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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 2024

FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	2024	2023	Change
Contracted sales of properties			
– Subsidiaries	1,451	167	+769%
– Joint ventures (share by the Group)	387	416	-7%
Revenue	1,903	2,303	-17%
(Loss)/profit attributable to shareholders of the Company	(3,769)	429	N/A
(Loss)/earnings per share - basic (HK\$)	(4.48)	0.51	N/A
Total assets	38,212	42,680	-10%
Net assets	18,118	23,956	-24%
Equity attributable to shareholders of the Company	9,507	12,655	-25%
Net debt	16,363	15,547	+5%
Supplementary information with hotel properties at valuation:			
Revalued total assets	46,048	49,632	-7%
Revalued net assets	26,442	31,408	-16%
Revalued equity attributable to shareholders of the Company	13,324	16,072	-17%
Gearing – net debt to revalued net assets	62%	50%	

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 2024 together with the comparative figures for the year ended 31st March 2023 were as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Interest revenue		1,386,678	1,953,587
Sales of goods and services, leasing and other revenue		516,752	349,361
Total revenue	2	1,903,430	2,302,948
Cost of sales		(151,153)	(104,633)
Gross profit		1,752,277	2,198,315
Selling and administrative expenses		(321,837)	(317,292)
Depreciation		(216,773)	(222,707)
Net investment (loss)/gain	3		
Net realised and unrealised (loss)/gain		(143,661)	86,567
Change in expected credit losses		(6,743,615)	(1,721,507)
Fair value gain of investment properties		55,865	799,273
Other charge	4	(885,205)	-
Operating (loss)/profit		(6,502,949)	822,649
Net finance costs	6	(605,168)	(418,526)
Share of profits less losses of			
Joint ventures		(8,239)	422,117
Associated companies		(20,887)	10,728
(Loss)/profit before income tax		(7,137,243)	836,968
Income tax credit/(expense)	7	218,675	(90,301)
(Loss)/profit for the year		(6,918,568)	746,667
Attributable to:			
Shareholders of the Company		(3,769,240)	428,738
Non-controlling interests		(3,149,328)	317,929
		(6,918,568)	746,667
(Loss)/earnings per share (HK\$)			
Basic	9	(4.48)	0.51
Diluted	9	(4.48)	0.51

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2024

	2024 HK\$'000	2023 HK\$'000
(Loss)/profit for the year	(6,918,568)	746,667
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Debt securities at fair value through other comprehensive income		
- net fair value change and other net movements	1,054,107	2,735,184
- release of reserve upon derecognition	137,800	310,116
Share of net fair value (loss)/gain on debt securities at fair value through other comprehensive income of a joint venture	(38,100)	133,399
Cash flow hedges		
- fair value (loss)/gain	(73,020)	110,007
- deferred tax on derivative financial instruments	12,049	(18,152)
Currency translation differences	(10,863)	(78,988)
Share of currency translation differences of joint ventures	(77,406)	(134,147)
Items that will not be reclassified to profit or loss:		
Equity securities at fair value through other comprehensive income		
- net fair value gain	76,051	101,130
	<u>1,080,618</u>	<u>3,158,549</u>
Total comprehensive (charge)/income for the year	<u>(5,837,950)</u>	<u>3,905,216</u>
Attributable to:		
Shareholders of the Company	(3,148,518)	2,178,142
Non-controlling interests	<u>(2,689,432)</u>	<u>1,727,074</u>
	<u>(5,837,950)</u>	<u>3,905,216</u>

CONSOLIDATED BALANCE SHEET

As at 31st March 2024

	Note	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Investment properties		10,816,416	10,760,246
Property, plant and equipment		7,741,705	7,914,098
Investment in joint ventures and associated companies		3,847,543	4,596,844
Amount due from joint ventures and associated companies		2,702,209	2,393,487
Financial investments		1,157,913	1,832,378
Derivative financial instruments		135,217	348,192
Deferred income tax assets		140,619	155,400
		<u>26,541,622</u>	<u>28,000,645</u>
Current assets			
Properties held for sale		6,531,544	5,176,906
Hotel and restaurant inventories		26,753	27,949
Trade and other receivables	10	602,773	1,222,427
Income tax recoverable		70	173
Financial investments		2,842,775	6,948,024
Derivative financial instruments		186,945	83,874
Bank balances and cash			
- restricted		367,336	188,932
- unrestricted		1,112,361	1,031,027
		<u>11,670,557</u>	<u>14,679,312</u>
Current liabilities			
Trade and other payables	11	302,910	193,926
Contract liabilities		484,892	265,241
Amount due to joint ventures		517,159	297,425
Amount due to an associated company		182,820	193,050
Amount due to non-controlling interests		56,514	52,949
Income tax payable		484	174,012
Borrowings		5,793,441	3,901,632
		<u>7,338,220</u>	<u>5,078,235</u>
Net current assets		<u>4,332,337</u>	<u>9,601,077</u>
Non-current liabilities			
Borrowings		12,049,556	12,865,355
Lease liabilities		883	-
Deferred income tax liabilities		705,671	780,568
		<u>12,756,110</u>	<u>13,645,923</u>
Net assets		<u>18,117,849</u>	<u>23,955,799</u>
Equity			
Share capital		84,087	84,087
Reserves		9,422,629	12,571,147
Equity attributable to shareholders of the Company		<u>9,506,716</u>	<u>12,655,234</u>
Non-controlling interests		8,611,133	11,300,565
		<u>18,117,849</u>	<u>23,955,799</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 Group has applied the following new standards and amendments to standards for its annual reporting period commencing 1st April 2023:

HKFRS 17	Insurance Contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The adoption of the new standard and amendments to standards stated above did not have significant impact to the consolidated financial statements in the current and prior years.

Certain amendments and interpretations to HKFRS have been published but are not mandatory for annual reporting period ended 31st March 2024 and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 Segment information

Revenue includes revenue from property management, property sales and leasing, hotel operation, management services, interest income and dividend income.

	Property sales HK\$'000	Property leasing HK\$'000	Hotel operation HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
2024						
Segment revenue	-	127,687	366,675	1,363,841	45,227	1,903,430
Contribution to segment results	(34,323)	101,549	179,666	1,325,509	34,967	1,607,368
Depreciation	(13,509)	-	(161,627)	-	(41,637)	(216,773)
Net investment (loss)/gain	-	-	-	(6,917,258)	29,982	(6,887,276)
Fair value gain of investment properties	-	55,865	-	-	-	55,865
Other charge	(885,205)	-	-	-	-	(885,205)
Share of profits less losses of Joint ventures	(7,961)	-	-	-	(278)	(8,239)
Associated companies	-	(19,978)	-	-	(909)	(20,887)
Segment results	(940,998)	137,436	18,039	(5,591,749)	22,125	(6,355,147)
Unallocated corporate expenses						(176,928)
Net finance costs						(605,168)
Loss before income tax						(7,137,243)
2023						
Segment revenue	6,750	145,428	167,029	1,943,802	39,939	2,302,948
Contribution to segment results	(13,687)	115,306	38,288	1,897,095	29,474	2,066,476
Depreciation	(13,681)	-	(168,442)	-	(40,584)	(222,707)
Net investment loss	-	-	-	(1,634,940)	-	(1,634,940)
Fair value gain of investment properties	-	799,273	-	-	-	799,273
Share of profits less losses of Joint ventures	422,097	-	-	-	20	422,117
Associated companies	-	10,728	-	-	-	10,728
Segment results	394,729	925,307	(130,154)	262,155	(11,090)	1,440,947
Unallocated corporate expenses						(185,453)
Net finance costs						(418,526)
Profit before income tax						836,968

2 Segment information (Continued)

	Business segments						Unallocated HK\$'000	Total HK\$'000
	Property sales HK\$'000	Property leasing HK\$'000	Hotel operation HK\$'000	Financial investments HK\$'000	Others HK\$'000			
2024								
Assets	12,173,496	12,048,092	5,632,320	4,419,750	228,711	3,709,810	38,212,179	
Assets include:								
Joint ventures and associated companies	5,330,289	1,194,740	-	-	20,364	4,359	6,549,752	
Addition to non-current assets*	12,604	307	6,224	-	31,992	7,554	58,681	
Liabilities								
Borrowings	5,506,698	2,176,279	4,272,378	-	-	5,887,642	17,842,997	
Other unallocated liabilities							<u>2,251,333</u>	
							<u>20,094,330</u>	
2023								
Assets	11,181,016	12,025,745	5,830,306	9,811,157	226,906	3,604,827	42,679,957	
Assets include:								
Joint ventures and associated companies	5,750,909	1,214,718	-	-	24,704	-	6,990,331	
Addition to non-current assets*	12,896	1,904	17,908	-	32,130	3,436	68,274	
Liabilities								
Borrowings	5,073,714	1,818,976	4,151,002	-	-	5,723,295	16,766,987	
Other unallocated liabilities							<u>1,957,171</u>	
							<u>18,724,158</u>	

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

2 Segment information (Continued)

	2024 HK\$'000	2023 HK\$'000
Revenue		
Hong Kong	534,618	351,852
Overseas	<u>1,368,812</u>	<u>1,951,096</u>
	<u>1,903,430</u>	<u>2,302,948</u>
Non-current assets*		
Hong Kong	22,754,114	23,205,139
Overseas	<u>2,353,759</u>	<u>2,459,536</u>
	<u>25,107,873</u>	<u>25,664,675</u>

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

3 Net investment (loss)/gain

	2024 HK\$'000	2023 HK\$'000
Financial assets at FVPL		
- net unrealised fair value gain	62,932	100,810
- net realised (loss)/gain (note (a))	(3,441)	61,846
Financial assets at FVOCI		
- net unrealised exchange loss	(15,005)	(2,653)
- net realised loss (note (b))	(164,411)	(92,839)
- changes in expected credit losses	(6,613,164)	(1,721,507)
Financial assets at amortised cost		
- net unrealised exchange (loss)/gain	(1,489)	1,567
- net realised loss (note (c))	(26,875)	-
- changes in expected credit losses	(130,451)	-
Gain on disposal of a subsidiary	29,982	-
Derivative financial instruments		
- net unrealised (loss)/gain	<u>(25,354)</u>	<u>17,836</u>
	<u>(6,887,276)</u>	<u>(1,634,940)</u>

Notes:

(a) Net realised (loss)/gain on financial assets at FVPL

Gross consideration	646,292	2,167,691
Cost of investments	(651,295)	(2,221,987)
Add: net unrealised loss recognised in prior years	<u>1,562</u>	<u>116,142</u>
Net realised (loss)/gain recognised in current year	<u>(3,441)</u>	<u>61,846</u>

3 Net investment loss (Continued)

Notes (Continued):

	2024 HK\$'000	2023 HK\$'000
(b) Net realised loss on financial assets at FVOCI		
Gross consideration	299,768	1,207,039
Cost of investments	(676,208)	(1,320,389)
Transfer from investment revaluation reserve	212,029	20,511
	<u> </u>	<u> </u>
Net realised loss recognised in current year	<u>(164,411)</u>	<u>(92,839)</u>
(c) Net realised loss on financial assets at amortised cost		
Gross consideration	35,056	-
Cost of investments	(61,931)	-
	<u> </u>	<u> </u>
Net realised loss recognised in current year	<u>(26,875)</u>	<u>-</u>

4 Other charge

The charge, which is exceptional in nature, is attributable to the failure to reach a consensus with the government within the prescribed time limit regarding the land premium amount on a development project at Kwu Tung North held by a joint venture company, leading to subsequent land resumption by the government. This leads to a share of impairment provision in respect of interest in the joint venture project of HK\$885,205,000, which represents our share of the difference between the carrying value of the properties and estimated compensation from the government.

5 Income and expenses by nature

	2024 HK\$'000	2023 HK\$'000
Income		
Interest income from financial assets at FVOCI		
- Listed investments	968,426	1,407,032
- Unlisted investments	86,412	28,217
Interest income from financial assets at FVPL		
- Listed investments	156,782	469,892
- Unlisted investments	8,875	3,204
Interest income from financial assets at amortised cost		
- Listed investments	124,378	20,570
- Amount due from joint ventures	11,178	12,537
- Loan receivables	3,011	2,103
- Bank deposits	27,616	10,032
Dividend income		
- Listed investments	15,649	8,667
	<u> </u>	<u> </u>
Expenses		
Cost of goods sold	6,069	6,944
Rental expense for land and buildings	950	1,007
	<u> </u>	<u> </u>

6 Net finance costs

	2024 HK\$'000	2023 HK\$'000
Interest (expense)/income		
Long term bank loans	(1,070,013)	(580,922)
Short term bank loans and overdrafts	(38)	(25,748)
Lease liabilities	(112)	(216)
Amount due to a joint venture	(6,187)	(2,716)
Derivative financial instruments (interest rate swaps)	287,458	94,140
Interest capitalised	<u>254,466</u>	<u>149,552</u>
	(534,426)	(365,910)
Other incidental borrowing costs	(59,191)	(65,663)
Net foreign exchange loss on borrowings	(21)	(4,937)
Fair value (loss)/gain on derivative financial instruments (interest rate swaps)		
Cash flow hedge – ineffective portion	<u>(11,530)</u>	<u>17,984</u>
	<u>(605,168)</u>	<u>(418,526)</u>

7 Income tax credit/(expense)

	2024 HK\$'000	2023 HK\$'000
Current income tax credit/(expense)		
Hong Kong profits tax	172,049	(2,741)
Overseas profits tax	<u>(1,283)</u>	<u>(3,604)</u>
	170,766	(6,345)
Deferred income tax credit/(expense)	<u>47,909</u>	<u>(83,956)</u>
	<u>218,675</u>	<u>(90,301)</u>

Hong Kong profits tax is provided at the rate of 16.5% (2023: 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.

8 Dividends

At a meeting held on 28th June 2024, the Board has resolved not to recommend the payment of a final dividend for the year ended 31st March 2024 (2023: Nil). No interim dividend was declared during the year (2023: Nil).

9 (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.

	2024	2023
	HK\$'000	HK\$'000
(Loss)/profit attributable to shareholders of the Company	<u>(3,769,240)</u>	<u>428,738</u>
	Number of shares	
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 2024 and 2023.

10 Trade and other receivables

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

Trade receivables of the Group amounted to approximately HK\$77,270,000 (2023: HK\$67,034,000). 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 based on the date of the relevant invoice or demand note is as follows:

	2024	2023
	HK\$'000	HK\$'000
0 month to 6 months	72,089	48,848
7 months to 12 months	3,147	8,842
More than 12 months	<u>2,034</u>	<u>9,344</u>
	<u>77,270</u>	<u>67,034</u>

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, lease liabilities, interest payable and various accruals. Trade payables of the Group amounted to approximately HK\$163,026,000 (2023: HK\$73,996,000).

Aging analysis of trade payables based on the date of the relevant invoice or demand note is as follows:

	2024	2023
	HK\$'000	HK\$'000
0 month to 6 months	162,804	73,625
7 months to 12 months	6	60
More than 12 months	216	311
	163,026	73,996

12 Event after balance sheet date

On 19th June 2024, the Group put forward a proposal regarding the reorganisation of Asia Standard Hotel Group Limited by way of a scheme of arrangement under section 99 of the Companies Act 1981 of Bermuda. For further details, please refer to the joint announcement of the Company dated 19th June 2024.

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 2024 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 draft consolidated financial statements as at and for the year ended 31st March 2024. 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\$1,903 million (2023: HK\$2,303 million) for the financial year, and the result turned to a loss attributable to shareholders of HK\$3,769 million (2023: profit of HK\$429 million).

The change from profit to loss is predominantly attributable to increase in provision for expected credit losses on investment in debt securities. Other changes include share of impairment provision from a joint venture property development project at Kwu Tung North due to failure in reaching a consensus within the prescribed time limit regarding the land premium, leading to subsequent land resumption by the government, and the much lower fair value gain on investment properties. All these provisions and fair value gain were non-cash items and do not have a direct impact on the cash flow of the Group.

PROPERTIES SALES, DEVELOPMENT AND LEASING

SALES AND DEVELOPMENT

During the year, the Group had 5 development projects launched on the market for sale, spanning across Hong Kong, Beijing and Vancouver. Attributable contracted sales achieved amounted to approximately HK\$1.8 billion (2023: HK\$0.6 billion).

Hong Kong

Our Group's residential development, High Park, neighbouring the Hung Shui Kiu light-rail station, launched presale in mid-July and contracted HK\$1.2 billion sales up to 31 March 2024 for Phase I of this project. All the five towers were topped out, fittings and finishings are in progress, with expected issuance of occupation permit in the third quarter of 2024. The Hung Shui Kiu New Development Area is positioned as the high-end professional services and logistics hub under the Northern Metropolis Development Strategy and 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.

On Po Shan Road, sales of the 50% joint venture residential development High Peak were launched, comprising 16 flats with saleable area ranging from 3,770 sq. ft. to 7,260 sq. ft.. The development is completed and several show flats decoration are in progress. The property is winner in 3 architectural and interior design categories of Asia Pacific Property Awards 2024-2025. During the year, a standard unit was sold at premium price.

In Dukes Place, the Group's 20% joint venture project in Jardine's Lookout, sales of a triplex garden unit was recognised during the year. As at 31st March 2024, 75% of the units were sold, with cumulative total sales amounted to approximately HK\$2.5 billion.

In Lam Tei, Tuen Mun, the Group's residential project is also in land exchange application with the government. The developable GFA has increased to approximately 83,700 sq. ft..

In the Northern Metropolis, following the failure in reaching a consensus in the land premium negotiation within the prescribed deadline stipulated by the government, our joint venture residential development site in Kwu Tung would be reclaimed by the government. The Group shared an approximately HK\$885 million impairment provision for this exceptional incident in its result for the year.

Mainland China

In Tongzhou, Beijing, the construction of the residential portion of our 50% owned joint venture development, Capital Cove, has been completed. This 2,360,000 sq. ft. GFA development comprises 964 residential apartments, retail shops and two commercial towers. Up to 31st March 2024, approximately 83% of the residential units were sold and had achieved a total contracted sales of approximately RMB5.2 billion, with about 96% sold units delivered to buyers. Sub-structure works for the two commercial towers have recently been completed.

Canada (development through hotel subsidiary group)

The redevelopment of our Empire Landmark hotel in Vancouver is progressing well. Internal fitting-out is completed and we are expecting occupation permit of the "Landmark on Robson" development to be issued in the third quarter 2024. This is an approximately 394,000 sq. ft. GFA redevelopment with two 30-plus storeys residential towers, comprising 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 in addition. Up to 31st March 2024, approximately CAD241 million of residential sales were contracted, and about half of the retail shops were pre-leased.

The Group's two joint venture residential development on Alberni Street, downtown Vancouver, are in active discussion with the local city's planning department.

LEASING

Leasing income for the year was HK\$128 million (2023: HK\$145 million). Occupancies slightly reduce by 3% - 4% while rental rate remains stable. Net revaluation gain (taking into account our share from the investment property owned by an associated company) of HK\$42 million (2023: HK\$816 million) was recorded.

HOTEL

According to HKSAR's statistics, about 41 million visitors were recorded in the year ended 31st March 2024, which only accounted for approximately 60% of the overall visitor arrivals before COVID. Approximately 80% of the visitors were from mainland, following the full re-opening of border with the mainland and the uplift of all anti-epidemic measures towards the end of last financial year.

Our hotel sector recorded a revenue of HK\$367 million (2023: HK\$167 million), and also a profit contribution to the Group of HK\$180 million (2023: HK\$38 million). Average occupancy of the Group's hotels was 83% (2023: 63%), accompanied with an uptick in room rates. We expect the hotel sector's performance will recover further following the full recovery of Hong Kong's aviation capacity together with the completion and put into use of the third runway of the airport.

FINANCIAL INVESTMENTS

At 31st March 2024, the Group held financial investments of approximately HK\$4,001 million (2023: HK\$8,780 million), with HK\$3,498 million (2023: HK\$7,656 million) held by the two listed subsidiary groups. The investment portfolio comprised of 85% listed debt securities (predominantly issued by PRC-based real estate companies), 9% listed equity securities and 6% unlisted investments. They are denominated in different currencies with 50% in United States dollar, 43% in Renminbi and 7% in other currencies (mostly Hong Kong dollar).

During the year, income from this investment portfolio amounted to HK\$1,364 million (2023: HK\$1,944 million), the decrease is mainly resulted from disposal/redemption and increased provision for expected credit loss of debt securities.

The Group actively participates in the liabilities management negotiation with various developers through maturity extension coupled with principal amortisation, reduction of coupon rates and charging collateral as credit enhancement. During the year, several notes issuing developers of our investment portfolio were ordered to be wound up by Hong Kong courts, as a result, provision for their expected credit loss was considerably increased. A net investment loss of HK\$6,917 million (2023: HK\$1,635 million), which mainly include further provision for expected credit loss, was recorded in the profit and loss account.

At 31st March 2024, none (2023: none) 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 2024, the Group's total assets were approximately HK\$38.2 billion (2023: HK\$42.7 billion), with net assets of HK\$18.2 billion (2023: HK\$24.0 billion). Adopting market value of hotel properties, the revalued total assets of the Group were HK\$46.0 billion (2023: HK\$49.6 billion), while the revalued net assets of the Group were HK\$26.5 billion (2023: HK\$31.4 billion).

Excluding the two listed subsidiary groups, the parent group was at a net cash position of HK\$183 million. On a consolidated basis, net debt was HK\$16.4 billion (2023: HK\$15.5 billion). Total finance cost is approximately 45% more than last year, mostly due to substantial market interest rate increment, the effect of which was much alleviated by our hedging efforts. At 31st March 2024, the Group's gearing ratio (net debt to revalued net assets) is approximately 62% (2023: 50%), and the Group has over HK\$4.7 billion (2023: HK\$7.7 billion) cash and undrawn banking facilities.

Approximately 96% of the Group's borrowings are in Hong Kong dollars and the remaining 4% in Canadian dollars.

All the debts are at floating rates, which escalated since last year following US interest rate hikes to curb inflationary pressures. As at 31st March 2024, about 44% of these debts have been hedged against HIBOR fluctuations by various interest rate swap contracts of approximately HK\$7,810 million in total, fixing at average rate of approximately 1%. As at 31st March 2024, a fair value gain of HK\$322 million was recorded on these interest rate swap contracts. The maturities of our debts spread over a period of up to 5 years, with 17% secured by development projects to be completed in the coming year. Of the remaining 83%, 43% is repayable between two to five years, 25% repayable between one to two years, and 15% repayable within 1 year.

As at 31st March 2024, 77% of the debts are secured. Property assets with an aggregate net book value of HK\$26.8 billion (2023: HK\$26.4 billion) were pledged to secure credit facilities of the Group. HK\$2,658 million (2023: HK\$3,347 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 2024, the Group employed approximately 330 (2023: 340) 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 Hong Kong government's uplift of all property cooling measures in early 2024, the long stagnant property market finds its way out from the gloom and transactions have significantly picked up. Prices remain soft amidst economic uncertainties and we expect that may take some time to recover. The encouraging number of successful applications under various talent admission schemes helps to create demand in the local residential property market. On leasing aspect, the Group is in the advanced stage of securing an anchor retail tenant in our office building in Central. In the Mainland, the continued relaxation of property market restraints, lowering of mortgage rate and reduction of initial downpayment helps to release the purchasing power.

With increasing visitors' arrivals, hotel operation recovers but still behind its peak before COVID. Our Tourism Board, through Pilot Scheme for Characteristics Local Tourism Events, is continually encouraging the trade to develop signature tourism products to showcase the Hong Kong's diversified cultural landscape. On the other side, government has been promulgating Hong Kong's development of "Eight Centres" to provide impetus for sustaining competitiveness and economic growth, thus bringing inflow of visitors and businessmen into the city. We expect the tourism industry will recover further by the anticipated completion of the third runway of the airport at the end of 2024 and the full recovery of the airline capacity.

On 19 June 2024, the Group put forward a proposal of reorganisation to disinterested shareholders of the listed hotel subsidiary which, if approved, will streamline the Group's operations and achieve savings through the reduction of administrative costs.

Benefitting from the Group's hedging effort in prior years, we are still enjoying the low interest cost brought by the interest rate swaps entered in prior years, alleviating the Group from associated finance cost burden.

Management continues to be financially cautious and prudent to 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 2024 (2023: Nil). No interim dividend was declared during the year (2023: Nil).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 17th September 2024 to Monday, 23rd September 2024 both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the 2024 annual general meeting to be held on 23rd September 2024 (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 Monday, 16th September 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company had 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 C3 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 as set out in the Model Code throughout the year ended 31st March 2024.

CORPORATE GOVERNANCE CODE

During the year, the Company has applied the principles and complied with the applicable code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed the annual results of the Group for the year ended 31st March 2024.

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

Hong Kong, 28th June 2024

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.