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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 2017

FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	2017	2016 (Restated)	Change
Revenue	1,862	1,461	+27%
Operating profit	1,929	1,266	+52%
Profit attributable to shareholders of the Company	1,011	550	+84%
Earnings per share - basic (HK\$)	1.21	0.67	+81%
Total assets	31,454	29,572	+6%
Net assets	22,084	20,730	+7%
Equity attributable to shareholders of the Company	11,615	10,382	+12%
Net debt	7,182	6,753	+6%
Supplementary information with hotel properties in operation at valuation:			
Revalued total assets	36,101	33,370	+8%
Revalued net assets	27,142	25,037	+8%
Equity attributable to shareholders of the Company	13,935	12,071	+15%
Gearing – net debt to revalued net assets	26%	27%	-1%

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 2017 together with the comparative figures for the year ended 31st March 2016 were as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2017

	Note	2017 HK\$'000	2016 HK\$'000 (Restated)
Revenue	2	1,861,549	1,460,586
Cost of sales		(308,928)	(277,876)
Gross profit		1,552,621	1,182,710
Selling and administrative expenses		(263,643)	(231,907)
Depreciation		(199,226)	(165,913)
Net investment gain	3	966,159	474,873
Fair value gain of investment properties		671,379	5,806
Other exceptional charge	4	(798,743)	-
Operating profit		1,928,547	1,265,569
Net finance costs	6	(246,791)	(210,662)
Share of profits less losses of			
Joint ventures		90,744	(7,039)
Associated companies		(41,507)	(112,019)
Profit before income tax		1,730,993	935,849
Income tax credit/(expense)	7	3,465	(10,445)
Profit for the year		1,734,458	925,404
Attributable to:			
Shareholders of the Company		1,010,889	549,704
Non-controlling interests		723,569	375,700
		1,734,458	925,404
Earnings per share (HK\$)			
Basic	9	1.21	0.67
Diluted	9	1.21	0.67

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2017

	2017 HK\$'000	2016 HK\$'000
Profit for the year	1,734,458	925,404
Other comprehensive income/(charge)		
Items that have been reclassified or may be reclassified subsequently to profit or loss		
Net fair value gain/(loss) on available-for-sale investments	48,252	(51,975)
Revaluation gain arising from transfer of property, plant and equipment to investment properties	37,955	-
Cash flow hedges		
- fair value loss	(33,214)	(8,005)
- transfer to finance costs	46,149	24,646
Currency translation differences	(5,611)	4,733
Share of currency translation differences of joint ventures	(84,264)	(53,457)
	<u>9,267</u>	<u>(84,058)</u>
	-----	-----
Total comprehensive income for the year	<u>1,743,725</u>	<u>841,346</u>
Attributable to:		
Shareholders of the Company	1,012,916	512,367
Non-controlling interests	730,809	328,979
	<u>1,743,725</u>	<u>841,346</u>

CONSOLIDATED BALANCE SHEET

As at 31st March 2017

	Note	2017 HK\$'000	2016 HK\$'000
Non-current assets			
Investment properties		8,199,737	7,497,849
Property, plant and equipment		7,959,906	7,277,441
Property held for development for sale	4	-	798,743
Joint ventures and associated companies		3,599,351	3,414,545
Loan receivables		317,786	294,704
Available-for-sale investments		273,001	170,896
Financial assets at fair value through profit or loss		328,646	240,601
Deferred income tax assets		44,217	33,755
		20,722,644	19,728,534
Current assets			
Properties under development for sale		640,739	1,037,210
Completed properties held for sale		3,700	3,710
Hotel and restaurant inventories		15,351	15,342
Trade and other receivables	10	391,668	339,384
Income tax recoverable		5,698	11,550
Financial assets at fair value through profit or loss		8,936,038	7,659,283
Bank balances and cash		738,373	776,514
		10,731,567	9,842,993
Current liabilities			
Trade and other payables	11	233,419	200,369
Amount due to joint ventures		134,311	62,403
Amount due to an associated company		224,400	224,400
Income tax payable		12,111	14,632
Borrowings		1,210,619	1,121,813
		1,814,860	1,623,617
Net current assets		8,916,707	8,219,376
Non-current liabilities			
Long term borrowings		6,083,447	5,471,214
Medium term notes		626,656	936,894
Derivative financial instruments		76,977	48,115
Deferred income tax liabilities		768,463	761,902
		7,555,543	7,218,125
Net assets		22,083,808	20,729,785
Equity			
Share capital		84,087	82,882
Reserves		11,531,284	10,299,198
Equity attributable to shareholders of the Company		11,615,371	10,382,080
Non-controlling interests		10,468,437	10,347,705
		22,083,808	20,729,785

NOTES TO THE FINANCIAL STATEMENTS

1 Basis of preparation

- (i) 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 2016, except adoption of the following new standard that is effective for the first time for this year which is relevant to the Group's operation and is mandatory for accounting periods beginning on or after 1st January 2016:

Amendment to HKAS 1 Presentation of Financial Statements

The adoption of the above amendment in the current year did not have any significant effect on the annual financial statements or result in any substantial changes in the Group's significant accounting policies.

Certain new and revised standards have been issued but are not yet effective for the year ended 31st March 2017 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.

- (ii) Prior to 1 April 2016, the Group had recognised building management fees received from third party tenants and the related building management expenses on a net basis. During the year ended 31 March 2017, the Group re-assessed the relevant accounting treatment and considered it more appropriate to present it on a gross basis. Accordingly adjustments have been made to the comparative figures to conform to the current year accounting treatment. These changes have been applied retrospectively in accordance with HKAS 8 and there was no net impact on the profit for the year ended 31 March 2016. The impact on the consolidated income statement for the year ended 31 March 2016 are to increase revenue by HK\$20,465,000, increase cost of sales by HK\$24,705,000, decrease gross profit by HK\$4,240,000 and decrease selling and administrative expenses by HK\$4,240,000.

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
2017						
Gross income	600	152,120	638,526	4,387,743	106,373	5,285,362
Segment revenue	<u>600</u>	<u>152,120</u>	<u>502,457</u>	<u>1,099,999</u>	<u>106,373</u>	<u>1,861,549</u>
Contribution to segment results	590	120,998	167,917	1,097,823	65,665	1,452,993
Depreciation	-	-	(191,163)	-	(8,063)	(199,226)
Net investment gain	-	-	-	966,159	-	966,159
Fair value gain of investment properties	-	671,379	-	-	-	671,379
Other exceptional charge	(798,743)	-	-	-	-	(798,743)
Share of profits less losses of						
Joint ventures	82,278	-	-	-	8,466	90,744
Associated companies	-	(41,435)	-	-	(72)	(41,507)
Segment results	(715,875)	750,942	(23,246)	2,063,982	65,996	2,141,799
Unallocated corporate expenses						(164,015)
Net finance costs						(246,791)
Profit before income tax						<u>1,730,993</u>
2016 (Restated)						
Gross income	630	156,113	651,944	2,479,399	36,376	3,324,462
Segment revenue	<u>630</u>	<u>156,113</u>	<u>484,833</u>	<u>782,634</u>	<u>36,376</u>	<u>1,460,586</u>
Contribution to segment results	(137)	120,471	158,653	781,485	24,419	1,084,891
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	-	(111,888)	-	-	(131)	(112,019)
Segment results	(4,033)	14,389	(495)	1,256,358	14,380	1,280,599
Unallocated corporate expenses						(134,088)
Net finance costs						(210,662)
Profit before income tax						<u>935,849</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		
2017							
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*	107,934	42,538	46,699	-	24,044	-	221,215
Liabilities							
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>9,370,403</u>
2016							
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>

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

2 Segment information (continued)

	2017 HK\$'000	2016 HK\$'000 (Restated)
Revenue		
Hong Kong	640,761	627,854
Overseas	<u>1,220,788</u>	<u>832,732</u>
	<u>1,861,549</u>	<u>1,460,586</u>
Non-current assets*		
Hong Kong	18,105,261	17,287,638
Overseas	<u>1,653,733</u>	<u>1,700,940</u>
	<u>19,758,994</u>	<u>18,988,578</u>

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

3 Net investment gain

	2017 HK\$'000	2016 HK\$'000
Financial assets at fair value through profit or loss		
- net unrealised gain from market price movements	930,946	372,639
- net unrealised exchange loss	(50,852)	(30,350)
- net realised gain (note)	<u>86,065</u>	<u>132,584</u>
	<u>966,159</u>	<u>474,873</u>

Note:

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

Gross consideration	3,287,744	1,696,765
Cost of investments	<u>(3,031,239)</u>	<u>(1,490,090)</u>
Total gain	256,505	206,675
Less: net unrealised gain recognised in prior years	<u>(170,440)</u>	<u>(74,091)</u>
Net realised gain recognised in current year	<u>86,065</u>	<u>132,584</u>

4 Other exceptional charge/Property held for development for sale

The amount represents impairment for property held for development for sale which comprised a piece of land (the “Property” or “Land”) situated in Seac Pai Van, Coloane, Macau.

The Group acquired 100% interest of the Land in 2010. The land concession was granted for a term of 25 years from 7th December 1990 for industrial use. It is renewable, under certain conditions including the completion of development before the concession expiry date, for further terms until 19th December 2049. In 1993, the Macau government notified the concessionaire of their decision to change the use of the lots situated in the district at issue to residential use, which the concessionaire has accepted. Since then, despite repeated requests, the Macau government has never issued the new master zoning plan of the district and so the Property has not been developed. During this period, the Group has engaged professional architects and liaised with the Lands, Public Works and Transport Bureau of the Macau government in various occasions to prepare the development plans.

In October 2015, the Group submitted to the Macau government a request for extension or renewal of the land concession. However, no reply was received from the Macau government before the land concession period ended on 7th December 2015. The Land is included by the Macau government in a published list in which the responsibility of the non-development of the lands is not attributable to the concessionaires. In February 2017, the declaration of expiry of the land concession was published in the official Gazette of Macau, and notification letter was received by the Group, according to which the Land was to be reclaimed by the Macau government.

In March 2017, the Group filed an appeal to the Second Instance Court of Macau against the Macau government’s decision to declare the expiry of the land concession. The case is now pending at the court. Our legal representative is of the view that the Group has strong legal grounds to challenge the decision of the Macau SAR.

As Macau government has officially declared expiry of the concession and reclaimed the land, full provision for the Property was made.

5 Income and expenses by nature

	2017 HK\$’000	2016 HK\$’000
Income		
Interest income		
Listed investments	1,048,029	736,687
Loan receivables	25,685	15,730
Bank deposits	2,477	1,496
Dividend income		
Listed investments	31,382	26,912
	<u> </u>	<u> </u>
Expenses		
Cost of properties and goods sold	72,463	76,847
Operating lease rental expense for land and buildings	2,439	1,176
	<u> </u>	<u> </u>

6 Net finance costs

	2017 HK\$'000	2016 HK\$'000
Interest expense		
Long term bank loans	(170,415)	(137,462)
Short term bank loans and overdrafts	(1,641)	(5,204)
Medium term notes	(47,188)	(52,628)
Interest income from hedging derivative financial instruments	2,585	4,730
Interest capitalised	<u>31,734</u>	<u>39,486</u>
	(184,925)	(151,078)
Other incidental borrowing costs	(47,821)	(23,910)
Net foreign exchange gain/(loss) on borrowings	32,308	(11,028)
Fair value loss on derivative financial instruments		
Cash flow hedge, transfer from reserve	(34,012)	(24,646)
Discontinuation of hedge accounting	<u>(12,341)</u>	<u>-</u>
	<u>(246,791)</u>	<u>(210,662)</u>

7 Income tax credit/(expense)

	2017 HK\$'000	2016 HK\$'000
Current income tax expense		
Hong Kong profits tax	(8,504)	(13,383)
Over provision in prior years	<u>8,101</u>	<u>4,208</u>
	(403)	(9,175)
Deferred income tax credit/(expense)	<u>3,868</u>	<u>(1,270)</u>
	<u>3,465</u>	<u>(10,445)</u>

Hong Kong profits tax is provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year. No provision for overseas taxation has been made as there are no assessable profits for the year (2016: Nil).

8 Dividends

	2017 HK\$'000	2016 HK\$'000
Interim, nil (2016: Nil)	-	-
Final, proposed, of HK2.4 cents (2016: HK3 cents) per share	<u>20,181</u>	<u>24,864</u>
	<u>20,181</u>	<u>24,864</u>

At a meeting held on 28th June 2017, the Board of Directors has proposed to pay a final dividend of HK2.4 cents (2016: HK3 cents with a scrip option) per share for the year ended 31st March 2017. 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 2018.

The amount of HK\$20,181,000 is based on 840,873,996 issued shares as at 28th June 2017.

9 Earnings per share

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

	2017 HK\$'000	2016 HK\$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	1,010,889	549,704
Effect of dilutive potential shares: A portion of share options of the subsidiaries assumed to be exercised	<u>(673)</u>	-
Profit for calculation of diluted earnings per share	<u>1,010,216</u>	<u>549,704</u>

Number of shares

Weighted average number of shares for calculation of basic earnings per share	834,035,689	819,649,371
Effect of dilutive potential shares: A portion of share options of the Company assumed to be exercised	<u>1,323,892</u>	<u>3,401,517</u>
Weighted average number of shares for calculation of diluted earnings per share	<u>835,359,581</u>	<u>823,050,888</u>

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

10 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\$88,531,000 (2016: HK\$48,329,000). 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:

	2017	2016
	HK\$'000	HK\$'000
0 month to 6 months	87,692	45,087
7 months to 12 months	-	2
More than 12 months	839	3,240
	88,531	48,329

11 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\$35,277,000 (2016: HK\$22,484,000).

Aging analysis of trade payables is as follows:

	2017	2016
	HK\$'000	HK\$'000
0 day to 60 days	34,114	21,783
61 days to 120 days	547	157
More than 120 days	616	544
	35,277	22,484

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 2017 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\$1,862 million (2016: HK\$1,461 million), its profit attributable to shareholders increased from HK\$550 million of last year to HK\$1,011 million of current year. The increase in profit is mainly due to increase in income from and mark-to-market valuation gain of its financial investment, coupled with increase in net fair value surplus from revaluation of investment properties, while partially reduced by impairment charges on property held for development for sale.

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

PROPERTIES SALES, DEVELOPMENT AND LEASING

Sales and Development

The Group's 50% joint venture development in Shanghai commenced presale in July 2015 and has contracted about RMB2.7 billion up to the end of this financial year. The Group recognised its share of profit relating to RMB1.7 billion sales contracts completed in the current financial year. Sales will continue to be recognized once the contracts are completed.

Superstructure construction is in progress for the residential joint venture re-development at Perkins Road, Jardine's Lookout in Hong Kong. Completion is aimed at year 2018.

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 also in the process of land exchange application with the government. These two projects will provide approximately 590,000 sq. ft. of developable GFA.

During the year, foundation construction has commenced for a residential development at Po Shan Road, mid-level, a 40% JV development with target completion date in 2019.

Structural and foundation design are underway and construction will start for our 50% joint venture at Tongzhou Beijing once site clearance completes and the construction permit obtained.

In February 2017, the Macau government gazetted the expiry of the lease of the Group's site in Seac Pai Van, Macau. The Group lodged an appeal against the declaration of expiry by the Macau government. More details are given in the Notes to the Financial Statements relating to "Other exceptional charge". Full provision on the carrying value of the site has been made.

The hotel subsidiary group's acquisition of the land and buildings in the West End area of downtown Vancouver was completed during the year. This is a joint venture redevelopment project of a residential complex for sale, currently application for re-zoning of the land is in progress.

The Group will redevelop its Empire Landmark Hotel into a residential building with retail and office interest. Redevelopment application was approved and its closure is dated at end September 2017.

Another residential development opportunity in the vicinity was acquired in January 2017.

Leasing

During the year, MassMutual Tower (renamed in November 2016, formerly Asia Orient Tower) in Wanchai underwent extensive renovation and upgrade. Considerable increase in rent per square feet was achieved.

Leasing income from Asia Standard Tower in Central together with Goldmark in Causeway Bay was maintained at a similar level compared to last year.

Overall attributable leasing income for the two years is approximately similar. Net revaluation gain (taking into account our share of revaluation deficit from the investment property owned by an associated company) of HK\$607 million (2016: net deficit HK\$128million) was recorded.

HOTEL

Asia Standard International currently holds 64.4% equity interests in hotel subsidiary group and the parent group Asia Orient holds another 2.3% directly. Taking into account the hotel subsidiary's convertible notes held by the Group, the economic interests in it is 85.7% held by Asia Standard International and is accounted for accordingly.

During the year, overnight stay visitors to Hong Kong increased 2% to approximately 27 million. Mainland visitors dominate this segment with 76% share, a drop of 2% from last year, resulting from strong Hong Kong Dollars and further relaxed visa policies of other tourists destinations. Total hotel rooms in Hong Kong are approximately 76,000 rooms, an increase of 3% over last year.

Revenue arising from the hotel and travel segment amounted to HK\$502 million (2016: HK\$485 million). Average occupancies for the 3 Hong Kong hotels were approximately 96% for both periods while average room rates increased 1%. The new Empire Prestige Hotel adjacent to the Group's existing Empire Causeway Bay Hotel achieved 94% occupancy for its first 6 months operation. Overall, contribution to segment results before depreciation increased from HK\$159 million to HK\$168 million.

The exterior façade and interior fitting works of our new hotel in Tsimshatsui is in progress, adding another 90 rooms to the portfolio towards completion in late 2017.

FINANCIAL INVESTMENTS

At 31st March 2017, the Group's financial investment portfolio amounted to HK\$9,538 million (2016: HK\$8,071 million), of which HK\$8,186 million (2016: HK\$7,085 million) were held by the two listed subsidiary groups. The investment portfolio comprise 80% by listed debt securities (mostly were issued by PRC-based real estate companies), and 19% by listed equity securities (of which approximately 77% were issued by major banks) and 1% unlisted funds and securities. They are denominated in different currencies with 83% in United States dollar, 7% in Hong Kong dollar, 4% in Renminbi, 5% in Sterling and 1% in Euro.

The portfolio increase was due to a further investment of HK\$539 million and a mark-to-market valuation gain of HK\$928 million, comprising HK\$625 million gain from debt securities (mostly PRC-based real estate companies) and HK\$303 million gain from equity securities (largely a US-based global bank listed in US and a Macau-based gaming resort listed in Hong Kong). The debt securities of the PRC-based real estate companies continue to benefit from the booming property market in the Mainland and ample liquidity in the investment market, while the gain on equity securities in the US/HK benefit from the recovery of US economy and the return of visitors to Macau with the opening of new resorts.

Income from these investments amounted to HK\$1,100 million (2016: HK\$783 million). The increase is mostly due to a special one-time recognition of coupon income of debt securities from a PRC-based real estate issuer.

At 31st March 2017, an approximate value of HK\$756 million (2016: HK\$1,340 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 2017, the Group had over HK\$7.8 billion (2016: HK\$6.5 billion) cash and undrawn banking facilities.

At 31st March 2017, the Group's total assets amounted to approximately HK\$31.5 billion (2016: HK\$29.6 billion). Net assets were HK\$22.1 billion (2016: HK\$20.7 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group would be HK\$36.1 billion (2016: HK\$33.4 billion) and HK\$27.1 billion (2016: HK\$25.0 billion), an increase of 8% for both respectively when compared to 2016.

In Dec 2016, a 5-years syndicated bank loan of HK\$2.7 billion was arranged and HK\$600 million was drawn down before the financial year end. In January 2017, the Group repurchased RMB250 million medium term notes due April 2018.

Net debt at 31st March 2017 was HK\$7,183 million (2016: HK\$6,753 million), of which HK\$164 million (2016: HK\$78 million) was attributable to the parent group. The Group's gearing, calculated as net debt to revalued net asset, was approximately 26% (2016: 27%). 61% of the debts are secured and 90% of the debts are at floating rates. Total interest cost increased as a result of increased borrowings.

Currently the maturities of our debts spread over a long period of up to 10 years. Revolving loans account for 1% and term loans secured by financial assets repayable between one to five years account for 5%. Term loans secured by property assets account for 55% with 11% repayable within 1 year, 36% repayable between one to five years and 8% repayable after five years. The remaining 39% comprise unsecured term loans and medium term notes. As at 31st March 2017, the Group had net current assets of HK\$8.9 billion (2016: HK\$8.2 billion).

About 90% of the Group's borrowings are in Hong Kong dollar, 5% in United States Dollar, 3% in Renminbi, and the remaining 2% in other currencies.

At 31st March 2017, an approximate HK\$17.8 billion (2016: HK\$18.0 billion) book value of property assets were pledged to banks as collateral for credit facilities granted to the Group. HK\$1,206 million guarantee (2016: HK\$881 million) was provided to financial institutions against outstanding bank loans of joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

At 31st March 2017, the Group employed approximately 600 (2016: 600) employees. Their remuneration packages, commensurate with job nature and experience level, include basic salary, annual bonus, retirement and other benefits.

FUTURE PROSPECTS

Hong Kong introduced a new round of punitive measures by raising stamp duties in November 2016, followed by reduced bank mortgage lending ratios to developers recently. Demand for commercial properties is still actively pursued. Overall market sentiment remains heated.

The property prices in Mainland cosmopolitans and developing urban areas continue to rise over the past financial year. Mainland government imposed more stringent restrictive measures on property purchases in an attempt to contain a heated market.

With the beginning of interest rate up-cycle, management stays alert to the impact of these punitive measures to the local and Mainland property markets.

Hotel performance is continually under pressure but has regained some momentum in 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.

Equity securities markets continue to be volatile, affected by locality specific events.

Improving rental performance will be evidenced with a new tenant mix following upgrading and renovation works in our Wanchai office headquarter. Further improvement is expected when occupancies pick up in the coming financial year. Demand for retail space is seen to be sluggish.

Changing policies by United States will nonetheless affect both financial and monetary landscape in an interest rate up-cycle environment. Management remains cautious in the rapidly changing environment and is affirmative with the Group's performance.

DIVIDEND

The Board of Directors recommend the payment of a final dividend for the year ended 31st March 2017 of HK2.4 cents per share (2016: HK3 cents per share with scrip option). No interim dividend was declared during the year (2016: Nil). Total dividend for the year amounts to HK2.4 cents per share (2016: HK3 cents per share).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Friday, 25th August 2017 to Wednesday, 30th August 2017 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 Thursday, 24th August 2017.

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 6th September 2017. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 5th September 2017 to Wednesday, 6th September 2017 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 Monday, 4th September 2017. The final dividend will be paid on 26th September 2017.

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 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 2017.

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;
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; and
3. Code Provision C.2.5 of the CG Code provides that issuers should have an internal audit function. The Company's internal audit function was carried out by the internal auditor who has resigned and left the Company in September 2016. A new internal auditor has been recruited and reported to duty in June 2017.

AUDIT COMMITTEE

The Audit Committee has reviewed the annual results of the Group for the year ended 31st March 2017.

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

Hong Kong, 28th June 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.