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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 2017

#### FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	Six months ended		Change
	30th September 2017	2016	
Revenue	<b>970</b>	1,053	-7.9%
Operating profit	<b>1,331</b>	1,437	-7.4%
Profit attributable to shareholders of the Company	<b>654</b>	747	-12.4%
Earnings per share - basic (HK\$)	<b>0.78</b>	0.90	-13.3%
	30th September 2017	31st March 2017	Change
Total assets	<b>35,397</b>	31,454	+12.5%
Net assets	<b>23,390</b>	22,084	+5.9%
Equity attributable to shareholders of the Company	<b>12,318</b>	11,615	+6.1%
Net debt	<b>9,059</b>	7,183	+26.1%
Supplementary information with hotel properties in operation at valuation:			
Revalued total assets	<b>40,751</b>	36,101	+12.9%
Revalued net assets	<b>29,141</b>	27,142	+7.4%
Equity attributable to shareholders of the Company	<b>14,956</b>	13,935	+7.3%
Gearing – net debt to revalued net assets	<b>31%</b>	26%	+5%

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 2017 together with the comparative figures for the six months ended 30th September 2016 were as follows:

## CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

For the six months ended 30th September

	Note	2017 HK\$'000	2016 HK\$'000
Revenue	2	969,824	1,052,527
Cost of sales		<u>(194,400)</u>	<u>(158,871)</u>
Gross profit		775,424	893,656
Selling and administrative expenses		(128,835)	(129,513)
Depreciation		(123,863)	(83,197)
Net investment gain	3	361,939	429,924
Fair value gain of investment properties		<u>446,660</u>	<u>326,129</u>
Operating profit		1,331,325	1,436,999
Net finance costs	5	(131,192)	(113,273)
Share of profits less losses of			
Joint ventures		38,198	(749)
Associated companies		<u>(20,384)</u>	<u>(13,699)</u>
Profit before income tax		1,217,947	1,309,278
Income tax (expense)/credit	6	<u>(9,484)</u>	<u>3,623</u>
Profit for the period		<u>1,208,463</u>	<u>1,312,901</u>
Attributable to:			
Shareholders of the Company		653,768	747,025
Non-controlling interests		<u>554,695</u>	<u>565,876</u>
		<u>1,208,463</u>	<u>1,312,901</u>
Earnings per share (HK\$)			
Basic	7	<u>0.78</u>	<u>0.90</u>
Diluted	7	<u>0.77</u>	<u>0.90</u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME -  
UNAUDITED**

For the six months ended 30th September

	<b>2017</b>	2016
	<b>HK\$'000</b>	HK\$'000
Profit for the period	<u><b>1,208,463</b></u>	<u>1,312,901</u>
Other comprehensive income/(charge)		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Fair value gain on available-for-sale investments	<b>44,756</b>	26,900
Cash flow hedges		
- fair value gain/(loss)	<b>15,336</b>	(11,516)
- transfer to finance costs	<b>(10,544)</b>	19,290
Currency translation differences	<b>18,843</b>	(2,204)
Share of currency translation differences of joint ventures	<b>72,665</b>	(42,904)
	<u><b>141,056</b></u>	<u>(10,434)</u>
Total comprehensive income for the period	<u><b>1,349,519</b></u>	<u>1,302,467</u>
Attributable to:		
Shareholders of the Company	<b>723,087</b>	740,374
Non-controlling interests	<b>626,432</b>	562,093
	<u><b>1,349,519</b></u>	<u>1,302,467</u>

## CONDENSED CONSOLIDATED BALANCE SHEET– UNAUDITED

	Note	<b>30th September 2017 HK\$'000</b>	31st March 2017 HK\$'000
<b>Non-current assets</b>			
Investment properties		8,656,429	8,199,737
Property, plant and equipment		7,918,142	7,959,906
Joint ventures and associated companies		3,778,348	3,599,351
Loan receivables		2,160	317,786
Available-for-sale investments		325,793	273,001
Financial assets at fair value through profit or loss		379,769	328,646
Deferred income tax assets		49,311	44,217
		<b>21,109,952</b>	<b>20,722,644</b>
<b>Current assets</b>			
Properties under development for sale		699,693	640,739
Completed properties held for sale		3,700	3,700
Hotel and restaurant inventories		15,071	15,351
Trade and other receivables	9	487,384	391,668
Loan receivables		327,737	-
Income tax recoverable		3,439	5,698
Financial assets at fair value through profit or loss		11,120,346	8,936,038
Bank balances and cash		1,630,137	738,373
		<b>14,287,507</b>	<b>10,731,567</b>
<b>Current liabilities</b>			
Trade and other payables	10	232,698	233,419
Amount due to joint ventures		28,196	134,311
Amount due to an associated company		224,400	224,400
Medium term notes		292,238	-
Derivative financial instruments		46,853	-
Income tax payable		18,618	12,111
Borrowings		902,600	1,210,619
		<b>1,745,603</b>	<b>1,814,860</b>
Net current assets		<b>12,541,904</b>	<b>8,916,707</b>
<b>Non-current liabilities</b>			
Long term borrowings		9,147,980	6,083,447
Medium term notes		346,378	626,656
Derivative financial instruments		-	76,977
Deferred income tax liabilities		767,623	768,463
		<b>10,261,981</b>	<b>7,555,543</b>
Net assets		<b>23,389,875</b>	<b>22,083,808</b>
<b>Equity</b>			
Share capital		84,087	84,087
Reserves		12,234,190	11,531,284
Equity attributable to shareholders of the Company		<b>12,318,277</b>	<b>11,615,371</b>
Non-controlling interests		<b>11,071,598</b>	<b>10,468,437</b>
		<b>23,389,875</b>	<b>22,083,808</b>

## NOTES TO THE INTERIM FINANCIAL INFORMATION

### 1 Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2017 (“Interim Financial Information”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and should be read in conjunction with the annual financial statements for the year ended 31st March 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

The accounting policies and methods of computation used in the preparation of this Interim Financial Information are consistent with those used in the annual financial statements for the year ended 31st March 2017.

There are no amended standards or interpretations effective for financial period beginning on 1st April 2017 that would have a material impact to 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>Six months ended 30th September 2017</b>						
Gross income	-	94,624	341,984	5,743,585	90,109	6,270,302
Segment revenue	-	94,624	288,084	497,007	90,109	969,824
Contribution to segment results	(1,636)	80,269	95,025	496,381	53,181	723,220
Depreciation	-	-	(119,505)	-	(4,358)	(123,863)
Net investment gain	-	-	-	361,939	-	361,939
Fair value gain of investment properties	-	446,660	-	-	-	446,660
Share of profits less losses of						
Joint ventures	36,661	-	-	-	1,537	38,198
Associated companies	-	(20,355)	-	-	(29)	(20,384)
Segment results	35,025	506,574	(24,480)	858,320	50,331	1,425,770
Unallocated corporate expenses						(76,631)
Net finance costs						(131,192)
Profit before income tax						1,217,947
<b>Six months ended 30th September 2016</b>						
Gross income	-	70,618	337,336	2,091,888	21,244	2,521,086
Segment revenue	-	70,618	261,897	698,768	21,244	1,052,527
Contribution to segment results	(919)	55,225	79,734	698,227	14,000	846,267
Depreciation	-	-	(79,572)	-	(3,625)	(83,197)
Net investment gain	-	-	-	429,924	-	429,924
Fair value gain of investment properties	-	326,129	-	-	-	326,129
Share of profits less losses of						
Joint ventures	(2,974)	-	-	-	2,225	(749)
Associated companies	-	(13,670)	-	-	(29)	(13,699)
Segment results	(3,893)	367,684	162	1,128,151	12,571	1,504,675
Unallocated corporate expenses						(82,124)
Net finance costs						(113,273)
Profit before income tax						1,309,278

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>At 30th September 2017</b>								
Assets	3,082,300	10,079,076	7,024,264	12,085,714	643,061	2,483,044	35,397,459	
Assets include:								
Joint ventures and associated companies	2,378,641	1,390,907	-	-	5,226	3,574	3,778,348	
Addition to non-current assets for the six months ended 30th September 2017*	-	10,032	41,789	-	34,655	-	86,476	
<b>Liabilities</b>								
Borrowings	1,743,148	944,420	1,671,943	3,002,812	280,000	2,408,257	10,050,580	
Other unallocated liabilities							<u>1,957,004</u>	
							<u><u>12,007,584</u></u>	
<b>At 31st March 2017</b>								
Assets	2,676,462	9,650,737	7,073,256	9,712,470	778,202	1,563,084	31,454,211	
Assets include:								
Joint ventures and associated companies	2,031,758	1,411,262	-	-	152,729	3,602	3,599,351	
Addition to non-current assets for the six months ended 30th September 2016*	-	22,182	77,442	-	12,114	-	111,738	
<b>Liabilities</b>								
Borrowings	1,402,964	954,054	1,737,087	1,233,443	280,000	1,686,518	7,294,066	
Other unallocated liabilities							<u>2,076,337</u>	
							<u><u>9,370,403</u></u>	

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

## 2 Segment information (continued)

	Six months ended 30th September	
	2017 HK\$'000	2016 HK\$'000
<b>Revenue</b>		
Hong Kong	368,760	313,901
Overseas	<u>601,064</u>	<u>738,626</u>
	<u><b>969,824</b></u>	<u><b>1,052,527</b></u>
	30th September 2017 HK\$'000	31st March 2017 HK\$'000
<b>Non-current assets*</b>		
Hong Kong	18,400,834	18,105,261
Overseas	<u>1,952,085</u>	<u>1,653,733</u>
	<u><b>20,352,919</b></u>	<u><b>19,758,994</b></u>

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

## 3 Net investment gain

	Six months ended 30th September	
	2017 HK\$'000	2016 HK\$'000
Financial assets at fair value through profit or loss		
- net unrealised gain from market price movements	232,740	400,073
- net unrealised exchange gain/(loss)	55,515	(58,331)
- net realised gain (note)	58,949	88,182
Derivative financial instruments		
- net unrealised gain	<u>14,735</u>	<u>-</u>
	<u><b>361,939</b></u>	<u><b>429,924</b></u>
Note:		
Net realised gain on financial assets at fair value through profit or loss		
Gross consideration	5,246,578	1,403,119
Cost of investments	<u>(4,558,918)</u>	<u>(1,232,830)</u>
Total gain	687,660	170,289
Less: net unrealised gain recognised in prior years	<u>(628,711)</u>	<u>(82,107)</u>
Net realised gain recognised in current period	<u><b>58,949</b></u>	<u><b>88,182</b></u>



#### 4 Income and expenses by nature

	Six months ended 30th September	
	2017	2016
	HK\$'000	HK\$'000
<b>Income</b>		
Interest income		
- Listed investments	455,283	657,750
- Unlisted investments	2,034	1,200
- Loan receivables	20,265	13,218
- Bank deposits	1,915	826
Dividend income		
- Listed investments	<u>26,514</u>	<u>21,234</u>
<b>Expenses</b>		
Cost of properties and goods sold	11,833	10,783
Operating lease rental expense for land and buildings	<u>1,286</u>	<u>451</u>

#### 5 Net finance costs

	Six months ended 30th September	
	2017	2016
	HK\$'000	HK\$'000
Interest expenses		
Long term bank loans	(101,071)	(81,977)
Short term bank loans and overdrafts	(6,093)	(1,199)
Medium term notes	(16,403)	(25,966)
Interest income from derivative financial instruments	1,383	1,642
Interest capitalised	<u>15,953</u>	<u>20,095</u>
	(106,231)	(87,405)
Other incidental borrowing costs	(21,569)	(20,708)
Net foreign exchange (loss)/gain on borrowings	(13,936)	14,130
Fair value gain/(loss) on derivative financial instruments		
Cash flow hedge, transfer from reserve	<u>10,544</u>	<u>(19,290)</u>
	<u>(131,192)</u>	<u>(113,273)</u>

## 6 Income tax (expense)/credit

	<b>Six months ended 30th September</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Current income tax expense		
Hong Kong profits tax	<b>(15,028)</b>	(4,141)
Overseas profits tax	<b>(1,322)</b>	(1,198)
Over-provision in prior years	<b>914</b>	1,351
	<b>(15,436)</b>	(3,988)
Deferred income tax credit	<b>5,952</b>	7,611
	<b>(9,484)</b>	3,623

Hong Kong profits tax is provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the period. Income tax on overseas profits has been calculated on the estimated assessable profit for the period at the tax rates prevailing in the countries in which the Group operates.

## 7 Earnings per share

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

	<b>Six months ended 30th September</b>	
	<b>2017</b>	<b>2016</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Profit attributable to shareholders of the Company for calculation of basic earnings per share	<b>653,768</b>	747,025
Effect of dilutive profit:		
A portion of share options of the subsidiaries assumed to be exercised	<b>(1,257)</b>	(543)
Profit attributable to shareholders of the Company for calculation of diluted earnings per share	<b>652,511</b>	746,482
	<b>Number of shares</b>	
Weighted average number of shares for calculation of basic earnings per share	<b>840,873,996</b>	828,816,111
Effect of dilutive potential shares:		
A portion of share options of the Company assumed to be exercised	<b>2,622,881</b>	2,964,329
Weighted average number of shares for calculation of diluted earnings per share	<b>843,496,877</b>	831,780,440

## 8 Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2017 (2016: Nil).

## 9 Trade and other receivables

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

Trade receivables of the Group amounted to HK\$44,503,000 (31st March 2017: HK\$90,637,000). The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluation of customers are performed periodically.

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

	<b>30th September 2017 HK\$'000</b>	31st March 2017 HK\$'000
0 month to 6 months	<b>44,189</b>	89,798
7 months to 12 months	<b>314</b>	-
More than 12 months	<b>-</b>	839
	<b><u>44,503</u></b>	<u>90,637</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, interest payable and various accruals. Trade payables of the Group amounted to HK\$36,931,000 (31st March 2017: HK\$35,277,000).

An aging analysis of trade payables is as follows:

	<b>30th September 2017 HK\$'000</b>	31st March 2017 HK\$'000
0 month to 6 months	<b>36,034</b>	34,848
7 months to 12 months	<b>465</b>	63
More than 12 months	<b>432</b>	366
	<b><u>36,931</u></b>	<u>35,277</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results

The Group's revenue for the six months amounted to HK\$970 million (2016: HK\$1,053 million), with profit attributable to shareholders at HK\$654 million (2016: HK\$747 million). The decrease in profits are mainly driven by the reduction of coupon income from our investment portfolio as well as its mark-to-market valuation gain.

The Group continued carrying out its property sales, development and leasing operation through Asia Standard International, its 51.8% owned listed subsidiary.

### Property sales, development and leasing

#### *Sales and development*

In China, our joint venture company has sold out the second phase of Queen's Gate, a high end villas and apartments development in Shanghai. It continued to collect sales proceeds and deliver the completed units to buyers during the period. The Group recognized its share of profits from these completed pre-sales contracts. Management is actively monitoring the market and regulatory conditions and is planning for the launch of the third phase of the development once authority's approval has been obtained.

Site clearance for the joint venture project in Tongzhou, Beijing was successfully completed during the period. Construction permits had been obtained prior to site clearance and construction has commenced shortly after the interim period.

In Hong Kong, our residential joint venture re-development at Perkins Road, Jardine's Lookout is progressing well and we expect target completion to be in early 2018. Sales of the development should commence quickly after.

Another luxurious residential development is being carried out by our joint venture company at Po Shan Road, mid-level. Foundation construction is in progress and is expected to complete by mid-2018.

Land exchange process for the commercial and residential development is ongoing at Hung Shui Kiu, Yuen Long. The development scheme has been approved by the Town Planning Board and pending the finalisation and issuance of exchange parameter. Another residential development at the Lam Tei station nearby is also in the process of land exchange application with the government. These two projects will provide approximately 590,000 sq. ft. of developable GFA.

In Macau, the government gazetted the expiry of the lease of the Group's site in Seac Pai Van in February 2017. The Group lodged a judicial appeal and is still pending the instructions of the Macau Second Instance Court. Full provision on the carrying value of the site has been made in the financial year ended 31st March 2017. More details were given in the annual report for that financial year.

The Group currently has two development projects in Canada held by its listed hotel subsidiary group. In downtown Vancouver, our hotel "The Empire Landmark" has ceased operation on 1st October 2017 and will be redeveloped into a mixed use development with two residential towers. Demolition will commence in December 2017. In the same vicinity, another joint venture redevelopment project of a high-end residential complex is undergoing land re-zoning application.

## *Leasing*

Leasing income of MassMutual Tower, 33 Lockhart Road in Wanchai had almost doubled from the same period last year, following the gradual repositioning of new tenants and the completion of extensive renovation works since the second half of last financial year. New leases were entered with considerable increase in rent per square feet. It is anticipated that the full year rental from this property will follow the same trend.

Leasing income from Asia Standard Tower in Central showed a mild increase while Goldmark in Causeway Bay decreased following the expiry of a major retail tenancy in the middle of the interim period.

Overall attributable leasing income increased by 24% from HK\$88 million to HK\$109 million. Net revaluation gain (taking into account our share of revaluation deficit from the investment property owned by an associated company) of HK\$419 million (2016: HK\$301 million) was recorded.

## **Hotel**

During the 6 months period, overnight stay visitors to Hong Kong increased 3% to approximately 14 million. Mainland visitors dominate this segment with 68% share, a 5% increase from same period of last year. Total hotel rooms in Hong Kong are approximately 78,000 rooms, an increase of 5% over end of the same period last year.

Revenue arising from the hotel and travel segment for the six months amounted to HK\$288 million (2016: HK\$262 million). Average occupancies for the Group's hotels in Hong Kong were approximately 95% (2016: 96%) while average room rates increased 8% from same period of last year. Overall, contribution to segment results before depreciation increased from HK\$80 million to HK\$95 million.

The occupation permit of our new hotel in Tsimshatsui was issued in August 2017, adding another 90 rooms to the portfolio towards anticipated opening in first half of 2018.

## **Financial investments**

At 30th September 2017, the Group's financial investment portfolio amounted to HK\$11,826 million (31st March 2017: HK\$9,538 million), of which HK\$10,307 million (31st March 2017: HK\$8,186 million) were held by the two listed subsidiary groups. The investment portfolio comprise 80% by listed debt securities (mostly issued by companies operating real estate business in China), and 19% by listed equity securities (of which approximately 74% were issued by major banks) and 1% unlisted funds and securities. They are denominated in different currencies with 88% in United States dollar, 7% in Hong Kong dollar and 5% in Sterling.

The increase in portfolio size largely arose from a further investment of HK\$1,955 million and a mark-to-market valuation gain of HK\$333 million, with HK\$326 million gain coming from equity securities (mostly from major US and UK banks and a Macau gaming company). The equity securities of US banks have benefited from the improvement of US economy, while that of the UK banks were boosted by the appreciation of Sterling during the period. The gaming resort in Macau has enjoyed improved business environment following the return of visitors with the opening of new resorts in the Cotai area.

Interest and dividend income for the period from these investments amounted to HK\$497 million (2016: HK\$699 million). The decrease is mostly due to a special one-time recognition of coupon income of debt securities from a real estate company in the same period last year.

At 30th September 2017, an approximate value of HK\$650 million (31st March 2017: HK\$756 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

## **Financial review**

At 30th September 2017, the Group had over HK\$8.2 billion (31st March 2017: HK\$7.8 billion) cash and undrawn banking facilities. The financing and treasury activities of our three listed groups are independently administered.

At 30th September 2017, the Group's total assets amounted to approximately HK\$35.4 billion (31st March 2017: HK\$31.5 billion). Net assets were HK\$23.4 billion (31st March 2017: HK\$22.1 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group would be HK\$40.8 billion (31st March 2017: HK\$36.1 billion) and HK\$29.1 billion (31st March 2017: HK\$27.1 billion), an increase of 13% and 7% respectively when compared to end of last financial year.

Net debt at 30th September 2017 was HK\$9,059 million (31st March 2017: HK\$7,183 million), of which HK\$282 million (31st March 2017: HK\$164 million) was attributable to the parent group. The Group's gearing, calculated as net debt to revalued net asset, was approximately 31% (31st March 2017: 26%). 47% of the debts are secured and 93% of the debts are at floating rates. Total interest cost increased as a result of increased borrowings.

Currently the maturities of our debts are spreading over a long period of up to 9 years. Revolving loans account for 2% and term loans secured by financial assets repayable between one to five years account for 3%. Term loans secured by property assets account for 42% with 6% repayable within 1 year, 28% repayable between one to five years and 8% repayable after five years. The remaining 53% comprise unsecured term loans and medium term notes, with 4% repayable within 1 year and 49% repayable between one to five years. As at 30th September 2017, the Group had net current assets of HK\$12.5 billion (31st March 2017: HK\$8.9 billion).

About 92% of the Group's borrowings are in Hong Kong dollar, 4% in United States Dollar, 3% in Renminbi, and the remaining 1% in other currencies.

At 30th September 2017, an approximate HK\$18.4 billion (31st March 2017: HK\$17.8 billion) book value of property assets were pledged to banks as collateral for credit facilities granted to the Group. HK\$1,160 million guarantee (31st March 2017: HK\$1,206 million) was provided to financial institutions against outstanding bank loans of joint ventures.

## **Employees and remuneration policies**

At 30th September 2017, the Group employed approximately 570 (31st March 2017: 600) employees. Their remuneration packages, commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

## **Future prospects**

In face of punitive measures of raised stamp duties in November 2016, followed by the subsequent reduced bank mortgage lending ratios to developers, demand for properties is still actively pursued and market sentiment remains heated, as evidenced by the recent high-priced en-block commercial building transactions, quick absorption of first-hand residential units with increased selling prices, and record high tender price of government development site.

There are little, if any, signs of price correction in Mainland cosmopolitans and developing urban areas over the past interim period, though stringent restrictive measures on property purchases were in place to contain a heated market. The interest rate up-cycle and punitive measures appear to have little impact to both the local and Mainland property markets.

Hotel performance has regained some momentum since the latter half of last financial year. With the completion of more tourism and infrastructure projects, and the new initiatives to promote tourism by the Hong Kong Tourism Board, the long-term prospects of the Hong Kong hospitality industry remain stable.

The US and Hong Kong equity securities markets continue to be robust in the abundant liquidity environment, while UK bank stocks are affected by the BREXIT negotiation.

Improving rental performance has been reflected with a new tenant mix following upgrading and renovation works in our Wanchai office headquarter. Further improvement is expected when occupancies continue to pick up in the latter half of the financial year. Rental from retail space dependent on tourism is reduced and experiencing a period of consolidation.

Management remain cautious in the rapidly changing environment and is affirmative with the Group's performance.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2017 (2016: Nil).

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

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

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the period, and they all confirmed that they have fully complied with the required standard as set out in the Model Code throughout the period ended 30th September 2017.

## **CORPORATE GOVERNANCE CODE**

During the period, 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 unaudited interim results of the Group for the six months ended 30th September 2017.

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

Hong Kong, 29th November 2017

*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.*