations	Group
2007 (in HK\$'000)				
Proceeds from sale of financial assets at fair value through profit or loss	-	98,413	-	98,413
Segment revenue	<u>11,838</u>	<u>480</u>	<u>7,919</u>	<u>20,237</u>
	<u>11,838</u>	<u>98,893</u>	<u>7,919</u>	<u>118,650</u>
Contribution to segment results	2,943	480	7,919	11,342
Other income/(charges)	-	56,310	-	56,310
Unallocated corporate expenses				<u>(22,302)</u>
Operating profit				45,350
Finance costs				(688)
Share of results of Associated companies (note i)				<u>122,873</u>
Profit before income tax				167,535
Income tax credit				<u>36</u>
Profit for the year				<u>167,571</u>
2006 (in HK\$'000)				
Proceeds from sale of financial assets at fair value through profit or loss	-	27,727	-	27,727
Segment revenue	<u>11,263</u>	<u>-</u>	<u>6,100</u>	<u>17,363</u>
	<u>11,263</u>	<u>27,727</u>	<u>6,100</u>	<u>45,090</u>
Contribution to segment results	2,946	-	6,100	9,046
Other income/(charges)	-	(10,869)	-	(10,869)
Unallocated corporate expenses				<u>(12,342)</u>
Operating loss				(14,165)
Finance costs				(1,363)
Share of results of Jointly controlled entities (note i) Associated companies (note i)				6,334
				<u>65,599</u>
Profit for the year				<u>56,405</u>

Note i: Share of results of jointly controlled entities and associated companies

	2007		2006	
	Jointly controlled entities HK\$'000	Associated companies HK\$'000	Jointly controlled entities HK\$'000	Associated companies HK\$'000
Property sales	-	47,457	-	(13,597)
Property leasing	-	114,129	-	144,758
Hotel and travel	-	33,276	-	12,835
Investments	-	-	6,334	(7,428)
Other operations	-	15,187	-	7,766
Finance costs	-	(45,561)	-	(49,537)
Unallocated corporate expenses	-	(41,615)	-	(29,198)
	-	122,873	6,334	65,599

2007 (in HK\$'000)	Property sales	Property management	Investment	Other operations	Group
Segment assets	-	488	56,223	2,147	58,858
Jointly controlled entities and associated companies (note ii)					1,883,737
Unallocated assets					119,062
					2,061,657
Segment liabilities	-	37,786	-	8,311	46,097
Unallocated liabilities					2,964
					49,061
Capital expenditure	-	14	-	-	14
Depreciation	-	42	-	742	784

2006 (in HK\$'000)	Property sales	Property management	Investment	Other operations	Group
Segment assets	101,000	2,105	45,943	2,519	151,567
Jointly controlled entities and associated companies (note ii)					1,464,773
Unallocated assets					<u>109,406</u>
					<u>1,725,746</u>
Segment liabilities	-	35,575	-	8,311	43,886
Unallocated liabilities					<u>9,659</u>
					<u>53,545</u>
Capital expenditure	-	77	-	1,677	1,754
Depreciation	-	42	-	428	470

Note ii: Share of segment assets less liabilities of jointly controlled entities and associated companies

	2007	2006
	HK\$'000	HK\$'000
Property sales	585,168	315,367
Property leasing	663,967	708,162
Hotel and travel	570,912	319,485
Investments	7,272	50,009
Other operations	49,470	20,044
Unallocated net assets	6,948	51,706
	<u>1,883,737</u>	<u>1,464,773</u>

Geographical segments

For the year ended 31st March 2007 and 2006, the activities of the Group are mainly based in Hong Kong. The Group incurred its capital expenditure, derived all of its revenue and operating profit/(loss) from Hong Kong. Over 90% of its total assets are located in Hong Kong.

4 Other income and charges

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Unrealised gain on derivative financial instruments	5,902	-
Unrealised losses on financial assets at fair value through profit or loss	(1,650)	(4,556)
Net realised losses on financial assets at fair value through profit or loss	(5,080)	(13,758)
Gain on disposal of subsidiaries	163	-
Gain on disposal of associated companies and a jointly controlled entity	13,215	-
Negative goodwill recognised on acquisition of additional interest in listed associated companies	43,760	8,811
Loss on deemed disposal of interest in a listed associated company	-	(1,366)
	<u>56,310</u>	<u>(10,869)</u>

5 Income and expenses by nature

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Income		
Interest income		
Financial assets at fair value through profit or loss	-	274
Others	7,508	5,440
Dividends from listed financial assets at fair value through profit or loss	<u>480</u>	<u>-</u>
Expenses		
Operating lease rental expenses for land and buildings	269	259
Employee benefit expense, including Directors' emoluments	23,598	15,016
Depreciation	<u>784</u>	<u>470</u>

6 Finance costs

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest expense		
Long term bank loans	-	1,284
Short term bank loans and overdrafts	<u>688</u>	<u>79</u>
	<u>688</u>	<u>1,363</u>

7 Income tax credit

No provision for Hong Kong profits tax and overseas income tax have been made as the Group has no estimated assessable profit for the year. (2006: Nil)

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Current income tax		
Underprovisions in prior years	(73)	-
Deferred income tax	<u>109</u>	-
	<u>36</u>	-

Share of income tax of jointly controlled entities and associated companies for the year of nil (2006: nil) and HK\$24,146,000 (2006: HK\$15,551,000) are included in the profit and loss account as share of profits less losses of jointly controlled entities and associated companies respectively.

8 Dividends and distribution

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interim, paid, of HK3.2 cents (2006: Nil) per share	12,219	-
Final, proposed, of HK2.0 cents (2006: Nil) per share	<u>11,572</u>	-
	<u>23,791</u>	-

At a meeting held on 18th July 2007, the Board has proposed a distribution of HK2.0 cents per share with a scrip option. This proposed distribution is not reflected in the financial statements, but will be reflected as an appropriation of contributed surplus in the year ending 31st March 2008.

The proposed distribution of HK\$11,572,000 is based on 578,576,347 shares in issue assuming the proposed rights issue of the Company is completed (note 12).

9 Earnings per share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$167,571,000 (2006: HK\$56,405,000) and divided by the weighted average of 378,686,455 (2006: 271,331,660, adjusted for the effects of rights issue in April 2006) shares in issue during the year.

The calculation of diluted earnings per share for the year ended 31st March 2007 is based on HK\$164,964,000 equalling to the profit attributable to shareholders of HK\$167,571,000 with a decrease in share of profit after tax HK\$2,607,000 from Asia Standard International Group Limited ("Asia Standard") arising from potential conversion of the convertible notes of Asia Standard, and the weighted average number of 378,686,455 shares in issue during the year. The Company's outstanding share options did not have a dilutive effect on the earnings per share.

In 2006, the exercise of subscription rights attached to the share options and the conversion of the convertible bonds of Asia Standard would not have a dilutive effect on the earnings per share. The diluted earnings per share are equal to the basic earnings per share in 2006.

10 Trade and other receivables

Trade and other receivables of the Group include trade receivables, utility and other deposits, interest and other receivables. Trade receivables of the Group amounted to HK\$302,000 (2006: HK\$159,000). 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 debtors, credit evaluations of customers are performed periodically.

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

	Group	
	2007	2006
	HK\$'000	HK\$'000
0 day to 60 days	226	98
61 days to 120 days	76	11
More than 120 days	-	50
	<u>302</u>	<u>159</u>

11 Trade and other payables

Trade and other payables of the Group include trade payables, rental and management fee deposits, interest and other payables and various accruals. Trade payables of the Group amounted to HK\$4,181,000 (2006: HK\$2,173,000).

Aging analysis of trade payables is as follows:

	Group	
	2007	2006
	HK\$'000	HK\$'000
0 day to 60 days	3,629	1,807
61 days to 120 days	28	12
More than 120 days	524	354
	<u>4,181</u>	<u>2,173</u>

12 Subsequent event

In June 2007, the Company offered a rights issue of 193 million shares at HK\$1.30 each for a gross amount of HK\$251 million pursuant to a rights issue of 1 rights share for every 2 shares held on the record date. The net proceeds from the subscription would be used for investment in Hong Kong, Macau and the People's Republic of China in order to expand the Group's investment portfolio.

The figures in this preliminary announcement have been agreed by PricewaterhouseCoopers (“PwC”) to those in the Group’s consolidated financial statements for the year ended 31st March 2007. The work performed by PwC in this respect was limited and did not constitute an audit, review or other 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 PwC for this announcement.

DIVIDENDS AND DISTRIBUTION

The Directors recommend a distribution for the year ended 31st March 2007 of HK2.0 cents (2006: Nil) per share to shareholders whose names appear on the Company’s Register of Members on 31st August 2007 (“Record Date”). The distribution is subject to approval of the shareholders in the 2007 annual general meeting to be held on 31st August 2007 (“2007 AGM”), and is expected to be paid on or around 2nd October 2007. The shareholders will be given an option to elect to receive shares of the Company credited as fully paid in lieu of cash in respect of part or all of the proposed distribution (“Scrip Distribution Scheme”). Total dividend and distribution for the year, including interim dividend of HK3.2 cents (2006: Nil) per share, amounts to HK5.2 cents (2006: Nil) per share.

The Scrip Distribution Scheme will be subject to (i) the approval of the proposed distribution at the 2007 AGM; and (ii) The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting listing of and permission to deal in the new shares to be allotted thereunder. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the existing shares of the Company in the Stock Exchange for the three trading days prior to and including the Record Date less a discount of 6% of such average price or the par value of shares, whichever is the higher. Full details of the Scrip Distribution Scheme will be set out in a circular to shareholders.

PROPOSALS FOR INCREASE IN THE AUTHORISED SHARE CAPITAL OF THE COMPANY AND BONUS WARRANT ISSUE

On 18th July 2007, the Board proposes an increase in the authorised share capital of the Company from HK\$75,000,000 to HK\$150,000,000 by the creation of an additional 750,000,000 new shares of HK\$0.1 each in the capital of the Company. The proposal of increase in the authorised share capital of the Company is subject to approval of the shareholders of the Company at the 2007 AGM.

The Board also proposes a conditional bonus warrant issue (the "Bonus Warrant Issue") to the shareholders on the basis of one warrant for every five shares of the Company. The initial subscription price was determined at HK\$1.62 per share, subject to adjustment, and the bonus warrants are exercisable at any time during the period of one year from the date of issue. No listing will be sought for the bonus warrants to be issued under the Bonus Warrants Scheme. The Bonus Warrant Issue will be subject to, inter alia, (i) approval of the shareholders of the Company at a special general meeting of the Company to be held immediately after the conclusion of the 2007 AGM on 31st August 2007, and (ii) the Stock Exchange granting approval for the listing of and permission to deal in the new shares which may fall to be issued pursuant to any exercise of the subscription rights attaching to such warrants. Further details of the Bonus Warrant Issue will be separately published in an announcement and the subsequent circular.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

Profit attributable to shareholders increase to HK\$168 million as compared to HK\$56 million last year, the increase resulted mainly from the sharing of the improved performance of Asia Standard International Group Limited (“Asia Standard”), and the gain arising from the acquisition of additional interest in it.

ASIA STANDARD

The Group's shareholdings in Asia Standard increased from 40.98% to 42.9% during the year. The listed associated company achieved HK\$288 million (2006: HK\$168 million) profit attributable to shareholders during the year at a turnover of HK\$1,374 million (2006: HK\$744 million).

Property sales, leasing and development

Asia Standard completed two residential developments during the year, and together with other inventory units, recognised HK\$652 million property sales for the year, increased from last years' HK\$75 million.

It is now progressing on the superstructure construction stage of its residential developments in Aberdeen and Ting Kau, Hong Kong which are expected to be launched in the coming financial year and the year subsequent. Currently, Asia Standard has approximately 1 million sq.ft. gross floor area of properties under development.

The associated company achieved a 6% attributable rental increment from its investment properties portfolio, with the disposal of an investment property.

Hotel

Hotel group's gross operating profit increased by 18% from HK\$136 million to HK\$161 million. It reported a HK\$28 million profit for the year compared to last year's loss of HK\$21 million.

The two Hong Kong based Empire hotels achieved a 13% combined revenue increment against that of last year. Empire Landmark in Canada also experienced a 20% revenue increase, taking into account of exchange rate effect.

Hotel group's net borrowings were down by HK\$114 million, a 14% decrease to HK\$723 million.

The hotel group is undertaking a renovation project of a 280-room hotel in Causeway Bay, Hong Kong. The newly acquired hotel is expected to commence operation in second half 2008.

FINANCIAL REVIEW

The Group was at net cash position at current financial year end and last year.

At 31st March 2007, the Group's net asset value increased to HK\$2.01 billion, an increase of HK\$341 million (20%) from HK\$1.67 billion of 31st March 2006.

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

EMPLOYEES AND REMUNERATION POLICIES

At 31st March 2007, the Group employed 203 full time employees with most of them working for building management and related logistics services. Their remuneration packages, which are commensurate with job nature and experience level, include basic salary, annual bonus, share options, retirement and other benefits.

FUTURE PROSPECTS

Property market continues to advance with low mortgage rates, rising personal income and increasing affordability. Management is confident that its investments in Asia Standard would bring favourable returns as and when its results reflect the expanding economy of Hong Kong.

Hotel performance is very encouraging resulting from the continuing favourable effect of economic expansion, Disney Theme Park, conferences and exhibitions hosted by Hong Kong, and the increasing importance of China. Visitors' arrivals to Hong Kong for the year of 2006 reached 25 million, 8% higher than last year. We believe there will be growing attraction in Hong Kong with its privileged position as a door to the mainland.

Management is actively exploring investment opportunities in mainland China.

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 has purchased or sold any of the Company's listed securities during the year.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year, the Company has complied with the Code Provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own Code of Conduct for Securities Transactions by Directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10) of the Listing Rules. The Company has also made specific enquiry to the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code for Securities Transactions by Directors.

AUDIT COMMITTEE

The Audit Committee members are Mr. Hung Yat Ming, Mr. Cheung Kwok Wah, Ken and Mr. Wong Chi Keung. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

The audited financial statements of the Group for the year ended 31st March 2007 have been reviewed by the Audit Committee.

BOOK CLOSURE

The Register of Members will be closed from Wednesday, 29th August 2007 to Friday, 31st August 2007, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the proposed distribution, the Bonus Warrant Issue and to ascertain the right to attend the abovementioned meetings, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00p.m. on Tuesday, 28th August 2007.

By Order of the Board
Fung Siu To, Clement
Chairman

Hong Kong, 18th July 2007

As at the date of this announcement, the executive directors of the Company are Mr. Fung Siu To Clement, Dr. Lim Yin Cheng, Mr. Poon Jing, Mr. Lun Pui Kan and Mr. Kwan Po Lam Phileas; the non-executive director is Mr. Chan Sze Hung; and the independent non-executive directors are Mr. Cheung Kwok Wah Ken, Mr. Hung Yat Ming and Mr. Wong Chi Keung.