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## ASIA STANDARD INTERNATIONAL GROUP LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 129)**

### ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2019

#### FINANCIAL HIGHLIGHTS

*(In HK\$ million, except otherwise indicated)*

	<b>2019</b>	2018	Change
Revenue	<b>2,207</b>	1,749	+26%
Operating profit	<b>1,900</b>	1,704	+12%
Profit attributable to shareholders of the Company	<b>1,389</b>	1,463	-5%
Earnings per share – basic (HK\$)	<b>1.05</b>	1.11	-5%
Total assets	<b>37,913</b>	32,485	+17%
Net assets	<b>20,432</b>	19,364	+6%
Equity attributable to shareholders of the Company	<b>19,691</b>	18,669	+5%
Net debt	<b>15,711</b>	11,468	+37%
Supplementary information with hotel properties in operation at valuation:			
Revalued total assets	<b>47,265</b>	40,834	+16%
Revalued net assets	<b>29,784</b>	27,713	+7%
Equity attributable to shareholders of the Company	<b>27,425</b>	25,573	+7%
Gearing - net debt to revalued net assets	<b>53%</b>	41%	+12%

The Directors of Asia Standard International Group Limited (the “Company”) announce that the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2019 together with the comparative figures for the year ended 31st March 2018 were as follows:

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2019

	<i>Note</i>	<b>2019</b> <b>HK\$'000</b>	2018 HK\$'000
Sales of goods and services, leasing and other revenue		<b>807,714</b>	836,084
Interest revenue		<b>1,399,766</b>	912,807
Total revenue	2	<b>2,207,480</b>	1,748,891
Cost of sales		<b>(288,543)</b>	(311,254)
Gross profit		<b>1,918,937</b>	1,437,637
Selling and administrative expenses		<b>(270,120)</b>	(255,886)
Depreciation		<b>(118,282)</b>	(127,873)
Net investment loss	3		
Net realised and unrealised loss		<b>(84,047)</b>	(69,379)
Changes in expected credit losses and other credit impairment charges		<b>(398,203)</b>	-
Fair value gain of investment properties		<b>852,158</b>	719,396
Operating profit		<b>1,900,443</b>	1,703,895
Net finance costs	5	<b>(484,975)</b>	(282,396)
Share of profits less losses of			
Joint ventures		<b>16,750</b>	73,198
Associated companies		<b>54,593</b>	29,204
Profit before income tax		<b>1,486,811</b>	1,523,901
Income tax expense	6	<b>(38,722)</b>	(30,875)
Profit for the year		<b>1,448,089</b>	1,493,026
Attributable to:			
Shareholders of the Company		<b>1,388,728</b>	1,463,061
Non-controlling interests		<b>59,361</b>	29,965
		<b>1,448,089</b>	1,493,026
Earnings per share (HK\$)			
Basic	8	<b>1.05</b>	1.11
Diluted	8	<b>1.05</b>	1.11

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2019

	2019 HK\$'000	2018 HK\$'000
Profit for the year	1,448,089	1,493,026
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value loss on debt securities at fair value through other comprehensive income	(81,031)	-
Net fair value gain on available-for-sale investments	-	40,240
Cash flow hedges		
- fair value gain	1,796	37,435
- transfer to finance costs	(3,660)	(27,537)
- realised loss	(446)	-
Currency translation differences	(15,696)	11,058
Share of currency translation differences of joint ventures	(130,908)	155,887
Items that will not be reclassified to profit or loss		
Net fair value loss on equity securities at fair value through other comprehensive income	(105,568)	-
	<u>(335,513)</u>	<u>217,083</u>
Total comprehensive income for the year	<u>1,112,576</u>	<u>1,710,109</u>
Attributable to:		
Shareholders of the Company	1,061,520	1,671,467
Non-controlling interests	51,056	38,642
	<u>1,112,576</u>	<u>1,710,109</u>

**CONSOLIDATED BALANCE SHEET**

As at 31st March 2019

	<i>Note</i>	<b>2019</b> <b>HK\$'000</b>	2018 HK\$'000
<b>Non-current assets</b>			
Investment properties		<b>9,869,038</b>	9,006,185
Property, plant and equipment		<b>4,070,568</b>	4,091,590
Joint ventures and associated companies		<b>5,435,417</b>	4,753,273
Loan receivables		<b>1,411</b>	2,054
Financial investments		<b>586,982</b>	684,383
Deferred income tax assets		<b>58,615</b>	38,128
		<b>20,022,031</b>	18,575,613
<b>Current assets</b>			
Properties under development for sale		<b>1,583,618</b>	767,405
Completed properties held for sale		<b>3,481</b>	3,501
Hotel and restaurant inventories		<b>21,615</b>	14,091
Trade and other receivables	9	<b>504,755</b>	497,662
Loan receivable		<b>166</b>	340,966
Income tax recoverable		<b>3,553</b>	2,776
Financial investments		<b>15,014,101</b>	11,366,000
Bank balances and cash		<b>759,358</b>	917,399
		<b>17,890,647</b>	13,909,800
<b>Current liabilities</b>			
Trade and other payables	10	<b>168,438</b>	305,092
Contract liabilities		<b>199,405</b>	-
Amount due to joint ventures		<b>199,855</b>	61,659
Amount due to an associated company		<b>224,400</b>	224,400
Amount due to non-controlling interests		<b>39,225</b>	-
Income tax payable		<b>61,714</b>	33,224
Derivative financial instruments		<b>-</b>	3,522
Medium term notes		<b>99,820</b>	315,868
Borrowings		<b>3,934,536</b>	2,634,572
		<b>4,927,393</b>	3,578,337
<b>Net current assets</b>		<b>12,963,254</b>	10,331,463

## CONSOLIDATED BALANCE SHEET

As at 31st March 2019

	2019 HK\$'000	2018 HK\$'000
Non-current liabilities		
Long term borrowings	12,180,255	9,081,222
Medium term notes	249,035	347,291
Convertible notes	7,078	6,655
Deferred income tax liabilities	117,080	107,761
	<u>12,553,448</u>	<u>9,542,929</u>
Net assets	<u>20,431,837</u>	<u>19,364,147</u>
Equity		
Share capital	13,197	13,197
Reserves	19,677,761	18,655,834
Equity attributable to shareholders of the Company	<u>19,690,958</u>	<u>18,669,031</u>
Non-controlling interests	740,879	695,116
	<u>20,431,837</u>	<u>19,364,147</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, available-for-sale (“AFS”) investments, 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 (“HKFRSs”).

The accounting policies and methods of computation used in the preparation of these annual financial statements are consistent with those used in 2018, except for the adoption of the following new standards that are effective for the first time for this year which are relevant to the Group’s operations and are mandatory for accounting periods beginning on or after 1st January 2018:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers

The adoption of HKFRS 9 and HKFRS 15 from 1st April 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 9 and HKFRS 15, comparative figures have not been restated.

Effects on adoption of new HKFRS are as follows:

#### **HKFRS 9**

##### **Consolidated balance sheet (extracted)**

	As at 1st April 2018		
	As presented under previous accounting policies HK\$’000	Effect of adoption of HKFRS 9 HK\$’000	As presented under new accounting policies HK\$’000
Non-current assets			
Financial investments			
AFS investments	273,575	(273,575)	-
Financial assets at FVPL	410,808	(410,808)	-
Financial assets at FVOCI	-	684,383	684,383
	<u>684,383</u>	<u>-</u>	<u>684,383</u>
Current assets			
Financial investments			
Financial assets at FVPL	11,366,000	(9,802,252)	1,563,748
Financial assets at FVOCI	-	9,802,252	9,802,252
	<u>11,366,000</u>	<u>-</u>	<u>11,366,000</u>
Reserves			
Investment revaluation reserve (previously named as “AFS investment reserve”)	86,062	(52,806)	33,256
Revenue reserve	13,448,095	52,806	13,500,901

**1 Basis of preparation (continued)**  
**Consolidated balance sheet (extracted) (continued)**

As at 31st March 2019			
	As presented under previous accounting policies HK\$'000	Effect of adoption of HKFRS 9 HK\$'000	As presented under new accounting policies HK\$'000
<b>Non-current assets</b>			
Financial investments			
AFS investments	253,873	(253,873)	-
Financial assets at FVPL	333,109	(316,865)	16,244
Financial assets at FVOCI	-	570,738	570,738
	<u>586,982</u>	<u>-</u>	<u>586,982</u>
<b>Current assets</b>			
Financial investments			
Financial assets at FVPL	15,014,101	(13,744,598)	1,269,503
Financial assets at FVOCI	-	13,744,598	13,744,598
	<u>15,014,101</u>	<u>-</u>	<u>15,014,101</u>
<b>Reserves</b>			
Investment revaluation reserve (previously named as "AFS investment reserve")	78,491	(231,206)	(152,715)
Revenue reserve	14,618,830	231,206	14,850,036

For the year ended 31st March 2019			
	As presented under previous accounting policies HK\$'000	Effect of adoption of HKFRS 9 HK\$'000	As presented under new accounting policies HK\$'000
<b>Consolidated profit and loss account (extracted)</b>			
Revenue	2,132,476	75,004	2,207,480
Net investment loss	(564,308)	82,058	(482,250)
Income tax expense	(40,409)	1,687	(38,722)
Profit for the year attributable to:			
Shareholders of the Company	1,225,279	163,449	1,388,728
Non-controlling interests	64,061	(4,700)	59,361
	<u>1,289,340</u>	<u>158,749</u>	<u>1,448,089</u>
Basic earnings per share	0.93	0.12	1.05
<b>Consolidated statement of comprehensive income (extracted)</b>			
Other comprehensive income			
Fair value loss on financial assets at FVOCI			
- Debt securities	-	(81,031)	(81,031)
- Equity securities	-	(105,568)	(105,568)
Fair value loss on AFS	(27,850)	27,850	-
Total comprehensive income attributable to:			
Shareholders of the Company	1,061,520	-	1,061,520
Non-controlling interests	51,056	-	51,056
	<u>1,112,576</u>	<u>-</u>	<u>1,112,576</u>

## 1 Basis of preparation (continued)

### HKFRS 15

#### Consolidated balance sheet (extract)

	As at 1st April 2018		
	As presented under previous accounting policies HK\$'000	Effect of adoption of HKFRS 15 HK\$'000	As presented under new accounting policies HK\$'000
Current liabilities			
Trade and other payables	305,092	(56,833)	248,259
Contract liabilities	-	56,833	56,833
	<u>-</u>	<u>56,833</u>	<u>56,833</u>

  

	As at 31st March 2019		
	As presented under previous accounting policies HK\$'000	Effect of adoption of HKFRS 15 HK\$'000	As presented under new accounting policies HK\$'000
Current assets			
Trade and other receivables	514,521	(9,766)	504,755
Current liabilities			
Trade and other payables	377,609	(209,171)	168,438
Contract liabilities	-	199,405	199,405
	<u>-</u>	<u>199,405</u>	<u>199,405</u>

There are no other standards or interpretations effective for financial period beginning on 1st April 2018 that would have a material impact to the Group.

Certain new/revised standards, amendments and interpretations to HKFRS have been issued but are not yet effective for the year ended 31st March 2019 and have not been early adopted by the Group.



## 2 Segment information

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

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
<b>2019</b>						
Segment revenue	<u>1,350</u>	<u>211,858</u>	<u>543,367</u>	<u>1,424,275</u>	<u>26,630</u>	<u>2,207,480</u>
Contribution to segment results	(22,102)	173,160	209,779	1,420,916	26,599	1,808,352
Depreciation	(18,310)	-	(90,859)	-	(9,113)	(118,282)
Net investment loss	-	-	-	(482,250)	-	(482,250)
Fair value gain of investment properties	-	852,158	-	-	-	852,158
Share of profits less losses of						
Joint ventures	10,647	-	-	-	6,103	16,750
Associated companies	-	55,062	-	-	(469)	54,593
Segment results	(29,765)	1,080,380	118,920	938,666	23,120	2,131,321
Unallocated corporate expenses						(159,535)
Net finance costs						(484,975)
Profit before income tax						<u>1,486,811</u>
<b>2018</b>						
Segment revenue	<u>-</u>	<u>194,107</u>	<u>529,960</u>	<u>919,771</u>	<u>105,053</u>	<u>1,748,891</u>
Contribution to segment results	(11,897)	153,843	203,441	918,149	71,095	1,334,631
Depreciation	(3,125)	-	(115,261)	-	(9,487)	(127,873)
Net investment loss	-	-	-	(69,379)	-	(69,379)
Fair value gain of investment properties	-	719,396	-	-	-	719,396
Share of profits less losses of						
Joint ventures	66,282	-	-	-	6,916	73,198
Associated companies	-	29,255	-	-	(51)	29,204
Segment results	51,260	902,494	88,180	848,770	68,473	1,959,177
Unallocated corporate expenses						(152,880)
Net finance costs						(282,396)
Profit before income tax						<u>1,523,901</u>

## 2 Segment information (continued)

	Business segments						Unallocated HK\$'000	Total HK\$'000
	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000			
<b>2019</b>								
Assets	5,676,357	11,407,759	3,071,791	15,983,221	61,528	1,712,022	37,912,678	
<b>Assets include:</b>								
Joint ventures and associated companies	3,902,089	1,495,579	-	-	34,668	3,081	5,435,417	
Addition to non-current assets*	79,338	10,695	58,062	-	12,343	-	160,438	
<b>Liabilities</b>								
Borrowings	3,216,658	1,049,841	3,407,533	1,171,545	-	7,269,214	16,114,791	
Other liabilities							<u>1,366,050</u>	
							<u>17,480,841</u>	
<b>2018</b>								
Assets	4,011,428	10,598,094	3,276,687	12,387,185	471,681	1,740,338	32,485,413	
<b>Assets include:</b>								
Joint ventures and associated companies	3,184,009	1,554,483	-	-	11,230	3,551	4,753,273	
Addition to non-current assets*	616,137	127,602	78,406	-	2,247	-	824,392	
<b>Liabilities</b>								
Borrowings	2,453,469	1,048,628	1,737,356	2,269,011	280,000	3,927,330	11,715,794	
Other liabilities							<u>1,405,472</u>	
							<u>13,121,266</u>	

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

## 2 Segment information (continued)

	2019 HK\$'000	2018 HK\$'000
<b>Revenue</b>		
Hong Kong	785,693	701,157
Overseas	<u>1,421,787</u>	<u>1,047,734</u>
	<u><u>2,207,480</u></u>	<u><u>1,748,891</u></u>
<b>Non-current assets*</b>		
Hong Kong	16,686,302	15,481,174
Overseas	<u>2,688,721</u>	<u>2,369,874</u>
	<u><u>19,375,023</u></u>	<u><u>17,851,048</u></u>

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

## 3 Net investment loss

	2019 HK\$'000	2018 HK\$'000
Financial assets at FVPL		
- net unrealised loss from market price movements	(113,459)	(291,990)
- net unrealised exchange (loss)/gain	(20,386)	117,734
- net realised (loss)/gain (note (a))	(4,827)	68,910
Financial assets at FVOCI		
- net unrealised exchange gain	4,084	-
- net realised gain (note (b))	48,815	-
- changes in expected credit losses and other credit impairment charges	(398,203)	-
Derivative financial instrument		
- net unrealised gain	-	35,967
- net realised gain	<u>1,726</u>	<u>-</u>
	<u><u>(482,250)</u></u>	<u><u>(69,379)</u></u>
Notes:		
(a) Net realised (loss)/gain on financial assets at FVPL		
Gross consideration	271,373	4,714,716
Cost of investments	<u>(421,631)</u>	<u>(4,102,423)</u>
Total (loss)/gain	(150,258)	612,293
Less: net unrealised loss/(gain) recognised in prior years	<u>145,431</u>	<u>(543,383)</u>
Net realised (loss)/gain recognised in current year	<u><u>(4,827)</u></u>	<u><u>68,910</u></u>

### 3 Net investment loss (Continued)

	2019 HK\$'000	2018 HK\$'000
(b) Net realised gain on financial assets at FVOCI		
Gross consideration	3,948,906	-
Cost of investments	<u>(3,868,131)</u>	<u>-</u>
Total gain	80,775	-
Less: net unrealised gain recognised in prior years	<u>(31,960)</u>	<u>-</u>
Net realised gain recognised in current year	<u><u>48,815</u></u>	<u><u>-</u></u>

### 4 Income and expenses by nature

	2019 HK\$'000	2018 HK\$'000
<b>Income</b>		
Interest income from financial assets at FVOCI/FVPL		
- Listed investments	1,374,172	873,689
Interest income from financial assets that are measured at amortised cost		
- Loan receivables	9,848	36,509
- A joint venture	11,303	-
- Bank deposits	4,443	2,609
Dividend income		
- Listed investments	<u>47,159</u>	<u>38,329</u>
<b>Expenses</b>		
Cost of properties and goods sold	89,788	76,554
Operating lease rental expenses for land and buildings	<u>3,416</u>	<u>2,037</u>

### 5 Net finance costs

	2019 HK\$'000	2018 HK\$'000
Interest expense		
Long term bank loans	(408,748)	(232,137)
Short term bank loans and overdrafts	(42,753)	(9,694)
Medium term notes	(17,845)	(34,330)
Interest income from hedging derivative financial instruments	740	3,573
Interest capitalised	<u>32,361</u>	<u>40,630</u>
	(436,245)	(231,958)
Other incidental borrowing costs	(48,215)	(42,302)
Net foreign exchange loss on borrowings	(4,175)	(35,673)
Fair value gain on derivative financial instruments		
Cash flow hedge, transfer from reserve	<u>3,660</u>	<u>27,537</u>
	<u><u>(484,975)</u></u>	<u><u>(282,396)</u></u>

## 6 Income tax expense

	2019 HK\$'000	2018 HK\$'000
Current income tax expense		
Hong Kong profits tax	(46,914)	(35,888)
Overseas profits tax	(6,659)	(6,230)
Over provision in prior years	1,996	2,026
	<u>(51,577)</u>	<u>(40,092)</u>
Deferred income tax credit	12,855	9,217
	<u>(38,722)</u>	<u>(30,875)</u>

Hong Kong profits tax is provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the year. Overseas profits tax has been calculated on the estimated assessable profit for the year at the rate prevailing in the countries in which the Group operates.

## 7 Dividends

	2019 HK\$'000	2018 HK\$'000
Interim, nil (2018: Nil)	-	-
Final, proposed, of HK2.7 cents (2018: HK3.0 cents) per share	35,634	39,593
	<u>35,634</u>	<u>39,593</u>

At a meeting held on 27th June 2019, the Board of Directors has proposed to pay a final dividend for the year ended 31st March 2019 of HK2.7 cents per share (2018: HK3.0 cents per share). The proposed dividend is not reflected in the financial statements, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2020.

The amount of HK\$35,634,000 is based on 1,319,782,288 issued shares as at 27th June 2019.

## 8 Earnings per share

The calculation of earnings per share is based on profit attributable to shareholders of the Company and divided by the weighted average number shares.

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

	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	<b>1,388,728</b>	1,463,061
Effect on dilutive potential shares:		
A portion of share options of the Company's listed subsidiary assume to be exercised	<u>(206)</u>	<u>(49)</u>
Profit for calculation of diluted earnings per share	<u><b>1,388,522</b></u>	<u>1,463,012</u>

### Number of shares

Weighted average number of shares for calculation of basic earnings per share	<b>1,319,782,288</b>	1,319,782,288
Effect on dilutive potential shares:		
A portion of share options of the Company assume to be exercised	<u>1,145,165</u>	<u>2,694,510</u>
Weighted average number of shares for calculation of diluted earnings per share	<u><b>1,320,927,453</b></u>	<u>1,322,476,798</u>

## 9 Trade and other receivables

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

Trade receivables of the Group amounted to HK\$58,204,000 (2018: HK\$72,201,000). The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluation of customers are performed periodically.

Aging analysis of trade receivables net of provision for impairment is as follows:

	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
0 month to 6 months	<b>55,644</b>	71,045
7 months to 12 months	<b>1,588</b>	1,126
More than 12 months	<u>972</u>	<u>30</u>
	<u><b>58,204</b></u>	<u>72,201</u>

## 10 Trade and other payables

Trade and other payables of the Group include trade payables, rental and management fee deposits, retentions payable of construction costs and various accruals. Trade payables of the Group amounted to HK\$21,357,000 (2018: HK\$58,099,000).

Aging analysis of trade payables is as follows:

	<b>2019</b>	2018
	<b>HK\$'000</b>	HK\$'000
0 month to 6 months	<b>20,563</b>	57,288
7 months to 12 months	<b>206</b>	342
More than 12 months	<b>588</b>	469
	<b>21,357</b>	58,099

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 2019 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS

The Group recorded revenue of HK\$2,207 million (2018: HK\$1,749 million) for the financial year with profit attributable to shareholders of the Company at HK\$1,389 million (2018: HK\$1,463 million). The increase in revenue is due to higher investment income through reinvestment of received coupons and further investment in debt securities. This was offset by higher net investment loss and increased finance cost, resulting in a slight decrease in profit attributable to shareholders.

### PROPERTIES SALES, DEVELOPMENT AND LEASING

#### SALES AND DEVELOPMENT

The Group's development projects pipeline in Hong Kong, mainland China and Canada are progressing during the year.

##### *Mainland China*

In Tongzhou, Beijing, foundation works and basement excavation is well in progress of our 2.3 million sq. ft. GFA joint venture residential and commercial development. Presale consent for phase I of the residential units is under application. Sales & Experience Center has been completed and the Group expects to launch the sales campaign of the development in second half 2019.

In Hongqiao Shanghai, the Group has completed refurbishment of new show flats of Queen's Gate, a high-end joint venture villas and apartments development. Sales permit of the third phase has just been obtained and the Group expects sales efforts to commence in second half 2019.

##### *Hong Kong*

In Jardine's Lookout, the Group had completed construction for its ultra-luxurious joint venture residential development Dukes Place at the end of June 2018. The Group had since focused its efforts in renovating 4 show flats of the development. Sales and marketing of the project had just commenced and the Group expects favorable return from this development.

On Po Shan Road, foundation works of another luxurious joint venture residential development had completed and superstructure works is due to commence. The development continues to progress accordingly.

In Hung Shui Kiu Yuen Long, the land exchange process for the commercial and residential development is ongoing. Provisional basic terms were concluded and the exchange is in the course of premium assessment. The residential development will provide approximately 520,000 sq. ft. of GFA. Another 67,000 sq. ft. GFA residential development at Lam Tei station nearby is also in the process of land exchange application with the government.

In August 2018, a 25% joint venture of the Group completed the acquisition of Octa Tower, a commercial building in Kowloon Bay of approximately 800,000 sq. ft. marketable GFA. The commercial asset is being repositioned with an introduction of a major multi-national corporation ("MNC") as an anchor tenant and renovation of its common areas had just commenced and is expected to be completed by June 2020.



### *Canada (development through hotel subsidiary group)*

Redevelopment of our Empire Landmark Hotel had commenced in the second half of last financial year and will be redeveloped into an approximately 400,000 sq. ft. GFA mixed-use development with two residential towers (“Landmark on Robson”) upon completion. Since the launch of presale in January 2018, the development had achieved a contracted sales of CAD140 million up to 31st March 2019.

Approval for land re-zoning of joint venture redevelopment of another high-end residential complex of approximate 649,000 sq. ft. GFA in Alberni Street, downtown Vancouver was granted in September 2018 during a public hearing. Development permit application was submitted in December 2018 with Urban Design Panel approving the application in April 2019.

In April 2018, the Group, through another 40% equity interest joint venture, completed the acquisition of another development also located in Alberni Street, within close proximity to the aforementioned existing joint venture project, for redevelopment into premium residential units for sale.

### **LEASING**

Leasing income of MassMutual Tower (renamed to YF Life Tower on 1 June 2019), 33 Lockhart Road in Wanchai had increased by approximately 26% compared with last year, following the gradual filled up of vacancies in the second half of last financial year, after introduction of new MNC tenants and the completion of extensive renovation works.

Leasing income from Asia Standard Tower in Central decreased slightly upon a rent consolidation of an anchor tenant and that of Goldmark in Causeway Bay also decreased.

Overall attributable leasing income increased by 7% from HK\$220 million to HK\$235 million. Net revaluation gain (taking into account our share from the investment property owned by an associated company) of HK\$894 million (2018: HK\$733 million) was recorded.

### **HOTEL**

During the year, overnight stay visitors to Hong Kong increased 6% to approximately 30 million. Mainland visitors dominated this segment with 69% share, and their arrival increased 10% from last year. Total hotel rooms in Hong Kong are approximately 83,000 rooms, an increase of 5% over last year.

Revenue arising from the hotel and travel segment for the year amounted to HK\$543 million (2018: HK\$530 million). Average occupancies for our hotels in Hong Kong were approximately 93% (2018: 95%) while average room rates increased 10%. Overall, contribution to segment results before depreciation increased from HK\$203 million to HK\$210 million.

Our new 90-rooms hotel, Empire Prestige Tsimshatsui adjacent to our existing Empire Hotel Kowloon, commenced operation in December 2018. It achieved over 90% occupancy during the 4 months of operations since its launch.

## FINANCIAL INVESTMENTS

The Group has adopted the new accounting standard HKFRS9 with effect from 1st April 2018. This is a new classification and measurement approach for financial assets with changes in fair value of certain securities (consisted mostly listed debt securities) recognised through reserve, while expected credit losses and impairment would be assessed at each reporting date and the changes to be reported in profit and loss account. This differed from the previous practice for recognising fair value changes through profit and loss account with impairment charges made when incurred. For further details of the nature and effect of the changes to previous accounting policies please refer to note 2(B) of the notes to the financial statements.

At 31st March 2019, the Group held financial investments of approximately HK\$15,601 million (2018: HK\$12,050 million), with HK\$6,987 million (2018: HK\$4,936 million) held by the listed hotel subsidiary group. The investment portfolio comprised of 88% listed debt securities (mostly issued by PRC-based real estate companies), 11% by listed equity securities (of which approximately 69% were issued by major banks) and 1% unlisted funds and securities. They are denominated in different currencies with 94% in United States dollar, 4% in Hong Kong dollar and 2% in Sterling.

The portfolio's increase was largely due to further net investment of HK\$4,211 million and a mark-to-market valuation net loss of HK\$660 million, of which a net investment loss of HK\$484 million was charged to profit and loss while the remaining were recognized in the investment reserve account pursuant to HKFRS9. The net investment loss comprised net fair value losses of listed equity securities, exchange losses, and provisions for expected credit loss and impairment charges, compensated by realised gain upon partial disposal/redemption of the securities. The drop in market price is mainly due to a rising interest rate environment during the year, the market correction following uncertainties over the Sino-US trade conflict, and the various austerity measures over the PRC property market.

Income from these investment portfolio amounted to HK\$1,424 million (2018: HK\$920 million). The increase resulted from further investment in debt securities.

At 31st March 2019, an approximate value of HK\$1,910 million (2018: HK\$1,930 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

## FINANCIAL REVIEW

Save for that of the listed hotel subsidiary group, which is independently administered, the Group's financing and treasury activities are centrally managed and controlled at the corporate level. At 31st March 2019, it had over HK\$7.3 billion (2018: HK\$6.1 billion) cash and undrawn banking facilities.

At 31st March 2019, the Group's total assets were approximately HK\$37.9 billion (2018: HK\$32.5 billion), the net assets were HK\$20.4 billion (2018: HK\$19.4 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group were HK\$47.3 billion and HK\$29.8 billion, an increase of 16% and 7% compared to HK\$40.8 billion and HK\$27.7 billion respectively at 2018.

Net debt was HK\$15.7 billion (2018: HK\$11.5 billion), including HK\$6.6 billion (2018: HK\$4.7 billion) which belonged to the separately listed hotel subsidiary group. Total interest cost increased as a result of increased borrowings together with several market interest rate hikes. Currently, the Group's net gearing ratio (net debt to revalued net asset value) is approximately 53% (2018: 41%). As at 31st March 2019, the Group had net current assets of HK\$13.0 billion (2018: HK\$10.3 billion) and the HK\$16.4 billion aggregate amount of marketable securities and cash together represented 4.1 times of the HK\$4.0 billion current debt repayable within 12 months.

65% of the debts are secured and 99% of the debts are at floating rates. The maturities of our debts spread over a long period of up to 8 years, with 5% repayable after 5 years and 75% repayable between one to five years. The remaining 20% comprise overdraft, revolving and short term loans and are repayable within 1 year.

About 99% of the Group's borrowings are in Hong Kong dollar and the remaining 1% in United States dollar and Canadian dollar.

As at 31st March 2019, property assets with an aggregate net book value of HK\$16.5 billion (2018: HK\$14.9 billion) were pledged to secure banking facilities of the Group. HK\$2,733 million (2018: HK\$897 million) guarantees were provided to financial institutions and third parties against outstanding loans of joint ventures.

## **EMPLOYEES AND REMUNERATION POLICIES**

At 31st March 2019, the Group employed approximately 350 (2018: 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**

The demand in the Hong Kong property market remain strong regardless of the haze overcast by the Sino-US trade conflict upon the local economy, with the asset price heading north again after a short period of softening during Federal Reserve's rate hikes and that of local prime rate in 2018. Local government continue its policy to increase land supply by every means, but the effect has yet to be manifested in the physical market.

Central government started to relax the stringent austerity measures on property sector with the escalation of the Sino-US trade dispute, with the view to counteract the possible unstable and negative effect, in order to maintain a stable and healthy operating environment.

Hotel operation performances have maintained momentum during the financial year. With the completion of major infrastructure projects in particular the High Speed Rail Link and the Hong Kong-Zhuhai-Macau Bridge, we are expecting the continuous gradual increment of visitors staying overnight. Coupled with the relaxation of outbound tourism restrictions by the Mainland, we remain positive over the long-term prospects of our hospitality industry.

Financial market continues to be volatile, especially amongst the environment of trade disputes between various territories with the United States and the political tension brought by the United States administration. Our investment in listed fixed income securities provides a strong and stable income stream and liquidity and enables us to capitalise on any other investment and development opportunities should they arise.

The Group have successfully repositioned its tenant mix and improved the rental performance following the upgrading and renovating of the Wanchai headquarter commercial asset. Retail space segment is becoming stable after a period of consolidation. We expect to upkeep our performance in the leasing activities.

Management remain cautious and prudent in the rapidly changing environment and is affirmative with the Group's performance.

## **DIVIDEND**

The Board of Directors recommend the payment of a final dividend for the year ended 31st March 2019 of HK2.7 cents per share (2018: HK3.0 cents per share). No interim dividend was declared during the year (2018: Nil). Total dividend for the year amounts to HK2.7 cents per share (2018: HK3.0 cents per share).

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from Tuesday, 27th August 2019 to Friday, 30th August 2019 both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the 2019 annual general meeting to be held on 30th August 2019 (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, 26th August 2019.

The proposed final dividend is subject to the approval of the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend is 6th September 2019. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 5th September 2019 to Friday, 6th September 2019 both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company’s Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 4th September 2019. The final dividend will be paid on 26th September 2019.

## **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 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year, and they all confirmed that they have fully complied with the required standard set out in the Model Code throughout the year ended 31st March 2019.

## **CORPORATE GOVERNANCE CODE**

During the year, 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;
- (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 at any time, and from time to time, appoint any person as a Director, either to fill a casual vacancy, or as an addition to the Board. Any Director so appointed shall retire at the next annual general meeting but shall then be eligible for re-election at the meeting; and
- (3) Code Provision C.2.5 of the CG Code provides that the issuers should have an internal audit function. The Company’s internal audit function was carried out by the internal auditor who has resigned and left the Company in August 2018. A new internal auditor has been recruited and reported to duty in June 2019.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the annual results of the Group for the year ended 31st March 2019.

By Order of the Board  
**Asia Standard International Group Limited**  
**Fung Siu To, Clement**  
*Chairman*

Hong Kong, 27th June 2019

*As at the date of this announcement, the executive directors of the Company are Mr. Fung Siu To, Clement, Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Lun Pui Kan and Mr. Kwan Po Lam, Phileas and the independent non-executive directors are Mr. Koon Bok Ming, Alan, Mr. Leung Wai Keung and Mr. Wong Chi Keung.*