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## ASIA ORIENT HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 214)**

### ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2016

#### FINANCIAL HIGHLIGHTS

*(In HK\$ million, except otherwise indicated)*

	<b>2016</b>	2015	Change
Revenue	<b>1,440</b>	1,359	+6%
Operating profit	<b>1,266</b>	954	+33%
Profit attributable to shareholders of the Company	<b>550</b>	513	+7%
Earnings per share - basic (HK\$)	<b>0.67</b>	0.65	+3%
Total assets	<b>29,572</b>	27,805	+6%
Net assets	<b>20,730</b>	19,902	+4%
Equity attributable to shareholders of the Company	<b>10,382</b>	9,823	+6%
Net debt	<b>6,753</b>	5,311	+27%
Supplementary information with hotel properties in operation at valuation:			
Revalued total assets	<b>33,370</b>	31,605	+6%
Revalued net assets	<b>25,037</b>	24,282	+3%
Equity attributable to shareholders of the Company	<b>12,071</b>	11,532	+5%
Gearing – net debt to revalued net assets	<b>27%</b>	22%	+5%

The Directors of Asia Orient Holdings Limited (the “Company”) announce that the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2016 together with the comparative figures for the year ended 31st March 2015 were as follows:

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2016

	Note	2016 HK\$'000	2015 HK\$'000
Revenue	2	1,440,121	1,358,652
Cost of sales		(253,171)	(242,854)
Gross profit		1,186,950	1,115,798
Selling and administrative expenses		(236,147)	(213,685)
Depreciation		(165,913)	(168,741)
Net investment gain/(loss)	3	474,873	(645,184)
Fair value gain of investment properties		5,806	865,509
Operating profit		1,265,569	953,697
Net finance costs	5	(210,662)	(91,884)
Share of profits less losses of			
Joint ventures		(7,039)	(11,144)
Associated companies		(112,019)	127,466
Profit before income tax		935,849	978,135
Income tax expense	6	(10,445)	(1,065)
Profit for the year		925,404	977,070
Attributable to:			
Shareholders of the Company		549,704	513,254
Non-controlling interests		375,700	463,816
		925,404	977,070
Earnings per share (HK\$)			
Basic	8	0.67	0.65
Diluted	8	0.67	0.63

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2016

	2016 HK\$'000	2015 HK\$'000
Profit for the year	925,404	977,070
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss		
Net fair value loss on available-for-sale investments	(51,975)	(31,218)
Cash flow hedges		
- fair value loss	(8,005)	(50,537)
- transfer to finance costs	24,646	(468)
Currency translation differences	4,733	(20,963)
Share of currency translation differences of joint ventures	(53,457)	310
	(84,058)	(102,876)
Total comprehensive income for the year	841,346	874,194
Attributable to:		
Shareholders of the Company	512,367	467,325
Non-controlling interests	328,979	406,869
	841,346	874,194

## CONSOLIDATED BALANCE SHEET

As at 31st March 2016

	Note	2016 HK\$'000	2015 HK\$'000
<b>Non-current assets</b>			
Investment properties		7,497,849	7,595,663
Property, plant and equipment		7,277,441	7,151,653
Properties held for development for sale		798,743	797,485
Joint ventures and associated companies		3,414,545	2,897,663
Loan receivables		294,704	2,629
Available-for-sale investments		170,896	216,159
Financial assets at fair value through profit or loss		240,601	296,187
Deferred income tax assets		33,755	27,859
		<u>19,728,534</u>	<u>18,985,298</u>
<b>Current assets</b>			
Properties under development for sale		1,037,210	1,001,648
Completed properties held for sale		3,710	3,816
Hotel and restaurant inventories		15,342	1,290
Trade and other receivables	9	339,384	367,057
Income tax recoverable		11,550	12,565
Financial assets at fair value through profit or loss		7,659,283	6,147,061
Bank balances and cash		776,514	1,286,677
		<u>9,842,993</u>	<u>8,820,114</u>
<b>Current liabilities</b>			
Trade and other payables	10	200,369	196,675
Amount due to a joint venture		62,403	71,767
Amount due to an associated company		224,400	224,400
Income tax payable		14,632	17,558
Borrowings		1,121,813	1,099,470
		<u>1,623,617</u>	<u>1,609,870</u>
Net current assets		<u>8,219,376</u>	<u>7,210,244</u>
<b>Non-current liabilities</b>			
Long term borrowings		5,471,214	4,787,666
Medium term notes		936,894	711,020
Derivative financial instruments		48,115	40,110
Deferred income tax liabilities		761,902	754,736
		<u>7,218,125</u>	<u>6,293,532</u>
Net assets		<u>20,729,785</u>	<u>19,902,010</u>
<b>Equity</b>			
Share capital		82,882	81,139
Reserves		10,299,198	9,742,256
Equity attributable to shareholders of the Company		<u>10,382,080</u>	<u>9,823,395</u>
Non-controlling interests		10,347,705	10,078,615
		<u>20,729,785</u>	<u>19,902,010</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, available-for-sale investments, financial assets at fair value through profit or loss and derivative financial instruments, which are carried at fair value, and in accordance with all applicable Hong Kong Financial Reporting Standards.

The accounting policies and methods of computation used in the preparation of these annual financial statements are consistent with those used in 2015. There are no new or revised standards or interpretations that are effective for the first time for this year which are relevant to the Group's operation and have a material impact on the Group's annual financial statements.

Certain new and revised standards have been issued but are not yet effective for the year ended 31st March 2016 and have not been early adopted by the Group. The Group has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether they will have substantial changes to the Group's accounting policies and presentation of the consolidated financial statements.

## 2 Segment information

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

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
<b>2016</b>						
Gross income	630	135,648	651,944	2,479,399	36,376	3,303,997
Segment revenue	<u>630</u>	<u>135,648</u>	<u>484,833</u>	<u>782,634</u>	<u>36,376</u>	<u>1,440,121</u>
Contribution to segment results	(137)	122,664	158,653	781,485	24,419	1,087,084
Depreciation	-	-	(159,148)	-	(6,765)	(165,913)
Net investment gain	-	-	-	474,873	-	474,873
Fair value gain of investment properties	-	5,806	-	-	-	5,806
Share of profits less losses of						
Joint ventures	(3,896)	-	-	-	(3,143)	(7,039)
Associated companies	<u>-</u>	<u>(111,888)</u>	<u>-</u>	<u>-</u>	<u>(131)</u>	<u>(112,019)</u>
Segment results	(4,033)	16,582	(495)	1,256,358	14,380	1,282,792
Unallocated corporate expenses						(136,281)
Net finance costs						(210,662)
Profit before income tax						<u>935,849</u>
<b>2015</b>						
Gross income	-	128,944	726,750	2,168,868	25,322	3,049,884
Segment revenue	<u>-</u>	<u>128,944</u>	<u>535,867</u>	<u>668,519</u>	<u>25,322</u>	<u>1,358,652</u>
Contribution to segment results	6,924	115,779	213,222	666,062	17,221	1,019,208
Depreciation	-	-	(161,756)	-	(6,985)	(168,741)
Net investment loss	-	-	-	(645,184)	-	(645,184)
Fair value gain of investment properties	-	865,509	-	-	-	865,509
Share of profits less losses of						
Joint ventures	(3,918)	-	-	-	(7,226)	(11,144)
Associated companies	<u>-</u>	<u>127,457</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>127,466</u>
Segment results	3,006	1,108,745	51,466	20,878	3,019	1,187,114
Unallocated corporate expenses						(117,095)
Net finance costs						(91,884)
Profit before income tax						<u>978,135</u>

Notes:

- Management regards gross income of travel operation as gross sales proceeds from the sales of air-ticket, hotel reservation arrangement and incentive travel tours.
- Management regards gross income of financial investments as comprising these revenue as defined under generally accepted accounting principles together with gross consideration from disposal of financial assets at fair value through profit or loss.

## 2 Segment information (continued)

	Business segments						Unallocated HK\$'000	Total HK\$'000
	Property sales	Property leasing	Hotel and travel	Financial investments	Others			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
<b>2016</b>								
Assets	3,787,160	8,990,528	7,200,720	8,240,210	554,117	798,792	29,571,527	
Assets include:								
Joint ventures and associated companies	1,947,231	1,462,596	-	-	1,043	3,675	3,414,545	
Addition to non-current assets*	470,074	18,964	157,872	-	62,692	801	710,403	
Liabilities								
Borrowings	1,650,996	973,499	1,694,789	1,295,801	280,000	697,942	6,593,027	
Other unallocated liabilities							<u>2,248,715</u>	
							<u>8,841,742</u>	
<b>2015</b>								
Assets	3,150,868	9,227,576	7,051,111	6,818,168	282,048	1,275,641	27,805,412	
Assets include:								
Joint ventures and associated companies	1,297,643	1,574,485	-	-	1,025	24,510	2,897,663	
Addition to non-current assets*	-	1,200,182	99,800	-	18,839	-	1,318,821	
Liabilities								
Borrowings	1,449,808	992,651	1,625,799	1,132,003	-	686,875	5,887,136	
Other unallocated liabilities							<u>2,016,266</u>	
							<u>7,903,402</u>	

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

## 2 Segment information (continued)

	2016 HK\$'000	2015 HK\$'000
<b>Revenue</b>		
Hong Kong	607,389	637,289
Overseas	<u>832,732</u>	<u>721,363</u>
	<u><b>1,440,121</b></u>	<u>1,358,652</u>
<b>Non-current assets*</b>		
Hong Kong	17,287,638	17,086,743
Overseas	<u>1,700,940</u>	<u>1,355,721</u>
	<u><b>18,988,578</b></u>	<u>18,442,464</u>

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

## 3 Net investment gain/(loss)

	2016 HK\$'000	2015 HK\$'000
Financial assets at fair value through profit or loss		
- net unrealised gain/(loss) from market price movements	372,639	(454,415)
- net unrealised exchange loss	(30,350)	(155,039)
- net realised gain/(loss) (note)	<u>132,584</u>	<u>(35,730)</u>
	<u><b>474,873</b></u>	<u>(645,184)</u>

Note:

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

Gross consideration	1,696,765	1,500,439
Cost of investments	<u>(1,490,090)</u>	<u>(1,346,751)</u>
Total gain	206,675	153,688
Less: net unrealised gain recognised in prior years	<u>(74,091)</u>	<u>(189,418)</u>
Net realised gain/(loss) recognised in current year	<u><b>132,584</b></u>	<u>(35,730)</u>



#### 4 Income and expenses by nature

	2016 HK\$'000	2015 HK\$'000
<b>Income</b>		
Interest income		
Listed investments	736,687	620,712
Other receivables	15,730	3,437
Bank deposits	1,496	6,688
Dividend income		
Listed investments	26,912	40,098
	<u>76,847</u>	<u>71,480</u>
<b>Expenses</b>		
Cost of properties and goods sold	76,847	71,480
Operating lease rental expense for land and buildings	1,176	1,387
	<u>1,176</u>	<u>1,387</u>

#### 5 Net finance costs

	2016 HK\$'000	2015 HK\$'000
Interest expense		
Long term bank loans	(137,462)	(120,495)
Short term bank loans and overdrafts	(5,204)	(2,254)
Convertible bonds	-	(2,761)
Medium term notes	(52,628)	(44,128)
Interest income from hedging derivative financial instruments	4,730	5,802
Interest capitalised	39,486	47,012
	<u>(151,078)</u>	<u>(116,824)</u>
Other incidental borrowing costs	(23,910)	(20,689)
Net foreign exchange loss on borrowings	(11,028)	44,180
Fair value (loss)/gain on derivative financial instruments		
Cash flow hedge, transfer from reserve	(24,646)	468
Not applying hedge accounting	-	981
	<u>(24,646)</u>	<u>1,449</u>
	<u>(210,662)</u>	<u>(91,884)</u>

## 6 Income tax expense

	2016 HK\$'000	2015 HK\$'000
Current income tax expense		
Hong Kong profits tax	(13,383)	(23,925)
Over provision in prior years	<u>4,208</u>	<u>3,827</u>
	(9,175)	(20,098)
Deferred income tax (expense)/credit	<u>(1,270)</u>	<u>19,033</u>
	<u><u>(10,445)</u></u>	<u><u>(1,065)</u></u>

Hong Kong profits tax is provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year. Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the rates of tax prevailing in the countries in which the Group operates.

Share of income tax expenses of joint ventures and associated companies for the year of nil (2015: Nil) and HK\$4,198,000 (2015: HK\$2,741,000) are included in the profit and loss account as share of profits less losses of joint ventures and associated companies respectively.

## 7 Dividends

	2016 HK\$'000	2015 HK\$'000
Interim, nil (2015: Nil)	-	-
Final, proposed, of HK3 cents (2015: HK4 cents) per share	<u>24,864</u>	<u>32,456</u>
	<u><u>24,864</u></u>	<u><u>32,456</u></u>

At a meeting held on 24th June 2016, the Board of Directors has proposed to pay a final dividend of HK3 cents (2015: HK4 cents) per share with a scrip option for the year ended 31st March 2016. The proposed dividend is not reflected in the financial statements, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2017.

The amount of HK\$24,864,000 is based on 828,816,111 issued shares as at 24th June 2016.

## 8 Earnings per share

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

	2016 HK\$'000	2015 HK\$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	549,704	513,254
Effect of dilutive potential shares:		
Interest expense saved on convertible bonds	-	2,125
Profit for calculation of diluted earnings per share	<u>549,704</u>	<u>515,379</u>
	<b>Number of shares</b>	
Weighted average number of shares for calculation of basic earnings per share	819,649,371	789,776,473
Effect of dilutive potential shares:		
A portion of share options of the Company assumed to be exercised	3,401,517	8,431,746
Convertible bonds assumed to be converted at beginning of the year	<u>-</u>	<u>15,290,161</u>
Weighted average number of shares for calculation of diluted earnings per share	<u>823,050,888</u>	<u>813,498,380</u>

Diluted earnings per share for the years ended 31st March 2016 and 31st March 2015 did not assume the exercise of the outstanding share options of Asia Standard international Group Limited (“Asia Standard International”) and Asia Standard Hotel Group Limited (“Asia Standard Hotel”) since their exercise would have an anti-dilutive effect.

## 9 Trade and other receivables

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

Trade receivables of the Group amounted to HK\$48,329,000 (2015: HK\$53,806,000). The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluation of customers are performed periodically.

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

	2016 HK\$'000	2015 HK\$'000
0 month to 6 months	45,087	51,207
7 months to 12 months	2	-
More than 12 months	<u>3,240</u>	<u>2,599</u>
	<u>48,329</u>	<u>53,806</u>

## 10 Trade and other payables

Trade and other payables of the Group include trade payables, rental and management fee deposits, retentions payable of construction costs and various accruals. Trade payables of the Group amounted to HK\$22,484,000 (2015: HK\$17,148,000).

Aging analysis of trade payables is as follows:

	<b>2016</b>	2015
	<b>HK\$'000</b>	HK\$'000
0 day to 60 days	<b>21,783</b>	16,033
61 days to 120 days	<b>157</b>	692
More than 120 days	<b>544</b>	423
	<b>22,484</b>	17,148

The figures in respect of the Group's consolidated balance sheet, consolidated profit and loss account, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31st March 2016 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results

The Group's revenue for the year amounted to HK\$1,440 million (2015: HK\$1,359 million), its profit attributable to shareholders increased from HK\$513 million of last year to HK\$550 million of current year.

The Group's property sales, development and leasing operation is carried out through Asia Standard International, its 51.5% owned listed subsidiary.

### Property sales and development

#### *Sales*

The Group's 50% joint venture development in Shanghai commenced presale in July 2015 and contracted over RMB2.0 billion since then. The project is situated in the traditional high end and low-density residential neighborhood of Qingpu district providing over 300 villas and apartments with total construction floor area of approximately 1,080,000 sq. ft. Construction completion certificate was obtained after financial year end and the units will soon be ready for delivery to the buyers.

#### *Development*

Foundation of the luxurious residential joint venture re-development at Perkins Road in Hong Kong was completed and superstructure construction had just commenced. The development will provide 69,000 sq. ft. GFA upon completion in latter half 2017.

The commercial and residential development at Hung Shui Kiu, Yuen Long is currently undergoing land exchange application. Approval for a development scheme under Town Planning Board was obtained. Another residential development at the Lam Tei station nearby is in the process of land exchange application with the government.

During the year, we entered into a 40% joint venture residential project at Po Shan Road in mid-levels, another luxurious re-development. Demolition of the existing building is completed and site investigation is underway.

Re-development for the 50% joint venture project at Tongzhou in Beijing is currently under preparation. We have contracted to acquire resettlement buildings for the villagers and resettlement is expected to take place in the latter half 2016. Structural and foundation design is ongoing and construction will start once resettlement completes.

The land concession of the Group's development site in Seac Pai Van, Macau expired in December 2015 and the Group has applied for extension of the concession. Further details are given in the Notes to the Financial Statements relating to "Property held for development for sale".

In December 2015, the subsidiary hotel group entered into an agreement to form a joint venture 40% owned by the subsidiary group. The joint venture paid C\$170 million for a whole block of land and buildings located in the West End area of downtown Vancouver. The site is intended to be redeveloped into a high-end residential complex for sale. The completion of the transaction took place on 1st April 2016.

## *Leasing*

Rental income attributable to our 433,000 sq. ft. investment properties portfolio in Central, Wan Chai and Causeway Bay amounted to HK\$166 million (2015: HK\$152 million), an increase of 9%. Substantial renovation and improvement work of about HK\$100 million is being carried out for the two structurally connected towers in Wanchai to provide much larger floor plate accommodation. The tenant mix will be substantially repositioned and more multi-national companies are expected to move in. Rent increase for new leases recently signed with considerably higher than existing rent. Negotiation for the remaining floors will continue.

Revaluation deficit (mostly from an investment property owned by an associated company) of HK\$128 million (2015: HK\$978 million gain) was recorded.

## **Hotel**

The hotel and travel operation is carried out through Asia Standard Hotel, another separately listed subsidiary 70.2% owned by Asia Standard International, and 3% directly owned by the parent group.

During the financial year, overnight stay visitors to Hong Kong decreased 5% to approximately 26 million. Strong Hong Kong Dollars, anti-mainland visitors campaigns, relaxed visa policies of other tourists destinations all contributed to the decrease. Hotel rooms supply increased 1% to approximately 74,000 rooms as of end March 2016.

Revenue arising from the hotel and travel segment amounted to HK\$485 million (2015: HK\$536 million). Average room rates of the 3 Hong Kong hotels dropped by 16% while average occupancies were approximately 96% for both years. As a result, contribution to segment results before depreciation decreased from HK\$213 million to HK\$159 million.

Superstructure construction of the adjacent new hotel in Causeway Bay was completed, occupation permit obtained in November 2015 and hotel license issued in May 2016. With interior fittings about to finish, 94 rooms will be added upon expected opening in third quarter 2016. Superstructure work of the other new hotel in Tsimshatsui has commenced during the year, adding another 90 rooms to the portfolio upon completion in 2017.

## **Financial investments**

At 31st March 2016, the Group's financial investment portfolio amounted to HK\$8,071 million (2015: HK\$6,659 million), of which HK\$7,085 million (2015: HK\$6,079 million) were held by the two listed subsidiary groups. The investment portfolio comprise 82% by listed debt securities (mostly were issued by PRC-based real estate companies), and 18% by listed equity securities (of which approximately 80% were issued by major banks). They are denominated in different currencies with 81% in United States dollar, 7% in Renminbi, 6% in Sterling, 5% in Hong Kong dollar and 1% in Euro.

The portfolio increase was due to a further investment of HK\$1,122 million and a mark-to-market valuation gain of HK\$290 million, comprising HK\$717 million gain from debt securities and HK\$427 million loss from equity securities. The debt securities of the PRC-based real estate companies have benefitted from the monetary easing, interest rate cut and relaxed restrictions on foreign purchase in the Mainland, while our equity securities have dropped following the general downward trend of equity securities of global banking sector during the period.

Interest and dividend income for the year from these investments amounted to HK\$764 million (2015: HK\$661 million). The increase is mostly due to the increase in portfolio size of our debt securities investment.

At 31st March 2016, an approximate value of HK\$1,340 million (2015: HK\$1,600 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

## **Financial review**

The financing and treasury activities of our three listed groups are independently administered. At 31st March 2016, the Group had over HK\$6.5 billion cash and undrawn banking facilities.

At 31st March 2016, the Group's total assets amounted to approximately HK\$29.6 billion (2015: HK\$27.8 billion). Net assets were HK\$20.7 billion (2015: HK\$19.9 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group would be HK\$33.4 billion (2015: HK\$31.6 billion) and HK\$25.0 billion (2015: HK\$24.3 billion).

In April 2015, the Group issued HK\$250 million 5-year floating rate medium term notes out of its medium term note programme, adding to the existing RMB500 million issued in April 2013 and HK\$100 million issued in July 2014.

In February 2016, the Group concluded a 5-year unsecured syndicated bank loan of HK\$1.5 billion, adding liquidity towards general corporate requirements.

Net debt at 31st March 2016 was HK\$6,753 million (2015: HK\$5,311 million), of which HK\$78 million (2015: net cash of HK\$153 million) was attributable to the parent group. The increase is mainly due to investment in joint venture development project and further financial investments. The Group's gearing, calculated as net debt to revalued net assets, is approximately 27% (2015: 22%). 71% of the debts are secured and 86% of the debts are at floating rates. As at 31st March 2016, RMB500 million cross currency swap contracts were held to hedge the repayment of Renminbi medium term notes. Total finance cost increased as a result of increased borrowings and exchange loss on foreign currency borrowings against exchange gain of last year.

Currently the maturities of our debts are spreading over a long period of up to 11 years. Revolving loans account for 8% and term loans secured by financial assets repayable between one to five years account for 5%. Term loans secured by property assets account for 60% with 7% repayable within 1 year, 42% repayable between one to five years and 11% repayable after five years. The remaining 27% comprise unsecured syndicated loans and medium term notes. As at 31st March 2016, the Group had net current assets of HK\$8.2 billion (2015: HK\$7.2 billion).

About 84% of the Group's borrowings are in Hong Kong dollar, 8% in Renminbi, 7% in United States dollar, and the remaining 1% in other currencies.

At 31st March 2016, an approximate HK\$18.0 billion (2015: HK\$17.9 billion) book value of property assets were pledged to banks as collateral for credit facilities granted to the Group. HK\$881 million guarantee (2015: HK\$617 million) was provided by the listed subsidiary Asia Standard International to financial institutions against credit facilities granted to joint ventures.

## **Employees and remuneration policies**

At 31st March 2016, the Group employed approximately 600 (2015: 590) employees. Their remuneration packages, commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

## **Future prospects**

Punitive stamp duty measures, lower mortgage ratio and therefore high equity entry requirement added with the US interest rate hike continues to hamper demand in the residential segment. Enbloc transactions for centrally located commercial properties are still actively pursued as record prices transacted and reported. Retail rentals are much affected by the sluggish spending of tourists.

Hotel performance is still under pressure, the unfriendly atmosphere together with weaker currencies in other destination have lured our mainland customers away. The local visas tightening policy against competing destinations' relaxing and streamlining policies are further additives to the gloomy performance in the hotel industry.

Financial performance for our investment portfolio is steady. Office rental is improving upon gradual completion of upgrading programme in our Wanchai building.

Management recognises the challenge ahead as the mainland economy slows down and the United States to increase interest rates in the coming cycle, putting pressure in the local economy and property market, thus we will continue to be alert and disciplined financially. At the same time, we take a reasonably confident view with the long term prospects of our businesses and industry as mainland China shifts towards a consumption and innovation driven economy, which will set a foundation for more sustainable growth in the future.

## **DIVIDEND**

The Board of Directors recommend a final dividend for the year ended 31st March 2016 of HK3 cents (2015: HK4 cents) per share with scrip option. The shareholders will be given an option to elect to receive shares of the Company credited as fully paid in lieu of cash in respect of part or all of the proposed final dividend (the "Scrip Dividend Scheme"). No interim dividend was declared during the year (2015: Nil). Total dividend for the year amounts to HK3 cents (2015: HK4 cents) per share.

The Scrip Dividend Scheme will be subject to (i) the approval of the proposed final dividend at the 2016 annual general meeting to be held on 8th September 2016 (the "Annual General Meeting"); and (ii) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be allotted thereunder. Full details of the Scrip Dividend Scheme will be set out in a circular to be despatched to the shareholders.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from Tuesday, 6th September 2016 to Thursday, 8th September 2016 both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the Annual General Meeting. During which period no transfer of shares of the Company will be registered and no shares will be allotted and issued on the exercise of the subscription rights attached to the outstanding share options granted by the Company. In order to qualify for attending the Annual General Meeting, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 5th September 2016.



The proposed final dividend is subject to the approval of the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend is 19th September 2016. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 15th September 2016 to Monday, 19th September 2016 both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfers of shares of the Company, accompanied by the relevant share certificates and the appropriate transfer forms, must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 14th September 2016. The final dividend will be paid on 24th October 2016.

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

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

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year, and they all confirmed that they have fully complied with the required standard set out in the Model Code throughout the year ended 31st March 2016.

## **CORPORATE GOVERNANCE CODE**

During the year, the Company has complied with the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 of the Listing Rules, except the following deviations :-

1. Code Provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. All independent non-executive directors of the Company are not appointed for specific terms, but subject to retirement by rotations and re-elections at the annual general meeting of the Company in accordance with the Bye-Laws of the Company; and
2. Code Provision A.5.1 of the CG Code provides that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. The Company does not have a nomination committee. The Board as a whole is responsible for assessing the independence of independent non-executive directors, reviewing the structure, diversity, size and composition of the Board, the appointment of new Directors and the nomination of Directors for re-election by shareholders at the general meeting of the Company. Under the Bye-Laws of the Company, the Board may from time to time and at any time appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office until the next following annual general meeting but shall then be eligible for re-election at the meeting.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the annual results of the Group for the year ended 31st March 2016.

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

Hong Kong, 24th June 2016

*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 are Mr. Cheung Kwok Wah, Mr. Hung Yat Ming and Mr. Wong Chi Keung.*