

## Asia Orient Announces 2004/05 Annual Results

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### Improved financial position to capture growth opportunities

(19th July 2005, Hong Kong) – Asia Orient Holdings Limited (“Asia Orient” or the “Company”, together with its subsidiaries, the “Group”; stock code: 0214) announced today its annual results for the year ended 31<sup>st</sup> March 2005. The Group recorded a turnover of HK\$553 million, representing a decrease of 28% from last year’s HK\$767 million. The decrease was due to the exclusion of three months’ turnover of Asia Standard International Group Limited (“Asia Standard International”), the Group’s property arm, which is changed from a subsidiary to an associated company from January 2005. Nonetheless, the Group was able to narrow its loss to HK\$161 million from last year’s HK\$228 million. The directors of the Company declared a distribution of 4.3 HK cents per share in scrip.

“Although the decrease in shareholding in Asia Standard International from 52.8% to 40.5% has caused an accounting loss of HK\$150 million to the Group, the changes greatly improved the Group’s financial status. It is now in a net cash position. On the other hand, the Group’s two major businesses in the property and hotel sectors achieved a total turnaround attributable to the strong revival in Hong Kong’s economy and tourism,” said Mr. Clement Fung Siu To, Chairman of Asia Orient.

During the period under review, Asia Standard International recorded a profit of HK\$202 million, mainly attributable to the successful launch of Grosvenor Place, a high-end luxury residential development. Benefiting from a limited supply and fuelled by reviving consumer confidence, the Group expects there will be a steady demand for quality residential properties. Asia Standard International plans to develop a new residential site on Castle Peak Road under the partnership with Grosvenor Group. It also plans to pre-sell two residential projects in the coming year, one with sea-view facing Lei Yue Mun and the other in Ping Shan alongside the West Rail. When completely sold, these will bring in over HK\$1.1 billion in revenue to Asia Standard. Under a strategy to continuously replenish its land bank, the Group’s properties portfolio will be enriched in the coming years.

The Group’s property leasing business recorded a slight drop in rental income as a result of the adjustment of its investing strategy. Several rental properties were sold during the year. Occupancies remained high at an average of 89%. With a quality investment portfolio of some 440,000 sq. ft. of retail space and offices, the Group is confident in the coming renewal of tenancies and the general outlook of the property leasing business.

Hotel business also recorded significant growth. A profit of HK\$85 million for the year was registered against last year's loss of HK\$12 million. The Group's hotels in Hong Kong achieved a combined occupancy of 86% against the 66% of last year. Average room rate recorded an over 30% growth from last year. With the opening of new tourist attractions and the sharp recovery of Hong Kong's economy, the Group believes the positive sentiment and momentum will continue into the coming year.

Q9 Technology Holdings Ltd, one of the Group's technology investments, recorded a 31% drop in sales and HK\$7.8 million loss for the 2004 calendar year. Due to the unsatisfactory performance of technology investments, the Group has fully written off the related goodwill of these investments. The Group also decided not to allocate additional resources to this area.

"The Group is committed to capturing business opportunities in the growing market and will review its investment strategies from time to time, in order to optimize value for our shareholders," Mr. Fung concluded.

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### **About Asia Orient Holdings Limited**

Asia Orient's main businesses are property development and investment, hotel operation, travel agency and catering business, which are conducted through its listed associates - Asia Standard International Group Limited and Asia Standard Hotel Group Limited. Asia Orient also held 32% interest of an associate company - Q9 Technology Holdings Limited, which is mainly engaged in promoting the innovated Chinese character input method.