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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 2009

#### FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	2009	2008	Change
<b>Consolidated profit and loss account</b>			
Turnover	142	35	+306%
Revenue	30	26	+15%
Net investment (losses)/gains	(57)	6	N/A
Operating loss	(73)	(6)	+1,117%
Share of (losses)/profits of associated companies	(180)	211	N/A
(Loss)/profit attributable to shareholders	(239)	287	N/A
<b>Consolidated balance sheet</b>			
Total assets	2,478	2,644	-6%
Net assets	2,344	2,591	-10%
Net assets per share (HK\$)	3.6	4.2	-14%
Net (debt)/cash	(69)	124	N/A
Gearing	2.9%	Nil	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 2009 together with the comparative figures for the year ended 31st March 2008 were as follows:

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2009

	Note	2009 HK\$'000	2008 HK\$'000
Turnover	3, 4	<u>142,177</u>	<u>35,168</u>
Revenue	3, 4	29,855	25,940
Cost of sales		<u>(8,628)</u>	<u>(12,940)</u>
Gross profit		21,227	13,000
Administrative expenses	4	(12,922)	(12,982)
Other income and charges	5	<u>(81,355)</u>	<u>(6,511)</u>
Operating loss		(73,050)	(6,493)
Finance costs		(4,503)	(636)
Negative goodwill arising from acquisition of additional interest in associated companies		22,103	84,154
Share of (losses)/profits of associated companies		<u>(180,203)</u>	<u>210,642</u>
(Loss)/profit before income tax		(235,653)	287,667
Income tax expense	6	<u>(3,135)</u>	<u>(499)</u>
(Loss)/profit for the year attributable to shareholders of the Company		<u>(238,788)</u>	<u>287,168</u>
Dividends	7	<u>-</u>	<u>23,371</u>
(Loss)/earnings per share (HK cents)			
Basic	8	<u>(37.4)</u>	<u>51.6</u>
Diluted	8	<u>(37.4)</u>	<u>51.2</u>

## CONSOLIDATED BALANCE SHEET

As at 31st March 2009

	Note	2009 HK\$'000	2008 HK\$'000
Non-current assets			
Property, plant and equipment		423	1,172
Jointly controlled entities		7,272	7,272
Associated companies		2,216,517	2,400,136
Available-for-sale investments		17,658	88,760
Deferred income tax assets		236	3,047
		<u>2,242,106</u>	<u>2,500,387</u>
Current assets			
Trade and other receivables	9	7,210	2,771
Financial assets at fair value through profit or loss		185,596	7,136
Derivative financial instruments		2,563	-
Warrant assets		4,439	10,163
Bank balances and cash		36,579	123,999
		<u>236,387</u>	<u>144,069</u>
Current liabilities			
Trade and other payables	10	19,367	35,633
Warrant liabilities		-	7,341
Amounts due to associated companies		390	1,925
Amounts due to minority shareholders		8,311	8,311
Bank loans - secured		29,039	-
		<u>57,107</u>	<u>53,210</u>
Net current assets		<u>179,280</u>	<u>90,859</u>
Total assets less current liabilities		<u>2,421,386</u>	<u>2,591,246</u>
Non-current liabilities			
Convertible bonds		77,265	-
Deferred income tax liabilities		-	508
		<u>77,265</u>	<u>508</u>
Net assets		<u>2,344,121</u>	<u>2,590,738</u>
Equity			
Share capital		65,148	62,332
Reserves		2,278,973	2,528,406
		<u>2,344,121</u>	<u>2,590,738</u>

## **NOTES TO THE FINANCIAL STATEMENT**

### **1 Basis of preparation**

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale investments, financial assets at fair value through profit or loss, derivative financial instruments, warrant assets and warrant liabilities, 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 HKAS 39 & HKFRS 7 (Amendments) “Reclassification of Financial Assets” which are relevant to its operations. These amendments are effective prospectively from 1st July 2008. These amendments do not have any impact on the Group’s financial statements, as the Group has not reclassified any financial assets.

### 3 Turnover and segment information

Turnover comprises revenue from property management, dividend and interest income, together with gross proceeds from securities investments. Revenues include revenue from property management, and dividend and interest income.

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

#### Business segments

	Property management	Investments	Others	Group
<b>2009 (in HK\$'000)</b>				
Turnover	13,372	128,195	610	142,177
Segment revenue	<u>13,372</u>	<u>15,873</u>	<u>610</u>	<u>29,855</u>
Contribution to segment results	4,744	15,873	610	21,227
Other income and charges	-	(73,224)	(8,131)	(81,355)
Segment results	<u>4,744</u>	<u>(57,351)</u>	<u>(7,521)</u>	<u>(60,128)</u>
Unallocated corporate expenses				<u>(12,922)</u>
Operating loss				(73,050)
Finance costs				(4,503)
Negative goodwill arising from acquisition of additional interest in associated companies				22,103
Share of results of associated companies (note)				<u>(180,203)</u>
Loss before income tax				(235,653)
Income tax expense				<u>(3,135)</u>
Loss for the year				<u>(238,788)</u>
<b>2008 (in HK\$'000)</b>				
Turnover	16,263	14,687	4,218	35,168
Segment revenue	<u>16,263</u>	<u>5,459</u>	<u>4,218</u>	<u>25,940</u>
Contribution to segment results	3,323	5,459	4,218	13,000
Other income and charges	-	442	(6,953)	(6,511)
Segment results	<u>3,323</u>	<u>5,901</u>	<u>(2,735)</u>	6,489
Unallocated corporate expenses				<u>(12,982)</u>
Operating loss				(6,493)
Finance costs				(636)
Negative goodwill arising from acquisition of additional interest in associated companies				84,154
Share of results of associated companies (note)				<u>210,642</u>
Profit before income tax				287,667
Income tax expense				<u>(499)</u>
Profit for the year				<u>287,168</u>

Note: Share of results of associated companies

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Property sales	(7,775)	35,530
Property leasing	(34,454)	174,051
Hotel and travel	13,210	18,240
Investments	(135,520)	256
Others	21,448	51,023
Finance costs	(19,659)	(27,632)
Unallocated corporate expenses	<u>(17,453)</u>	<u>(40,826)</u>
	<u><b>(180,203)</b></u>	<u>210,642</u>

### Geographical segments

A summary of geographical segments is set out as follows:

	<b>Turnover</b>	<b>Segment revenue</b>	<b>Operating (loss)/profit</b>
<b>2009 (in HK\$'000)</b>			
<b>Hong Kong</b>	<b>129,270</b>	<b>16,948</b>	<b>(54,565)</b>
<b>Europe</b>	<u>12,907</u>	<u>12,907</u>	<u>(18,485)</u>
	<u><b>142,177</b></u>	<u><b>29,855</b></u>	<u><b>(73,050)</b></u>
<b>2008 (in HK\$'000)</b>			
Hong Kong	29,868	21,938	(11,793)
USA	<u>5,300</u>	<u>4,002</u>	<u>5,300</u>
	<u><b>35,168</b></u>	<u><b>25,940</b></u>	<u><b>(6,493)</b></u>

### 4 Income and expenses by nature

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
<b>Income</b>		
Bank interest income	622	7,620
Interest income from listed investments	4,867	1,523
Dividend income from listed investments	<u>10,994</u>	<u>534</u>
<b>Expenses</b>		
Depreciation	<u>775</u>	<u>786</u>

## 5 Other income and charges

	2009 HK\$'000	2008 HK\$'000
Realised gains/(losses) on		
- Financial assets at fair value through profit or loss	-	1,200
- Derivative financial instruments	2,452	1,298
- Available-for-sale investments	(4,733)	-
Impairment loss on available-for-sale investments	(31,909)	-
Unrealised (losses)/gains on		
- Financial assets at fair value through profit or loss	(41,965)	(1,890)
- Derivative financial instruments	2,563	-
- Warrant assets	(17,456)	(28,765)
- Warrant liabilities	7,341	13,767
- Convertible bonds	2,384	-
Provision for advances to a jointly controlled entity	(400)	(800)
Gain on disposal of associated companies	-	8,845
Exchange gain/(loss)	368	(166)
	<u>(81,355)</u>	<u>(6,511)</u>

## 6 Income tax expense

	2009 HK\$'000	2008 HK\$'000
Current income tax		
Overprovision in prior years	-	6
Deferred income tax	(3,135)	(505)
	<u>(3,135)</u>	<u>(499)</u>

In 2008, the Hong Kong government enacted a change on profits tax rate from 17.5% to 16.5% for the fiscal year of 2008/2009.

No provision for Hong Kong profits tax and overseas income tax has been made as the Group has no estimated assessable profit for the year (2008: Nil).

Share of HK\$4,268,000 income tax credit (2008: HK\$22,172,000 income tax expenses) of associated companies for the year is included in the profit and loss account as share of results of associated companies. There is no income tax for jointly controlled entities for the year (2008: Nil).

## 7 Dividends

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
Interim, paid, of nil (2008: HK2.0 cents) per share	-	12,463
Final, proposed, of nil (2008: HK1.75 cents) per share	-	10,908
	<u>-</u>	<u>10,908</u>
	<u>-</u>	<u>23,371</u>

## 8 (Loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on loss of HK\$238,788,000 (2008: profit of HK\$287,168,000) attributable to shareholders of the Company and divided by the weighted average number of 638,512,374 (2008: 556,415,813) shares in issue during the year.

The basic and diluted loss per share for the year ended 31st March 2009 was the same as the outstanding warrants and share options of the Company, Asia Standard and AS Hotel and the Company's outstanding convertible bonds did not have a dilutive effect on the loss per share in 2009.

The calculation of diluted earnings per share for the year ended 31st March 2008 was based on profit attributable to shareholders of the Company of HK\$287,168,000 and divided by 561,288,934 shares equalling to the weighted average number of 556,415,813 shares in issue during the year with an increase of 4,873,121 potential shares deemed to be in issue assuming the Company's share options had been converted. The Company's outstanding warrants and the outstanding share options and warrants of Asia Standard and AS Hotel did not have a dilutive effect on the earnings per share in 2008.

## 9 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\$10,000 (2008: HK\$227,000). 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 evaluations of customers are performed periodically.

Aging analysis of trade receivables is as follows:

	<b>Group</b>	
	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
0 day to 60 days	<u>10</u>	<u>227</u>



## 10 Trade and other payables

Trade and other payables of the Group include trade payables, rental and management fee deposits and various accruals. Trade payables of the Group amounted to HK\$3,051,000 (2008: HK\$3,170,000).

Aging analysis of trade payables is as follows:

	<b>2009</b>	2008
	<b>HK\$'000</b>	HK\$'000
0 day to 60 days	<b>2,977</b>	2,984
61 days to 120 days	<b>21</b>	75
More than 120 days	<b>53</b>	111
	<b><u>3,051</u></b>	<u>3,170</u>

## 11 Comparative figures

Certain comparative figures have been restated to conform with the current year's presentation.

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 2009. 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

The Board of Directors does not recommend the payment of a final dividend (2008: HK1.75 cents per share in scrip) for the year ended 31st March 2009.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **RESULTS**

The Group recorded a loss attributable to shareholders of HK\$239 million compared to a profit of HK\$287 million last year.

Both the Group and its associated company Asia Standard International Group Ltd sustained unrealized losses resulting from the investment portfolios and the decrease in fair value of its properties. The Group share 45.4% of the loss reported by Asia Standard.

### **ASIA STANDARD**

The 45.4% owned Asia Standard reported a loss attributable to shareholders of HK\$381 million (2008: a profit of HK\$471 million) at a revenue of HK\$855 million (2008: HK\$1,084 million).

#### **Property sales and leasing**

Property sales amounted to HK\$144 million compared to HK\$379 million of last year. Development profit was HK\$51 million compared to HK\$80 million last year. Jadewater, the newly completed residential development at Aberdeen, began sales in June 2008.

Construction of the joint venture residential development at Castle Peak Road is progressing with completion scheduled third quarter 2009. Presale consent for the 200,000 sq. ft. development is obtained and show flat design and build is underway.

Asia Standard has approximately 740,000 sq. ft. gross floor area of properties under development in Hong Kong. Another 2 million sq. ft. gross floor area waterfront residential/commercial development project in Beijing is under planning application phase.

Attributable rental income from its investment portfolio increased by 13%, mainly the result of increased unit rent upon tenancy renewal.

#### **Hotel**

The hotel group reported a HK\$230 million loss for the year. Although the hotel operation achieved similar revenue and gross profit level with last year, the hotel group's result was adversely affected by the unrealized fair value loss it sustained from financial assets investment.

Asia Standard holds 67.7% stake in its hotel subsidiary.

### **FINANCIAL REVIEW**

At 31st March 2009, the Group's net asset value stood at HK\$2.3 billion (2008: HK\$2.6 billion). During the year, the Group issued a HK\$80 million convertible bonds maturing August 2010 with a 4% coupon. Net borrowing at year end was HK\$69 million while last year was a net cash balance of HK\$124 million.

At 31st March 2009, the Group had financial investment amounting to HK\$210 million (2008: HK\$106 million) and had a net unrealized loss of HK\$89 million, which had no impact on the cashflow of the Group.

Certain listed securities 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 2009, the Group employed 177 full time employees with most of them working for building management and related logistics services. Their remuneration packages, which commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

## **FUTURE PROSPECTS**

Unparalleled public intervention and aggressive monetary easing policies adopted by Central Banks worldwide have been able to halt the financial meltdown to slide into a deeper turmoil. Since the reporting date, strong demand for properties sales locally and in the mainland market shows the benefit of these policies along with substantial rebound in the equities market worldwide. Nevertheless, management is keeping a cautious approach to the current year and remains hopeful that this is a sustainable recovery in the long run.

## **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.

## **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 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 2009.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

During the year, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except for the deviation from code provision A.4.1 which stated 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.

## **AUDIT COMMITTEE**

The Audit Committee members are Mr. Hung Yat Ming, Mr. Cheung Kwok Wah and Mr. Wong Chi Keung who have reviewed the annual financial statements of the Group for the year ended 31st March 2009.

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

Hong Kong, 7th July 2009

*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, Mr. Hung Yat Ming and Mr. Wong Chi Keung.*