



ASIA ORIENT HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 214)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2005

The Directors of Asia Orient Holdings Limited (the “Company”) announce that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2005 together with the comparative figures for the year ended 31st March 2004 were as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Note</i>	2005 HK\$'000	2004 HK\$'000
Turnover	2	553,180	767,390
Cost of sales		(382,783)	(582,988)
Gross profit		170,397	184,402
Administrative expenses		(95,065)	(127,234)
Other income and charges	3	(54,460)	(84,651)
Operating profit / (loss)	4	20,872	(27,483)
Finance costs		(73,283)	(117,843)
Share of profits less losses of Jointly controlled entities		162,359	(45,296)
Associated companies		(80,061)	(111,486)
Profit / (loss) before taxation		29,887	(302,108)
Taxation (charge) / credit	5	(45,358)	908
Loss after taxation		(15,471)	(301,200)

Minority interests		<u>(145,499)</u>	<u>72,955</u>
Loss attributable to shareholders		<u>(160,970)</u>	<u>(228,245)</u>
Dividend and distribution	7	<u>14,081</u>	<u>–</u>
Loss per share			
Basic	6	<u>HK\$0.86</u>	<u>HK\$1.49</u>
Diluted	6	<u>HK\$0.89</u>	<u>N/A</u>

NOTES TO THE ACCOUNTS

1. BASIS OF PREPARATION

The accounts have been prepared under the historical cost convention as modified by the revaluation of investment, hotel and certain other properties and in accordance with accounting principles generally accepted in Hong Kong.

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised financial reporting and accounting standards (“new HKFRSs”) which are effective for accounting periods beginning on or after 1st January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st March 2005.

The Group is assessing the impact of these new HKFRSs and so far has identified that there is no impact on the Group’s cashflow but is likely to significant affect the Group’s profit and loss accounts and balance sheets of future accounting periods.

2. SEGMENT INFORMATION

An analysis of turnover and contribution to the Group’s results by business segments and geographical segments is set out below:

Business segments

	Property sales 2005 <i>HK\$’000</i>	Property leasing 2005 <i>HK\$’000</i>	Hotel and travel 2005 <i>HK\$’000</i>	Investments 2005 <i>HK\$’000</i>	Other operations 2005 <i>HK\$’000</i>	Group 2005 <i>HK\$’000</i>
Segment revenue	<u>36,165</u>	<u>37,725</u>	<u>439,054</u>	<u>18,782</u>	<u>21,454</u>	<u>553,180</u>
Contribution to segment results	(19,126)	33,152	79,424	2,767	12,871	109,088
Other income and charges	11,400	–	(1,848)	(62,334)	(1,678)	(54,460)
Unallocated corporate expenses						<u>(33,756)</u>

Operating profit	20,872
Finance costs	(73,283)
Share of results of	
Jointly controlled entities (<i>note i</i>)	162,359
Associated companies (<i>note i</i>)	(80,061)
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Profit before taxation	29,887
Taxation charge	(45,358)
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Loss after taxation	(15,471)
Minority interests	(145,499)
	<hr/>
Loss attributable to shareholders	<u>(160,970)</u>

	2004	2004	2004	2004	2004	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue	<u>167,813</u>	<u>53,155</u>	<u>425,966</u>	<u>91,735</u>	<u>28,721</u>	<u>767,390</u>
Contribution to segment results	(3,132)	47,557	42,067	2,689	24,136	113,317
Other income and charges	(20,074)	34,990	(11,542)	(25,436)	(62,589)	(84,651)
Unallocated corporate expenses						<u>(56,149)</u>
Operating loss						(27,483)
Finance costs						(117,843)
Share of results of						
Jointly controlled entities (<i>note i</i>)						(45,296)
Associated companies (<i>note i</i>)						(111,486)
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Loss before taxation						(302,108)
Taxation credit						908
						<hr/>
Loss after taxation						(301,200)
Minority interests						72,955
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Loss attributable to shareholders						<u>(228,245)</u>

Notes

(i) *Share of results of jointly controlled entities and associated companies*

	2005		2004	
	Jointly controlled entities <i>HK\$'000</i>	Associated companies <i>HK\$'000</i>	Jointly controlled entities <i>HK\$'000</i>	Associated companies <i>HK\$'000</i>
Property sales	204,761	(1,461)	(3,189)	(15,972)
Property leasing	–	34,288	–	12,977
Hotel and travel	–	7,636	–	(713)
Investments	(42,402)	(104,719)	(42,107)	(107,606)
Other operations	–	(1,944)	–	(172)
Finance costs	–	(10,855)	–	–
Unallocated corporate expenses	–	(3,006)	–	–
	<u>162,359</u>	<u>(80,061)</u>	<u>(45,296)</u>	<u>(111,486)</u>

(ii) Certain comparative amounts have been reclassified to conform with current year segment classification

Geographical segments

	Turnover		Contribution to operating profit/(loss)	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Hong Kong	490,442	685,621	1,731	(40,557)
Mainland China	6,252	22,594	732	(560)
Canada	56,486	59,175	18,409	13,634
	<u>553,180</u>	<u>767,390</u>	<u>20,872</u>	<u>(27,483)</u>

3. OTHER INCOME AND CHARGES

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Write-back of provision / (provision) for diminution in value of properties under development / held for sale	11,400	(20,074)
Revaluation surplus on investment properties	–	34,990
Unrealised gains / (losses) on other investments	92,271	(25,436)
Write-back of provision / (provision) for doubtful debts	12,325	(51,400)
Loss on disposal of subsidiaries	(3,946)	–
Loss on disposal of an associated company	–	(9,129)
Loss on partial disposal of interest in a listed subsidiary	(25,272)	(8,220)
Loss on disposal of a listed subsidiary	(10,193)	–
Loss on deemed disposal of interest in a listed associated company	(115,194)	–
Negative goodwill recognised	–	1,031
Impairment loss of goodwill	(10,002)	–
Amortisation of goodwill	(5,849)	(6,413)
	<u>(54,460)</u>	<u>(84,651)</u>

4. OPERATING PROFIT / (LOSS)

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Operating profit / (loss) is stated after crediting and charging the following:		
Crediting		
Dividend income from listed investments	142	1,207
Interest income	9,908	13,104
Net unrealised gains / (losses) on other investments	92,271	(25,436)
Net realised gains on other investments	<u>2,625</u>	<u>1,482</u>
Charging		
Depreciation	1,064	4,047
Provision for long term investment	<u>1,601</u>	<u>–</u>

5. TAXATION (CHARGE) / CREDIT

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Current taxation		
Hong Kong profits tax	–	(140)
Overprovisions in prior years	140	915
Deferred taxation		
Relating to the origination and reversal of temporary differences	(3,735)	(117)
Resulting from an increase in tax rate	–	2,168
	(3,595)	2,826
Share of taxation attributable to		
Jointly controlled entities	(36,464)	(287)
Associated companies	(5,299)	(1,631)
	(45,358)	908

6. LOSS PER SHARE

The calculation of loss per share is based on loss attributable to shareholders of HK\$160,970,000 (2004: HK\$228,245,000) and on the weighted average of 186,544,765 (2004: 153,152,913) shares in issue during the year.

The calculation of diluted loss per share is based on HK\$165,519,000 equalling to the loss attributable to shareholders of HK\$160,970,000 less decreased share of profit after tax of listed associated companies of HK\$4,549,000 and the weighted average number of 186,544,765 shares in issue during the years assuming the convertible bonds and notes of the listed associated companies had been converted.

No diluted loss per share is presented for the year ended 31st March 2004 as the exercise of subscription rights attached to the share options and the conversion of the convertible bonds would not have a dilutive effect on the loss per share.

7. DIVIDEND AND DISTRIBUTION

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Interim dividend, paid, of HK 2 cents (2004: Nil) per share	3,997	–
Scrip distribution, proposed, of HK 4.3 cents (2004: Nil) per share	10,084	–
	14,081	–

BUSINESS AND FINANCIAL REVIEW

Change of shareholdings in Asia Standard

During the year, the Group's shareholdings in Asia Standard International Group Limited ('Asia Standard') has reduced from 52.8% at 1st April 2004 to 40.5% at 31st March 2005.

The decrease have resulted in accounting losses of HK\$150 million.

Results and Appropriations

As mentioned above, Asia Standard changed from subsidiary to associated company in January 2005. Accordingly, results of Asia Standard was only consolidated up to December 2004 and then equity accounted for thereafter. This explained the majority of the 28% decrease in turnover from last year's HK\$767 million to this year's HK\$553 million. Mainly affected by the losses arising from the reduction of interests in Asia Standard described above, the Group reported a loss attributable to shareholders of HK\$161 million, which is lower than the loss of HK\$228 million last year.

The Board of Directors has declared to pay to shareholders whose names appear on the Register of Members of the Company on 26th August 2005 ('Record Date') a distribution of HK 4.3 cents (2004: Nil) per share in scrip ("Distribution").

The Distribution will be subject to 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. For the purpose of determining the number of new shares to be allotted, the market value of new shares will be calculated as the average of the closing prices of the Company's shares on the Stock Exchange for the five trading days prior to and including the Record Date. Full details of the Distribution will be set out in a circular to shareholders. New shares certificates will be posted on or about 14th October 2005.

Property sales and leasing

With the positive market sentiment nourished by the supportive government land and housing policy, Asia Standard was able to capitalise from this favourable environment and recorded a profit attributable to shareholders of HK\$202 million, turnaround from last year's HK\$142 million loss.

Market spotlight was shed on Grosvenor Place, the joint venture luxury residential development in Repulse Bay, when it was sold in April 2004 for HK\$940 million, approximately HK\$15,500 per sq.ft., and equally exciting when it won an MIPIM award in Europe.

In late 2004, Asia Standard acquired a residential development site at Castle Peak Road, Ting Kau for HK\$261 million. Gross floor area is approximately 195,000 sq.ft. Land premium negotiations of two other residential development sites totaling approximately 750,000 sq.ft. gross floor area continue. The Group currently holds about 1.1 million sq.ft. gross floor area residential land bank in Hong Kong.

Asia Standard is currently under preparation for the marketing of a sea-view residential development of 190,000 sq.ft. gross floor area in Kowloon urban area. Another low-rise residential development in Ping Shan of 43,000 sq.ft. gross floor area is expected to follow towards beginning of 2006. If fully sold, these two projects will generate a total proceeds of over HK\$1.1 billion.

Rental income of Asia Standard decreased slightly by 5% as compared to last year due to sales of inventory. Occupancies remained high at an average of 89%. We hold a positive outlook upon coming renewal of tenancies given strong demand in the market place. We are also positioned to benefit from the very good quality investment portfolio of some 440,000 sq.ft. of retail and offices.

Hotel

Hotel group's performance is both exciting and encouraging compared with last year. It achieved a HK\$569 million (34% increase) turnover and HK\$85 million profit compared with HK\$426 million turnover and HK\$12 million loss last year.

A very strong revival is experienced by the local hotel business. Visitor's arrivals reached a record high of 21.8 million for the year to December 2004, 40% higher than 2003. Mainland visitors continue to dominate while visitors from elsewhere and Asia Pacific increases, as a result of CEPA and the gaming industry attractions in Macau, also play a role. Hong Kong based hotels achieved a combined occupancy of 86% against 66% of last year. Average room rate also recorded a 30% growth from last year.

Empire Hotel at Hong Kong Island is currently continuing with upgrading its guest room renovation programme and is expected to be finished before this year. Expected average room rates will accordingly escalate.

Our Canadian hotel in Vancouver shows improvement with turnover increase by 14%. Improvement in turnover and corresponding rate is anticipated in the coming year.

Investments

Various ventures in information technology, energy conservation apparatus, medical and health were largely disappointing. Our listed associate Q9 technology recorded a 31% drop in sales and HK\$7.8 million loss for the year 2004.

Accordingly, we have written off the remaining goodwill of these ventures completely against previously adopted policy to amortise over periods of 3 to 5 years. Total impairment charge of HK\$87 million was therefore recorded.

Financial review

There was no gearing as at 31st March 2005 compared to a gearing (net debt to equity) of 62% in 2004.

All of the outstanding convertible notes were converted.

During the year, the company through a share placement issue raised HK\$84 million with HK\$70 million to repay revolving loans and the balance for working capital.

The Group is in a net cash position at 31st March 2005 (2004: net debt HK\$2,748 million).

Net asset value decreased by 4.2% to HK\$2.0 billion. This decrease was due to loss for the year, decrease in capital reserve and share of Asia Standard's property revaluation reserves resulting from reduction in its shareholdings, partly offset by the current year property revaluation surplus. Coupled with the increase in the number of shares issued, net asset value per share decreased from HK\$12.05 at 31st March 2004 to HK\$8.54 at 31st March 2005.

As at 31st March 2005, no properties (2004: HK\$6,055 million) were pledged to secure banking facilities of the Group. The Group did not provide any guarantees to banks and financial institutions on credit facilities to jointly controlled entities, associated companies and third parties (2004: HK\$246 million).

New accounting policies

The Group will adopt the new HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") which are effective for the 2005/06 financial year. The resulting changes in accounting policies have no impact on the Group's cash flow. However, these changes will affect the Group's results and net assets in the following areas.

Most of these changes will not affect the Company and its subsidiaries directly, but will indirectly affect the Group through the share of results and net assets of the major associated company, Asia Standard.

1. Revaluation movements of investment properties will be recorded in the profit and loss account, instead of the revaluation reserve.

2. Deferred tax has to be provided on revaluation surplus of investment properties, notwithstanding that there is no capital gain tax applicable to Hong Kong.
3. Owner-operated hotel properties and self-occupied buildings will be stated at cost less accumulated depreciation and any provision for impairment with annual depreciation charged to profit and loss account. Currently they are stated at open market values.
4. Leasehold land on which these properties are situated will be reclassified as a separate class of non-current assets and stated at cost less accumulated amortisation with annual amortisation charged to profit and loss account.
5. The Group's convertible bonds will be split between liability component and equity component.
6. Stage completion method will no longer be used to recognise revenue from presale of development properties, instead revenue will be recognised upon completion of those properties.
7. Share options granted are to be expensed over the vesting period.

Employees and remuneration policies

At 31st March 2005, the Group employed 203 full time employees all working for building management services. Their remuneration package, which commensurate with their job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

There were also 395 employees employed by the 40.5% owned Asia Standard group. During the year the Company granted 5,400,000 share options at an exercise price of HK\$2.895 per share to employees.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CODE OF BEST PRACTICE AND CODE ON CORPORATE GOVERNANCE PRACTICE

During the year, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules. In January 2005, the Code of Best Practice was replaced by the Code on Corporate Governance Practice. The Company has taken

appropriate actions to comply with the Code on Corporate Governance Practice including setting up Remuneration and Audit Committees, and holding of board meetings at least once a quarter.

The Audit Committee has reviewed the annual results for the year ended 31st March 2005.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Appendix 10 of the Listing Rules. The Company has also made specific enquiry of the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

A detailed announcement of annual results of the Group for the year ended 31st March 2005 containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules (which was in force prior to 31st March 2004 and remains applicable to the final results announcement for the year ended 31st March 2005 under certain transitional arrangements) will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

BOOK CLOSURE

The Register of Members will be closed from Wednesday, 24th August 2005 to Friday, 26th August 2005, both days inclusive, during which period no transfer of shares of the Company can be registered. In order to qualify for the abovementioned distribution, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Registrars, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:00 p.m. on Tuesday, 23rd August 2005.

By Order of the Board
Fung Siu To, Clement
Chairman

Hong Kong, 19th July 2005