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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 2020

FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	Six months ended		Change
	2020	2019	
Revenue	1,404	1,382	+2%
Operating profit	984	1,112	-12%
Profit attributable to shareholders of the Company	459	422	+9%
Earnings per share - basic (HK\$)	0.55	0.50	+10%
	30th September 2020	31st March 2020	Change
Total assets	46,982	43,893	+7%
Net assets	25,996	23,126	+12%
Equity attributable to shareholders of the Company	13,842	12,229	+13%
Net debt	17,187	17,920	-4%
Supplementary information with hotel properties in operation at valuation:			
Revalued total assets	52,442	49,448	+6%
Revalued net assets	31,987	29,219	+10%
Equity attributable to shareholders of the Company	16,589	15,023	+10%
Gearing – net debt to revalued net assets	54%	61%	-7%

The board of directors (the “Board”) of Asia Orient Holdings Limited (the “Company”) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the six months ended 30th September 2020 together with the comparative figures for the six months ended 30th September 2019 were as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

For the six months ended 30th September

	Note	2020 HK\$'000	2019 HK\$'000
Interest revenue		1,277,032	1,005,538
Sales of goods and services, leasing and other revenue		<u>126,830</u>	<u>376,249</u>
Total revenue	2	1,403,862	1,381,787
Cost of sales		<u>(31,366)</u>	<u>(149,603)</u>
Gross profit		1,372,496	1,232,184
Selling and administrative expenses		(116,670)	(138,045)
Depreciation		(100,294)	(110,907)
Net investment gain	3		
Net realised and unrealised gain		36,680	22,725
Change in expected credit losses		7,478	12,970
Fair value (loss)/gain of investment properties		<u>(216,043)</u>	<u>93,185</u>
Operating profit		983,647	1,112,112
Net finance costs	5	(231,153)	(322,056)
Share of profits less losses of			
Joint ventures		110,780	(1,491)
Associated companies		<u>(58,392)</u>	<u>(34,998)</u>
Profit before income tax		804,882	753,567
Income tax expense	6	<u>(6,974)</u>	<u>(7,527)</u>
Profit for the period		<u>797,908</u>	<u>746,040</u>
Attributable to:			
Shareholders of the Company		458,519	422,474
Non-controlling interests		<u>339,389</u>	<u>323,566</u>
		<u>797,908</u>	<u>746,040</u>
Earnings per share (HK\$)			
Basic	8	<u>0.55</u>	<u>0.50</u>
Diluted	8	<u>0.55</u>	<u>0.50</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

For the six months ended 30th September

	2020	2019
	HK\$'000	HK\$'000
Profit for the period	<u>797,908</u>	<u>746,040</u>
Other comprehensive income/(charge)		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value gain/(loss) on debt securities at fair value through other comprehensive income	2,065,004	(638,100)
Cash flow hedges		
- fair value loss	(145,483)	-
- deferred tax on derivative financial instruments	29,667	-
Currency translation differences	25,891	2,262
Share of currency translation differences of joint ventures	99,439	(84,163)
Items that will not be reclassified to profit or loss:		
Equity securities at fair value through other comprehensive income		
- net fair value loss	(2,506)	(85,694)
- realised gain	-	186
	<u>2,072,012</u>	<u>(805,509)</u>
Total comprehensive income/(charge) for the period	<u>2,869,920</u>	<u>(59,469)</u>
Attributable to:		
Shareholders of the Company	1,612,500	(24,503)
Non-controlling interests	<u>1,257,420</u>	<u>(34,966)</u>
	<u>2,869,920</u>	<u>(59,469)</u>

CONDENSED CONSOLIDATED BALANCE SHEET - UNAUDITED

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
Non-current assets		
Investment properties	9,479,730	9,693,400
Property, plant and equipment	8,055,827	8,122,670
Investment in joint ventures and associated companies	4,831,263	4,652,194
Amount due from joint ventures and associated companies	2,096,603	1,981,167
Loan receivables	1,144	1,235
Financial investments	486,701	473,918
Deferred income tax assets	144,798	100,184
	25,096,066	25,024,768
Current assets		
Properties under development for sale	1,488,098	1,134,767
Completed properties held for sale	3,680	3,680
Hotel and restaurant inventories	19,213	20,144
Trade and other receivables	1,113,023	728,895
Income tax recoverable	132	5,545
Financial investments	18,092,577	15,856,713
Bank balances and cash	1,169,741	1,118,373
	21,886,464	18,868,117
Current liabilities		
Trade and other payables	769,799	176,719
Contract liabilities	210,473	197,582
Amount due to joint ventures	328,961	213,951
Amount due to an associated company	224,400	224,400
Amount due to non-controlling interests	45,366	44,511
Income tax payable	117,645	99,993
Borrowings	7,224,927	6,144,544
Medium term notes	-	249,940
	8,921,571	7,351,640
Net current assets	12,964,893	11,516,477
Non-current liabilities		
Long term borrowings	11,131,555	12,644,292
Derivative financial instruments	204,351	39,048
Lease liabilities	1,329	2,335
Deferred income tax liabilities	727,418	729,184
	12,064,653	13,414,859
Net assets	25,996,306	23,126,386
Equity		
Share capital	84,087	84,087
Reserves	13,758,093	12,145,593
Equity attributable to shareholders of the Company	13,842,180	12,229,680
Non-controlling interests	12,154,126	10,896,706
	25,996,306	23,126,386

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2020 (“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 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

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 2020, except for the adoption of the following new standard and amendments that are effective for the financial year ending 31st March 2021 which is relevant to the Group’s operations and is mandatory for accounting periods beginning on or after 1st January 2020:

Amendments to HKAS 1 and HKAS 8	Definition of material
Amendments to HKFRS 3	Definition of a business
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest rate benchmark reform
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting

The adoption of the new standard and amendments to the standards stated above did not have significant impact to the Group in the current and prior periods.

2 Segment information

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

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended 30th September 2020						
Segment revenue	-	103,679	17,819	1,253,050	29,314	1,403,862
Contribution to segment results	(2,006)	88,331	(22,649)	1,250,109	23,874	1,337,659
Depreciation	(2,692)	-	(87,260)	-	(10,342)	(100,294)
Net investment gain	-	-	-	44,158	-	44,158
Fair value loss of investment properties	-	(216,043)	-	-	-	(216,043)
Share of profits less losses of						
Joint ventures	110,952	-	-	-	(172)	110,780
Associated companies	-	(58,059)	-	-	(333)	(58,392)
Segment results	106,254	(185,771)	(109,909)	1,294,267	13,027	1,117,868
Unallocated corporate expenses						(81,833)
Net finance costs						(231,153)
Profit before income tax						804,882
Six months ended 30th September 2019						
Segment revenue	-	107,278	219,807	1,042,629	12,073	1,381,787
Contribution to segment results	(3,302)	93,624	44,301	1,040,317	7,989	1,182,929
Depreciation	(9,270)	-	(93,461)	-	(8,176)	(110,907)
Net investment gain	-	-	-	35,695	-	35,695
Fair value gain of investment properties	-	93,185	-	-	-	93,185
Share of profits less losses of						
Joint ventures	(1,957)	-	-	-	466	(1,491)
Associated companies	-	(33,704)	-	-	(1,294)	(34,998)
Segment results	(14,529)	153,105	(49,160)	1,076,012	(1,015)	1,164,413
Unallocated corporate expenses						(88,790)
Net finance costs						(322,056)
Profit before income tax						753,567

2 Segment information (Continued)

	Business segments						Unallocated HK\$'000	Total HK\$'000
	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000			
At 30th September 2020								
Assets	7,195,938	10,737,519	6,106,182	19,553,430	282,779	3,106,682	46,982,530	
Assets include:								
Joint ventures and associated companies	5,640,630	1,215,694	-	-	69,698	1,844	6,927,866	
Addition to non-current assets for the six months ended 30th September 2020*	2,103	2,373	7,564	-	202	10,628	22,870	
Liabilities								
Borrowings	3,135,878	976,894	3,452,197	1,863,306	-	8,928,207	18,356,482	
Other unallocated liabilities							2,629,742	
							<u>20,986,224</u>	
At 31st March 2020								
Assets	6,571,129	11,011,535	6,193,625	16,928,607	261,943	2,926,046	43,892,885	
Assets include:								
Joint ventures and associated companies	5,309,006	1,273,754	-	-	48,425	2,176	6,633,361	
Addition to non-current assets for the six months ended 30th September 2019*	12,047	21,504	3,597	-	1,814	15,543	54,505	
Liabilities								
Borrowings	3,167,531	1,001,890	3,522,554	1,862,545	-	9,234,316	18,788,836	
Other unallocated liabilities							1,977,663	
							<u>20,766,499</u>	

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

2 Segment information (Continued)

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Revenue		
Hong Kong	186,045	363,271
Overseas	<u>1,217,817</u>	<u>1,018,516</u>
	<u>1,403,862</u>	<u>1,381,787</u>
	30th September 2020 HK\$'000	31st March 2020 HK\$'000
Non-current assets*		
Hong Kong	21,426,542	21,413,014
Overseas	<u>3,036,881</u>	<u>3,036,417</u>
	<u>24,463,423</u>	<u>24,449,431</u>

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

3 Net investment gain

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Financial assets at fair value through profit or loss ("FVPL")		
- net unrealised gain/(loss) from market price movements	1,924	(59,945)
- net unrealised exchange gain/(loss)	2,744	(15,755)
- net realised gain (note (a))	836	91,426
Financial assets at fair value through other comprehensive income ("FVOCI")		
- net unrealised exchange loss	(4,700)	(11,781)
- net realised gain (note (b))	35,876	18,780
- change in expected credit losses	<u>7,478</u>	<u>12,970</u>
	<u>44,158</u>	<u>35,695</u>

3 Net investment gain (Continued)

	Six months ended	
	30th September	
	2020	2019
	HK\$'000	HK\$'000
Notes:		
(a) Net realised gain on financial assets at FVPL		
Gross consideration	10,289	907,892
Cost of investments	(9,413)	(474,938)
Total gain	876	432,954
Less: net unrealised gain recognised in prior years	(40)	(341,528)
Net realised gain recognised in current period	836	91,426
(b) Net realised gain on financial assets at FVOCI		
Gross consideration	4,410,910	2,479,540
Cost of investments	(4,353,704)	(2,451,231)
Total gain	57,206	28,309
Transfer from investment revaluation reserve	(21,330)	(9,529)
Net realised gain recognised in current period	35,876	18,780

4 Income and expenses by nature

	Six months ended	
	30th September	
	2020	2019
	HK\$'000	HK\$'000
Income		
Interest income from financial assets at FVPL/FVOCI		
- Listed investments	1,244,458	992,618
- Unlisted investments	5,866	2,345
Interest income from financial assets that are measured at amortised cost		
- Amount due from joint ventures	24,095	8,684
- Loan receivables	2,155	438
- Bank deposits	458	1,453
Dividend income		
- Listed investments	2,622	37,455
Expenses		
Cost of properties and goods sold	417	3,340

5 Net finance costs

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Interest expenses		
Long term bank loans	(171,980)	(273,372)
Short term bank loans and overdrafts	(22,036)	(24,064)
Medium term notes	(756)	(7,651)
Lease liabilities	(64)	(61)
Amount due to a joint venture	(834)	-
Derivative financial instruments	(12,239)	-
Interest capitalised	<u>19,523</u>	<u>21,142</u>
	(188,386)	(284,006)
Other incidental borrowing costs	(23,073)	(38,747)
Net foreign exchange gain on borrowings	125	697
Fair value loss on derivative financial instruments - cash flow hedge	<u>(19,819)</u>	<u>-</u>
	<u>(231,153)</u>	<u>(322,056)</u>

6 Income tax expense

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Current income tax expense		
Hong Kong profits tax	(22,033)	(13,321)
Under provision in prior years	<u>(834)</u>	<u>(8,137)</u>
	(22,867)	(21,458)
Deferred income tax credit	<u>15,893</u>	<u>13,931</u>
	<u>(6,974)</u>	<u>(7,527)</u>

Hong Kong profits tax is provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the period. Overseas profits tax has been provided on the estimated assessable profit for the period at the tax rates prevailing in the countries in which the Group operates.

7 Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2020 (2019: Nil).

8 Earnings per share

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

	Six months ended 30th September	
	2020	2019
	HK\$'000	HK\$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	458,519	422,474
Effect of dilutive potential shares:		
A portion of share options of the subsidiaries assumed to be exercised	<u>-</u>	<u>(105)</u>
Profit attributable to shareholders of the Company for calculation of diluted earnings per share	<u>458,519</u>	<u>422,369</u>
	Number of shares	
Weighted average number of shares for calculation of basic earnings per share	840,873,996	840,873,996
Effect of dilutive potential shares:		
A portion of share options of the Company assumed to be exercised	<u>-</u>	<u>111,573</u>
Weighted average number of shares for calculation of diluted earnings per share	<u>840,873,996</u>	<u>840,985,569</u>

The diluted earnings per share is equal to the basic earnings per share since there exist no dilutive potential share during the six months ended 30th September 2020.

9 Trade and other receivables

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

Trade receivables of the Group amounted to approximately HK\$262,313,000 (31st March 2020: HK\$35,205,000). 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:

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
0 month to 6 months	261,441	34,732
7 months to 12 months	484	15
More than 12 months	388	458
	<u>262,313</u>	<u>35,205</u>

10 Trade and other payables

Trade and other payables of the Group include trade payables, rental and management fee deposits, lease liabilities, retentions payable of construction costs, interest payable and various accruals. Trade payables of the Group amounted to approximately HK\$423,962,000 (31st March 2020: HK\$11,016,000).

An aging analysis of trade payables is as follows:

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
0 month to 6 months	423,293	10,350
7 months to 12 months	42	80
More than 12 months	627	586
	<u>423,962</u>	<u>11,016</u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group recorded revenue of HK\$1,404 million (2019: HK\$1,382 million) for the first half of the financial year with profit attributable to shareholders of the Company at HK\$459 million (2019: HK\$422 million). The increase in investment income compensated the income reduction from our hotel segment, resulting in a slight increase in total revenue. The profit recognition from properties sales, increase in investment income together with reduced finance cost all together exceeded the impact of loss from hotel operation and deficit from investment properties revaluation, leading to a 9% increase in profit attributable to shareholders.

PROPERTIES SALES, DEVELOPMENT AND LEASING

SALES AND DEVELOPMENT

Mainland China

In Tongzhou, Beijing, concrete superstructure for the 6 residential towers of our mixed use development has been topped out, leaving the internal finishes and fittings ongoing. Up to end of October 2020, presale of the residential units, which commenced in mid-July 2019, has exceeded RMB2.3 billion. Profit recognition will begin upon delivery of the flats in 2021. Foundation works for the 2 commercial towers have also commenced. The entire joint venture development comprises 2.3 million sq. ft. GFA.

In Shanghai's Queen's Gate, the sales of this high-end joint venture villas and apartments development is promising. Up to end of October 2020, 97% units of this phase III has been sold, resulting in an accumulated contracted sales of approximately RMB1.1 billion. Approximately 70% of these sales was recognised last year, and approximately 24% recognised in this interim period. Over 98% of the entire development was sold as at end of October 2020.

Hong Kong

In Jardine's Lookout, the Group's joint venture development, Dukes Place, which comprises sixteen residential apartments ranging from 2,850 sq. ft. to over 6,800 sq. ft. was met with encouraging enquiries and demand. Up to end of October 2020, half of the units comprising one third of the saleable area was sold, with sales amounted to approximately HK\$1.5 billion. Approximately HK\$1.2 billion were accounted for in this interim period.

On Po Shan Road, superstructure works of another luxurious joint venture residential development is ongoing, of which construction is expected to complete in 2022.

In Hung Shui Kiu, Yuen Long, we are pleased to report that the land exchange for the residential and commercial development has been completed in October 2020, at a land premium of HK\$2.1 billion. The development will provide approximately 520,000 sq. ft. of GFA, of which approximately 90% are of residential apartments for sale, with the remaining 10% being retail units all with street frontage.

In Lam Tei, Tuen Mun, we are continuing the land exchange application with the government on another residential development near the light-rail station. The development has approximately 67,000 sq. ft. of residential GFA.

In Kowloon Bay, Harbourside HQ, the commercial building with approximately 800,000 sq. ft. leasable GFA, is undergoing renovation and is near its completion in this 4th quarter of 2020.

Towards the end of last financial year, the Group, through a joint venture, has accumulated some agricultural land in Kwu Tung, the New Territories, which is zoned as “residential use” under the current outline zoning plan. During the interim period, the Group further increased its stake by 10%. It is in the early stage of land exchange application with the government.

Canada (development through hotel subsidiary group)

The basement and carpark level of Landmark on Robson is near its completion towards end 2020, with podium structure due to start afterwards. This redevelopment of our Empire Landmark hotel will provide approximately 400,000 sq. ft. GFA mixed-use development with 2 residential towers. Since the launch of presale in 2018, the development had achieved a contracted sales of approximately CAD140 million up to end of October 2020.

The Group’s joint venture redevelopment of high-end residential complex of approximately 627,000 sq. ft. GFA in Alberni Street, downtown Vancouver obtained the Prior to Letter outlining the conditions for local city council approval to grant a development permit, and is on course to obtain the development and building permits from the local authority.

Another joint venture development that is also located on Alberni Street in downtown Vancouver is in the planning stage for development into premium residential units for sale. The rezoning package has been submitted to the City in early 2020. We passed the Urban Design Panel in October 2020, which is a prerequisite for the development permit application, in the context of our ongoing application for the rezoning approval.

LEASING

Leasing income of YF Life Tower, 33 Lockhart Road in Wanchai and Asia Standard Tower in Queen's Road Central has slightly decreased by 3% comparing both interim periods, while average occupancies of these office towers decrease slightly by 2% to 93%. Leasing income from our 33% owned Goldmark in Causeway Bay decreased substantially with the lease expiry of a retail anchor tenant.

Overall leasing income attributable to Asia Standard International for the period was HK\$108 million (2019: HK\$120 million). Net revaluation loss (taking into account our share of revaluation loss from the investment property owned by an associated company) of HK\$272 million (2019: gain of HK\$54 million) was recorded.

HOTEL

With the outbreak of COVID-19, the performance of hotel sector has been adversely affected by people's unwillingness to travel and the quarantine requirements towards incoming visitors instituted by local government to battle against the pandemic. During the interim period, incoming visitors to Hong Kong has dropped by over 99%. Our hotel operation revenue declined by 87% to HK\$18 million (2019: HK\$220 million), and with management's immediate remedial action to reduce operating costs, the segment still results in a loss before depreciation of HK\$23 million (2019: profit before depreciation of HK\$44 million).

FINANCIAL INVESTMENTS

At 30th September 2020, the Group held financial investments of approximately HK\$18,579 million (31st March 2020: HK\$16,331 million), with HK\$16,357 million (31st March 2020: HK\$14,436 million) held by the two listed subsidiary groups. The investment portfolio comprised of 97% listed debt securities (predominantly issued by PRC-based real estate companies), 2% by listed equity securities and 1% unlisted investments. They are denominated in different currencies with 97% in United States dollar, 3% in other currencies (mostly Hong Kong dollar).

The portfolio's increase was due to net addition of HK\$315 million and a mark-to-market valuation net gain of HK\$1,933 million, mostly recognized in the investment revaluation reserve. The significant market sell-off in March 2020 following the COVID-19 pandemic outbreak, was met with a strong rebound in April and May 2020, when the sell-off panic became stabilized and thus recouping substantially the fair value loss in last financial year.

Income from this investment portfolio amounted to HK\$1,253 million (2019: HK\$1,043 million). The increase was resulted from further investment in debt securities.

At 30th September 2020, an approximate value of HK\$2,930 million (31st March 2020: HK\$2,560 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

FINANCIAL REVIEW

At 30th September 2020, the Group has over HK\$7.0 billion (31st March 2020: HK\$6.2 billion) cash and undrawn banking facilities. The financing and treasury activities of our three listed groups are independently administered.

At 30th September 2020, the Group's total assets were approximately HK\$47.0 billion (31st March 2020: HK\$43.9 billion), the net assets were HK\$26.0 billion (31st March 2020: HK\$23.1 billion). Adopting market value of hotel properties in operation, the revalued total assets of the Group were HK\$52.4 billion (31st March 2020: HK\$49.4 billion), while the revalued net assets of the Group were HK\$32.0 billion (31st March 2020: HK\$29.2 billion).

Net debt was HK\$17.2 billion (31st March 2020: HK\$17.9 billion), of which HK\$0.6 billion (31st March 2020: HK\$0.6 billion) was attributable to the parent group. Total interest cost decreased as a result of decreased borrowings together with low interest rate environment. Currently, the Group's net gearing ratio (net debt to revalued net asset value) is approximately 54% (31st March 2020: 61%). As at 30th September 2020, the Group had net current assets of HK\$13.0 billion (31st March 2020: HK\$11.5 billion) and the HK\$19.7 billion aggregate amount of marketable securities and cash together represented 2.7 times of the HK\$7.2 billion current debt repayable within 12 months.

67% of the debts are secured and all of the debts are at floating rates. As at 30th September 2020, about 50% of these floating rates debts have been hedged against HIBOR fluctuations by entering into various interest rate swap contracts of approximately HK\$8,760 million in total, with approximately 83% having maturities of 5 years, and the remaining between 2 and 10 years. The maturities of our debts spread over a long period of up to 5.5 years, with 3% repayable after 5 years and 58% repayable between 1 to 5 years. The remaining 39% comprise overdraft, revolving and short-term loans and are repayable within 1 year.

Approximately 91% of the Group's borrowings are in Hong Kong dollars and the remaining 9% in United States dollars and Canadian dollars.

As at 30th September 2020, property assets with an aggregate net book value of HK\$21.0 billion (31st March 2020: HK\$21.5 billion) were pledged to secure banking facilities of the Group. HK\$2,936 million (31st March 2020: HK\$2,999 million) guarantees were provided to financial institutions and third parties against outstanding banking and loan facilities of joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

At 30th September 2020, the Group employed approximately 330 (31st March 2020: 340) employees. The remuneration packages including basic salary, annual bonus, share options, retirement and other benefits are commensurate with their job nature and level of experience.

FUTURE PROSPECT

After nearly a year's quarantine arrangements, social distancing measures and with the gradual stabilization of the pandemic in Hong Kong, the government is considering various measures to promote in-bound travel, to revitalize the tourism-related sectors and at the same time contain the virus from community spreading. Our hotel operation is dependent on the successful roll out of the policy and the effect is yet to be seen. The leasing segment, especially the retail portion, which is experiencing a down-swing but with a much reduced magnitude, is also looking upon such measures. On the contrary, Hong Kong's residential property market remains very strong, as seen in the encouraging sales of our Jardine Lookout project, and new launches of first hand residential projects from other local developers lately.

China is among the first countries to re-open their economies after the pandemic lockdown. Sales of our Beijing and Shanghai joint venture projects is performing well upon the release of purchasing power piled up during the lockdown. The Shanghai project is almost fully sold and the Beijing project is maintaining its favourable sales momentum.

Financial markets continue to be volatile, the low interest rates and stimulus packages rolled out by US and certain European countries to counteract the pandemic's negative economic impact helped to maintain the dynamic of securities market. The fixed income stream from debt securities investment continues to drive our growth and finance the investment and development opportunities as they arise.

Management will continue to exert tremendous caution and prudence to alleviate and mitigate any negative impact in this restless environment.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2020 (2019: 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 2020.

CORPORATE GOVERNANCE CODE

During the period, the Company has complied with the code provisions of the Corporate Governance Code (the “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 to 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 of the Company and 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 2020.

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

Hong Kong, 26th November 2020

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