



Interim Report 2020

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Corporate Information

DIRECTORS

Executive

Mr. Fung Siu To, Clement (*Chairman*)

Mr. Poon Jing (*Managing Director
and Chief Executive*)

Mr. Poon Hai

Mr. Poon Yeung, Roderick

Mr. Lun Pui Kan

Mr. Kwan Po Lam, Phileas

Independent Non-executive

Mr. Cheung Kwok Wah

Mr. Hung Yat Ming

Mr. Wong Chi Keung

AUDIT COMMITTEE

Mr. Hung Yat Ming (*Chairman*)

Mr. Cheung Kwok Wah

Mr. Wong Chi Keung

REMUNERATION COMMITTEE

Mr. Wong Chi Keung (*Chairman*)

Mr. Fung Siu To, Clement

Mr. Hung Yat Ming

AUTHORISED REPRESENTATIVES

Mr. Fung Siu To, Clement

Mr. Lun Pui Kan

COMPANY SECRETARY

Mr. Tung Kwok Lui

REGISTERED OFFICE

Victoria Place,
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Hamilton HM 10,
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PRINCIPAL OFFICE IN HONG KONG

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Wanchai,
Hong Kong

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Website <http://www.asiaorient.com.hk>

E-mail aoinfo@asiastandard.com

PRINCIPAL BANKERS

HSBC

Hang Seng Bank

Bank of China (Hong Kong)

United Overseas Bank

Industrial and Commercial Bank of
China (Asia)

The Bank of East Asia

Chiyu Banking Corporation

DBS (Hong Kong) Bank

Fubon Bank

Dah Sing Bank

Shanghai Commercial Bank

Chong Hing Bank

UBS

Bank of Singapore

Bank Morgan Stanley

Credit Suisse AG

Bank Julius Baer

LEGAL ADVISERS

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Hong Kong

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Hong Kong

INDEPENDENT AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest
Entity Auditor
22nd Floor, Prince's Building,
Central, Hong Kong

SHARE REGISTRAR IN BERMUDA

MUFG Fund Services (Bermuda) Limited
4th Floor North,
Cedar House,
41 Cedar Avenue,
Hamilton HM 12,
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

Financial Highlights

(in HK\$ million, except otherwise indicated)	Six months ended 30th September		
	2020	2019	Change
Consolidated profit and loss account			
Revenue	1,404	1,382	+2%
Operating profit	984	1,112	-12%
Profit attributable to shareholders of the Company	459	422	+9%
Earnings per share - basic (HK\$)	0.55	0.50	+10%

	30th September 2020	31st March 2020	Change
Consolidated balance sheet			
Total assets	46,982	43,893	+7%
Net assets	25,996	23,126	+12%
Equity attributable to shareholders of the Company	13,842	12,229	+13%
Net debt	17,187	17,920	-4%

Supplementary information with hotel properties at valuation (note):

Revalued total assets	52,442	49,448	+6%
Revalued net assets	31,987	29,219	+10%
Equity attributable to shareholders of the Company	16,589	15,023	+10%
Gearing - net debt to revalued net assets	54%	61%	-7%

Note: According to the Group's accounting policies, hotel properties were carried at cost less accumulated depreciation. To give further information on the economic substance of its hotel properties investments, the Group hereby presents supplementary unaudited financial information taking into account the fair market value of these hotel properties and excluding the corresponding deferred income tax on Hong Kong properties as Hong Kong tax jurisdiction does not include capital gain tax.

The hotel properties were revalued by Vigers Appraisal & Consulting Limited, independent professional valuers, on an open market value basis as at 30th September 2020 and 31st March 2020.

Management Discussion and Analysis



Development project (“北京·東灣”) in Tongzhou, Beijing

RESULTS

The Group recorded revenue of HK\$1,404 million (2019: HK\$1,382 million) for the first half of the financial year with profit attributable to shareholders of the Company at HK\$459 million (2019: HK\$422 million). The increase in investment income compensated the income reduction from our hotel segment, resulting in a slight increase in total revenue. The profit recognition from properties sales, increase in investment income together with reduced finance cost all together exceeded the impact of loss from hotel operation and deficit from investment properties revaluation, leading to a 9% increase in profit attributable to shareholders.

PROPERTIES SALES, DEVELOPMENT AND LEASING

SALES AND DEVELOPMENT

Mainland China

In Tongzhou, Beijing, concrete superstructure for the 6 residential towers of our mixed use development has been topped out, leaving the internal finishes and fittings ongoing. Up to end of October 2020, presale of the residential units, which commenced in mid-July 2019, has exceeded RMB2.3 billion. Profit recognition will begin upon delivery of the flats in 2021. Foundation works for the 2 commercial towers have also commenced. The entire joint venture development comprises 2.3 million sq. ft. GFA.

In Shanghai’s Queen’s Gate, the sales of this high-end joint venture villas and apartments development is promising. Up to end of October 2020, 97% units of this phase III has been sold, resulting in an accumulated contracted sales of approximately RMB1.1 billion. Approximately 70% of these sales was recognised last year, and approximately 24% recognised in this interim period. Over 98% of the entire development was sold as at end of October 2020.



Dukes Place in Jardine's Lookout

Hong Kong

In Jardine's Lookout, the Group's joint venture development, Dukes Place, which comprises sixteen residential apartments ranging from 2,850 sq. ft. to over 6,800 sq. ft. was met with encouraging enquiries and demand. Up to end of October 2020, half of the units comprising one third of the saleable area was sold, with sales amounted to approximately HK\$1.5 billion. Approximately HK\$1.2 billion were accounted for in this interim period.

On Po Shan Road, superstructure works of another luxurious joint venture residential development is on-going, of which construction is expected to complete in 2022.

In Hung Shui Kiu, Yuen Long, we are pleased to report that the land exchange for the residential and commercial development has been completed in October 2020, at a land premium of HK\$2.1 billion. The development will provide approximately 520,000 sq. ft. of GFA, of which approximately 90% are of residential apartments for sale, with the remaining 10% being retail units all with street frontage.

In Lam Tei, Tuen Mun, we are continuing the land exchange application with the government on another residential development near the light-rail station. The development has approximately 67,000 sq. ft. of residential GFA.

In Kowloon Bay, Harbourside HQ, the commercial building with approximately 800,000 sq. ft. leasable GFA, is undergoing renovation and is near its completion in this 4th quarter of 2020.

Towards the end of last financial year, the Group, through a joint venture, has accumulated some agricultural land in Kwu Tung, the New Territories, which is zoned as "residential use" under the current outline zoning plan. During the interim period, the Group further increased its stake by 10%. It is in the early stage of land exchange application with the government.

Management Discussion and Analysis



Penthouse of **Landmark on Robson, Vancouver**

Canada (development through hotel subsidiary group)

The basement and carpark level of Landmark on Robson is near its completion towards end 2020, with podium structure due to start afterwards. This redevelopment of our Empire Landmark hotel will provide approximately 400,000 sq. ft. GFA mixed-use development with 2 residential towers. Since the launch of presale in 2018, the development had achieved a contracted sales of approximately CAD140 million up to end of October 2020.

The Group's joint venture redevelopment of high-end residential complex of approximately 627,000 sq. ft. GFA in Alberni Street, downtown Vancouver obtained the Prior to Letter outlining the conditions for local city council approval to grant a development permit, and is on course to obtain the development and building permits from the local authority.

Another joint venture development that is also located on Alberni Street in downtown Vancouver is in the planning stage for development into premium residential units for sale. The rezoning package has been submitted to the

City in early 2020. We passed the Urban Design Panel in October 2020, which is a prerequisite for the development permit application, in the context of our ongoing application for the rezoning approval.

LEASING

Leasing income of YF Life Tower, 33 Lockhart Road in Wanchai and Asia Standard Tower in Queen's Road Central has slightly decreased by 3% comparing both interim periods, while average occupancies of these office towers decrease slightly by 2% to 93%. Leasing income from our 33% owned Goldmark in Causeway Bay decreased substantially with the lease expiry of a retail anchor tenant.

Overall leasing income attributable to Asia Standard International for the period was HK\$108 million (2019: HK\$120 million). Net revaluation loss (taking into account our share of revaluation loss from the investment property owned by an associated company) of HK\$272 million (2019: gain of HK\$54 million) was recorded.

Management Discussion and Analysis

HOTEL

With the outbreak of COVID-19, the performance of hotel sector has been adversely affected by people's unwillingness to travel and the quarantine requirements towards incoming visitors instituted by local government to battle against the pandemic. During the interim period, incoming visitors to Hong Kong has dropped by over 99%. Our hotel operation revenue declined by 87% to HK\$18 million (2019: HK\$220 million), and with management's immediate remedial action to reduce operating costs, the segment still results in a loss before depreciation of HK\$23 million (2019: profit before depreciation of HK\$44 million).

FINANCIAL INVESTMENTS

At 30th September 2020, the Group held financial investments of approximately HK\$18,579 million (31st March 2020: HK\$16,331 million), with HK\$16,357 million (31st March 2020: HK\$14,436 million) held by the two listed subsidiary groups. The investment portfolio comprised of 97% listed debt securities (predominantly issued by PRC-based real estate companies), 2% by listed equity securities and 1% unlisted investments. They are denominated in different currencies with 97% in United States dollar, 3% in other currencies (mostly Hong Kong dollar).

The portfolio's increase was due to net addition of HK\$315 million and a mark-to-market valuation net gain of HK\$1,933 million, mostly recognized in the investment revaluation reserve. The significant market sell-off in March 2020 following the COVID-19 pandemic outbreak, was met with a strong rebound in April and May 2020, when the sell-off panic became stabilized and thus recouping substantially the fair value loss in last financial year.

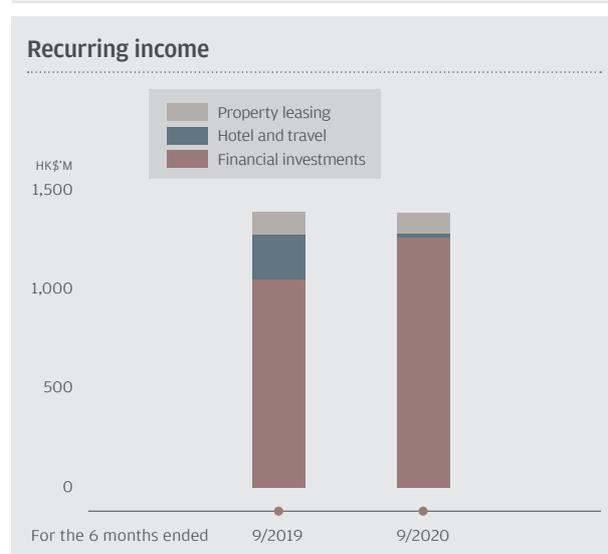
Income from this investment portfolio amounted to HK\$1,253 million (2019: HK\$1,043 million). The increase was resulted from further investment in debt securities.

At 30th September 2020, an approximate value of HK\$2,930 million (31st March 2020: HK\$2,560 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

FINANCIAL REVIEW

At 30th September 2020, the Group has over HK\$7.0 billion (31st March 2020: HK\$6.2 billion) cash and undrawn banking facilities. The financing and treasury activities of our three listed groups are independently administered.

At 30th September 2020, the Group's total assets were approximately HK\$47.0 billion (31st March 2020: HK\$43.9 billion), the net assets were HK\$26.0 billion (31st March 2020: HK\$23.1 billion). Adopting market value of hotel properties in operation, the revalued total assets of the Group were HK\$52.4 billion (31st March 2020: HK\$49.4 billion), while the revalued net assets of the Group were HK\$32.0 billion (31st March 2020: HK\$29.2 billion).



Management Discussion and Analysis

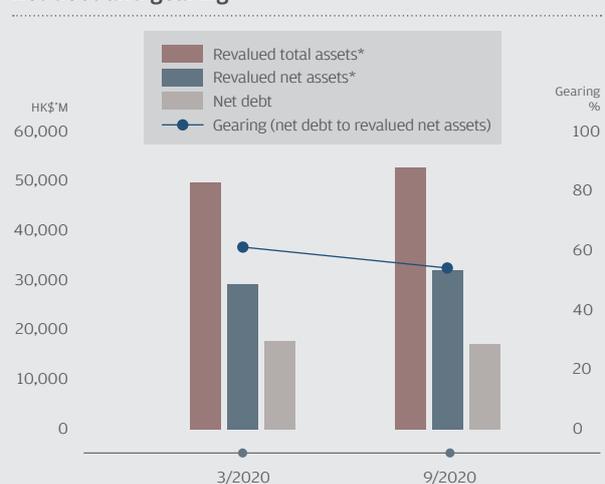
Net debt was HK\$17.2 billion (31st March 2020: HK\$17.9 billion), of which HK\$0.6 billion (31st March 2020: HK\$0.6 billion) was attributable to the parent group. Total interest cost decreased as a result of decreased borrowings together with low interest rate environment. Currently, the Group's net gearing ratio (net debt to revalued net asset value) is approximately 54% (31st March 2020: 61%). As at 30th September 2020, the Group had net current assets of HK\$13.0 billion (31st March 2020: HK\$11.5 billion) and the HK\$19.7 billion aggregate amount of marketable securities and cash together represented 2.7 times of the HK\$7.2 billion current debt repayable within 12 months.

67% of the debts are secured and all of the debts are at floating rates. As at 30th September 2020, about 50% of these floating rates debts have been hedged against HIBOR fluctuations by entering into various interest rate swap contracts of approximately HK\$8,760 million in total, with approximately 83% having maturities of 5 years, and the remaining between 2 and 10 years. The maturities of our debts spread over a long period of up to 5.5 years, with 3% repayable after 5 years and 58% repayable between 1 to 5 years. The remaining 39% comprise overdraft, revolving and short-term loans and are repayable within 1 year.

Approximately 91% of the Group's borrowings are in Hong Kong dollar and the remaining 9% in United States dollar and Canadian dollar.

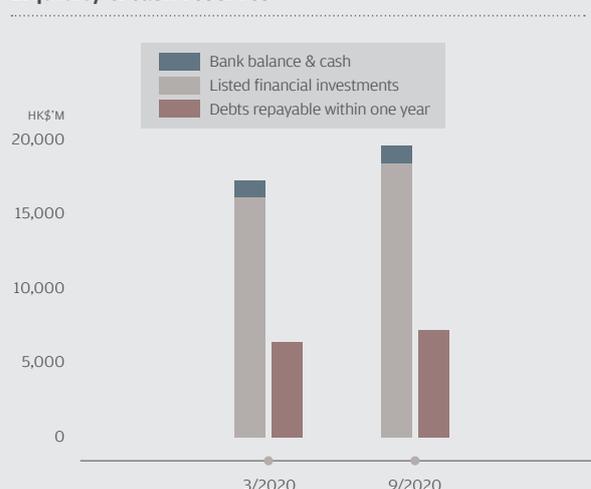
As at 30th September 2020, property assets with an aggregate net book value of HK\$21.0 billion (31st March 2020: HK\$21.5 billion) were pledged to secure banking facilities of the Group. HK\$2,936 million (31st March 2020: HK\$2,999 million) guarantees were provided to financial institutions and third parties against outstanding banking and loan facilities of joint ventures.

Revalued total assets*, revalued net assets*, net debt and gearing



* with hotel properties in operation stated at valuation

Liquidity & cash reserves



EMPLOYEES AND REMUNERATION POLICIES

At 30th September 2020, the Group employed approximately 330 (31st March 2020: 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

After nearly a year's quarantine arrangements, social distancing measures and with the gradual stabilization of the pandemic in Hong Kong, the government is considering various measures to promote in-bound travel, to revitalize the tourism-related sectors and at the same time contain the virus from community spreading. Our hotel operation is dependent on the successful roll out of the policy and the effect is yet to be seen. The leasing segment, especially the retail portion, which is experiencing a down-swing but with a much reduced magnitude, is also looking upon such measures. On the contrary, Hong Kong's residential property market remains very strong, as seen in the encouraging sales of our Jardine Lookout project, and new launches of first hand residential projects from other local developers lately.

China is among the first countries to re-open their economies after the pandemic lockdown. Sales of our Beijing and Shanghai joint venture projects is performing well upon the release of purchasing power piled up during the lockdown. The Shanghai project is almost fully sold and the Beijing project is maintaining its favourable sales momentum.

Financial markets continue to be volatile, the low interest rates and stimulus packages rolled out by US and certain European countries to counteract the pandemic's negative economic impact helped to maintain the dynamic of securities market. The fixed income stream from debt securities investment continues to drive our growth and finance the investment and development opportunities as they arise.

Management will continue to exert tremendous caution and prudence to alleviate and mitigate any negative impact in this restless environment.

Report on Review of Interim Financial Information

**To the Board of Directors of
Asia Orient Holdings Limited**

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 11 to 42, which comprises the condensed consolidated balance sheet of Asia Orient Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30th September 2020 and the related condensed consolidated profit and loss account, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The Directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26th November 2020

Condensed Consolidated Profit and Loss Account – Unaudited

	<i>Note</i>	Six months ended 30th September	
		2020 HK\$'000	2019 HK\$'000
Interest revenue		1,277,032	1,005,538
Sales of goods and services, leasing and other revenue		126,830	376,249
Total revenue	6	1,403,862	1,381,787
Cost of sales		(31,366)	(149,603)
Gross profit		1,372,496	1,232,184
Selling and administrative expenses		(116,670)	(138,045)
Depreciation		(100,294)	(110,907)
Net investment gain	7		
Net realised and unrealised gain		36,680	22,725
Change in expected credit losses		7,478	12,970
Fair value (loss)/gain of investment properties		(216,043)	93,185
Operating profit		983,647	1,112,112
Net finance costs	9	(231,153)	(322,056)
Share of profits less losses of			
Joint ventures		110,780	(1,491)
Associated companies		(58,392)	(34,998)
Profit before income tax		804,882	753,567
Income tax expense	10	(6,974)	(7,527)
Profit for the period		797,908	746,040
Attributable to:			
Shareholders of the Company		458,519	422,474
Non-controlling interests		339,389	323,566
		797,908	746,040
Earnings per share (HK\$)			
Basic	12	0.55	0.50
Diluted	12	0.55	0.50

Condensed Consolidated Statement of Comprehensive Income – Unaudited

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Profit for the period	797,908	746,040
Other comprehensive income/(charge)		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value gain/(loss) on debt securities at fair value through other comprehensive income	2,065,004	(638,100)
Cash flow hedges		
- fair value loss	(145,483)	-
- deferred tax on derivative financial instruments	29,667	-
Currency translation differences	25,891	2,262
Share of currency translation differences of joint ventures	99,439	(84,163)
Items that will not be reclassified to profit or loss:		
Equity securities at fair value through other comprehensive income		
- net fair value loss	(2,506)	(85,694)
- realised gain	-	186
	2,072,012	(805,509)
Total comprehensive gain/(charge) for the period	2,869,920	(59,469)
Attributable to:		
Shareholders of the Company	1,612,500	(24,503)
Non-controlling interests	1,257,420	(34,966)
	2,869,920	(59,469)

Condensed Consolidated Balance Sheet – Unaudited

		30th September 2020 HK\$'000	31st March 2020 HK\$'000
	<i>Note</i>		
Non-current assets			
Investment properties	13	9,479,730	9,693,400
Property, plant and equipment	14	8,055,827	8,122,670
Investment in joint ventures and associated companies		4,831,263	4,652,194
Amount due from joint ventures and associated companies		2,096,603	1,981,167
Loan receivables		1,144	1,235
Financial investments	16	486,701	473,918
Deferred income tax assets		144,798	100,184
		25,096,066	25,024,768
Current assets			
Properties under development for sale		1,488,098	1,134,767
Completed properties held for sale		3,680	3,680
Hotel and restaurant inventories		19,213	20,144
Trade and other receivables	15	1,113,023	728,895
Income tax recoverable		132	5,545
Financial investments	16	18,092,577	15,856,713
Bank balances and cash		1,169,741	1,118,373
		21,886,464	18,868,117
Current liabilities			
Trade and other payables	17	769,799	176,719
Contract liabilities		210,473	197,582
Amount due to joint ventures		328,961	213,951
Amount due to an associated company		224,400	224,400
Amount due to non-controlling interests		45,366	44,511
Income tax payable		117,645	99,993
Borrowings	18	7,224,927	6,144,544
Medium term notes	19	-	249,940
		8,921,571	7,351,640
Net current assets		12,964,893	11,516,477

Condensed Consolidated Balance Sheet - Unaudited

		30th September 2020 HK\$'000	31st March 2020 HK\$'000
	<i>Note</i>		
Non-current liabilities			
Long term borrowings	<i>18</i>	11,131,555	12,644,292
Derivative financial instruments		204,351	39,048
Lease liabilities		1,329	2,335
Deferred income tax liabilities		727,418	729,184
		12,064,653	13,414,859
Net assets		25,996,306	23,126,386
Equity			
Share capital	<i>20</i>	84,087	84,087
Reserves	<i>21</i>	13,758,093	12,145,593
Equity attributable to shareholders of the Company		13,842,180	12,229,680
Non-controlling interests		12,154,126	10,896,706
		25,996,306	23,126,386

Condensed Consolidated Statement of Cash Flows – Unaudited

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Cash flows from operating activities		
Net cash generated from operation	1,110,161	1,502,901
Net income tax refunded/(paid)	199	(4,307)
Interest paid	(216,802)	(346,620)
Interest received from bank deposit and other receivables	26,709	10,574
Net cash generated from operating activities	920,267	1,162,548
Cash flows from investing activities		
Net purchase of financial investments	(1,841)	-
Addition to investment properties	(2,372)	(21,504)
Addition to property, plant and equipment	(32,408)	(22,444)
Increase in investments in joint ventures	(2,988)	(11,541)
Advance to joint ventures and associated companies	(23,370)	(192,549)
Dividend received from an associated company	-	80,850
Net cash used in investing activities	(62,979)	(167,188)
Cash flows from financing activities		
Redemption of medium term notes	(250,000)	(100,000)
Drawdown of long term borrowings	9,000	1,368,571
Repayment of long term borrowings	(453,050)	(319,850)
Net decrease in short term borrowings	(6,447)	(1,611,403)
Dividend paid	-	(15,136)
Dividend paid to non-controlling interests	-	(21,503)
Coupon to convertible noteholders	-	(575)
Contribution from non-controlling interests	855	4,539
Principal element of lease liabilities	(1,377)	-
Net cash used in financing activities	(701,019)	(695,357)
Net increase in cash and cash equivalents	156,269	300,003
Cash and cash equivalents at the beginning of the period	949,281	605,357
Changes in exchange rates	6,115	(1,563)
Cash and cash equivalents at the end of the period	1,111,665	903,797
Analysis of the balances of cash and cash equivalents		
Bank balances and cash (excluding restricted bank balances)	1,111,665	903,797

Condensed Consolidated Statement of Changes in Equity – Unaudited

	Equity attributable to shareholders of the Company			Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Reserves HK\$'000	Total HK\$'000		
At 31st March 2019	84,087	13,012,471	13,096,558	11,733,600	24,830,158
Financial assets at fair value through other comprehensive income					
- net fair value loss	-	(403,939)	(403,939)	(319,855)	(723,794)
- realised gain of equity securities	-	96	96	90	186
Currency translation differences	-	(43,134)	(43,134)	(38,767)	(81,901)
Profit for the period	-	422,474	422,474	323,566	746,040
Total comprehensive charge for the period	-	(24,503)	(24,503)	(34,966)	(59,469)
Dividends paid and total transaction with owners	-	(15,136)	(15,136)	(21,503)	(36,639)
	-	(39,639)	(39,639)	(56,469)	(96,108)
At 30th September 2019	84,087	12,972,832	13,056,919	11,677,131	24,734,050
At 31st March 2020	84,087	12,145,593	12,229,680	10,896,706	23,126,386
Financial assets at fair value through other comprehensive income					
- net fair value gain	-	1,150,940	1,150,940	911,558	2,062,498
Cash flow hedges					
- fair value loss	-	(72,701)	(72,701)	(72,782)	(145,483)
- deferred tax on derivative financial instruments	-	14,825	14,825	14,842	29,667
Currency translation differences	-	60,917	60,917	64,413	125,330
Profit for the period	-	458,519	458,519	339,389	797,908
Total comprehensive income for the period	-	1,612,500	1,612,500	1,257,420	2,869,920
At 30th September 2020	84,087	13,758,093	13,842,180	12,154,126	25,996,306

Notes to the Interim Financial Information

1 GENERAL INFORMATION

Asia Orient Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited (“HKEX”). The address of its principal office is 30th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2020 (“Interim Financial Information”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and should be read in conjunction with the annual financial statements for the year ended 31st March 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

3 THE ADOPTION OF NEW HKFRS

The accounting policies and methods of computation used in the preparation of this Interim Financial Information are consistent with those used in the annual financial statements for the year ended 31st March 2020, except for the adoption of the following new standard and amendments that are effective for the financial year ending 31st March 2021 which is relevant to the Group’s operations and is mandatory for accounting periods beginning on or after 1st January 2020:

Amendments to HKAS 1 and HKAS 8	Definition of material
Amendments to HKFRS 3	Definition of a business
Amendments to HKAS 39, HKFRS 7 and HKFRS 9	Interest rate benchmark reform
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting

The adoption of the new standard and amendments to the standards stated above did not have significant impact to the Group in the current and prior periods.

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT

(I) FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. There have been no changes in the overall risk management since the year ended 31st March 2020.

The Interim Financial Information does not include other financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31st March 2020.

(II) FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000
At 30th September 2020			
Assets			
Financial investments			
Financial assets at fair value through profit or loss ("FVPL")	89,282	56,282	108,137
Financial assets at fair value through other comprehensive income ("FVOCI")	270,250	17,947,013	108,314
	359,532	18,003,295	216,451
Liabilities			
Derivative financial instruments	-	204,351	-
At 31st March 2020			
Assets			
Financial investments			
Financial assets at FVPL	81,363	58,299	92,814
Financial assets at FVOCI	282,622	15,717,051	98,482
	363,985	15,775,350	191,296

4 FINANCIAL RISK MANAGEMENT (Continued)

(II) FAIR VALUE ESTIMATION (Continued)

During the six months ended 30th September 2020, there was no transfer between level 1, level 2 and level 3 fair value measurements and there was no change in valuation technique.

- Financial instruments in level 1
The fair value of financial instruments traded in active markets (such as listed equity securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. These instruments are included in level 1.
- Financial instruments in level 2
The fair value of financial instruments that are not traded in an active market (over-the-counter investments and derivatives) is determined by using latest available transaction price or valuation techniques. Judgements as to whether there is an active market may include, but not restricted to, consideration of factors such as the magnitude and frequency of trading activities, the availability of prices and the size of bid/ask spreads. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

- Financial instruments in level 3
If one or more the significant inputs is not based on observable market data, the instruments are included in level 3.

Level 3 instruments comprised unlisted equity securities and unlisted funds which are not traded in an active market. Fair values of these instruments have been determined using appropriate valuation techniques with references including quoted prices and asset-based values from financial institutions and other prices observed in recent transactions.

Notes to the Interim Financial Information

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st March 2020.

6 SEGMENT INFORMATION

The Group is principally engaged in property management, development and investment, hotel, travel operation and securities investments. Revenue includes revenue from property management, property sales and leasing, hotel and travel operation, management services, interest income and dividend income.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by the chief operating decision-maker. The Group is organised into four main operating segments, comprising property sales, property leasing, hotel and travel and financial investments. Segment assets consist primarily of property, plant and equipment, investment properties, financial investments, other non-current assets, hotel inventories, properties under development/held for sale and trade and other receivables. Segment liabilities comprise mainly borrowings, trade and other payables and contract liabilities.

Notes to the Interim Financial Information

6 SEGMENT INFORMATION (Continued)

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended 30th September 2020						
Segment revenue	-	103,679	17,819	1,253,050	29,314	1,403,862
Contribution to segment results	(2,006)	88,331	(22,649)	1,250,109	23,874	1,337,659
Depreciation	(2,692)	-	(87,260)	-	(10,342)	(100,294)
Net investment gain	-	-	-	44,158	-	44,158
Fair value loss of investment properties	-	(216,043)	-	-	-	(216,043)
Share of profits less losses of						
Joint ventures	110,952	-	-	-	(172)	110,780
Associated companies	-	(58,059)	-	-	(333)	(58,392)
Segment results	106,254	(185,771)	(109,909)	1,294,267	13,027	1,117,868
Unallocated corporate expenses						(81,833)
Net finance costs						(231,153)
Profit before income tax						804,882
Six months ended 30th September 2019						
Segment revenue	-	107,278	219,807	1,042,629	12,073	1,381,787
Contribution to segment results	(3,302)	93,624	44,301	1,040,317	7,989	1,182,929
Depreciation	(9,270)	-	(93,461)	-	(8,176)	(110,907)
Net investment gain	-	-	-	35,695	-	35,695
Fair value gain of investment properties	-	93,185	-	-	-	93,185
Share of profits less losses of						
Joint ventures	(1,957)	-	-	-	466	(1,491)
Associated companies	-	(33,704)	-	-	(1,294)	(34,998)
Segment results	(14,529)	153,105	(49,160)	1,076,012	(1,015)	1,164,413
Unallocated corporate expenses						(88,790)
Net finance costs						(322,056)
Profit before income tax						753,567

Notes to the Interim Financial Information

6 SEGMENT INFORMATION (Continued)

	Business segments						Total HK\$'000
	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Unallocated HK\$'000	
At 30th September 2020							
Assets	7,195,938	10,737,519	6,106,182	19,553,430	282,779	3,106,682	46,982,530
Assets include: Joint ventures and associated companies	5,640,630	1,215,694	-	-	69,698	1,844	6,927,866
Addition to non-current assets for the six months ended 30th September 2020*	2,103	2,373	7,564	-	202	10,628	22,870
Liabilities Borrowings Other unallocated liabilities	3,135,878	976,894	3,452,197	1,863,306	-	8,928,207	18,356,482
							2,629,742
							20,986,224
At 31st March 2020							
Assets	6,571,129	11,011,535	6,193,625	16,928,607	261,943	2,926,046	43,892,885
Assets include: Joint ventures and associated companies	5,309,006	1,273,754	-	-	48,425	2,176	6,633,361
Addition to non-current assets for the six months ended 30th September 2019*	12,047	21,504	3,597	-	1,814	15,543	54,505
Liabilities Borrowings Other unallocated liabilities	3,167,531	1,001,890	3,522,554	1,862,545	-	9,234,316	18,788,836
							1,977,663
							20,766,499

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

Notes to the Interim Financial Information

6 SEGMENT INFORMATION (Continued)

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Revenue		
Hong Kong	186,045	363,271
Overseas	1,217,817	1,018,516
	1,403,862	1,381,787

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
	Non-current assets*	
Hong Kong	21,426,542	21,413,014
Overseas	3,036,881	3,036,417
	24,463,423	24,449,431

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

Sales of goods and services, leasing and other revenue can be further analysed into:

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Revenue from contracts with customers		
- At a point in time	2,179	15,052
- Over time	31,597	218,620
	33,776	233,672
Other sources	93,054	142,577
	126,830	376,249

Notes to the Interim Financial Information

7 NET INVESTMENT GAIN

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Financial assets at FVPL		
- net unrealised gain/(loss) from market price movements	1,924	(59,945)
- net unrealised exchange gain/(loss)	2,744	(15,755)
- net realised gain (note (a))	836	91,426
Financial assets at FVOCI		
- net unrealised exchange loss	(4,700)	(11,781)
- net realised gain (note (b))	35,876	18,780
- change in expected credit losses	7,478	12,970
	44,158	35,695

Notes:

(a) Net realised gain on financial assets at FVPL		
Gross consideration	10,289	907,892
Cost of investments	(9,413)	(474,938)
Total gain	876	432,954
Less: net unrealised gain recognised in prior years	(40)	(341,528)
Net realised gain recognised in current period	836	91,426
(b) Net realised gain on financial assets at FVOCI		
Gross consideration	4,410,910	2,479,540
Cost of investments	(4,353,704)	(2,451,231)
Total gain	57,206	28,309
Transfer from investment revaluation reserve	(21,330)	(9,529)
Net realised gain recognised in current period	35,876	18,780

Notes to the Interim Financial Information

7 NET INVESTMENT GAIN (Continued)

Supplementary information of net investment gain on financial investments:

During the period, the Group derecognised 20 (2019: 7) debt securities and 4 (2019: 4) equity securities. Listed below are the securities disposed/redeemed/exchanged that contributed to the majority of realised gain:

	Realised gain/(loss) HK\$'000
Debt Securities	
Kaisa Group Holdings Ltd (“Kaisa”) 8.5% notes	12,921
KWG Group Holdings Ltd (“KWG”) 7.875% notes	12,502
Ronshine China Holdings Ltd (“Ronshine”) 11.25% notes	11,731
Kaisa 9.375% notes	(11,405)
Xinyuan Real Estate Co., Ltd (“Xinyuan”) 14.2% notes	4,473
Others	5,654
Equity securities	836
	36,712

Kaisa is principally engaged in property development, property investment, property management and hotel and catering operation in the PRC. Its shares are listed on HKEX (stock code: 1638). The notes derecognised were rated “B2” by Moody’s Investors Service (“Moody’s”) and were listed on the Singapore Stock Exchange (“SGX-ST”).

KWG is principally engaged in property development, property investment, property management and hotel operation. Its shares are listed on HKEX (stock code: 1813). The notes derecognised were rated “B2” by Moody’s and were listed on HKEX.

Ronshine is principally engaged in property development business in the PRC. Its shares are listed on HKEX (stock code: 3301). The notes derecognised were rated “B2” by Moody’s and were listed on the SGX-ST.

Notes to the Interim Financial Information

7 NET INVESTMENT GAIN (Continued)

Xinyuan is principally engaged in property development, property investment and the provision of property management services in the PRC. Its shares are listed on the New York Stock Exchange (stock code: XIN). The notes derecognised were rated “CCC+” by Standard & Poor’s Rating Services (“S&P”) and were listed on the SGX-ST.

The unrealised gain/(loss) for the period was generated from the fair value changes of financial investments that comprised 70 (2019: 60) securities as at 30th September 2020. Please refer to note 16 for the details.

Summary of unrealised gain/(loss) to profit and loss account for the six months ended 30th September:

	Six months ended	
	30th September	
	2020	2019
	HK\$'000	HK\$'000
Equity securities	3,374	(44,748)
Debt securities	(4,543)	(11,649)
Unlisted funds	1,137	(31,084)
	(32)	(87,481)

Notes to the Interim Financial Information

8 INCOME AND EXPENSES BY NATURE

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Income		
Interest income from financial assets at FVPL/FVOCI		
- Listed investments	1,244,458	992,618
- Unlisted investments	5,866	2,345
Interest income from financial assets that are measured at amortised cost		
- Amount due from joint ventures	24,095	8,684
- Loan receivables	2,155	438
- Bank deposits	458	1,453
Dividend income		
- Listed investments	2,622	37,455
Expenses		
Cost of properties and goods sold	417	3,340
Employee benefit expense, including Director's emoluments (note (a))	72,090	111,375

Note:

(a) Employee benefit expense		
Wages and salaries	72,578	110,573
Retirement benefit costs	1,771	2,986
	74,349	113,559
Capitalised under property under development for sale	(2,259)	(2,184)
	72,090	111,375

Notes to the Interim Financial Information

9 NET FINANCE COSTS

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Interest expenses		
Long term bank loans	(171,980)	(273,372)
Short term bank loans and overdrafts	(22,036)	(24,064)
Medium term notes	(756)	(7,651)
Lease liabilities	(64)	(61)
Amount due to a joint venture	(834)	-
Derivative financial instruments	(12,239)	-
Interest capitalised under properties under development	19,523	21,142
	(188,386)	(284,006)
Other incidental borrowing costs	(23,073)	(38,747)
Net foreign exchange gain on borrowings	125	697
Fair value loss on derivative financial instruments		
- cash flow hedge	(19,819)	-
	(231,153)	(322,056)

Notes to the Interim Financial Information

10 INCOME TAX EXPENSE

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Current income tax expense		
Hong Kong profits tax	(22,033)	(13,321)
Under provision in prior years	(834)	(8,137)
	(22,867)	(21,458)
Deferred income tax credit	15,893	13,931
	(6,974)	(7,527)

Hong Kong profits tax is provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the period. Overseas profits tax has been provided on the estimated assessable profit for the period at the tax rates prevailing in the countries in which the Group operates.

11 DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30th September 2020 (2019: Nil).

Notes to the Interim Financial Information

12 EARNINGS PER SHARE

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

	Six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	458,519	422,474
Effect of dilutive potential shares:		
A portion of share options of the subsidiaries assumed to be exercised	-	(105)
Profit attributable to shareholders of the Company for calculation of diluted earnings per share	458,519	422,369
	Number of shares	
Weighted average number of shares for calculation of basic earnings per share	840,873,996	840,873,996
Effect of dilutive potential shares:		
A portion of share options of the Company assumed to be exercised	-	111,573
Weighted average number of shares for calculation of diluted earnings per share	840,873,996	840,985,569

The diluted earnings per share is equal to the basic earnings per share since there exist no dilutive potential share during the six months ended 30th September 2020.

13 INVESTMENT PROPERTIES

Investment properties were revalued by Prudential Surveyors (Hong Kong) Limited, independent professional valuers, on an open market value basis as at 30th September 2020 and 31st March 2020. All of the fair value measurements of the Group's investment properties were categorised as level 3 of the fair value hierarchy. There were no transfers into or out of level 3 during the period.

Notes to the Interim Financial Information

14 PROPERTY, PLANT AND EQUIPMENT

	Hotel buildings HK\$'000	Other buildings HK\$'000	Other equipments HK\$'000	Right-of- use assets* HK\$'000	Total HK\$'000
Cost					
At 31st March 2020	2,246,205	445,300	209,937	7,430,335	10,331,777
Currency translation differences	-	-	2,673	56	2,729
Additions	6,818	23,511	2,079	706	33,114
Disposals	-	-	(1,391)	(881)	(2,272)
At 30th September 2020	2,253,023	468,811	213,298	7,430,216	10,365,348
Accumulated depreciation					
At 31st March 2020	890,423	24,293	127,584	1,166,807	2,209,107
Currency translation differences	-	-	2,012	24	2,036
Charge for the period	34,962	2,329	8,887	54,116	100,294
Disposals	-	-	(1,035)	(881)	(1,916)
At 30th September 2020	925,385	26,622	137,448	1,220,066	2,309,521
Net book value					
At 30th September 2020	1,327,638	442,189	75,850	6,210,150	8,055,827
At 31st March 2020	1,355,782	421,007	82,353	6,263,528	8,122,670

* Mainly relates to leasehold land in Hong Kong

Note:

Supplementary information with hotel properties at valuation:

The hotel properties portfolio in Hong Kong comprised five (31st March 2020: five) hotels. According to the Group's accounting policies, the carrying amount of these hotel properties in Hong Kong were HK\$5,963,349,000 (31st March 2020: HK\$6,114,756,000).

The aggregate open market value, on a highest and best use basis, of these hotel properties in Hong Kong based on valuations conducted by Vigers Appraisal & Consulting Limited ("Vigers"), independent professional valuers, amounted to HK\$11,422,900,000 (31st March 2020: HK\$11,669,800,000), is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13.

Vigers used the discounted cash flow method, which is considered the most appropriate valuation approach for assessing the market value of the properties as it would better reflect specific characteristics of the income-producing properties such as occupancies, average room rates, potential income growth and all out-goings, subject to future economic conditions in the markets.

The supplementary information with completed hotel properties at valuation is for readers' information only. It does not constitute a disclosure requirement under HKAS 16 and HKFRS 16.

Notes to the Interim Financial Information

15 TRADE AND OTHER RECEIVABLES

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

Trade receivables of the Group amounted to approximately HK\$262,313,000 (31st March 2020: HK\$35,205,000). 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 evaluations of customers are performed periodically.

An aging analysis of trade receivables net of loss allowance is as follows:

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
0 month to 6 months	261,441	34,732
7 months to 12 months	484	15
More than 12 months	388	458
	262,313	35,205

Notes to the Interim Financial Information

16 FINANCIAL INVESTMENTS

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
Non-current assets		
Equity securities		
- Listed in Hong Kong	270,250	282,622
- Unlisted	108,314	98,482
Unlisted funds	108,137	92,814
	486,701	473,918
Current assets		
Equity securities		
- Listed in Hong Kong	89,282	81,363
Debt securities		
- Listed in Singapore	16,210,664	13,602,445
- Listed in Europe	1,535,511	1,538,348
- Listed in Hong Kong	202,239	577,536
- Unlisted	48,000	50,700
	17,996,414	15,769,029
Unlisted funds	6,881	6,321
	18,092,577	15,856,713
Total financial investments	18,579,278	16,330,631

Notes to the Interim Financial Information

16 FINANCIAL INVESTMENTS (Continued)

Financial investments are classified in the following categories:

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
Non-current assets		
Financial assets at FVOCI	378,564	381,104
Financial assets at FVPL	108,137	92,814
	486,701	473,918
Current assets		
Financial assets at FVOCI	17,947,013	15,717,051
Financial assets at FVPL	145,564	139,662
	18,092,577	15,856,713
Total financial investments	18,579,278	16,330,631
Financial investments are denominated in the following currencies:		
United States dollar	18,092,930	15,639,954
Hong Kong dollar	407,532	614,685
Sterling	61,047	58,613
Japanese yen	16,368	16,101
Euro	1,401	1,278
	18,579,278	16,330,631

Notes to the Interim Financial Information

16 FINANCIAL INVESTMENTS (Continued)

Supplementary information of financial investments:

EQUITY SECURITIES

As at 30th September 2020, the Group held 21 (31st March 2020: 19) listed equity securities and 2 (31st March 2020: 2) unlisted equity securities. The summary of equity securities portfolio of financial investments as at 30th September 2020 and 31st March 2020 and their corresponding unrealised gain/(loss) and dividend income for the six months ended 30th September 2020 and 2019 are as follows:

	Market value		Unrealised gain/(loss) for the six months ended 30th September		Dividend income for the six months ended 30th September	
	30th September 2020 HK\$'000	31st March 2020 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
MGM China ("MGM")	179,423	148,056	31,366	(78,416)	1,550	2,390
HSBC Holdings PLC ("HSBC")	90,828	134,566	(43,738)	(10,668)	-	4,782
Shengjing Bank Co., Ltd ("Shengjing")	43,795	44,347	(689)	7,325	-	756
Others	153,800	135,498	13,929	(56,007)	1,072	29,527
	467,846	462,467	868	(137,766)	2,622	37,455

MGM is a company principally engaged in development and operation of casino game and related hotel and resort facilities in Macau, and its shares are listed on HKEX (stock code: 2282). As at 30th September 2020, a total of 0.5% shareholding of MGM was held by the Group.

HSBC is a banking and financial services company. It operates across various geographical regions, and its shares are listed on HKEX (stock code: 5) with a "A-" rated by S&P. As at 30th September 2020, a total of 0.02% shareholding of HSBC was held by the Group.

Shengjing is a company principally engaged in the provision of corporate and personal deposits, loans and advances, settlement, treasury business and other banking services in the PRC, and its shares are listed on HKEX (stock code: 2066). As at 30th September 2020, a total of 0.27% shareholding of Shengjing was held by the Group.

Notes to the Interim Financial Information

16 FINANCIAL INVESTMENTS (Continued)

DEBT SECURITIES

As at 30th September 2020, the Group held 41 (31st March 2020: 44) debt securities, 34 of them are listed in Singapore, 2 in Hong Kong, 3 in Europe and 2 is unlisted. Approximately 99% (31st March 2020: 98%) of the mark to market valuation comprising 38 (31st March 2020: 40) debt securities were issued by PRC-based real estate companies, the shares of which are all listed in Hong Kong with the exception of 1 that is listed in the United States and 1 unlisted.

The summary of debt securities portfolio of financial investments as at 30th September 2020 and 31st March 2020 and their corresponding unrealised gain/(loss) and interest income for the six months ended 30th September 2020 and 2019 are as follows:

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
Principal amount of notes	20,116,511	19,736,557
Investment cost	19,094,303	19,037,896
Market value	17,996,414	15,769,028
Coupon	7% to 15.5%	7% to 15.5%
Maturity	Nov 2020 - Jun 2025	May 2020 - Jun 2025
Rating	NR to B2	NR to B

	For the six months ended 30th September	
	2020 HK\$'000	2019 HK\$'000
Interest income	1,250,324	994,963
Unrealised gain/(loss)		
- to profit and loss account	(4,544)	(11,767)
- to other comprehensive income	1,935,473	(573,682)

Notes to the Interim Financial Information

16 FINANCIAL INVESTMENTS (Continued)

DEBT SECURITIES (Continued)

As at 30th September 2020, the 41 (2019: 31) debt securities gave rise to a net unrealised fair value gain of HK\$1,931 million for the six months ended 30th September 2020 (2019: loss of HK\$585 million). A total of 29 (2019: 7) debt securities have recorded unrealised fair value gain, with the remaining 12 debt securities (2019: 24) that recorded unrealised fair value loss.

As at 30th September 2020, the mark to market valuation of the largest single debt securities within the Group's financial investments represent approximately 9.4% (31st March 2020: 8.0%) of the Group's revalued total assets, and the mark to market valuation of the five largest debt securities held represents approximately 20.3% (31st March 2020: 16.1%). The remaining 36 debt securities represent 14.1% of the Group's revalued total assets, with each of them less than 1.7%.

The five largest debt securities held at 30th September 2020 are as follows:

	Market value				Unrealised gain/(loss)		Interest income	
	30th	% of the	31st	% of the	for the six months ended		for the six months ended	
	September	debt	March	debt	30th September		30th September	
	2020	securities	2020	securities	2020	2019	2020	2019
HK\$'000	portfolio	HK\$'000	portfolio	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Kaisa 9.375% notes	4,915,790	26%	3,976,028	25%	1,129,069	(201,807)	266,807	273,295
Scenery Journey 12% notes	2,147,118	12%	776,631	5%	41,805	-	133,543	-
Evergrande 12% notes	1,380,681	7%	550,245	3%	130,013	-	65,968	-
Jiayuan 11.375% notes	1,217,510	7%	1,220,368	7%	(2,858)	(13,057)	115,409	52,588
Evergrande 8.75% notes	963,010	5%	919,144	6%	43,866	(171,591)	54,233	54,872

"Kaisa 9.375% notes", issued by Kaisa and carries fixed coupon of 9.375% per annum. It is denominated in United States dollar ("US\$") and matures on 30th June 2024. The notes are rated "B2" by Moody's and listed on the SGX-ST.

"Scenery Journey 12% notes", issued by Scenery Journey Limited which is a subsidiary of China Evergrande Group ("Evergrande") and carries fixed coupon of 12% per annum. It is denominated in US\$ and matures on 24th October 2023. The notes are rated "B2" by Moody's and listed on the SGX-ST. Evergrande is principally engaged in the property development, property investment, property management, property construction, hotel operations, finance business, internet business and health industry business in the PRC. Its shares are listed on HKEX (stock code: 3333).

Notes to the Interim Financial Information

16 FINANCIAL INVESTMENTS (Continued)

DEBT SECURITIES (Continued)

“Evergrande 12% notes”, issued by Evergrande and carries fixed coupon of 12% per annum. It is denominated in US\$ and matures on 22nd January 2024. The notes are rated “B2” by Moody’s and listed on the SGX-ST.

“Evergrande 8.75% notes”, issued by Evergrande and carries fixed coupon of 8.75% per annum. It is denominated in US\$ and matures on 28th June 2025. The notes are rated “B2” by Moody’s and listed on the SGX-ST.

“Jiayuan 11.375% notes”, issued by Jiayuan International Group Limited (“Jiayuan”) and carries fixed coupon of 11.375% per annum. It is denominated in US\$ and matures on 2nd May 2022. The notes are rated “B3” by Moody’s and listed on Frankfurt Stock Exchange. Jiayuan is principally engaged in property development and property investment in the PRC. Its shares are listed on HKEX (stock code: 2768).

17 TRADE AND OTHER PAYABLES

Trade and other payables of the Group include trade payables, rental and management fee deposits, lease liabilities, retentions payable of construction costs, interest payables and various accruals. Trade payables of the Group amounted to approximately HK\$423,962,000 (31st March 2020: HK\$11,016,000).

An aging analysis of trade payables is as follows:

	30th September 2020 HK\$’000	31st March 2020 HK\$’000
0 month to 6 months	423,293	10,350
7 months to 12 months	42	80
More than 12 months	627	586
	423,962	11,016

Notes to the Interim Financial Information

18 BORROWINGS

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
Current liabilities		
Short term bank loans		
Secured	2,893,176	2,564,747
Unsecured	749,975	1,084,825
Current portion of long term bank loans		
Secured	2,640,083	1,377,682
Unsecured	941,693	1,117,290
	7,224,927	6,144,544
Non-current liabilities		
Long term bank loans		
Secured	6,843,695	8,237,717
Unsecured	4,287,860	4,406,575
	11,131,555	12,644,292
	18,356,482	18,788,836

The maturities of the long term bank loans, based on the scheduled repayment dates set out in the loan agreements and ignoring the effect of any repayment on demand clause, are as follow:

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
Repayable within one year	3,581,776	2,494,972
Repayable between one and two years	4,017,012	4,831,718
Repayable between two and five years	6,644,543	7,312,574
Repayable after five years	470,000	500,000
	14,713,331	15,139,264
Current portion included in current liabilities	(3,581,776)	(2,494,972)
	11,131,555	12,644,292

The carrying amounts of the short term and long term borrowings approximate their fair values.

Notes to the Interim Financial Information

19 MEDIUM TERM NOTES

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
Included in current liabilities		
Unlisted notes at coupon of 3% above HIBOR per annum due April 2020	-	250,000
Less: deferred issue expenses	-	(60)
	-	249,940

The carrying amounts approximate their fair values.

20 SHARE CAPITAL

Shares of HK\$0.1 each	Number of shares	Amount HK\$'000
Authorised:		
At 31st March 2020 and 30th September 2020	3,000,000,000	300,000
Issued and fully paid:		
At 31st March 2020 and 30th September 2020	840,873,996	84,087

Notes to the Interim Financial Information

21 RESERVES

	Share premium HK\$'000	Capital reserve HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Hedging reserve HK\$'000	Property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Currency translation reserve HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
At 31st March 2020	2,257,745	398,021	60,257	4,111	(17,888)	31,167	(1,525,925)	(142,408)	11,080,513	12,145,593
Financial assets at FVOCI										
- net fair value gain	-	-	-	-	-	-	1,150,940	-	-	1,150,940
Cashflow hedges										
- fair value loss	-	-	-	-	(72,701)	-	-	-	-	(72,701)
- deferred tax on derivative financial instruments	-	-	-	-	14,825	-	-	-	-	14,825
Currency translation differences	-	-	-	-	-	-	-	60,917	-	60,917
Profit for the period	-	-	-	-	-	-	-	-	458,519	458,519
At 30th September 2020	2,257,745	398,021	60,257	4,111	(75,764)	31,167	(374,985)	(81,491)	11,539,032	13,758,093

22 CAPITAL COMMITMENTS

Capital commitments at the balance sheet date are as follows:

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
Contracted but not provided for Investment properties	2,344	4,247
Property, plant and equipment	67,777	78,579
	70,121	82,826

Notes to the Interim Financial Information

23 FINANCIAL GUARANTEES

	30th September 2020 HK\$'000	31st March 2020 HK\$'000
Guarantees for the banking and loan facilities of joint ventures	2,936,004	2,999,366

24 RELATED PARTY TRANSACTIONS

During the period, no significant transactions have been carried out with related parties.

No transactions have been entered into with the Directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being key management personnel compensation) (2019: Nil).

Other Information

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined balance sheet of affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 30th September 2020 are as follow:

	Proforma combined balance sheet	Group's attributable interest
	HK\$'000	HK\$'000
Non-current assets	4,115,497	1,417,527
Current assets	24,661,360	9,497,926
Current liabilities	(7,772,857)	(2,991,667)
Non-current liabilities	(9,877,487)	(3,130,937)
	11,126,513	4,792,849

The proforma combined balance sheet of the affiliated companies is prepared by combining their balance sheet, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the balance sheet as at 30th September 2020.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September 2020, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to 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 (the "Listing Rules") were as follows:

(I) LONG POSITIONS IN SHARES

(a) The Company

Director	Number of shares held			Total	Percentage of shares in issue (%)
	Personal interest	Corporate interest	Family interest		
Poon Jing	273,607,688	145,213,900	5,318,799	424,140,387	50.44
Fung Siu To, Clement	15,440,225	-	-	15,440,225	1.83
Poon Hai	10,444,319	-	-	10,444,319	1.24

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(I) LONG POSITIONS IN SHARES (Continued)

(b) Associated corporations

Director	Associated corporation	Number of shares held			Percentage of shares in issue (%)
		Personal interest	Corporate interest	Total	
Poon Jing	Asia Standard International Group Limited ("Asia Standard")	1,308,884	683,556,392 (Notes)	684,865,276	51.89
	Asia Standard Hotel Group Limited ("Asia Standard Hotel")	152,490	1,346,158,049 (Notes)	1,346,310,539	66.71
Fung Siu To, Clement	Mark Honour Limited	9	-	9	0.01

Notes:

- By virtue of Mr. Poon Jing's controlling interest in the Company, he is deemed to be interested in the shares of Asia Standard and Asia Standard Hotel held by the Company and its subsidiaries.
- By virtue of Mr. Poon Jing's controlling interest in the Company, he is deemed to be interested in the shares of all the Company's subsidiaries and associated corporations.

(II) LONG POSITIONS IN UNDERLYING SHARES

Interests in share options

(a) The Company

Director	Outstanding as at 1st April 2020 and 30th September 2020
Poon Hai	3,500,000
Poon Yeung, Roderick	3,500,000

Notes:

- Options were granted on 11th December 2015 under 2014 Share Option Scheme (as described under the heading "Share Option Schemes") and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.42 per share.
- During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(II) LONG POSITIONS IN UNDERLYING SHARES (Continued)

Interests in share options (Continued)

(b) *Associated corporation - Asia Standard*

Director	Outstanding as at 1st April 2020 and 30th September 2020
Poon Hai	3,500,000
Poon Yeung, Roderick	3,500,000

Notes:

- Options were granted on 11th December 2015 under 2014 Asia Standard Share Option Scheme (as described under the heading "Share Option Schemes") and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.38 per share.
- During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

(c) *Associated corporation - Asia Standard Hotel*

Director	Outstanding as at 1st April 2020 and 30th September 2020
Poon Hai	14,400,000
Poon Yeung, Roderick	14,400,000

Notes:

- Options were granted on 11th December 2015 under 2006 Asia Standard Hotel Share Option Scheme (as described under the heading "Share Option Schemes") and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$0.343 (as adjusted) per share.
- During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(III) LONG POSITIONS IN UNDERLYING SHARES AND DEBENTURES

Interests in convertible notes

Associated corporation - Asia Standard Hotel

Director	Nature of interest	Amount of convertible note held (HK\$)	Number of underlying shares held
Poon Jing	Corporate	1,219,619,192	2,692,316,098

Note: By virtue of Mr. Poon Jing's controlling interest in the Company, he is deemed to be interested in the convertible notes (the "ASH Convertible Notes") held by the Company and its subsidiaries which are convertible into 2,692,316,098 shares of Asia Standard Hotel. The ASH Convertible Notes are redeemable at the redemption value of HK\$0.453 per convertible note. Please refer to the annual report of Asia Standard Hotel for details.

Save as disclosed above, as at 30th September 2020, none of the Directors or Chief Executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30th September 2020, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executive of the Company.

LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Shareholder	Capacity	Number of shares held	Percentage of shares in issue (%)
Heston Holdings Limited ("Heston") (Note 1)	Beneficial owner	50,429,573	5.99
Teddington Holdings Limited ("Teddington") (Note 1)	Beneficial owner	60,624,439	7.20
Dalton Investments LLC ("Dalton") (Note 2)	Investment manager	165,906,485	19.73
Clearwater Insurance Company ("Clearwater Insurance") (Note 2)	Trustee	48,341,035	5.74
Daswani Rajkumar Murlidhar	Beneficial owner	53,910,548	6.41

Notes:

1. Mr. Poon Jing, his family interest and the companies wholly owned by him namely Teddington, Heston and Full Speed Investments Limited together hold 424,140,387 shares. The interest of Teddington and Heston duplicate the interest of Mr. Poon Jing disclosed under the heading "Directors' and Chief Executive's interests and short positions in shares, underlying shares and debentures".
2. Dalton is the investment manager for Clearwater Insurance. The interest of Clearwater Insurance in the shares duplicates the interest of Dalton disclosed above.

Save as disclosed above, as at 30th September 2020, the Directors were not aware of any other persons (other than the Directors and Chief Executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

Other Information

SHARE OPTION SCHEMES

THE COMPANY

The share option scheme of the Company adopted by the Company on 29th August 2014 (“2014 Share Option Scheme”). As at 30th September 2020, there were 7,000,000 share options outstanding. Movements of share options of the Company during the period are as follows:

Grantee	Outstanding as at 1st April 2020 and 30th September 2020
Directors	7,000,000

Notes:

- Options were granted on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.42 per share.
- During the period, no option was granted, exercised, cancelled or lapsed.

SUBSIDIARY – ASIA STANDARD

The share option scheme of Asia Standard adopted by Asia Standard on 27th August 2004 (“2004 Asia Standard Share Option Scheme”) was expired on the tenth anniversary of such adoption date. Following the expiry of 2004 Asia Standard Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2004 Asia Standard Share Option Scheme and yet to be exercised shall remain valid and exercisable. As at 30th September 2020, there were 1,000,000 share options granted under 2004 Asia Standard Share Option Scheme outstanding. Movements of share options granted under 2004 Asia Standard Share Option Scheme during the period are as follows:

Grantee	Outstanding as at 1st April 2020 and 30th September 2020
Employee	1,000,000

Notes:

- Options were granted on 13th March 2014 and exercisable during the period from 10th March 2017 to 12th March 2024 at an exercise price of HK\$2.00 per share.
- During the period, no option was exercised, cancelled or lapsed.

SHARE OPTION SCHEMES (Continued)

SUBSIDIARY – ASIA STANDARD (Continued)

Asia Standard adopted a share option scheme on 29th August 2014 (“2014 Asia Standard Share Option Scheme”). As at 30th September 2020, there were 7,000,000 share options granted under 2014 Asia Standard Share Option Scheme outstanding. Movements of share options granted under 2014 Asia Standard Share Option Scheme during the period are as follows:

Grantee	Outstanding as at 1st April 2020 and 30th September 2020
Directors	7,000,000

Notes:

- Options were granted on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.38 per share.
- During the period, no option was granted, exercised, cancelled or lapsed.

Other Information

SHARE OPTION SCHEMES (Continued)

SUBSIDIARY – ASIA STANDARD HOTEL

The share option scheme of Asia Standard Hotel adopted by Asia Standard Hotel on 28th August 2006 (“2006 Asia Standard Hotel Share Option Scheme”) was expired on the tenth anniversary of such adoption date. Following the expiry of 2006 Asia Standard Hotel Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2006 Asia Standard Hotel Share Option Scheme and yet to be exercised shall remain valid and exercisable. As at 30th September 2020, there were 28,800,000 share options granted under 2006 Asia Standard Hotel Share Option Scheme outstanding. Movements of the share options granted under 2006 Asia Standard Hotel Share Option Scheme during the period are as follows:

Grantee	Outstanding as at 1st April 2020 and 30th September 2020
Directors	28,800,000

Notes:

- Options were granted on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$0.343 (as adjusted) per share.
- During the period, no option was exercised, cancelled or lapsed.

Asia Standard Hotel adopted a share option scheme on 8th September 2016 and its scheme limit was refreshed on 30th August 2017 (“2016 Asia Standard Hotel Share Option Scheme”). No share option has been granted under 2016 Asia Standard Hotel Share Option Scheme since its adoption.

INTERIM DIVIDEND

The Board of Directors (the “Board”) does not recommend the payment of an interim dividend for the six months ended 30th September 2020 (2019: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code and has made specific enquiry of all Directors regarding any non-compliance with the Model Code during the period, and they all confirmed that they have fully complied with the required standard as set out in the Model Code throughout the period ended 30th September 2020.

CORPORATE GOVERNANCE CODE

During the period, the Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Listing Rules, except the following deviations:

1. Code Provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. All Independent Non-executive Directors of the Company are not appointed for specific terms, but subject to retirement by rotations and re-elections at the annual general meeting of the Company in accordance with the Bye-Laws of the Company; and
2. Code Provision A.5.1 of the CG Code provides that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. The Company does not have a nomination committee. The Board as a whole is responsible for assessing the independence of Independent Non-executive Directors, reviewing the structure, diversity, size and composition of the Board, the appointment of new Directors and the nomination of Directors for re-election by shareholders at the general meeting of the Company. Under the Bye-Laws of the Company, the Board may from time to time and at any time to 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 of the Company and shall then be eligible for re-election at the meeting.

Other Information

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th September 2020.

On behalf of the Board

Asia Orient Holdings Limited

Fung Siu To, Clement

Chairman

Hong Kong, 26th November 2020

