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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 2022

#### FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	<b>2022</b>	2021	Change
Revenue	<b>2,789</b>	2,740	+2%
(Loss)/profit attributable to shareholders of the Company	<b>(906)</b>	1,007	N/A
(Loss)/earnings per share - basic (HK\$)	<b>(1.08)</b>	1.20	N/A
Total assets	<b>39,520</b>	48,565	-19%
Net assets	<b>20,051</b>	27,448	-27%
Equity attributable to shareholders of the Company	<b>10,477</b>	14,677	-29%
Net debt	<b>16,310</b>	15,819	+3%

#### Supplementary information with hotel properties at valuation:

Revalued total assets	<b>45,223</b>	54,091	-16%
Revalued net assets	<b>26,267</b>	33,499	-22%
Equity attributable to shareholders of the Company	<b>13,327</b>	17,452	-24%
Gearing – net debt to revalued net assets	<b>62%</b>	47%	15%

The board of directors (the “Board”) 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 2022 together with the comparative figures for the year ended 31st March 2021 were as follows:

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2022

	Note	2022 HK\$'000	2021 HK\$'000
Interest revenue		2,478,078	2,488,923
Sales of goods and services, leasing and other revenue		310,595	251,440
Total revenue	2	2,788,673	2,740,363
Cost of sales		(81,550)	(66,084)
Gross profit		2,707,123	2,674,279
Selling and administrative expenses		(245,502)	(239,980)
Depreciation		(224,163)	(203,904)
Net investment (loss)/gain	3		
Net realised and unrealised (loss)/gain		(1,101,822)	335,714
Change in expected credit losses		(2,979,669)	(139,674)
Fair value gain/(loss) of investment properties		494,571	(241,715)
Written back of provision for impairment in value of properties under development for sale		61,830	-
Operating (loss)/profit		(1,287,632)	2,184,720
Net finance costs	5	(339,129)	(406,686)
Share of profits less losses of			
Joint ventures		15,541	85,193
Associated companies		10,709	(82,650)
(Loss)/profit before income tax		(1,600,511)	1,780,577
Income tax credit/(expense)	6	129,709	(69,996)
(Loss)/profit for the year		(1,470,802)	1,710,581
Attributable to:			
Shareholders of the Company		(905,830)	1,006,781
Non-controlling interests		(564,972)	703,800
		(1,470,802)	1,710,581
(Loss)/earnings per share (HK\$)			
Basic	8	(1.08)	1.20
Diluted	8	(1.08)	1.20

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2022

	2022 HK\$'000	2021 HK\$'000
(Loss)/profit for the year	(1,470,802)	1,710,581
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value (loss)/gain and other net movements on debt securities at fair value through other comprehensive income	(5,819,958)	2,274,183
Share of net fair value loss on debt securities at fair value through other comprehensive income of a joint venture	(264,816)	-
Cash flow hedges		
- fair value gain/(loss)	295,959	(44,007)
- deferred tax on derivative financial instruments	(48,945)	13,046
Currency translation differences	13,117	60,817
Share of currency translation differences of joint ventures	64,877	186,814
Items that will not be reclassified to profit or loss:		
Equity securities at fair value through other comprehensive income		
- net fair value (loss)/gain	(112,718)	113,666
- realised gain	-	6,134
	<u>(5,872,484)</u>	<u>2,610,653</u>
Total comprehensive (charge)/income for the year	<u>(7,343,286)</u>	<u>4,321,234</u>
Attributable to:		
Shareholders of the Company	(4,169,737)	2,447,420
Non-controlling interests	<u>(3,173,549)</u>	<u>1,873,814</u>
	<u>(7,343,286)</u>	<u>4,321,234</u>

## CONSOLIDATED BALANCE SHEET

As at 31st March 2022

	Note	2022 HK\$'000	2021 HK\$'000
<b>Non-current assets</b>			
Investment properties		9,959,069	9,454,087
Property, plant and equipment		8,081,261	8,013,671
Investment in joint ventures and associated companies		4,410,713	4,791,881
Amount due from joint ventures and associated companies		2,281,206	2,126,982
Loan receivables		850	1,052
Financial investments		1,662,100	5,175,585
Derivative financial instruments		286,914	26,965
Deferred income tax assets		180,665	127,894
		<b>26,862,778</b>	<b>29,718,117</b>
<b>Current assets</b>			
Properties under development for sale		4,422,572	3,623,391
Completed properties held for sale		3,680	3,680
Hotel and restaurant inventories		17,881	18,546
Trade and other receivables	9	1,018,844	698,696
Income tax recoverable		80	855
Financial investments		5,937,740	12,326,746
Bank balances and cash			
- restricted		374,330	86,152
- unrestricted		881,517	2,088,489
		<b>12,656,644</b>	<b>18,846,555</b>
<b>Current liabilities</b>			
Trade and other payables	10	207,861	1,274,840
Contract liabilities		245,717	224,843
Amount due to joint ventures		311,392	337,775
Amount due to an associated company		206,250	219,450
Amount due to non-controlling interests		48,647	46,640
Income tax payable		172,183	174,798
Borrowings		4,021,578	4,817,052
Derivative financial instruments		676	-
		<b>5,214,304</b>	<b>7,095,398</b>
Net current assets		<b>7,442,340</b>	<b>11,751,157</b>
<b>Non-current liabilities</b>			
Borrowings		13,544,504	13,176,979
Derivative financial instruments		-	106,631
Lease liabilities		5,738	843
Deferred income tax liabilities		704,293	737,201
		<b>14,254,535</b>	<b>14,021,654</b>
Net assets		<b>20,050,583</b>	<b>27,447,620</b>

## CONSOLIDATED BALANCE SHEET

As at 31st March 2022

	2022 HK\$'000	2021 HK\$'000
Equity		
Share capital	84,087	84,087
Reserves	10,393,005	14,593,013
Equity attributable to shareholders of the Company	<u>10,477,092</u>	<u>14,677,100</u>
Non-controlling interests	<u>9,573,491</u>	<u>12,770,520</u>
	<u><u>20,050,583</u></u>	<u><u>27,447,620</u></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, financial assets at fair value through profit or loss (“FVPL”), financial assets at fair value through other comprehensive income (“FVOCI”) and derivative financial instruments, which are carried at fair value, and in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies and methods of computation used in the preparation of these annual financial statements are consistent with those used in 2021, except for the adoption of the following amendments to standards that are effective for the first time for this year which are relevant to the Group’s operations and are 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 amendments to standards stated above did not have significant impact to the consolidated financial statements in the current and prior years.

Certain new/revised standards, amendments and interpretations to HKFRS have been issued but are not yet effective for the year ended 31st March 2022 and have not been early adopted by the Group.

## 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>2022</b>						
Segment revenue	<u>11,250</u>	<u>177,502</u>	<u>75,810</u>	<u>2,486,919</u>	<u>37,192</u>	<u>2,788,673</u>
Contribution to segment results	(721)	149,971	(22,993)	2,476,398	27,901	2,630,556
Depreciation	(8,315)	-	(176,978)	-	(38,870)	(224,163)
Net investment loss	-	-	-	(4,081,491)	-	(4,081,491)
Fair value gain of investment properties	-	494,571	-	-	-	494,571
Written back of provision for impairment in value of properties under development for sale	61,830	-	-	-	-	61,830
Share of profits less losses of Joint ventures	15,551	-	-	-	(10)	15,541
Associated companies	-	11,211	-	-	(502)	10,709
Segment results	68,345	655,753	(199,971)	(1,605,093)	(11,481)	(1,092,447)
Unallocated corporate expenses						(168,935)
Net finance costs						(339,129)
Loss before income tax						<u>(1,600,511)</u>
<b>2021</b>						
Segment revenue	<u>-</u>	<u>195,866</u>	<u>37,251</u>	<u>2,459,598</u>	<u>47,648</u>	<u>2,740,363</u>
Contribution to segment results	(3,805)	168,788	(39,816)	2,452,230	35,796	2,613,193
Depreciation	(5,713)	-	(176,031)	-	(22,160)	(203,904)
Net investment gain	-	-	-	196,040	-	196,040
Fair value loss of investment properties	-	(241,715)	-	-	-	(241,715)
Share of profits less losses of Joint ventures	83,748	-	-	-	1,445	85,193
Associated companies	-	(80,975)	-	-	(1,675)	(82,650)
Segment results	74,230	(153,902)	(215,847)	2,648,270	13,406	2,366,157
Unallocated corporate expenses						(178,894)
Net finance costs						(406,686)
Profit before income tax						<u>1,780,577</u>

## 2 Segment information (Continued)

	Business segments						Total HK\$'000
	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Unallocated HK\$'000	
<b>2022</b>							
Assets	10,306,692	11,213,408	5,968,423	8,487,198	220,020	3,323,681	39,519,422
<b>Assets include:</b>							
Joint ventures and associated companies	5,458,747	1,203,990	-	-	29,182	-	6,691,919
Addition to non-current assets*	144,134	10,411	149,948	-	122,044	5,085	431,622
<b>Liabilities</b>							
Borrowings	5,182,700	1,761,674	3,519,378	554,631	-	6,547,699	17,566,082
Other unallocated liabilities							<u>1,902,757</u>
							<u>19,468,839</u>
<b>2021</b>							
Assets	9,424,658	10,682,175	6,010,798	18,047,001	231,495	4,168,545	48,564,672
<b>Assets include:</b>							
Joint ventures and associated companies	5,691,208	1,192,778	-	-	34,375	502	6,918,863
Addition to non-current assets*	3,988	2,402	10,979	-	211	81,446	99,026
<b>Liabilities</b>							
Borrowings	4,615,009	1,788,371	3,609,603	2,490,865	-	5,490,183	17,994,031
Other unallocated liabilities							<u>3,123,021</u>
							<u>21,117,052</u>

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



## 2 Segment information (Continued)

	2022 HK\$'000	2021 HK\$'000
<b>Revenue</b>		
Hong Kong	323,331	328,819
Overseas	<u>2,465,342</u>	<u>2,411,544</u>
	<u>2,788,673</u>	<u>2,740,363</u>
<b>Non-current assets*</b>		
Hong Kong	22,460,782	21,249,645
Overseas	<u>2,271,467</u>	<u>3,136,976</u>
	<u>24,732,249</u>	<u>24,386,621</u>

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

## 3 Net investment (loss)/gain

	2022 HK\$'000	2021 HK\$'000
Financial assets at FVPL		
- net unrealised (loss)/gain from market price movements	(1,328,495)	219,005
- net unrealised exchange gain/(loss)	149,619	(23,998)
- net realised (loss)/gain (note (a))	(6,627)	7,654
Financial assets at FVOCI		
- net unrealised exchange gain	61,116	32,132
- net realised (loss)/gain (note (b))	(4,419)	92,539
- changes in expected credit losses	(2,979,669)	(139,674)
Derivative financial instruments		
- net unrealised gain	<u>26,984</u>	<u>8,382</u>
	<u>(4,081,491)</u>	<u>196,040</u>

Notes:

(a) Net realised (loss)/gain on financial assets at FVPL		
Gross consideration	37,703	104,997
Cost of investments	(39,528)	(97,683)
(Less)/add: net unrealised (gain)/loss recognised in prior year	<u>(4,802)</u>	<u>340</u>
Net realised (loss)/gain recognised in current year	<u>(6,627)</u>	<u>7,654</u>

### 3 Net investment (loss)/gain (Continued)

	2022 HK\$'000	2021 HK\$'000
(b) Net realised (loss)/gain on financial assets at FVOCI		
Gross consideration	3,612,687	10,965,133
Cost of investments	(3,747,308)	(10,763,772)
Transfer from investment revaluation reserve	<u>130,202</u>	<u>(108,822)</u>
Net realised (loss)/gain recognised in current year	<u>(4,419)</u>	<u>92,539</u>

### 4 Income and expenses by nature

	2022 HK\$'000	2021 HK\$'000
<b>Income</b>		
Interest income from financial assets at FVOCI		
- Listed investments	1,867,808	2,381,478
Interest income from financial assets at FVPL		
- Listed investments	585,884	59,116
- Unlisted investments	3,511	7,077
Interest income from financial assets at amortised cost		
- Amount due from joint ventures	15,454	37,088
- Loan receivables	1,535	3,332
- Bank deposits	3,886	832
Dividend income		
- Listed investments	<u>7,706</u>	<u>6,445</u>
<b>Expenses</b>		
Cost of properties and goods sold	6,429	4,794
Rental expense for land and buildings	<u>1,086</u>	<u>1,088</u>

### 5 Net finance costs

	2022 HK\$'000	2021 HK\$'000
Interest expense		
Long term bank loans	(320,217)	(322,295)
Short term bank loans and overdrafts	(10,979)	(37,003)
Medium term notes	-	(756)
Lease liabilities	(127)	(116)
Loan from a joint venture	(2,174)	(1,918)
Derivative financial instruments	(76,740)	(48,177)
Interest capitalised	<u>93,029</u>	<u>58,950</u>
	(317,208)	(351,315)
Other incidental borrowing costs	(64,280)	(48,141)
Net foreign exchange loss on borrowings	(603)	(2,237)
Fair value gain/(loss) on derivative financial instruments		
Cash flow hedge – ineffective portion	<u>42,962</u>	<u>(4,993)</u>
	<u>(339,129)</u>	<u>(406,686)</u>

## 6 Income tax credit/(expense)

	2022 HK\$'000	2021 HK\$'000
Current income tax expense		
Hong Kong profits tax	(11,687)	(93,883)
Overseas profit tax	(581)	(322)
Over provision in prior years	<u>8,916</u>	<u>5,730</u>
	(3,352)	(88,475)
Deferred income tax credit	<u>133,061</u>	<u>18,479</u>
	<u>129,709</u>	<u>(69,996)</u>

Hong Kong profits tax is provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the year. Overseas profits tax has been provided on the estimated assessable profit for the year at the rate prevailing in the countries in which the Group operates.

## 7 Dividends

	2022 HK\$'000	2021 HK\$'000
Interim, nil (2021: Nil)	-	-
Final, nil (2021: HK3.6 cents per share)	<u>-</u>	<u>30,271</u>
	<u>-</u>	<u>30,271</u>

At a meeting held on 29th June 2022, the Board has resolved not to recommend the payment of a final dividend for the year ended 31st March 2022 (2021: HK3.6 cents per share).

## 8 (Loss)/earnings per share

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

	2022 HK\$'000	2021 HK\$'000
(Loss)/profit attributable to shareholders of the Company	<u>(905,830)</u>	<u>1,006,781</u>
	<b>Number of shares</b>	
Weighted average number of shares in issue	<u>840,873,996</u>	<u>840,873,996</u>

The diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share since there exist no dilutive potential share during the year ended 31st March 2022 and 2021.

## 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\$54,790,000 (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.

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

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
0 month to 6 months	<b>51,281</b>	32,840
7 months to 12 months	<b>2,627</b>	964
More than 12 months	<b>882</b>	132
	<b>54,790</b>	33,936

## 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, lease liabilities, interest payable and various accruals. Trade payables of the Group amounted to approximately HK\$71,088,000 (2021: HK\$1,143,835,000, including HK\$1,136,431,000 consideration payable for purchase of financial investments).

Aging analysis of trade payables is as follows:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
0 month to 6 months	<b>70,687</b>	1,143,101
7 months to 12 months	<b>42</b>	192
More than 12 months	<b>359</b>	542
	<b>71,088</b>	1,143,835

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 2022 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 recorded a revenue of HK\$2,789 million (2021: HK\$2,740 million) for the financial year with loss attributable to shareholders of the Company at HK\$906 million (2021: profit of HK\$1,007 million). The loss was mainly due to our financial investment's net unrealised losses from mark-to-market price and additional provisions for expected credit loss.

### PROPERTIES SALES, DEVELOPMENT AND LEASING

#### SALES AND DEVELOPMENT

##### *Mainland China*

In Tongzhou Beijing, construction and fitting-out works of all six blocks of residential towers have been completed. Presales continued and approximately RMB1.5 billion sales were contracted during the year.

As of 31st March 2022, approximately 75% of the residential units were sold, with total contracted sales reaching RMB4.5 billion. Handover of the residential units will commence in phases beginning the second half of 2022. Sub-structure works for the two commercial towers are in progress as well.

##### *Hong Kong*

In Jardine's Lookout, sales continued in the Group's joint venture development, Dukes Place. The premium development comprises sixteen residential apartments ranging from 2,850 sq. ft to over 6,800 sq. ft. During the year, another HK\$400 million of sales were contracted. In May 2022 after our financial year end, a triplex unit was further sold. Up to the end of May 2022, 70% of the units comprising 50% of the saleable area was sold, with total sales amounted to approximately HK\$2.3 billion.

On Po Shan Road, superstructure works of another joint venture residential development is substantially complete, with various inspection for issuance of occupation permit under examination. Internal fitting-out and show flats decoration are underway aiming to have the project launch for sale by late 2022. During the year, the Group increased its stake in this project by 10% to 50%.

In Hung Shui Kiu, Yuen Long, foundation works for the 520,000 sq. ft. GFA development have almost been completed and presale consent of the residential units are under application. This development is a part of the HKSAR's Northern Metropolis Development Strategy scheme, 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 Hong Kong 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 efficient transport connectivity of the Greater Bay Area.

Also covered by the Northern Metropolis plan is our joint venture residential development site in Kwu Tung, which is in the process of land exchange application with the government. The site has an area of approximately 270,000 sq. ft. Subsequent to financial year end, the Group acquired further lots in vicinity and thus will further increase the scale of the development.

In Lam Tei, Tuen Mun, we are continuing the land exchange application with the government on another residential development near the light-rail station. The development has approximately 67,000 sq. ft. of residential GFA under existing zoning parameters, but the Group has proposed an increase in plot ratio under a new land exchange application to utilize the land for a better and fuller extent.

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 year, we participated a 7.5% stake in a joint venture consortium to acquire the Kowloon Bay International Trade and Exhibition Centre for HK\$10.5 billion. The acquisition was completed in November 2021. The building will be redeveloped into Grade-A offices.

*Canada (development through hotel subsidiary group)*

The redevelopment of our Empire Landmark hotel in Vancouver progressed 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, upon targeted completion around end of 2023, will have two 30-plus storeys residential towers comprising about 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. A new round of presale commenced in October 2021 with the subsiding of COVID and improvement in the real estate market sentiment in Vancouver. As of 31st March 2022, approximately CAD180 million of sales was contracted.

Regarding its joint venture redevelopment of high-end residential complex of approximately 627,000 sq. ft. GFA on 1488 Alberni Street, downtown Vancouver, the development team is determining a coordinated construction design that optimise construction costs, and identifying a suitable location for the sales presentation center prior to the issuance of a development permit.

Another joint venture development also on Alberni Street has secured a rezoning approval in December 2021 and an application for a development permit was submitted in March 2022.

## LEASING

Leasing income for the year was HK\$178 million (2021: HK\$196 million). Average occupancies of YF Life Tower in Wanchai maintained a similar occupancy as last year while Asia Standard Tower in Central decreased by 7%. With the gradual control of the city's epidemic and the relaxation of social distancing measures, the leasing market is showing signs of recovery.

Net revaluation gain (taking into account our share from the investment property owned by an associated company) of HK\$504 million (2021: loss of HK\$321 million) was recorded.

## HOTEL

The industry continues to be affected by the pandemic over the year with tight cross border travel restrictions. However, management has always been planning and implementing programme to boost occupancy and revenue. Beginning July 2021, 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 sector was better than last year with revenue up by 104% to HK\$76 million (2021: HK\$37 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 31st March 2022, the Group held financial investments of approximately HK\$7,600 million (2021: HK\$17,502 million), with HK\$6,811 million (2021: HK\$15,152 million) held by the two listed subsidiary groups. The investment portfolio comprised of 92% listed debt securities (predominantly issued by PRC-based real estate companies), 5% listed equity securities and 3% unlisted investments. They are denominated in different currencies with 50% in United States dollar, 44% in Renminbi and 6% 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 had experienced a negative impact during the year over the liquidity crisis experienced by China's real estate sector, which was caused by the successive tightening of lending to these developers, restrictions on buyer's purchase and deployment of sales proceeds received.

During the year, income from this investment portfolio amounted to HK\$2,487 million (2021: HK\$2,460 million). A net investment loss of HK\$4,081 million (2021: net gain of HK\$196 million) was recorded in the profit and loss account while a net loss of HK\$6,197 million (2021: net gain of HK\$2,394 million) was recognised in investment revaluation reserve account.

With the outburst of the sector-wide debt crisis, the PRC government had since continue to roll out easing policies to stimulate demand and release purchasing power, by relaxing previously tightened fiscal policy on the borrowing and refinancing channels for real estate developers. Several affected developers have successfully exchanged or restructured their debts through maturity extension, downward adjustment of coupon rates and hence effectively addressed their liquidity issues, while at the same time maintaining no haircut on debt principal. We expect other developers to follow suit.

At 31st March 2022, an approximate value of HK\$570 million (2021: HK\$4,070 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

## **FINANCIAL REVIEW**

At 31st March 2022, the Group has over HK\$8.6 billion (2021: HK\$12.1 billion) cash and undrawn banking facilities.

At 31st March 2022, the Group's total assets were approximately HK\$39.5 billion (2021: HK\$48.6 billion), with net assets of HK\$20.1 billion (2021: HK\$27.4 billion). Adopting market value of hotel properties in operation, the revalued total assets of the Group were HK\$45.2 billion (2021: HK\$54.1 billion), while the revalued net assets of the Group were HK\$26.3 billion (2021: HK\$33.5 billion).

Net debt was HK\$16.3 billion (2021: HK\$15.8 billion), of which HK\$0.1 billion (2021: HK\$0.5 billion) was attributable to the parent group. Total interest cost is similar for the two years while net interest cost through profit and loss account is less than last year, due to the greater capitalisation with the progress of Hung Shui Kiu development and Landmark on Robson development. At 31st March 2022, the Group's net gearing ratio (net debt to revalued net asset value) is approximately 62% (2021: 47%). As at 31st March 2022, the Group had net current assets of HK\$7.4 billion (2021: HK\$11.8 billion) and the HK\$8.9 billion aggregate amount of marketable securities and cash together represented 2.2 times of the HK\$4.0 billion current debt repayable within 12 months.

Approximately 98% of the Group's borrowings are in Hong Kong dollars and the remaining 2% in United States dollars and Canadian dollars.



All the debts are at floating rates, which are on upward trend following US interest rate hikes to curb escalating inflationary pressures. As at 31st March 2022, about 50% of these debts have been hedged against HIBOR fluctuations by various interest rate swap contracts entered into some two years ago of approximately HK\$8,760 million in total, with approximately 83% having remaining maturities of about 3 years. The maturities of our debts spread over a period of up to 5 years, with 32% repayable between one to two years and 45% repayable between two to five years. The remaining 23% represent revolving and term loans repayable within 1 year.

Subsequent to financial year end, the hotel subsidiary refinanced all its unsecured borrowings due within the year with a HK\$1.4 billion four-year sustainability linked syndicated loan, linking with predefined environmental-related sustainability performance criteria comprising reduction in energy and water consumption at all its hotels.

As at 31st March 2022, 70% of the debts are secured. Property assets with an aggregate net book value of HK\$24.4 billion (2021: HK\$23.5 billion) were pledged to secure credit facilities of the Group. HK\$3,349 million (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 31st March 2022, the Group employed approximately 360 (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**

With the gradual easing of coronavirus pandemic, major economies including Hong Kong are recovering amidst the gradual relaxation of social distancing measures following the increased vaccination rates. Cross-border quarantine measures are progressively relaxed and governments are working hard towards this goal of normalisation.

Retail sector benefited from government's consumption stimuli in the short-run, while hotel operation started to recover with the relaxation of entry quarantine requirements. The continuous recovery of these sectors and commercial properties markets depend on the overall business and operating environments, relying very much on the pandemic containment, cross-border traffic and maintaining Hong Kong as the main business hub for the Greater-Bay area in the long-run, which our government has been working hard to achieve.

Local property market remains resilient, evidenced by the encouraging first-hand sales from local developers and the land sale of harbourfront commercial plot in Central during the year. The Chief Executive also announced HKSAR's Northern Metropolis Development Strategy, introducing a new energetic element over the next tens of years which will greatly 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.

In terms of the liquidity issues faced by PRC property developers, some have already commenced debt-restructuring through appropriate rationalization of their debt maturity profiles and coupon reduction, while at the same time avoiding any principal haircut. Funds are also injected by major shareholders into their respective company to enhance the operational viability of their companies. These schemes are progressively rolling out with the endorsement of investors, and coupled with supportive measures extended by the PRC government including the loosening of purchase restrictions and lowering of mortgage rate, we expect the crisis to be overcome.

On an international perspective, the Ukrainian war has ignited inflation pressures and sparked a cycle of interest rate hikes as a containment tool by the US. Hong Kong is expected to follow suit due to the dollar peg but the extent would be less than the US. The mortgage rates are still at low levels and we expect the impact on the property market would be rather subdued. On the other hand, the impact of the rising interest rate to the Group's finance cost has also been mitigated as half of the Group's borrowings are hedged by interest rate swaps entered in prior years.

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

## **DIVIDEND**

The Board has resolved not to recommend the payment of a final dividend for the year ended 31st March 2022 (2021: HK3.6 cents per share). No interim dividend was declared during the year (2021: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from Monday, 22nd August 2022 to Thursday, 25th August 2022 both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the 2022 annual general meeting to be held on 25th August 2022 (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 Friday, 19th August 2022.

## **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 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 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 2022.

## **CORPORATE GOVERNANCE CODE**

During the year, the Company has complied with the code provisions of the Corporate Governance Code in force (the “CG Code”) including the amendments that generally come into force on 1st January 2022 (the “Amended CG Code”) as set out in Appendix 14 to 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 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. After the Amended CG Code comes into effect, all independent non-executive directors are no longer required to be appointed for a specific term; and

2. Code Provision A.5.1 of the CG Code (now Rule 3.27A of the Listing Rules which came into effect on 1st January 2022) 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. On 23rd December 2021, the Company established a nomination committee (the “Nomination Committee”) with its terms of reference published on the websites of the Stock Exchange and the Company in accordance with the requirements under the Listing Rules. The Nomination Committee comprises Mr. Fung Siu To, Clement (the chairman of the Board and an executive director) as the chairman, and Messrs. Wong Chi Keung and Leung Wai Keung (both being independent non-executive directors) as members of the Nomination Committee. Prior to 23rd December 2021, the Company did not have a Nomination Committee. The Board as a whole was 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 annual results of the Group for the year ended 31st March 2022.

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

Hong Kong, 29th June 2022

*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.*