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## ASIA ORIENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 214)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2013

#### FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	Six months ended 30th September		Change
	2013	2012	
Revenue	817	598	+37%
Operating profit	1,056	747	+41%
Profit attributable to shareholders of the Company	536	424	+26%
Earnings per share - basic (HK\$)	0.75	0.59	+27%
	30th September 2013	31st March 2013	Change
Total assets	24,353	22,012	+11%
Net assets	18,542	17,532	+6%
Equity attributable to shareholders of the Company	9,003	8,373	+8%
Net debt	3,736	3,006	+24%
Supplementary information with hotel properties in operation at valuation:			
Revalued total assets	27,029	24,374	+11%
Revalued net assets	21,836	20,519	+6%
Equity attributable to shareholders of the Company	10,277	9,522	+8%
Equity attributable to shareholders of the Company per share (HK\$)	14.14	13.33	+6%
Gearing – net debt to revalued net assets	17%	15%	+2%

The Directors of Asia Orient Holdings Limited (the “Company”) announce that the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the six months ended 30th September 2013 together with the comparative figures for the six months ended 30th September 2012 were as follows:

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

For the six months ended 30th September

	<i>Note</i>	<b>2013</b> <b>HK\$'000</b>	2012 HK\$'000
Revenue	2	<b>817,291</b>	598,440
Cost of sales		<u><b>(345,382)</b></u>	<u>(185,022)</u>
Gross profit		<b>471,909</b>	413,418
Selling and administrative expenses		<b>(97,377)</b>	(100,256)
Depreciation		<b>(82,364)</b>	(81,856)
Net investment gain	3	<b>666,500</b>	187,421
Fair value gain of investment properties		<u><b>97,190</b></u>	<u>328,718</u>
Operating profit		<b>1,055,858</b>	747,445
Net finance costs		<b>(45,087)</b>	(28,982)
Share of profits less losses of			
Jointly controlled entities		<b>(1,722)</b>	4,964
Associated companies		<u><b>35,880</b></u>	<u>109,077</u>
Profit before income tax		<b>1,044,929</b>	832,504
Income tax expense	5	<u><b>(17,110)</b></u>	<u>(10,314)</u>
Profit for the period		<u><b>1,027,819</b></u>	<u>822,190</u>
Attributable to:			
Shareholders of the Company		<b>535,567</b>	424,492
Non-controlling interests		<u><b>492,252</b></u>	<u>397,698</u>
		<u><b>1,027,819</b></u>	<u>822,190</u>
Earnings per share (HK\$)			
Basic	7	<u><b>0.75</b></u>	<u>0.59</u>
Diluted	7	<u><b>0.68</b></u>	<u>0.54</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED**

For the six months ended 30th September

	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Profit for the period	<u><b>1,027,819</b></u>	<u>822,190</u>
Other comprehensive income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Impairment of available-for-sale investments charged to profit and loss account	-	395
Release of reserve upon disposal of available-for-sale investments	-	(622)
Net fair value gain on available-for-sale investments	<b>8,246</b>	12,021
Cash flow hedges		
- fair value gains	<b>6,557</b>	-
- transfer to finance costs	<b>(4,471)</b>	-
Currency translation differences	<u><b>(2,202)</b></u>	<u>3,120</u>
	<u><b>8,130</b></u>	<u>14,914</u>
Total comprehensive income for the period	<u><b>1,035,949</b></u>	<u>837,104</u>
Attributable to:		
Shareholders of the Company	<b>539,210</b>	430,122
Non-controlling interest	<u><b>496,739</b></u>	<u>406,982</u>
	<u><b>1,035,949</b></u>	<u>837,104</u>

## CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

	Note	30th September 2013 HK\$'000	31st March 2013 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		7,189,663	7,171,385
Investment properties		5,450,032	5,418,841
Jointly controlled entities		1,154,201	1,121,706
Associated companies		1,477,879	1,441,984
Available-for-sale investments		249,635	241,390
Financial assets at fair value through profit or loss		522,385	-
Derivative financial instruments		6,557	-
Mortgage loans receivable		2,896	3,790
Deferred income tax assets		3,352	1,254
		<b>16,056,600</b>	<b>15,400,350</b>
<b>Current assets</b>			
Properties under development for sale		1,723,035	1,177,534
Completed properties held for sale		3,816	131,352
Hotel and restaurant inventories		1,673	2,218
Mortgage loans receivable		530	672
Trade and other receivables	8	291,438	370,570
Income tax recoverable		513	815
Financial assets at fair value through profit or loss		5,239,906	4,487,788
Bank balances and cash		1,035,486	440,457
		<b>8,296,397</b>	<b>6,611,406</b>
<b>Current liabilities</b>			
Trade and other payables	9	167,705	155,121
Amount due to jointly controlled entities		51,816	69,686
Derivative financial instruments		1,408	2,289
Borrowings		772,384	479,102
Income tax payable		61,720	27,214
		<b>1,055,033</b>	<b>733,412</b>
Net current assets		<b>7,241,364</b>	<b>5,877,994</b>
Total assets less current liabilities		<b>23,297,964</b>	<b>21,278,344</b>
<b>Non-current liabilities</b>			
Long term borrowings		3,311,203	2,898,786
Convertible bonds		71,935	68,493
Medium term notes		616,018	-
Deferred income tax liabilities		756,664	778,613
		<b>4,755,820</b>	<b>3,745,892</b>
Net assets		<b>18,542,144</b>	<b>17,532,452</b>
<b>Equity</b>			
Share capital		72,658	71,416
Reserves		8,930,418	8,301,776
Equity attributable to shareholders of the Company		<b>9,003,076</b>	<b>8,373,192</b>
Non-controlling interests		<b>9,539,068</b>	<b>9,159,260</b>
		<b>18,542,144</b>	<b>17,532,452</b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 1 Basis of preparation

The unaudited condensed consolidated interim financial information (“Interim Financial Information”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and should be read in conjunction with the annual financial statements for the year ended 31st March 2013.

The accounting policies and methods of computation used in the preparation of this Interim Financial Information are consistent with those used in the annual financial statements for the year ended 31st March 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 period did not have any significant effect on the Interim Financial Information or result in any substantial changes in the Group’s significant accounting policies.

### 2 Turnover and segment information

Revenue includes revenue from property management, property sales and leasing, hotel and travel operation, management services, interest income and dividend income. Management regards turnover as comprising these revenue as defined under generally accepted accounting principles together with gross consideration from disposal of financial assets at fair value through profit or loss and derivative financial instruments. As property management segment represents less than 1% of the Group’s total revenue and results, this business segment is included in others but not reported separately. Corresponding comparative figures have been adjusted to conform with the re-classification.

## 2 Turnover and segment information (continued)

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
<b>Six months ended 30th September 2013</b>						
Turnover	<u>160,000</u>	<u>52,962</u>	<u>378,955</u>	<u>478,950</u>	<u>14,919</u>	<u>1,085,786</u>
Segment revenue	<u>160,000</u>	<u>52,962</u>	<u>378,955</u>	<u>210,455</u>	<u>14,919</u>	<u>817,291</u>
Contribution to segment results	31,592	48,066	128,453	210,172	702	418,985
Depreciation	-	-	(79,285)	-	(3,079)	(82,364)
Net investment gain	-	-	-	666,500	-	666,500
Fair value gain of investment properties	-	97,190	-	-	-	97,190
Share of profits less losses of						
Jointly controlled entities	(1,177)	-	-	-	(545)	(1,722)
Associated companies	-	35,880	-	-	-	35,880
Segment results	<u>30,415</u>	<u>181,136</u>	<u>49,168</u>	<u>876,672</u>	<u>(2,922)</u>	<u>1,134,469</u>
Unallocated corporate expenses						(44,453)
Net finance costs						(45,087)
Profit before income tax						<u>1,044,929</u>
<b>Six months ended 30th September 2012</b>						
Turnover	<u>683</u>	<u>42,135</u>	<u>360,458</u>	<u>933,388</u>	<u>19,715</u>	<u>1,356,379</u>
Segment revenue	<u>683</u>	<u>42,135</u>	<u>360,458</u>	<u>175,449</u>	<u>19,715</u>	<u>598,440</u>
Contribution to segment results	77	39,221	134,346	175,449	8,112	357,205
Depreciation	-	-	(78,720)	-	(3,136)	(81,856)
Net investment gain	-	-	-	187,421	-	187,421
Fair value gain of investment properties	-	328,718	-	-	-	328,718
Share of profits less losses of						
Jointly controlled entities	4,964	-	-	-	-	4,964
Associated companies	-	109,077	-	-	-	109,077
Segment results	<u>5,041</u>	<u>477,016</u>	<u>55,626</u>	<u>362,870</u>	<u>4,976</u>	<u>905,529</u>
Unallocated corporate expenses						(44,043)
Net finance costs						(28,982)
Profit before income tax						<u>832,504</u>

## 2 Turnover and segment information (continued)

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
<b>At 30th September 2013</b>						
Segment assets	2,897,825	6,904,752	7,082,596	6,155,545	433,132	23,473,850
Other unallocated assets						<u>879,147</u>
						<u><u>24,352,997</u></u>
<b>Segment assets include:</b>						
Jointly controlled entities and associated companies	1,170,621	1,431,074	-	-	30,385	2,632,080
<b>Addition to non-current assets* for the six months ended 30th September 2013</b>						
	7,456	287	36,652	-	31,656	76,051
<b>Segment liabilities</b>						
Borrowings	1,352,820	469,401	1,517,413	743,953	-	4,083,587
Other unallocated liabilities						<u>1,727,266</u>
						<u><u>5,810,853</u></u>
<b>At 31st March 2013</b>						
Segment assets	2,554,943	6,835,321	7,126,750	4,869,666	346,913	21,733,593
Other unallocated assets						<u>278,163</u>
						<u><u>22,011,756</u></u>
<b>Segment assets include:</b>						
Jointly controlled entities and associated companies	1,167,571	1,395,193	-	-	926	2,563,690
<b>Addition to non-current assets* for the six months ended 30th September 2012</b>						
	97,845	763	200,853	-	3,815	303,276
<b>Segment liabilities</b>						
Borrowings	1,115,500	474,932	1,474,202	313,254	-	3,377,888
Other unallocated liabilities						<u>1,101,416</u>
						<u><u>4,479,304</u></u>

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

## 2 Turnover and segment information (continued)

	Six months ended 30th September	
	2013 HK\$'000	2012 HK\$'000
<b>Revenue</b>		
Hong Kong	580,439	376,986
Overseas	<u>236,852</u>	<u>221,454</u>
	<u><b>817,291</b></u>	<u><b>598,440</b></u>
	30th September 2013 HK\$'000	31st March 2013 HK\$'000
<b>Non-current assets*</b>		
Hong Kong	13,948,953	13,816,119
Overseas	<u>1,322,822</u>	<u>1,337,797</u>
	<u><b>15,271,775</b></u>	<u><b>15,153,916</b></u>

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

## 3 Net investment gain

	Six months ended 30th September	
	2013 HK\$'000	2012 HK\$'000
Financial assets at fair value through profit or loss		
- net unrealised gain from market price movements	575,680	162,917
- net unrealised exchange gain/(loss)	77,331	(2,165)
- net realised gain (note)	13,489	24,761
Available-for-sale investments		
- net realised gain	-	2,303
- impairment	-	(395)
	<u><b>666,500</b></u>	<u><b>187,421</b></u>
Note:		
Net realised gain on financial assets at fair value through profit or loss		
Gross consideration	268,495	757,939
Cost of investments	<u>(233,562)</u>	<u>(638,314)</u>
Total gain	34,933	119,625
Less: net unrealised gain recognised in prior years	<u>(21,444)</u>	<u>(94,864)</u>
Net realised gain recognised in current period	<u><b>13,489</b></u>	<u><b>24,761</b></u>



#### 4 Income and expenses by nature

	Six months ended 30th September	
	2013	2012
	HK\$'000	HK\$'000
<b>Income</b>		
Interest income		
- Listed investments	200,666	164,482
- Unlisted investments	4	209
- A jointly controlled entity	-	771
- Other receivables	1,759	1,936
- Bank deposits	2,735	453
Dividend income		
- Listed investments	<u>9,704</u>	<u>10,304</u>
<b>Expenses</b>		
Cost of properties and goods sold	237,608	99,403
Operating lease rental expense for land and buildings	<u>4,853</u>	<u>3,756</u>

#### 5 Income tax expense

	Six months ended 30th September	
	2013	2012
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	(40,697)	(20,236)
Overseas profits tax	(571)	-
Over-provision in prior years	<u>112</u>	<u>3</u>
	(41,156)	(20,233)
Deferred income tax	<u>24,046</u>	<u>9,919</u>
	<u>(17,110)</u>	<u>(10,314)</u>

Hong Kong profits tax is provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the period. Income tax on overseas profits has been calculated on the estimated assessable profit for the period at the tax rates prevailing in the countries in which the Group operates.

Share of income tax expenses of jointly controlled entities and associated companies for the period of HK\$54,000 (2012: HK\$1,327,000) and HK\$1,817,000 (2012: HK\$2,086,000) are included in the profit and loss account as share of profits less losses of jointly controlled entities and associated companies respectively.

## 6 Dividend

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2013 (2012: Nil).

## 7 Earnings per share

The calculation of basic and diluted earnings per share for the six months ended 30th September is based on the following:

	<b>Six months ended 30th September</b>	
	<b>2013</b>	2012
	<b>HK\$'000</b>	HK\$'000
Profit attributable to shareholders of the Company	<b>535,567</b>	424,492
Effect of dilutive potential shares:		
Finance costs saved on convertible bonds	<u><b>4,524</b></u>	<u>3,790</u>
Profit for calculation of diluted earnings per share	<u><b>540,091</b></u>	<u>428,282</u>
	<b>Number of shares</b>	
Weighted average number of shares for calculation of basic earnings per share	<b>714,157,660</b>	714,157,660
Effect of dilutive potential shares:		
Share options assumed to be exercised	<b>4,188,226</b>	69,381
Convertible bonds assumed to be converted at beginning of the period	<u><b>72,727,272</b></u>	<u>72,727,272</u>
Weighted average number of shares for calculation of diluted earnings per share	<u><b>791,073,158</b></u>	<u>786,954,313</u>

Diluted earnings per share for the six months ended 30th September 2013 and 2012 did not assume the exercise of the outstanding share options of Asia Standard International Group Limited and Asia Standard Hotel Group Limited since their exercise would have an anti-dilutive effect.

## 8 Trade and other receivables

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

Trade receivables of the Group amounted to HK\$62,347,000 (31st March 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.

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

	<b>30th September 2013 HK\$'000</b>	31st March 2013 HK\$'000
0 day to 60 days	<b>60,784</b>	80,019
61 days to 120 days	<b>1,563</b>	1,642
	<b><u>62,347</u></b>	<u>81,661</u>

## 9 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\$23,079,000 (31st March 2013: HK\$26,067,000).

An aging analysis of trade payables is as follows:

	<b>30th September 2013 HK\$'000</b>	31st March 2013 HK\$'000
0 day to 60 days	<b>21,930</b>	25,715
61 days to 120 days	<b>703</b>	161
More than 120 days	<b>446</b>	191
	<b><u>23,079</u></b>	<u>26,067</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **RESULTS**

The Group's revenue for the six months amounted to HK\$817 million (2012: HK\$598 million), it recorded a HK\$536 million (2012: HK\$424 million) profit attributable to shareholders.

#### **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.

The HK\$160 million sales contract for the inventory retail podium of Canaryside in Yau Tong was completed and recognised during the period. This development is completely sold out.

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 New Territories, our Hung Shui Kiu development is currently pending land exchange process. This is a residential and commercial development on an 110,000 sq. ft. site, which will provide approximately 900 residential units and retail shops with an approximate total GFA of 514,000 sq. ft. Our development is conveniently located adjacent to a light rail station linked to the West Rail network. It is also positioned to be the station portal for the Hong Kong and Shenzhen Western Railway, connecting to the Qian Hai Bay Economic Zone in Shenzhen. We have a similar development at the Lam Tei station pending land exchange with government.

Luxurious developments at Perkins Road and Henderson Road at Jardine's Lookout on the Hong Kong Island are underway.

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. The Group's 50% joint venture project is now in superstructure stage. The development has a total floor area of approximately 1,080,000 sq. ft. on a 1.5 million sq. ft. site. We expect the development will be completed in 2015 and pre-sale will commence around mid-2014.

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\$65 million (2012: HK\$55 million), an increase of 18%. Significant increases in rent were achieved by the retail space of Asia Standard Tower in Central, which was effective in the second half of previous financial year.

Investment properties revaluation gain (including that generated from properties owned by an associated company) of HK\$124 million (2012: HK\$427 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.

Revenue arising from the hotel and travel segment increased 5% from HK\$360 million of last interim period to HK\$379 million of current interim period. The increase mostly came from travel business. Average room rate of Hong Kong hotels were 3% more than interim period last year, while average occupancies of them stay above 95%, closely approximate to interim period last year. Contribution to segment results before depreciation was approximately HK\$128 million (2012: HK\$134 million), with increased operating costs.

Foundation of the new hotel adjacent to the existing one in Causeway Bay is about to commence, while demolition of existing buildings in the acquired site in Tsimshatsui is scheduled to complete by end November 2013. These two new developed hotels will add 184 rooms to the portfolio upon completion in 2016/2017.

## **Financial investments**

At 30th September 2013, the Group's financial investment portfolio amounted to HK\$6,012 million (31st March 2013: HK\$4,729 million), of which HK\$5,379 million were held in the group's two listed subsidiaries. The increase was arisen from a mark to market valuation gain of HK\$661 million and a further investment of HK\$622 million.

Interest and dividend income for the period from these investments amounted to HK\$210 million (2012: HK\$175 million). During the period, the Group recorded a net investment gain of HK\$666 million (2012: HK\$187 million) comprising mostly unrealised gain from the mark to market valuation at period end.

These financial investments comprise 64% by debt securities and 36% by equity securities. They are denominated in different currencies with 57% in United States dollar, 20% in Sterling, 13% in Hong Kong dollar, 5% in Euro and 5% in Renminbi.

At 30th September 2013, an approximate value of HK\$1,040 million (31st March 2013: HK\$60 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

## **FINANCIAL REVIEW**

At 30th September 2013, the Group's total assets amounted to approximately HK\$24.4 billion (31st March 2013: HK\$22.0 billion). Net assets were HK\$18.5 billion (31st March 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\$27.0 billion (31st March 2013: HK\$24.4 billion) and HK\$21.8 billion (31st March 2013: HK\$20.5 billion).

In April 2013, Asia Standard issued RMB500 million medium term notes ("MTN") at effective interest rate (after hedging) of approximately 5.5% p.a. for a period of 5 years. The MTN represents a new funding source to the Group.

Net debt at 30th September 2013 was HK\$3,736 million (31st March 2013: HK\$3,006 million), of which HK\$50 million (31st March 2013: HK\$37 million) attributable to the parent group. The Group's gearing, calculated as net debt to revalued net asset, was 17% (31st March 2013: 15%).

Subsequent to the period end, Asia Standard successfully raised a 4-year unsecured club loan of HK\$1 billion. The funding will be used for future project acquisition, land premium and general working capital.

All the bank borrowings are at floating rates, while the medium term notes and convertible bonds carry interest at fixed rate. At 30th September 2013, a total of HK\$50 million (31st March 2013: HK\$150 million) interest rate swap contract and RMB500 million cross currency interest rate swap contracts were held to hedge our borrowings. Total interest costs increased due to issuance of MTN and increased borrowings during the period.

The maturities of our debts are well spread over a long period of up to 13 years. Revolving loans account for 5% and term loans secured by financial assets repayable between one to five years account for 10%. Term loans secured by property assets account for 70% with 10% repayable within 1 year, 39% repayable between one to five years and 21% repayable after five years. The remaining 15% are from convertible bonds and medium term notes repayable between one to five years. At 30th September 2013, the Group had current assets of HK\$8.3 billion (31st March 2013: HK\$6.6 billion).

About 72% of the Group's borrowings are in Hong Kong dollar, 13% in Renminbi, 13% in US dollars, and the remaining 2% in other currencies.

At 30th September 2013, an approximate HK\$16.7 billion (31st March 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\$357 million guarantee (31st March 2013: HK\$339 million) was provided to financial institutions against credit facilities granted to jointly controlled entities.

## **EMPLOYEES AND REMUNERATION POLICIES**

At 30th September 2013, the Group employed approximately 610 (31st March 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**

The continuing liquidity around the world has fuelled asset price inflation in the local property market, which is recently stamped down by tax interventions instituted in latter half of last financial year, as reflected in the reduced transaction volume in secondary market. We believe this will instill stability into the local market in the longer term.

We continue to be bullish on the mainland property market as there remains a strong positive demand for housing from the population, further encouraged by the urbanization policy adopted by the Mainland government.

Prospect of the hotel segment is looking promising in view of the rising household income of the mainland population which remains a principal source of our business demand.

## **INTERIM DIVIDEND**

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2013 (2012: Nil).

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

## **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 period, and they all confirmed that they have fully complied with the required standard as set out in the Model Code throughout the period ended 30th September 2013.

## **CORPORATE GOVERNANCE CODE**

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

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th September 2013.

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

Hong Kong, 26th November 2013

*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.*