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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 2021

FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	Six months ended		Change
	2021	2020	
Revenue	1,430	1,404	+2%
Operating profit	235	984	-76%
Profit attributable to shareholders of the Company	44	459	-91%
Earnings per share - basic (HK\$)	0.05	0.55	-91%

	30th	31st	Change
	September	March	
	2021	2021	
Total assets	42,384	48,565	-13%
Net assets	21,692	27,448	-21%
Equity attributable to shareholders of the Company	11,485	14,677	-22%
Net debt	16,579	15,819	+5%

Supplementary information with hotel properties at valuation:

Revalued total assets	48,004	54,091	-11%
Revalued net assets	27,831	33,499	-17%
Equity attributable to shareholders of the Company	14,300	17,452	-18%
Gearing – net debt to revalued net assets	60%	47%	+13%

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 2021 together with the comparative figures for the six months ended 30th September 2020 were as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

For the six months ended 30th September

	Note	2021 HK\$'000	2020 HK\$'000
Interest revenue		1,291,395	1,277,032
Sales of goods and services, leasing and other revenue		<u>138,479</u>	<u>126,830</u>
Total revenue	2	1,429,874	1,403,862
Cost of sales		<u>(35,171)</u>	<u>(31,366)</u>
Gross profit		1,394,703	1,372,496
Selling and administrative expenses		(120,022)	(116,670)
Depreciation		(104,852)	(100,294)
Net investment (loss)/gain	3		
Net realised and unrealised (loss)/gain		(197,086)	36,680
Change in expected credit losses		(1,052,444)	7,478
Fair value gain/(loss) of investment properties		<u>314,944</u>	<u>(216,043)</u>
Operating profit		235,243	983,647
Net finance costs	5	(190,159)	(231,153)
Share of profits less losses of			
Joint ventures		(45,308)	110,780
Associated companies		<u>42,466</u>	<u>(58,392)</u>
Profit before income tax		42,242	804,882
Income tax credit/(expense)	6	<u>34,001</u>	<u>(6,974)</u>
Profit for the period		<u>76,243</u>	<u>797,908</u>
Attributable to:			
Shareholders of the Company		43,624	458,519
Non-controlling interests		<u>32,619</u>	<u>339,389</u>
		<u>76,243</u>	<u>797,908</u>
Earnings per share (HK\$)			
Basic	8	<u>0.05</u>	<u>0.55</u>
Diluted	8	<u>0.05</u>	<u>0.55</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

For the six months ended 30th September

	2021 HK\$'000	2020 HK\$'000
Profit for the period	76,243	797,908
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value (loss)/gain on debt securities at fair value through other comprehensive income	(5,475,628)	2,065,004
Share of net fair value loss on debt securities at fair value through other comprehensive income of joint ventures	(143,489)	-
Cash flow hedges		
- net fair value loss	(3,402)	(145,483)
- deferred tax on derivative financial instruments	562	29,667
Currency translation differences	(1,055)	25,891
Share of currency translation differences of joint ventures	26,163	99,439
Items that will not be reclassified to profit or loss:		
Net fair value loss on equity securities at fair value through other comprehensive income	(181,166)	(2,506)
	<u>(5,778,015)</u>	<u>2,072,012</u>
Total comprehensive (charge)/income for the period	<u>(5,701,772)</u>	<u>2,869,920</u>
Attributable to:		
Shareholders of the Company	(3,162,097)	1,612,500
Non-controlling interests	<u>(2,539,675)</u>	<u>1,257,420</u>
	<u>(5,701,772)</u>	<u>2,869,920</u>

CONDENSED CONSOLIDATED BALANCE SHEET - UNAUDITED

	Note	30th September 2021 HK\$'000	31st March 2021 HK\$'000
Non-current assets			
Investment properties		9,769,145	9,454,087
Property, plant and equipment		8,112,406	8,013,671
Investment in joint ventures and associated companies		4,937,922	4,791,881
Amount due from joint ventures and associated companies		1,928,014	2,126,982
Loan receivables		951	1,052
Financial investments		4,222,753	5,175,585
Derivative financial instruments		17,491	26,965
Deferred income tax assets		142,926	127,894
		29,131,608	29,718,117
Current assets			
Properties under development for sale		3,999,030	3,623,391
Completed properties held for sale		3,680	3,680
Hotel and restaurant inventories		18,507	18,546
Trade and other receivables	9	774,361	698,696
Income tax recoverable		2,005	855
Financial investments		6,314,834	12,326,746
Bank balances and cash		2,140,035	2,174,641
		13,252,452	18,846,555
Current liabilities			
Trade and other payables	10	194,209	1,274,840
Contract liabilities		224,254	224,843
Amount due to joint ventures		292,370	337,775
Amount due to an associated company		216,150	219,450
Amount due to non-controlling interests		47,906	46,640
Income tax payable		208,478	174,798
Borrowings		3,873,803	4,817,052
		5,057,170	7,095,398
Net current assets		8,195,282	11,751,157
Non-current liabilities			
Long term borrowings		14,844,796	13,176,979
Derivative financial instruments		105,450	106,631
Lease liabilities		359	843
Deferred income tax liabilities		684,188	737,201
		15,634,793	14,021,654
Net assets		21,692,097	27,447,620
Equity			
Share capital		84,087	84,087
Reserves		11,400,645	14,593,013
Equity attributable to shareholders of the Company		11,484,732	14,677,100
Non-controlling interests		10,207,365	12,770,520
		21,692,097	27,447,620

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2021 (“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 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies 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 2021, except for the adoption of the following new standard and amendments that are effective for the financial year ending 31st March 2022 which is relevant to the Group’s operations and is mandatory for accounting periods beginning on or after 1st January 2021:

Amendments to HKFRS 16	COVID-19-related rent concessions beyond 30 June 2021
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest rate benchmark reform - phase 2

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 2021						
Segment revenue	-	87,052	27,327	1,305,060	10,435	1,429,874
Contribution to segment results	(2,658)	73,344	(19,042)	1,297,195	5,911	1,354,750
Depreciation	(3,219)	-	(88,799)	-	(12,834)	(104,852)
Net investment loss	-	-	-	(1,249,530)	-	(1,249,530)
Fair value gain of investment properties	-	314,944	-	-	-	314,944
Share of profits less losses of						
Joint ventures	(45,344)	-	-	-	36	(45,308)
Associated companies	-	42,968	-	-	(502)	42,466
Segment results	(51,221)	431,256	(107,841)	47,665	(7,389)	312,470
Unallocated corporate expenses						(80,069)
Net finance costs						(190,159)
Profit before income tax						42,242

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

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 2021								
Assets	9,866,235	11,041,002	6,066,270	11,167,188	238,525	4,004,840	42,384,060	
Assets include:								
Joint ventures and associated companies	5,595,620	1,235,746	-	-	34,570	-	6,865,936	
Addition to non-current assets for the six months ended 30th September 2021*								
	260,609	113	135,419	-	63,047	4,915	464,103	
Liabilities								
Borrowings	5,022,092	1,775,023	3,566,773	2,020,416	-	6,334,295	18,718,599	
Other unallocated liabilities							1,973,364	
							<u>20,691,963</u>	
At 31st March 2021								
Assets	9,424,658	10,682,175	6,010,798	18,047,001	231,495	4,168,545	48,564,672	
Assets include:								
Joint ventures and associated companies	5,691,208	1,192,778	-	-	34,375	502	6,918,863	
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	4,615,009	1,788,371	3,609,603	2,490,865	-	5,490,183	17,994,031	
Other unallocated liabilities							3,123,021	
							<u>21,117,052</u>	

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

2 Segment information (Continued)

	Six months ended 30th September	
	2021 HK\$'000	2020 HK\$'000
Revenue		
Hong Kong	138,881	186,045
Overseas	<u>1,290,993</u>	<u>1,217,817</u>
	<u><u>1,429,874</u></u>	<u><u>1,403,862</u></u>
	30th September 2021 HK\$'000	31st March 2021 HK\$'000
Non-current assets*		
Hong Kong	21,869,533	21,249,645
Overseas	<u>2,877,954</u>	<u>3,136,976</u>
	<u><u>24,747,487</u></u>	<u><u>24,386,621</u></u>

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

3 Net investment (loss)/gain

	Six months ended 30th September	
	2021 HK\$'000	2020 HK\$'000
Financial assets at fair value through profit or loss ("FVPL")		
- net unrealised (loss)/gain from market price movements	(322,222)	1,924
- net unrealised exchange gain	90,858	2,744
- net realised (loss)/gain (note (a))	(8,592)	836
Financial assets at fair value through other comprehensive income ("FVOCI")		
- net unrealised exchange gain/(loss)	17,299	(4,700)
- net realised gain (note (b))	27,893	35,876
- change in expected credit losses	(1,052,444)	7,478
Derivative financial instrument		
- net unrealised loss	<u>(2,322)</u>	<u>-</u>
	<u><u>(1,249,530)</u></u>	<u><u>44,158</u></u>

3 Net investment (loss)/gain (Continued)

	Six months ended	
	30th September	
	2021	2020
	HK\$'000	HK\$'000
Notes:		
(a) Net realised (loss)/gain on financial assets at FVPL		
Gross consideration	33,958	10,289
Cost of investments	<u>(38,955)</u>	<u>(9,413)</u>
Total (loss)/gain	(4,997)	876
Less: net unrealised gain recognised in prior years	<u>(3,595)</u>	<u>(40)</u>
Net realised (loss)/gain recognised in current period	<u>(8,592)</u>	<u>836</u>
(b) Net realised gain on financial assets at FVOCI		
Gross consideration	2,019,174	4,410,910
Cost of investments	<u>(1,962,923)</u>	<u>(4,353,704)</u>
Total gain	56,251	57,206
Transfer from investment revaluation reserve	<u>(28,358)</u>	<u>(21,330)</u>
Net realised gain recognised in current period	<u>27,893</u>	<u>35,876</u>

4 Income and expenses by nature

	Six months ended	
	30th September	
	2021	2020
	HK\$'000	HK\$'000
Income		
Interest income from financial assets at FVOCI		
- Listed investments	989,585	1,244,458
Interest income from financial assets at FVPL		
- Listed investments	294,291	-
- Unlisted investments	767	5,866
Interest income from financial assets that are measured at amortised cost		
- Amount due from joint ventures	6,024	24,095
- Loan receivables	320	2,155
- Bank deposits	408	458
Dividend income		
- Listed investments	<u>2,334</u>	<u>2,622</u>
Expenses		
Cost of properties and goods sold	<u>553</u>	<u>417</u>

5 Net finance costs

	Six months ended	
	30th September	
	2021	2020
	HK\$'000	HK\$'000
Interest expenses		
Long term bank loans	(154,710)	(171,980)
Short term bank loans and overdrafts	(4,036)	(22,036)
Medium term notes	-	(756)
Lease liabilities	(35)	(64)
Amount due to a joint venture	(1,090)	(834)
Derivative financial instruments (interest rate swaps)	(39,527)	(12,239)
Interest capitalised	<u>43,180</u>	<u>19,523</u>
	(156,218)	(188,386)
Other incidental borrowing costs	(30,021)	(23,073)
Net foreign exchange (loss)/gain on borrowings	(1,351)	125
Fair value loss on derivative financial instruments (interest rate swaps)		
Cash flow hedge	<u>(2,569)</u>	<u>(19,819)</u>
	<u>(190,159)</u>	<u>(231,153)</u>

6 Income tax credit/(expense)

	Six months ended	
	30th September	
	2021	2020
	HK\$'000	HK\$'000
Current income tax expense		
Hong Kong profits tax	(40,291)	(22,033)
Overseas profits tax	(581)	-
Over/(under) provision in prior years	<u>7,825</u>	<u>(834)</u>
	(33,047)	(22,867)
Deferred income tax credit	<u>67,048</u>	<u>15,893</u>
	<u>34,001</u>	<u>(6,974)</u>

Hong Kong profits tax is provided at the rate of 16.5% (2020: 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 2021 (2020: Nil).

8 Earnings per share

The calculation of basic and diluted earnings per share is based on profit attributable to shareholders of the Company and divided by the weighted average number of shares in issue.

	Six months ended 30th September	
	2021	2020
	HK\$'000	HK\$'000
Profit attributable to shareholders of the Company	<u>43,624</u>	<u>458,519</u>
	Number of shares	
Weighted average number of shares in issue	<u>840,873,996</u>	<u>840,873,996</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 2021 and 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\$38,165,000 (31st March 2021: HK\$33,936,000). 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 loss allowance is as follows:

	30th September 2021 HK\$'000	31st March 2021 HK\$'000
0 month to 6 months	35,495	32,840
7 months to 12 months	2,428	964
More than 12 months	242	132
	<u>38,165</u>	<u>33,936</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\$47,048,000 (31st March 2021: HK\$1,143,835,000).

An aging analysis of trade payables is as follows:

	30th September 2021 HK\$'000	31st March 2021 HK\$'000
0 month to 6 months	46,560	1,143,101
7 months to 12 months	25	192
More than 12 months	463	542
	<u>47,048</u>	<u>1,143,835</u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group recorded a revenue of HK\$1,430 million (2020: HK\$1,404 million) for the first half of the financial year with profit attributable to shareholders of the Company at HK\$44 million (2020: HK\$459 million). While there is a slight increase in revenue, the Group's provision for expected credit loss on its financial investments increased substantially, following the liquidity crisis faced by PRC real estate developers, resulting in the decline of the Group's profit attributable to shareholders.

PROPERTIES SALES, DEVELOPMENT AND LEASING

SALES AND DEVELOPMENT

Mainland China

In Tongzhou, Beijing, concreting work of all six blocks of residential towers have been completed and fitting-out works is in progress. Presales have continued progressing and approximately RMB1 billion sales were contracted during the period.

As of 30th September 2021, two-thirds of the residential units were sold, reaching RMB4 billion and profit recognition will begin upon delivery of the residential units which the Group expects to commence in the first half of 2022. Sub-structure works for the two commercial towers are in progress as well. The entire joint venture development comprises 2.3 million sq. ft. GFA.

Hong Kong

In Jardine's Lookout, sales of the Group's joint venture development, Dukes Place, comprising sixteen residential apartments ranging from 2,850 sq. ft to over 6,800 sq. ft. continues. During the period, another HK\$400 million were contracted and up to end September 2021, 60% of the units comprising 40% of the saleable area was sold, with total sales amounted to approximately HK\$1.9 billion.

On Po Shan Road, superstructure works of another joint venture residential development is on-going and expected to complete in early 2022. During the interim period, the Group increased its stake by 10% to 50%.

In Hung Shui Kiu, Yuen Long, foundation works are nearly finished for the 520,000 sq. ft. GFA development of which approximately 90% are residential apartments for sale, with the remaining 10% being retail units all with street frontage. Our development is covered under HKSAR's Northern Metropolis Development Strategy, and is among the first district being developed within the zone envisioned to be the most vibrant area where urban development and major population growth of HKSAR in the next decades will take place.

The area will serve as the main hub for the Hong Kong-Shenzhen Western Railway linking Hung Shui Kiu and Qianhai, ensuring a good transport connectivity for an easier flow of goods and people across the bay.

Also covered by the Northern Metropolis plan is our joint venture site in Kwu Tung, which is in the early stage of land exchange application with the government. The site covers an approximate area of 270,000 sq. ft.

In Kowloon East, the 800,000 sq. ft. leasable GFA commercial building, Harbourside HQ, is undergoing a repositioning of tenant mix to enhance the value of this joint venture investment since completion of its renovation in end of last financial year.

During the period, we entered into a joint venture consortium to acquire the Kowloonbay International Trade and Exhibition Centre for HK\$10.5 billion. The acquisition was just completed in November. The building will be redeveloped into Grade-A offices.

Canada (development through hotel subsidiary group)

The redevelopment of our Empire Landmark hotel progressed well, superstructure of the “Landmark on Robson” development is under construction and expected to finish by first quarter 2022. This redevelopment, upon completion, will become two residential towers of approximately 400,000 sq. ft. GFA. The Group is currently conducting a new round of presale.

Regarding its joint venture redevelopment of high-end residential complex of approximately 627,000 sq. ft. GFA in Alberni Street, downtown Vancouver, the City has accepted our response to the Prior-to-letter and we are awaiting their confirmation on the issuing of the development permit for the project. Simultaneously, the development team is determining the most efficient method for achieving coordinated construction designs that optimise construction costs, and identifying a suitable location for the sales presentation center.

Another joint venture development that is also located on Alberni Street in downtown Vancouver is in its planning stage for development into premium residential units for sale. The rezoning package has been submitted to the City in early 2020. We had successfully passed the Urban Design Panel in October 2020, which is a prerequisite for the development permit application, and is now considering the Community Amenity Contributions offer, with the aim for setting a public hearing schedule in December 2021.

LEASING

Leasing income for the period attributable to the Group was HK\$92 million (2020: HK\$108 million). Average occupancies of YF Life Tower in Wanchai and Asia Standard Tower in Central had decreased by 6%, comparing to same period last year. Hong Kong is still having stringent in-bound quarantine restriction. However, with the gradual control of the city's epidemic and the relaxation of social distancing measures, the leasing market is showing signs of recovery as compared to last year.

Net revaluation gain (taking into account our share from the investment property owned by an associated company) of HK\$358 million (2020: loss of HK\$272 million) was recorded.

HOTEL

Management has always been planning and implementing programme to boost occupancy and revenue. Beginning July, our Empire Hotel Hong Kong and Empire Hotel Kowloon launched long-stay promotions targeting local customers and commencing September, our two hotels in Causeway Bay participated in the Hong Kong government's Designated Quarantine Hotel Scheme.

The performance of hotel and travel segment was better than same period last year with revenue up by 53% to HK\$27 million (2020: HK\$18 million). Hotel management is acutely aware of the challenges that continue as the uncertainty associated with a global resurgence in COVID-19 infections persists, and is continuously implementing revenue enhancement and cost minimisation measures, at the same time deferring non-essential capital expenditures.

FINANCIAL INVESTMENTS

At 30th September 2021, the Group held financial investments of approximately HK\$10,538 million (31st March 2021: HK\$17,502 million), with HK\$9,177 million (31st March 2021: HK\$15,152 million) held by the two listed subsidiary groups. The investment portfolio comprised of 94% listed debt securities (predominantly issued by PRC-based real estate companies), 3% listed equity securities and 3% unlisted investments. They are denominated in different currencies with 56% in United States dollar, 40% in Renminbi and 4% in other currencies (mostly Hong Kong dollar).

The portfolio's value decrease was primarily due to the mark to market revaluation loss recognised in investment revaluation reserve plus profit and loss account. Our financial investments experienced a negative impact during the period on the outburst of China Evergrande liquidity crisis, further worsened by the spill-over effect expanding to other names of the sector.

During the period, income from this investment portfolio amounted to HK\$1,305 million (2020: HK\$1,253 million). A net investment loss of HK\$1,250 million (2020: net gain of HK\$44 million) was recorded in the profit and loss account while a net loss of HK\$5,657 million (2020: net gain of HK\$2,062 million) was recognised in investment revaluation reserve account.

At 30th September 2021, an approximate value of HK\$2,690 million (31st March 2021: HK\$4,070 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

FINANCIAL REVIEW

At 30th September 2021, the Group has over HK\$10.0 billion (31st March 2021: HK\$12.1 billion) cash and undrawn banking facilities. The financing and treasury activities of our three listed groups are independently administered.

At 30th September 2021, the Group's total assets per book were approximately HK\$42.4 billion (31st March 2021: HK\$48.6 billion), with net assets of HK\$21.7 billion (31st March 2021: HK\$27.4 billion). Adopting market value of hotel properties in operation, the revalued total assets of the Group were HK\$48.0 billion (31st March 2021: HK\$54.1 billion), while the revalued net assets of the Group were HK\$27.8 billion (31st March 2021: HK\$33.5 billion).

Net debt was HK\$16.6 billion (31st March 2021: HK\$15.8 billion), of which HK\$0.2 billion (31st March 2021: HK\$0.5 billion) was attributable to the parent group. Total interest cost is similar for the two periods while net interest cost through profit and loss account is less than comparative period, mostly due to the interest capitalisation of Hung Shui Kiu development commencing second half of last comparative period. At 30th September 2021, the Group's net gearing ratio (net debt to revalued net asset value) is approximately 60% (31st March 2021: 47%). As at 30th September 2021, the Group had net current assets of HK\$8.2 billion (31st March 2021: HK\$11.8 billion) and the HK\$12.7 billion aggregate amount of marketable securities and cash together represented 3.3 times of the HK\$3.9 billion current debt repayable within 12 months.

70% of the debts are secured and majority of the debts are at floating rates. As at 30th September 2021, about 48% of these floating rates debts have been hedged against HIBOR fluctuations by various interest rate swap contracts of approximately HK\$8,760 million in total, with approximately 83% having remaining maturities of between 3 and 4 years, and most of the remaining between 1 and 2 years. The maturities of our debts spread over a period of up to 5 years, with 18% repayable between one to two years and 61% repayable between two to five years. The remaining 21% represent revolving and term loans repayable within 1 year.

Approximately 97% of the Group's borrowings are in Hong Kong dollars and the remaining 3% in United States dollars and Canadian dollars.

As at 30th September 2021, property assets with an aggregate net book value of HK\$24.1 billion (31st March 2021: HK\$23.5 billion) were pledged to secure credit facilities of the Group. HK\$3,038 million (31st March 2021: HK\$2,889 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 2021, the Group employed approximately 330 (31st March 2021: 330) 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 almost two years of the coronavirus pandemic, major economies are expected to recover following the increased vaccination rates and thus gradual relaxation of social distancing measures. Though cross-border quarantine policies are yet from entire uplift, governments are working hard to bring the economies back to normal.

Retail sector benefit from government's consumption stimuli in the short term, so is the hotel operation. The continuous recovery of these sectors and commercial properties markets depends on the business and operating environments, relying very much on the pandemic containment, cross-border traffic and the maintaining of Hong Kong as business hup of the Greater-Bay area in the longer term, which government has been working hard to achieve.

Local property market remains resilient, evidenced by the encouraging first-hand sales from local developers and the recent land sale of harbourfront commercial plot in Central. The Chief Executive also recently announced HKSAR's Northern Metropolis Development Strategy, introducing a new energetic element over the next tens of years which will hugely enhance the value and marketability of our development projects in Hung Shui Kiu and Kwu Tung.

Sales of our Beijing joint venture project continue to perform well. With continuous urbanisation, the mainland property sector is expected to maintain a steady growth under the close monitoring of the central government.

The debt-laden crisis facing mainland property developers is more about liquidity rather than solvency. With their positive problem-solving attitude and strong asset base, many developers are striving to solve the problem by speeding up asset disposals, injection of funds from the major shareholders and appropriate rationalisation of the maturity profiles of their debts. Central government have also extended supportive measures lately.

Management will continue to be financially cautious and prudent to alleviate and mitigate any negative impact in this uncertain economic environment.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2021 (2020: 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 has 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 2021.

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 2021.

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

Hong Kong, 30th November 2021

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. Wong Chi Keung, Mr. Cheung Kwok Wah and Mr. Leung Wai Keung.