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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 2014

#### FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	<b>2014</b>	2013	Change
Revenue	<b>1,308</b>	1,027	+27%
Operating profit	<b>1,524</b>	2,414	-37%
Profit attributable to shareholders of the Company	<b>774</b>	1,364	-43%
Earnings per share - basic (HK\$)	<b>1.07</b>	1.91	-44%
Total assets	<b>25,434</b>	22,012	+16%
Net assets	<b>19,005</b>	17,532	+8%
Equity attributable to shareholders of the Company	<b>9,264</b>	8,373	+11%
Net debt	<b>3,948</b>	3,006	+31%
Supplementary information with hotel properties in operation at valuation:			
Revalued total assets	<b>28,271</b>	<b>24,374</b>	+16%
Revalued net assets	<b>22,430</b>	<b>20,516</b>	+9%
Equity attributable to shareholders of the Company	<b>10,589</b>	<b>9,522</b>	+11%
Equity attributable to shareholders of the Company per share (HK\$)	<b>14.06</b>	<b>13.33</b>	+5%
Gearing – net debt to revalued net assets	<b>18%</b>	<b>15%</b>	+3%

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 2014 together with the comparative figures for the year ended 31st March 2013 were as follows:

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2014

	Note	2014 HK\$'000	2013 HK\$'000 (Restated)
Revenue	3	1,307,517	1,027,278
Cost of sales		(329,027)	(190,948)
Gross profit		978,490	836,330
Selling and administrative expenses		(195,792)	(208,641)
Depreciation		(164,933)	(165,285)
Net investment gain	4	693,573	831,297
Fair value gain of investment properties		213,067	1,119,805
Operating profit		1,524,405	2,413,506
Net finance costs		(90,906)	(44,685)
Share of profits less losses of			
Joint ventures		(4,542)	(4,915)
Associated companies		74,907	320,225
Profit before income tax		1,503,864	2,684,131
Income tax expense	6	(20,514)	(33,366)
Profit for the year		1,483,350	2,650,765
Attributable to:			
Shareholders of the Company		773,883	1,363,791
Non-controlling interests		709,467	1,286,974
		1,483,350	2,650,765
Dividends	7	30,590	29,995
Earnings per share (HK\$)			
Basic	8	1.07	1.91
Diluted	8	0.98	1.74

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2014

	2014 HK\$'000	2013 HK\$'000
Profit for the year	<b>1,483,350</b>	<b>2,650,765</b>
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss		
Net fair value (loss)/gain on available-for-sale investments	(4,567)	36,407
Impairment of available-for-sale investments charged to profit and loss account	-	395
Release of reserve upon disposal of available-for-sale investments	-	(1,319)
Cash flow hedges		
- fair value gains	10,427	-
- transfer to finance costs	3,414	-
Currency translation differences	(33,800)	(3,419)
Share of currency translation differences of joint ventures	13,033	18,805
	<b>(11,493)</b>	50,869
Total comprehensive income for the year	<b>1,471,857</b>	2,701,634
Attributable to:		
Shareholders of the Company	773,359	1,385,568
Non-controlling interests	698,498	1,316,066
	<b>1,471,857</b>	2,701,634

# CONSOLIDATED BALANCE SHEET

As at 31st March 2014

	Note	2014 HK\$'000	2013 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		7,224,741	7,171,385
Investment properties		5,535,909	5,418,841
Joint ventures		1,198,343	1,121,706
Associated companies		1,519,893	1,441,984
Available-for-sale investments		241,078	241,390
Financial assets at fair value through profit or loss		554,844	-
Derivative financial instruments		10,427	-
Mortgage loans receivable		2,797	3,790
Deferred income tax assets		3,573	1,254
		<u>16,291,605</u>	<u>15,400,350</u>
<b>Current assets</b>			
Properties under development for sale		1,748,797	1,177,534
Completed properties held for sale		3,816	131,352
Hotel and restaurant inventories		1,569	2,218
Trade and other receivables	9	307,066	371,242
Income tax recoverable		5,589	815
Financial assets at fair value through profit or loss		5,586,317	4,487,788
Bank balances and cash		1,489,650	440,457
		<u>9,142,804</u>	<u>6,611,406</u>
<b>Current liabilities</b>			
Trade and other payables	10	167,412	155,121
Amounts due to joint ventures		37,058	69,686
Income tax payable		37,139	27,214
Derivative financial instruments		982	2,289
Convertible bonds		48,149	-
Borrowings		929,483	479,102
		<u>1,220,223</u>	<u>733,412</u>
Net current assets		<u>7,922,581</u>	<u>5,877,994</u>
Total assets less current liabilities		<u>24,214,186</u>	<u>21,278,344</u>
<b>Non-current liabilities</b>			
Long term borrowings		3,849,758	2,898,786
Convertible bonds		-	68,493
Medium term notes		609,894	-
Deferred income tax liabilities		749,483	778,613
		<u>5,209,135</u>	<u>3,745,892</u>
Net assets		<u>19,005,051</u>	<u>17,532,452</u>
<b>Equity</b>			
Share capital		75,294	71,416
Reserves		9,188,929	8,301,776
Equity attributable to shareholders of the Company		<u>9,264,223</u>	<u>8,373,192</u>
Non-controlling interests		9,740,828	9,159,260
		<u>19,005,051</u>	<u>17,532,452</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 Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies and methods of computation used in the preparation of these annual financial statements are consistent with those used in 2013, except for the new derivative contracts designated as cash flow hedge instruments and the adoption of new standards, which are relevant to the Group’s operations and are applicable to the Group’s accounting periods beginning on 1st April 2013.

Changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised in other comprehensive income. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit and loss account.

The following new standards are relevant to the Group’s operations and are mandatory for accounting periods beginning on or after 1st January 2013:

Amendment to HKAS 1	Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangement
HKFRS 12	Disclosures of Interests in Other Entities
HKFRS 13	Fair Value Measurement

The adoption of new standards 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 2014 and have not been early adopted by the Group. 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 changes to the Group’s accounting policies and presentation of the consolidated financial statements.

## 2. Change of accounting on revenue recognition for the Group's travel operation

The principal activity of the Group's travel operation is the provision of air ticket sales, hotel reservation arrangement and incentive travel tour.

During the year, the Group has reassessed its policy regarding the recognition of revenue on a gross versus a net basis in relation to its travel operation segment.

To determine whether the Group's travel operation is acting as a principal or as an agent requires judgement and consideration of all relevant facts and circumstances. The guidance from the authoritative accounting literature indicates that evaluating the relevant factors is subject to critical accounting judgement and significant subjectivity. Management has conducted a comprehensive review for this matter and determined that it is more appropriate and in line with current market practices for the revenue to be recognised as commission earned only (net basis) for the majority of the Group's travel operation revenue transactions except for certain custom-made incentive travel tours. Previously, all of the Group's travel operation revenue was presented on a gross basis. As required by HKAS 8 "Accounting Policies, Changes in Accounting Estimate and Errors", this restatement has been made retrospectively and as presented in the table below, the impact of the change in revenue recognition is to decrease revenue and corresponding cost of sales, with no impact to gross profit, profit for the year, earnings per share in the consolidated profit and loss account or to other primary statements at all.

	For the year ended 31st March 2013 (As previously presented) HK\$'000	Effect of amendment to revenue recognition HK\$'000	For the year ended 31st March 2013 (As restated) HK\$'000
Revenue	1,226,529	(199,251)	1,027,278
Cost of sales	(390,199)	199,251	(190,948)
Gross profit	836,330	-	836,330

### 3 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
<b>2014</b>						
Gross income	160,000	110,236	729,989	2,009,299	28,979	3,038,503
Segment revenue	<u>160,000</u>	<u>110,236</u>	<u>517,616</u>	<u>490,686</u>	<u>28,979</u>	<u>1,307,517</u>
Contribution to segment results	31,592	101,671	248,747	490,202	8,209	880,421
Depreciation	-	-	(157,988)	-	(6,945)	(164,933)
Net investment gain	-	-	-	693,573	-	693,573
Fair value gain of investment properties	-	213,067	-	-	-	213,067
Share of profits less losses of						
Joint ventures	(3,353)	-	-	-	(1,189)	(4,542)
Associated companies	-	74,935	-	-	(28)	74,907
Segment results	28,239	389,673	90,759	1,183,775	47	1,692,493
Unallocated corporate expenses						(97,723)
Net finance costs						(90,906)
Profit before income tax						<u>1,503,864</u>
<b>2013</b>						
Gross income	833	90,861	719,492	2,575,273	37,422	3,423,881
Segment revenue (restated)	<u>833</u>	<u>90,861</u>	<u>520,241</u>	<u>377,921</u>	<u>37,422</u>	<u>1,027,278</u>
Contribution to segment results	131	81,288	259,135	377,921	11,066	729,541
Depreciation	-	-	(159,441)	-	(5,844)	(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						
Joint ventures	(4,915)	-	-	-	-	(4,915)
Associated companies	-	320,225	-	-	-	320,225
Segment results	(4,784)	1,521,318	99,694	1,209,218	5,222	2,830,668
Unallocated corporate expenses						(101,852)
Net finance costs						(44,685)
Profit before income tax						<u>2,684,131</u>

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.

### 3 Segment information (continued)

	Business segments						Unallocated HK\$'000	Total HK\$'000
	Property sales	Property leasing	Hotel and travel	Financial investments	Others			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
<b>2014</b>								
Assets	2,968,339	7,059,892	7,075,098	6,537,159	264,499	1,529,422	25,434,409	
Assets include:								
Joint ventures and associated companies	1,215,450	1,470,128	-	-	931	31,727	2,718,236	
Addition to non-current assets*	36,618	287	154,264	-	9,527	26,518	227,214	
Liabilities								
Borrowings	1,968,371	444,776	1,410,553	955,541	-	-	4,779,241	
Other unallocated liabilities							<u>1,650,117</u>	
							<u>6,429,358</u>	
<b>2013</b>								
Assets	2,554,943	6,835,321	7,126,750	4,869,666	346,913	278,163	22,011,756	
Assets include:								
Joint ventures and associated companies	1,167,571	1,395,193	-	-	926	-	2,563,690	
Addition to non-current assets*	190,362	1,662	221,194	-	4,072	-	417,290	
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>	

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



### 3 Segment information (continued)

	2014 HK\$'000	2013 HK\$'000 (Restated)
<b>Revenue</b>		
Hong Kong	826,020	604,381
Overseas	481,497	422,897
	<u>1,307,517</u>	<u>1,027,278</u>
<b>Non-current assets*</b>		
Hong Kong	14,153,871	13,816,119
Overseas	1,325,015	1,337,797
	<u>15,478,886</u>	<u>15,153,916</u>

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

### 4 Net investment gain

	2014 HK\$'000	2013 HK\$'000
Financial assets at fair value through profit or loss		
- net unrealised gain from market price movements	506,471	643,207
- net unrealised exchange gain/(loss)	73,312	(52,968)
- net realised gain (note)	113,790	236,900
Available-for-sale investments		
- net realised gain	-	4,553
- impairment	-	(395)
	<u>693,573</u>	<u>831,297</u>

Note:

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

Gross consideration	1,518,613	2,197,352
Cost of investments	(1,287,235)	(1,931,544)
Total gain	231,378	265,808
Less: net unrealised gain recognised in prior years	(117,588)	(28,908)
Net realised gain recognised in current year	<u>113,790</u>	<u>236,900</u>

## 5 Income and expenses by nature

	2014 HK\$'000	2013 HK\$'000
<b>Income</b>		
Interest income		
- Listed investments	452,068	339,856
- Unlisted investments	-	405
- A joint venture	2,283	1,489
- Other receivables	3,476	2,260
- Bank deposits	5,677	1,180
Dividend income		
- Listed investments	36,809	37,207
	<u>          </u>	<u>          </u>
<b>Expenses</b>		
Cost of properties and goods sold (restated)	148,591	200,944
Operating lease rental expense for land and buildings	3,725	6,944
	<u>          </u>	<u>          </u>

## 6 Income tax expense

	2014 HK\$'000	2013 HK\$'000
Current income tax expense		
Hong Kong profits tax	(51,267)	(33,495)
Under-provision in prior years	(696)	(99)
	<u>          </u>	<u>          </u>
	(51,963)	(33,594)
Deferred income tax credit	31,449	228
	<u>          </u>	<u>          </u>
	(20,514)	(33,366)
	<u>          </u>	<u>          </u>

Hong Kong profits tax is provided at the rate of 16.5% (2013: 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 joint ventures and associated companies for the year of HK\$50,000 (2013: HK\$1,180,000) and HK\$3,588,000 (2013: HK\$4,037,000) are included in the profit and loss account as share of profits less losses of joint ventures and associated companies respectively.

## 7 Dividends

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Interim, nil (2013: Nil)	-	-
Final, proposed, of HK4 cents (2013: HK4.2 cents) per share	<u>30,590</u>	<u>29,995</u>
	<u><b>30,590</b></u>	<u><b>29,995</b></u>

At a meeting held on 26th June 2014, the Board of Directors has proposed to pay a final dividend of HK4 cents (2013: HK4.2 cents) with a scrip option for the year ended 31st March 2014. 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 2015.

The amount of HK\$30,590,000 is based on 764,760,849 issued shares as at 26th June 2014.

## 8 Earnings per share

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

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	<b>773,883</b>	1,363,791
Effect of dilutive potential shares :		
Interest expense saved on convertible bonds	<u>9,093</u>	<u>8,624</u>
Profit for calculation of diluted earnings per share	<u><b>782,976</b></u>	<u><b>1,372,415</b></u>

### Number of shares

Weighted average number of shares for calculation of basic earnings per share	<b>725,113,473</b>	714,157,660
Effect of dilutive potential shares:		
a portion of share options of the Company assumed to be exercised	<b>4,691,434</b>	685,601
convertible bonds assumed to be converted at beginning of the year	<u><b>67,965,129</b></u>	<u>72,727,272</u>
Weighted average number of shares for calculation of diluted earnings per share	<u><b>797,770,036</b></u>	<u><b>787,570,533</b></u>

Diluted earnings per share for the years ended 31st March 2014 and 31st March 2013 did not assume the exercise of the outstanding share options of Asia Standard international Group Limited (“Asia Standard”) and Asia Standard Hotel Group Limited (“Asia Standard Hotel”) since their exercise would have an anti-dilutive effect.

## 9 Trade and other receivables

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

Trade receivables of the Group amounted to HK\$56,885,000 (2013: HK\$81,661,000). 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:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
0 day to 60 days	<b>51,847</b>	80,019
61 days to 120 days	<b>1,083</b>	1,642
121 days to 180 days	<b>3,955</b>	-
	<b>56,885</b>	81,661

## 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\$18,112,000 (2013: HK\$26,067,000).

Aging analysis of trade payables is as follows:

	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
0 day to 60 days	<b>17,487</b>	25,715
61 days to 120 days	<b>243</b>	161
121 days to 180 days	<b>226</b>	130
More than 180 days	<b>156</b>	61
	<b>18,112</b>	26,067

The figures in this preliminary announcement of the Group's results for the year ended 31st March 2014 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\$1,308 million (2013: HK\$1,027 million, adjusted for certain accounting changes), it recorded a HK\$774 million (2013: HK\$1,364 million) profit attributable to shareholders. The decrease in profit is a result of a reduction of revaluation gain of the Group's investment properties.

#### Property sales and development

The Group's property sales, development and leasing operation is carried out through Asia Standard International, its 50.9% owned listed subsidiary. In the last financial year, the HKSAR government implemented tax measures to regulate the upward trend of the property market. However, there are no adverse effect to the Group's current year result as there were no new property projects launched for sale in this year.

During the year, the Group completed and recognised a HK\$160 million sales contract for the inventory retail podium of Canaryside in Yau Tong. We have sold all inventory of this development.

The Group is at present engaged in the development of several residential and commercial projects with an attributable GFA of approximately 4.0 million sq. ft., spanning over Hong Kong, Shanghai, Beijing and Macau.

In Hong Kong, our Hung Shui Kiu development is currently undergoing planning process. This is a major residential and commercial development on an 112,000 sq. ft. site, which will provide approximately 900 residential units and retail shops, with an approximate total GFA of 519,000 sq. ft. Our development is conveniently located adjacent to a light rail station linked to the West Rail network. We have another development nearby at the Lam Tei station which is also in the process of planning application.

Demolition is underway for the Group's luxurious high-rise residential development at Perkins Road, Jardine's Lookout. During the year, the Group acquired a building at Henderson Road, Jardine's Lookout on the Hong Kong Island, demolition was completed and foundation work is due to commence.

In Shanghai, we are building over 300 villas and apartments in a traditional high end and low-density residential neighborhood in the Qingpu district, Puxi. There are about a dozen international schools that surround our development, which makes the location very sought after. Furthermore, our development is minutes away from the Hongqiao transportation hub and is about 30 minutes drive from the Nanjing West Road CBD. This 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's pre-sale will commence in the 3rd quarter of 2014 and project completion in 2015.

In Beijing, our group was successful in gaining planning approvals from the local government of Tongzhou. This 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 is located within the proposed residential/commercial Seac Pai Van zoning outline indicated by the local Government.

## **Leasing**

Rental income attributable to our 353,000 sq. ft. investment properties portfolio in Central, Wan Chai and Causeway Bay amounted to HK\$134 million (2013: HK\$117 million), an increase of 15%.

Revaluation gain (including that generated from an investment property owned by an associated company) of HK\$270 million (2013: HK\$1,419 million) was recorded.

## **Hotel**

The hotel and travel operation is carried out through Asia Standard Hotel, another separately listed subsidiary 70.1% owned by Asia Standard International, and 3% directly owned by the parent group.

Overnight-stay visitors to Hong Kong increased 9% to 26 million during the year. Growth has come from short haul markets where mainland China continues to be the most important inbound source.

In the face of a 5% increase in total hotel rooms supply, revenue arising from the hotel and travel segment amounted to HK\$518 million (2013: HK\$520 million, adjusted for accounting changes on certain travel business). Average room rates of the 3 Hong Kong hotels were slightly dropped as compared to last year while average occupancies stay above 95%. Contribution to segment results before depreciation was approximately HK\$249 million (2013: HK\$259 million).

Superstructure works of the new hotel project adjacent to the existing one in Causeway Bay had just commenced, while foundation work of the other new hotel in Tsimshatsui is in progress and schedule to complete by early 2015. These two new developed hotels will add 184 rooms to the portfolio upon completion in 2016/2017.

## **Financial investments**

At 31st March 2014, the Group's financial investment portfolio amounted to HK\$6,382 million (2013: HK\$4,729 million), of which HK\$5,714 million were held in the group's two listed subsidiaries. The increase arose from a mark-to-market valuation gain of HK\$575 million and a further investment of HK\$1,078 million.

Interest and dividend income for the year from these investments amounted to HK\$489 million (2013: HK\$378 million).

The Group's financial investments continue to benefit from the low-interest rate and ample liquidity environment for most part of the year. During the year, the Group recorded a net investment gain of HK\$694 million (2013: HK\$831 million) of which HK\$580 million (2013: HK\$590 million) unrealised gain arose from the mark to market valuation at year end.

These financial investments comprise 66% by listed debt securities (of which approximately 85% were issued by PRC real estate companies), and 34% by listed equity securities (of which approximately 70% were issued by large banks). They are denominated in different currencies with 60% in United States dollar, 12% in Sterling, 13% in Hong Kong dollar, 7% in Euro and 8% in Renminbi.

At 31st March 2014, an approximate value of HK\$1,140 million (2013: HK\$60 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

## **FINANCIAL REVIEW**

The financing and treasury activities of our three listed groups are independently administered. At 31st March 2014, the Group had approximately HK\$5.7 billion cash and undrawn banking facilities which provide the Group with strong financing flexibility to meet any development opportunities as they arise.

At 31st March 2014, the Group's total assets amounted to approximately HK\$25.4 billion (2013: HK\$22.0 billion). Net assets were HK\$19.0 billion (2013: HK\$17.5 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group would be HK\$28.3 billion (2013: HK\$24.4 billion) and HK\$22.4 billion (2013: HK\$20.5 billion).

In April 2013, Asia Standard International issued RMB500 million medium term notes ("MTN") for a period of 5 years. The MTN represents a new funding source to the Group. In October 2013, Asia Standard International successfully raised a 4-year unsecured syndicated loan of HK\$1 billion. These funding will be used for project development costs, future project acquisition and general working capital.

Net debt at 31st March 2014 was HK\$3,948 million (2013: HK\$3,006 million), of which HK\$30 million (2013: HK\$37 million) was attributable to the parent group. The Group's gearing, calculated as net debt to revalued net asset, was 21% (2013: 15%).

75% of the debts are secured and 79% of the debts are at floating rates. As at 31st March 2014, HK\$50 million (2013: HK\$150 million) interest rate swap contract and RMB500 million cross currency swap contracts were held to hedge our borrowings. Total interest costs increased due to issuance of MTN and increased borrowings during the year.

Currently the maturities of our debts are well spread over a long period of up to 13 years. Revolving loans account for 8% and term loans secured by financial assets repayable between one to five years account for 9%. Term loans secured by property assets account for 58% with 9% repayable within 1 year, 34% repayable between one to five years and 15% repayable after five years. The remaining 25% comprise unsecured syndicated loan, medium term notes and convertible bonds. As at 31st March 2014, the Group had current assets of HK\$9.1 billion (2013: HK\$6.6 billion).

About 75% of the Group's borrowings are in Hong Kong dollar, 11% in Renminbi, 12% in US dollars, and the remaining 2% in other currencies.

At 31st March 2014, an approximate HK\$16.9 billion (2013: HK\$15.1 billion) book value of property assets and financial investments were pledged to banks as collateral for credit facilities granted to the Group. HK\$380 million guarantee (2013: HK\$339 million) was provided to financial institutions against credit facilities granted to joint ventures.

## **EMPLOYEES AND REMUNERATION POLICIES**

At 31st March 2014, the Group employed approximately 570 (2013: 608) full time employees. Their remuneration packages, commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

## **FUTURE PROSPECTS**

Local and mainland property markets have all suffered from public interventions in various forms and consequently industry participants will have a very challenging time ahead until these non-market forces have been lifted.

Our hotel segment is being confronted with the new supply of hotel rooms in the market, the effects are however somewhat mitigated by the fact that our hotels are well positioned in the city hubs or tourist preferred area as opposed to those situated at peripheral areas far away from shopping centres.

Management holds a cautious stance but remains affirmative in the group's performance.

## **DIVIDEND**

The Directors recommend a final dividend for the year ended 31st March 2014 of HK4 cents (2013: HK4.2 cents with scrip option) per share. 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 final dividend (the "Scrip Dividend Scheme"). No interim dividend was declared during the year (2013: Nil). Total dividend for the year amounts to HK4 cents (2013: HK4.2 cents) per share.

The Scrip Dividend Scheme will be subject to (i) the approval of the proposed final dividend at the 2014 annual general meeting to be held on 29th August 2014 (the "Annual General Meeting"); 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. Full details of the Scrip Dividend Scheme will be set out in a circular to be despatched to the shareholders.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from Wednesday, 27th August 2014 to Friday, 29th August 2014 both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at 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 Tuesday, 26th August 2014.

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 5th September 2014. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on both days of Thursday, 4th September 2014 to Friday, 5th September 2014, 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, accompanied by the relevant share certificates, 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 Wednesday, 3rd September 2014. The final dividend will be paid on 9th October 2014.



## **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 (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 2014.

## **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 2014.

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

Hong Kong, 26th June 2014

*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. Poon Hai, 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.*