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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 2023

FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	Six months ended		Change
	2023	2022	
Revenue	1,000	1,202	-17%
Loss attributable to shareholders of the Company	(619)	(37)	+16 times
Loss per share - basic (HK\$)	(0.74)	(0.04)	+17 times
	30th September 2023	31st March 2023	Change
Total assets	40,503	42,680	-5%
Net assets	20,925	23,956	-13%
Equity attributable to shareholders of the Company	10,961	12,655	-13%
Net debt	16,133	15,547	+4%
Supplementary information with hotel properties at valuation:			
Revalued total assets	48,233	49,632	-3%
Revalued net assets	29,150	31,408	-7%
Equity attributable to shareholders of the Company	14,732	16,072	-8%
Gearing – net debt to revalued net assets	55%	50%	

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 2023 together with the comparative figures for the six months ended 30th September 2022 were as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

For the six months ended 30th September

	Note	2023 HK\$'000	2022 HK\$'000
Interest revenue		750,709	1,016,163
Sales of goods and services, leasing and other revenue		<u>249,729</u>	<u>186,064</u>
Total revenue	2	1,000,438	1,202,227
Cost of sales		<u>(75,470)</u>	<u>(50,994)</u>
Gross profit		924,968	1,151,233
Selling and administrative expenses		(134,009)	(151,486)
Depreciation		(107,392)	(115,331)
Net investment loss	3		
Net realised and unrealised loss		(324,811)	(398,602)
Change in expected credit losses		(1,457,208)	(664,481)
Fair value gain of investment properties		<u>175,363</u>	<u>81,095</u>
Operating loss		(923,089)	(97,572)
Net finance costs	5	(271,844)	(155,764)
Share of profits less losses of			
Joint ventures		32,389	180,704
Associated companies		<u>(3,103)</u>	<u>(13,082)</u>
Loss before income tax		(1,165,647)	(85,714)
Income tax credit	6	<u>33,906</u>	<u>33,138</u>
Loss for the period		<u>(1,131,741)</u>	<u>(52,576)</u>
Attributable to:			
Shareholders of the Company		(618,645)	(37,333)
Non-controlling interests		<u>(513,096)</u>	<u>(15,243)</u>
		<u>(1,131,741)</u>	<u>(52,576)</u>
Loss per share (HK\$)			
Basic	8	<u>(0.74)</u>	<u>(0.04)</u>
Diluted	8	<u>(0.74)</u>	<u>(0.04)</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

For the six months ended 30th September

	2023	2022
	HK\$'000	HK\$'000
Loss for the period	<u>(1,131,741)</u>	<u>(52,576)</u>
Other comprehensive charge		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Debt securities at fair value through other comprehensive income		
- net fair value loss and other net movement	(1,885,321)	(1,695,731)
- release of reserve upon derecognition	135,715	(24,872)
Share of net fair value (loss)/gain on debt securities at fair value through other comprehensive income of joint ventures	(114,524)	16,216
Cash flow hedges		
- net fair value gain	33,108	247,961
- deferred tax on derivative financial instruments	(5,463)	(40,914)
Currency translation differences	(20,006)	(102,532)
Share of currency translation differences of joint ventures	(79,420)	(193,382)
Items that will not be reclassified to profit or loss:		
Net fair value gain/(loss) on equity securities at fair value through other comprehensive income	<u>36,675</u>	<u>(38,072)</u>
	<u>(1,899,236)</u>	<u>(1,831,326)</u>
Total comprehensive charge for the period	<u>(3,030,977)</u>	<u>(1,883,902)</u>
Attributable to:		
Shareholders of the Company	(1,694,355)	(1,023,609)
Non-controlling interests	<u>(1,336,622)</u>	<u>(860,293)</u>
	<u>(3,030,977)</u>	<u>(1,883,902)</u>

CONDENSED CONSOLIDATED BALANCE SHEET - UNAUDITED

	Note	30th September 2023 HK\$'000	31st March 2023 HK\$'000
Non-current assets			
Investment properties		10,935,872	10,760,246
Property, plant and equipment		7,810,787	7,914,098
Investment in joint ventures and associated companies		4,352,696	4,596,844
Amounts due from joint ventures and associated companies		2,708,771	2,393,487
Financial investments		1,613,409	1,832,378
Derivative financial instruments		386,752	348,192
Deferred income tax assets		135,770	155,400
		27,944,057	28,000,645
Current assets			
Properties under development for sale		5,731,095	5,173,226
Completed properties held for sale		3,680	3,680
Hotel and restaurant inventories		27,757	27,949
Trade and other receivables	9	891,024	1,222,427
Income tax recoverable		201	173
Financial investments		4,470,392	6,948,024
Derivative financial instruments		82,220	83,874
Bank balances and cash		231,083	188,932
- restricted		1,121,471	1,031,027
- unrestricted		12,558,923	14,679,312
		12,558,923	14,679,312
Current liabilities			
Trade and other payables	10	228,707	193,926
Contract liabilities		328,361	265,241
Amounts due to joint ventures		351,811	297,425
Amount due to an associated company		187,110	193,050
Amount due to non-controlling interests		54,085	52,949
Income tax payable		172,758	174,012
Borrowings		5,633,321	3,901,632
		6,956,153	5,078,235
		6,956,153	5,078,235
Net current assets		5,602,770	9,601,077
Non-current liabilities			
Borrowings		11,851,620	12,865,355
Deferred income tax liabilities		770,385	780,568
		12,622,005	13,645,923
		12,622,005	13,645,923
Net assets		20,924,822	23,955,799
Equity			
Share capital		84,087	84,087
Reserves		10,876,793	12,571,147
Equity attributable to shareholders of the Company		10,960,880	12,655,234
Non-controlling interests		9,963,942	11,300,565
		20,924,822	23,955,799

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2023 (“Interim Financial Information”) has been prepared in accordance with Hong Kong Accounting Standards (“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 2023, 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 2023, except for the adoption of the following amendments to standards that are effective for the financial year ending 31st March 2024 which is relevant to the Group’s operations and is mandatory for accounting periods beginning on or after 1st January 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The adoption of the 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 operation, management services, interest income and dividend income.

	Property sales HK\$'000	Property leasing HK\$'000	Hotel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended 30th September 2023						
Segment revenue	-	63,695	173,872	741,737	21,134	1,000,438
Contribution to segment results	(9,775)	47,586	78,705	726,495	33,818	876,829
Depreciation	(10,104)	-	(73,814)	-	(23,474)	(107,392)
Net investment loss	-	-	-	(1,782,019)	-	(1,782,019)
Fair value gain of investment properties	-	175,363	-	-	-	175,363
Share of profits less losses of						
Joint ventures	32,472	-	-	-	(83)	32,389
Associated companies	-	(16,920)	-	-	13,817	(3,103)
Segment results	12,593	206,029	4,891	(1,055,524)	24,078	(807,933)
Unallocated corporate expenses						(85,870)
Net finance costs						(271,844)
Loss before income tax						(1,165,647)
Six months ended 30th September 2022						
Segment revenue	6,750	77,824	72,120	1,022,707	22,826	1,202,227
Contribution to segment results	(999)	64,022	4,451	997,880	18,082	1,083,436
Depreciation	(10,104)	-	(79,621)	-	(25,606)	(115,331)
Net investment loss	-	-	-	(1,063,083)	-	(1,063,083)
Fair value gain of investment properties	-	81,095	-	-	-	81,095
Share of profits less losses of						
Joint ventures	180,536	-	-	-	168	180,704
Associated companies	-	(13,082)	-	-	-	(13,082)
Segment results	169,433	132,035	(75,170)	(65,203)	(7,356)	153,739
Unallocated corporate expenses						(83,689)
Net finance costs						(155,764)
Loss before income tax						(85,714)

2 Segment information (Continued)

	Business segments						Total HK\$'000
	Property sales HK\$'000	Property leasing HK\$'000	Hotel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Unallocated HK\$'000	
	At 30th September 2023						
Assets	11,872,589	12,174,872	5,729,501	6,791,078	230,835	3,704,105	40,502,980
Assets include:							
Joint ventures and associated companies	5,839,143	1,197,797	-	-	22,115	2,412	7,061,467
Addition to non-current assets for the six months ended 30th September 2023*	5,286	263	3,218	-	10,155	30	18,952
Liabilities							
Borrowings	5,038,603	2,197,628	4,152,862	-	-	6,095,848	17,484,941
Other liabilities							<u>2,093,217</u>
							<u>19,578,158</u>
At 31st March 2023							
Assets	11,181,016	12,025,745	5,830,306	9,811,157	226,906	3,604,827	42,679,957
Assets include:							
Joint ventures and associated companies	5,750,909	1,214,718	-	-	24,704	-	6,990,331
Addition to non-current assets for the six months ended 30th September 2022*	6,347	207	15,093	-	15,096	3,034	39,777
Liabilities							
Borrowings	5,073,714	1,818,976	4,151,002	-	-	5,723,295	16,766,987
Other liabilities							<u>1,957,171</u>
							<u>18,724,158</u>

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

2 Segment information (Continued)

	Six months ended	
	30th September	
	2023	2022
	HK\$'000	HK\$'000
Revenue		
Hong Kong	257,020	172,654
Overseas	743,418	1,029,573
	<u>1,000,438</u>	<u>1,202,227</u>
	30th	31st
	September	March
	2023	2023
	HK\$'000	HK\$'000
Non-current assets*		
Hong Kong	23,536,977	23,205,139
Overseas	2,271,149	2,426,939
	<u>25,808,126</u>	<u>25,632,078</u>

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

3 Net investment loss

	Six months ended	
	30th September	
	2023	2022
	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss (“FVPL”)		
- net unrealised fair value loss	(141,799)	(426,249)
- net realised gain (note (a))	4,720	3,339
Financial assets at fair value through other comprehensive income (“FVOCI”)		
- net unrealised exchange loss	(14,612)	(10,366)
- net realised (loss)/gain (note (b))	(170,404)	1,380
- change in expected credit losses	(1,457,208)	(664,481)
Financial assets at amortised cost		
- net unrealised exchange loss	(1,062)	-
Derivative financial instrument		
- net unrealised (loss)/gain	(1,654)	33,294
	<u>(1,782,019)</u>	<u>(1,063,083)</u>

3 Net investment loss (Continued)

	Six months ended	
	30th September	
	2023	2022
	HK\$'000	HK\$'000
Notes:		
(a) Net realised gain on financial assets at FVPL		
Gross consideration	221,104	20,268
Cost of investments	(219,346)	(16,973)
Add: net unrealised loss recognised in prior years	2,962	44
Net realised gain recognised in current period	<u>4,720</u>	<u>3,339</u>
(b) Net realised (loss)/gain on financial assets at FVOCI		
Gross consideration	281,482	851,814
Cost of investments	(665,427)	(845,169)
Transfer from investment revaluation reserve	213,541	(5,265)
Net realised (loss)/gain recognised in current period	<u>(170,404)</u>	<u>1,380</u>

4 Income and expenses by nature

	Six months ended	
	30th September	
	2023	2022
	HK\$'000	HK\$'000
Income		
Interest income from financial assets at FVOCI		
- Listed investments	550,296	719,557
- Unlisted investments	53,942	13,810
Interest income from financial assets at FVPL		
- Listed investments	69,210	270,245
- Unlisted investments	6,448	3,158
Interest income from financial assets measured at amortised cost		
- Listed investments	53,723	-
- Joint ventures	7,359	4,648
- Loan receivables	1,456	852
- Bank deposits	8,275	3,893
Dividend income		
- Listed investments	<u>5,474</u>	<u>2,790</u>
Expenses		
Cost of goods sold	<u>3,687</u>	<u>6,067</u>

5 Net finance costs

	Six months ended	
	30th September	
	2023	2022
	HK\$'000	HK\$'000
Interest (expense)/income		
Long term bank loans	(490,338)	(209,040)
Short term bank loans and overdrafts	-	(6,589)
Lease liabilities	(50)	(125)
Amount due to a joint venture	(1,635)	(1,090)
Derivative financial instruments (interest rate swaps (“IRS”))	131,439	(5,554)
Interest capitalised	<u>113,561</u>	<u>58,266</u>
	(247,023)	(164,132)
Other incidental borrowing costs	(30,259)	(30,743)
Net foreign exchange loss on borrowings	(14)	(580)
Fair value gain on derivative financial instruments (IRS)		
Cash flow hedge – ineffective portion	<u>5,452</u>	<u>39,691</u>
	<u>(271,844)</u>	<u>(155,764)</u>

6 Income tax credit

	Six months ended	
	30th September	
	2023	2022
	HK\$'000	HK\$'000
Current income tax (expense)/credit		
Hong Kong profits tax	(373)	(7,846)
Overseas profits tax	-	(2,315)
Over/(under) provision in prior years	<u>1,441</u>	<u>(704)</u>
	1,068	(10,865)
Deferred income tax credit	<u>32,838</u>	<u>44,003</u>
	<u>33,906</u>	<u>33,138</u>

Hong Kong profits tax is provided at the rate of 16.5% (2022: 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 2023 (2022: Nil).

8 Loss per share

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

	Six months ended 30th September	
	2023	2022
	HK\$'000	HK\$'000
Loss attributable to shareholders of the Company	<u>(618,645)</u>	<u>(37,333)</u>
	Number of shares	
Weighted average number of shares in issue	<u>840,873,996</u>	<u>840,873,996</u>

The diluted loss per share is equal to the basic loss per share since there exist no dilutive potential share during the six months ended 30th September 2023 and 2022.

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\$49,349,000 (31st March 2023: HK\$67,034,000). The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluation of customers are performed periodically.

Aging analysis of trade receivables net of loss allowance is as follows:

	30th September 2023 HK\$'000	31st March 2023 HK\$'000
0 month to 6 months	45,808	48,848
7 months to 12 months	2,777	8,842
More than 12 months	764	9,344
	<u>49,349</u>	<u>67,034</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\$118,695,000 (31st March 2023: HK\$73,996,000).

Aging analysis of trade payables is as follows:

	30th September 2023 HK\$'000	31st March 2023 HK\$'000
0 month to 6 months	118,338	73,625
7 months to 12 months	8	60
More than 12 months	349	311
	<u>118,695</u>	<u>73,996</u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group recorded a revenue of HK\$1,000 million (2022: HK\$1,202 million) for the first half of the financial year. While there is a substantial increase in the revenue from the hotel operations, it was more than offset by the decrease in interest revenue from investment in debt securities.

During the period, loss attributable to shareholders of the Company was HK\$619 million (2022: HK\$37 million). The change is mainly attributable to (i) decrease in investment revenue as mentioned above; (ii) further provision for expected credit losses on investment in financial assets; and (iii) higher share of profits recognised from property development joint ventures in last period.

PROPERTIES SALES, DEVELOPMENT AND LEASING

SALES AND DEVELOPMENT

The Group at present has 5 development projects launched on the market for sale with attributable GFA of approximately 1.9 million sq. ft., spanning across Hong Kong, Beijing and Vancouver. Attributable contracted sales achieved during the period amount to approximately HK\$830 million. At the same time, it also has attributable GFA of approximately 1.4 million sq. ft. in its development pipeline at planning and land exchange stage in Hong Kong and Vancouver.

Mainland China

In Tongzhou, Beijing, the construction of the residential portion of our 50% owned joint venture development, Capital Cove, has been completed. This 2,360,000 sq. ft. GFA development comprises 964 residential apartments and two commercial towers. Up to 30th September 2023, approximately 80% of the residential units were sold and had achieved a total contracted sales of approximately RMB5.0 billion, with about 97% sold units delivered. Sub-structure works for the two commercial towers have recently been completed.

Hong Kong

Our Group's residential development, High Park, neighbouring the Hung Shui Kiu light-rail station, was launched for presale in mid-July and contracted HK\$410 million sales up to 30 September 2023 for Phase I of this project. All the five towers were topped out, fittings and finishings are in progress, with expected completion around mid-2024. The Hung Shui Kiu New Development Area is positioned as the high-end professional services and logistics hub under the Northern Metropolis Development Strategy and will serve as the main hub for the Hong Kong-Shenzhen Western Railway linking Hung Shui Kiu and Qianhai, ensuring efficient transport connectivity of the Greater Bay Area.

On Po Shan Road, sales of the 50% joint venture residential development High Peak were launched, comprising 16 flats of saleable area ranging from 3,770 sq. ft. to 7,260 sq. ft.. The development is completed and several show flats decoration were in progress. During the period, a standard unit was sold and completion took place after the interim period, profit will be accounted for in the full year result.

In Dukes Place, the Group's 20% joint venture project in Jardine's Lookout, a triplex garden unit sold for HK\$290 million was recognised during the period. As at 30th September 2023, 75% of the units were sold, with cumulative total sales amounted to approximately HK\$2.5 billion.

In the Northern Metropolis, our joint venture residential development site in Kwu Tung is in the process of land exchange application with the government. The site covers an area of approximately 320,000 sq. ft. with a total developable GFA of approximately 1.2 million sq.ft..

In Lam Tei, Tuen Mun, the Group's residential project is also in land exchange application with the government. The developable GFA has increased to approximately 83,700 sq. ft..

Canada (development through hotel subsidiary group)

The redevelopment of our Empire Landmark hotel in Vancouver is progressing well. Superstructure of the "Landmark on Robson" development has been topped out in May 2022 and internal fitting-out is ongoing. This 400,000 sq. ft. GFA redevelopment is targeted to be completed in the first half of 2024. The development has two 30-plus storeys residential towers comprising 236 residential units over a three-storeys podium of retail and office space of about 50,000 sq. ft., and a four-level underground parking facility. Up to 30th September 2023, approximately CAD230 million of sales were contracted.

The Group's two joint venture residential development on Alberni Street, downtown Vancouver, are in active discussion with the local city's planning department.

LEASING

Leasing income for the period was HK\$64 million (2022: HK\$78 million). Net revaluation gain (taking into account our share from the investment property owned by an associated company) of HK\$162 million (2022: HK\$68 million) was recorded.

HOTEL

According to HKSAR's statistics, 19 million arrivals were recorded in April to September 2023, substantially up from 240,000 in the same period last year, with 80% from mainland, following the full re-opening of border with the mainland and the uplift of all anti-epidemic measures towards the end of last financial year.

Our hotel sector recorded an increase in revenue by 140% to HK\$174 million (2022: HK\$72 million), and brought significant increase in profit contribution to the Group. Average occupancy of the Group's hotels surged to 80% (2022: 50%) for the six months interim period, with room rates also rising significantly.

FINANCIAL INVESTMENTS

At 30th September 2023, the Group held financial investments of approximately HK\$6,084 million (31st March 2023: HK\$8,780 million), with HK\$5,396 million (31st March 2023: HK\$7,656 million) held by the two listed subsidiary groups. The investment portfolio comprised of 84% listed debt securities (predominantly issued by PRC-based real estate companies), 8% listed equity securities and 8% unlisted investments. They are denominated in different currencies with 61% in United States dollar, 31% in Renminbi and 8% in other currencies (mostly Hong Kong dollar).

During the period, income from this investment portfolio amounted to HK\$742 million (2022: HK\$1,023 million), the decrease is mainly resulted from disposal/redemption of some debt securities after the last interim period. A net investment loss of HK\$1,782 million (2022: HK\$1,063 million), which mainly include further provision for expected credit loss, was recorded in the profit and loss account, while a net fair value loss of HK\$1,713 million (2022: HK\$1,759 million) was recognised in investment revaluation reserve account.

The PRC government continued to roll out supportive policies to the real estate sector. The Group actively participates in the liabilities management negotiation with various developers through maturity extension coupled with principal amortisation, reduction of coupon rates and charging collateral as credit enhancement.

At 30th September 2023, none (31st March 2023: none) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

FINANCIAL REVIEW

The financing and treasury activities of our three listed groups are independently administered. At 30th September 2023, the Group has over HK\$7.0 billion (31st March 2023: HK\$7.7 billion) cash and undrawn banking facilities.

At 30th September 2023, the Group's total assets were approximately HK\$40.5 billion (31st March 2023: HK\$42.7 billion), with net assets of HK\$20.9 billion (31st March 2023: HK\$24.0 billion). Adopting market value of hotel properties in operation, the revalued total assets of the Group were HK\$48.2 billion (31st March 2023: HK\$49.6 billion), while the revalued net assets of the Group were HK\$29.1 billion (31st March 2023: HK\$31.4 billion).

Excluding the two listed subsidiary groups, the parent group was at a net cash position of HK\$57 million (31st March 2023: net debt of HK\$24 million). On a consolidated basis, net debt was HK\$16.1 billion (31st March 2023: HK\$15.5 billion). Total finance cost is approximately 75% more than last year, mostly due to substantial market interest rate increment, the effect of which was much alleviated by our hedging efforts. At 30th September 2023, the Group's gearing ratio (net debt to revalued net asset value) is approximately 55% (31st March 2023: 50%).

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

All the debts are at floating rates, which escalated since last year following US interest rate hikes to curb inflationary pressures. As at 30th September 2023, about 45% of these debts have been hedged against HIBOR fluctuations by various interest rate swap contracts of approximately HK\$7,810 million in total, fixing at average rate of approximately 1%, with remaining maturities averaging about 1.7 years. As at 30th September 2023, a fair value gain of HK\$469 million was recorded on these interest rate swap contracts. The maturities of our debts spread over a period of up to 4.75 years, with 23% repayable between one to two years and 45% repayable between two to five years. The remaining 32% (reduced to 18% after post-period end refinancing) represent term loans repayable within 1 year. Subsequent to interim period end, HK\$2,480 million of term loan maturing within one year was refinanced with a new 5-year term loan.

As at 30th September 2023, 76% of the debts are secured. Property assets with an aggregate net book value of HK\$26.2 billion (31st March 2023: HK\$26.4 billion) were pledged to secure credit facilities of the Group. HK\$2,959 million (31st March 2023: HK\$3,347 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 2023, the Group employed approximately 320 (31st March 2023: 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

The global economy is experiencing the impact of heightened interest rate. To counter the negative impact on the local property market, Hong Kong government relaxed the mortgage ratios and reduced punitive stamp duty previously imposed against the then overheated local residential property market. These measures target to reduce the burden and increase the willingness of new property buyers.

Our Chief Executive continues to emphasise and propel HKSAR's Northern Metropolis Development Strategy, stressing the infrastructure-led approach in transforming this area to become the new engine for Hong Kong's future growth. Recently, the Chief Executive also announced the encouraging number of applications under various talent admission schemes to alleviate the manpower shortage in view of the upcoming economic development, thus creating demand in the local residential property market.

With increasing visitors' arrivals, hotel operation recovers strongly with promising outlook. Our Tourism Board, through Pilot Scheme for Characteristics Local Tourism Events, is also encouraging the trade to develop signature tourism products to showcase the Hong Kong's diversified cultural landscape. On the other side, government has been promulgating Hong Kong's development of "Eight Centres" to provide impetus for sustaining competitiveness and economic growth, thus bringing inflow of visitors and businessmen into the city.

In mainland China, central government continues to alleviate the liquidity issues facing the property developers, including the uplifting of purchase restrictions, lowering of mortgage rate, thus expanding the market through demand-side management. With the policies to stabilise property market, we expect homebuyers' confidence in the real estate sector would be restored, and the affected developers would come out the crisis through liabilities management and accelerated asset sale.

Benefitting from the Group's hedging effort in prior years, we are still enjoying the low interest cost brought by the interest rate swaps, alleviating the Group from associated finance cost burden.

Management continues to be financially cautious and prudent to 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 2023 (2022: 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 to 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 2023.

CORPORATE GOVERNANCE CODE

During the period, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th September 2023.

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

Hong Kong, 30th November 2023

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.