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ASIA STANDARD INTERNATIONAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 129)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2017

FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	Six months ended		Change
	2017	2016	
Revenue	893	940	-5%
Operating profit	1,293	1,309	-1%
Profit attributable to shareholders of the Company	1,137	1,145	-
Earnings per share – basic (HK\$)	0.86	0.88	-2%
	30th September 2017	31st March 2017	
Total assets	29,860	26,179	+14%
Net assets	18,964	17,699	+7%
Equity attributable to shareholders of the Company	18,261	17,037	+7%
Net debt	8,789	7,024	+25%
Supplementary information with hotel properties in operation at valuation:			
Revalued total assets	39,150	34,467	+14%
Revalued net assets	28,088	25,886	+9%
Equity attributable to shareholders of the Company	25,803	23,808	+8%
Gearing - net debt to revalued net assets	31%	27%	+4%

The Board of Directors (the “Board”) of Asia Standard International Group Limited (the “Company”) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the six months ended 30th September 2017 together with the comparative figures for the six months ended 30th September 2016 were as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

For the six months ended 30th September

	<i>Note</i>	2017 HK\$'000	2016 HK\$'000
Revenue	2	892,976	940,076
Cost of sales		(192,776)	(155,691)
Gross profit		700,200	784,385
Selling and administrative expenses		(124,166)	(124,296)
Depreciation		(78,653)	(43,971)
Net investment gain	3	344,491	362,797
Fair value gain of investment properties		451,528	330,216
Operating profit		1,293,400	1,309,131
Net finance costs	5	(126,463)	(111,496)
Share of profits less losses of Joint ventures		38,198	(749)
Associated companies		(20,384)	(13,699)
Profit before income tax		1,184,751	1,183,187
Income tax expense	6	(14,571)	(310)
Profit for the period		1,170,180	1,182,877
Attributable to:			
Shareholders of the Company		1,136,971	1,144,608
Non-controlling interests		33,209	38,269
		1,170,180	1,182,877
Earnings per share (HK\$)			
Basic	8	0.86	0.88
Diluted	8	0.86	0.88

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED
For the six months ended 30th September

	2017 HK\$'000	2016 HK\$'000
Profit for the period	1,170,180	1,182,877
Other comprehensive income/(charge)		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Fair value gain on available-for-sale investments	43,241	26,900
Cash flow hedges		
- Fair value gain/(loss)	15,336	(11,516)
- Transfer to finance costs	(10,544)	19,290
Currency translation differences	18,843	(2,204)
Share of currency translation differences of joint ventures	72,665	(42,904)
	139,541	(10,434)
Total comprehensive income for the period	1,309,721	1,172,443
Attributable to:		
Shareholders of the Company	1,263,506	1,130,432
Non-controlling interests	46,215	42,011
	1,309,721	1,172,443

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

	<i>Note</i>	30th September 2017 HK\$'000	31st March 2017 HK\$'000
Non-current assets			
Investment properties		8,734,715	8,273,154
Property, plant and equipment		4,100,524	4,097,103
Joint ventures and associated companies		3,741,490	3,562,493
Loan receivables		2,160	317,786
Available-for-sale investments		276,576	225,299
Financial assets at fair value through profit or loss		379,769	328,646
Deferred income tax assets		49,047	43,937
		17,284,281	16,848,418
Current assets			
Properties under development for sale		688,831	629,877
Completed properties held for sale		3,501	3,501
Hotel and restaurant inventories		15,071	15,351
Trade and other receivables	9	443,079	361,803
Loan receivables		327,737	-
Income tax recoverable		3,439	5,698
Financial assets at fair value through profit or loss		9,650,167	7,631,601
Bank balances and cash		1,444,129	682,379
		12,575,954	9,330,210
Current liabilities			
Trade and other payables	10	218,075	196,713
Amount due to joint ventures		28,196	134,311
Amount due to an associated company		224,400	224,400
Income tax payable		18,585	12,078
Derivative financial instruments		46,853	-
Medium term notes		298,103	-
Borrowings		833,348	1,210,619
		1,667,560	1,778,121
Net current assets		10,908,394	7,552,089

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

	30th September 2017 HK\$'000	31st March 2017 HK\$'000
Non-current liabilities		
Long term borrowings	8,749,046	5,863,550
Medium term notes	346,378	632,253
Convertible notes	6,459	6,266
Derivative financial instruments	-	76,924
Deferred income tax liabilities	127,033	122,787
	9,228,916	6,701,780
	<hr/>	<hr/>
Net assets	18,963,759	17,698,727
	<hr/>	<hr/>
Equity		
Share capital	13,197	13,197
Reserves	18,247,873	17,023,960
Equity attributable to shareholders of the Company	18,261,070	17,037,157
Non-controlling interests	702,689	661,570
	18,963,759	17,698,727
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NOTES TO THE INTERIM FINANCIAL INFORMATION

1 Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2017 (“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 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

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 2017.

There are no amended standards or interpretations effective for financial period beginning on 1st April 2017 that would have a material impact to 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
Six months ended 30th September 2017						
Gross income	-	95,603	341,984	4,784,186	85,945	5,307,718
Segment revenue	-	95,603	288,084	423,344	85,945	892,976
Contribution to segment results	(1,636)	77,382	95,025	422,763	54,507	648,041
Depreciation	-	-	(75,658)	-	(2,995)	(78,653)
Net investment gain	-	-	-	344,491	-	344,491
Fair value gain of investment properties	-	451,528	-	-	-	451,528
Share of profits less losses of						
Joint ventures	36,661	-	-	-	1,537	38,198
Associated companies	-	(20,355)	-	-	(29)	(20,384)
Segment results	35,025	508,555	19,367	767,254	53,020	1,383,221
Unallocated corporate expenses						(72,007)
Net finance costs						(126,463)
Profit before income tax						1,184,751
Six months ended 30th September 2016						
Gross income	-	71,155	337,336	1,748,254	14,756	2,171,501
Segment revenue	-	71,155	261,897	592,268	14,756	940,076
Contribution to segment results	(919)	52,459	79,734	591,774	13,995	737,043
Depreciation	-	-	(41,367)	-	(2,604)	(43,971)
Net investment gain	-	-	-	362,797	-	362,797
Fair value gain of investment properties	-	330,216	-	-	-	330,216
Share of profits less losses of						
Joint ventures	(2,974)	-	-	-	2,225	(749)
Associated companies	-	(13,670)	-	-	(29)	(13,699)
Segment results	(3,893)	369,005	38,367	954,571	13,587	1,371,637
Unallocated corporate expenses						(76,954)
Net finance costs						(111,496)
Profit before income tax						1,183,187

Notes:

- Management regards gross income of travel operation as gross sales proceeds from the sales of air-ticket, hotel reservation arrangement and incentive travel tours.
- Management regards gross income of financial investments as comprising these revenue as defined under generally accepted accounting principles together with gross consideration from disposal of financial assets at fair value through profit or loss.

2 Segment information (continued)

	Business segments					Unallocated HK\$'000	Total HK\$'000
	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000		
As at 30th September 2017							
Assets	3,034,381	10,157,362	3,426,625	10,522,545	484,815	2,234,507	29,860,235
Assets include:							
Joint ventures and associated companies	2,341,783	1,390,907	-	-	5,226	3,574	3,741,490
Addition to non-current assets for the six months ended 30th September 2017*							
	-	10,032	41,789	-	34,629	-	86,450
Liabilities							
Borrowings	1,743,148	944,420	1,671,943	2,534,626	280,000	2,408,257	9,582,394
Other unallocated liabilities							<u>1,314,082</u>
							<u><u>10,896,476</u></u>
<hr/>							
As at 31st March 2017							
Assets	2,628,543	9,724,154	3,431,770	8,328,732	598,743	1,466,686	26,178,628
Assets include:							
Joint ventures and associated companies	1,994,900	1,411,262	-	-	152,729	3,602	3,562,493
Addition to non-current assets for the six months ended 30th September 2016*							
	-	22,182	77,442	-	12,107	-	111,731
Liabilities							
Borrowings	1,689,064	954,054	1,737,087	1,013,546	280,000	1,400,418	7,074,169
Other unallocated liabilities							<u>1,405,732</u>
							<u><u>8,479,901</u></u>

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

2 Segment information (continued)

	Six months ended	
	30th September	
	2017	2016
	HK\$'000	HK\$'000
Revenue		
Hong Kong	355,269	297,926
Overseas	537,707	642,150
	<u>892,976</u>	<u>940,076</u>
	30th	31st
	September	March
	2017	2017
	HK\$'000	HK\$'000
Non-current assets*		
Hong Kong	14,873,603	14,534,378
Overseas	1,703,126	1,398,372
	<u>16,576,729</u>	<u>15,932,750</u>

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

3 Net investment gain

	Six months ended	
	30th September	
	2017	2016
	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss		
- net unrealised gain from market price movements	229,824	340,816
- net unrealised exchange gain/(loss)	48,602	(51,860)
- net realised gain (note)	51,330	73,841
Fair value gain on derivative financial instrument	14,735	-
	<u>344,491</u>	<u>362,797</u>
Note:		
Net realised gain on financial assets at fair value through profit or loss		
Gross consideration	4,360,842	1,155,986
Cost of investments	(3,788,470)	(1,016,356)
Total gain	572,372	139,630
Less: net unrealised gain recognised in prior years	(521,042)	(65,789)
Net realised gain recognised in current period	<u>51,330</u>	<u>73,841</u>

4 Income and expenses by nature

	Six months ended 30th September	
	2017	2016
	HK\$'000	HK\$'000
Income		
Interest income		
- Listed investments	387,236	557,099
- Unlisted investments	2,034	1,200
- Loan receivables	20,265	13,213
- Bank deposits	1,730	826
Dividend income		
- Listed investments	<u>23,516</u>	<u>18,379</u>
Expenses		
Cost of properties and goods sold	11,833	10,783
Operating lease rental expenses for land and buildings	<u>1,286</u>	<u>451</u>

5 Net finance costs

	Six months ended 30th September	
	2017	2016
	HK\$'000	HK\$'000
Interest expense		
Long term bank loans	(96,502)	(80,330)
Short term bank loans and overdrafts	(6,093)	(1,199)
Medium term notes	(16,860)	(25,966)
Interest income from derivative financial instruments	1,383	1,642
Interest capitalised	<u>15,953</u>	<u>20,095</u>
	(102,119)	(85,758)
Other incidental borrowing costs	(21,419)	(20,551)
Net foreign exchange (loss)/gain on borrowings	(13,469)	14,103
Fair value gain/(loss) on derivative financial instruments		
Cash flow hedge, transfer from reserve	<u>10,544</u>	<u>(19,290)</u>
	<u>(126,463)</u>	<u>(111,496)</u>

6 Income tax expense

	Six months ended 30th September	
	2017	2016
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	(15,028)	(4,141)
Overseas profits tax	(1,322)	(1,198)
Over provision in prior years	914	1,351
	<u>(15,436)</u>	<u>(3,988)</u>
Deferred income tax credit	865	3,678
	<u>(14,571)</u>	<u>(310)</u>

Hong Kong profits tax is provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the period. Income tax on overseas profits has been calculated on the estimated assessable profit for the period at the rates of tax prevailing in the countries in which the Group operates.

7 Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2017 (2016: Nil).

8 Earnings per share

	Six months ended 30th September	
	2017	2016
	HK\$'000	HK\$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	1,136,971	1,144,608
Effect on dilutive potential shares:		
A portion of share options of the Company's listed subsidiary assume to be exercised	<u>(311)</u>	<u>(517)</u>
Profit for calculation of diluted earnings per share	<u>1,136,660</u>	<u>1,144,091</u>

Number of shares

Weighted average number of shares for calculation of		
Basic earnings per share	1,319,782,288	1,299,150,233
Effect on dilutive potential shares:		
A portion of share options of the Company assume to be exercised	2,694,510	336,460
	<u>1,322,476,798</u>	<u>1,299,486,693</u>

9 Trade and other receivables

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

Trade receivables of the Group amounted to HK\$43,761,000 (31st March 2017: HK\$90,607,000). 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:

	30th September 2017 HK\$'000	31st March 2017 HK\$'000
0 month to 6 months	43,447	89,768
7 months to 12 months	314	-
More than 12 months	-	839
	<u>43,761</u>	<u>90,607</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, interest payable and various accruals. Trade payables of the Group amounted to HK\$35,521,000 (31st March 2017: HK\$32,965,000).

Aging analysis of trade payables is as follows:

	30th September 2017 HK\$'000	31st March 2017 HK\$'000
0 month to 6 months	34,624	32,536
7 months to 12 months	465	63
More than 12 months	432	366
	<u>35,521</u>	<u>32,965</u>

Management Discussion and Analysis

RESULTS

The Group recorded revenue of HK\$893 million (2016: HK\$940 million) for the first half of the financial year with profit attributable to shareholders of the Company at HK\$1,137 million (2016: HK\$1,145 million), approximately same as corresponding period last year.

PROPERTIES SALES, DEVELOPMENT AND LEASING

Sales and Development

In China, our joint venture company has sold out the second phase of Queen's Gate, a high end villas and apartments development in Shanghai. It continued to collect sales proceeds and deliver the completed units to buyers during the interim period. The Group recognised its share of profit from these completed pre-sales contracts. Management is actively monitoring the market and regulatory conditions and is planning for the launch of the third phase of the development once authority's approval has been obtained.

Site clearance for the joint venture project at Tongzhou, Beijing was successfully completed during the period. Construction permits had been obtained prior to site clearance and construction has commenced shortly after the interim period.

In Hong Kong, our residential joint venture re-development at Perkins Road, Jardine's Lookout is progressing well and we expect target completion to be in early 2018. Sales of the development should commence quickly after.

Another luxurious residential development is being carried out by our joint venture company at Po Shan Road, mid-level. Foundation construction is in progress and is expected to complete by mid-2018.

Land exchange process for the commercial and residential development at Hung Shui Kiu, Yuen Long is ongoing. The development scheme has been approved by the Town Planning Board and pending the finalisation and issuance of exchange parameter. Another residential development at the Lam Tei station nearby is also in the process of land exchange application with the government. These two projects will provide approximately 590,000 sq. ft. of developable GFA.

In Macau, the government gazetted the expiry of the lease of the Group's site in Seac Pai Van, in February 2017. The Group lodged a judicial appeal and is still pending the instructions of the Macau Second Instance Court. Full provision on the carrying value of the site has been made in the financial year ended 31st March 2017. More details were given in the annual report for that financial year.

The Group currently has two development projects in Canada held by its listed hotel subsidiary group. In downtown Vancouver, our hotel "The Empire Landmark" has ceased operation on 1st October 2017 and will be redeveloped into a mixed use development with two residential towers. Demolition will commence in December 2017. In the same vicinity, another joint venture redevelopment project of a high-end residential complex is undergoing land re-zoning application.

Leasing

Leasing income of MassMutual Tower, 33 Lockhart Road in Wanchai had almost doubled from the same period last year, following the gradual repositioning of new tenants and the completion of extensive renovation works since the second half of last financial year. New leases were entered with considerable increase in rent per square feet. It's anticipated that the full year rental from this property will follow the same trend.

Leasing income from Asia Standard Tower in Central showed a mild increase while Goldmark in Causeway Bay decreased following the expiry of a major retail tenancy in the middle of the interim period.

Overall attributable leasing income increased by 24% from HK\$88 million to HK\$109 million. Net revaluation gain (taking into account our share of revaluation deficit from the investment property owned by an associated company) of HK\$424 million (2016: HK\$305 million) was recorded.

HOTEL

During the 6 months period, overnight stay visitors to Hong Kong increased 3% to approximately 14 million. Mainland visitors dominate this segment with 68% share, a 5% increase from same period of last year. Total hotel rooms in Hong Kong are approximately 78,000 rooms, an increase of 5% over end of the same period last year.

Revenue arising from the hotel and travel segment for the six months amounted to HK\$288 million (2016: HK\$262 million). Average occupancies for the Group's hotels in Hong Kong were approximately 95% (2016: 96%) while average room rates increased 8% from same period of last year. Overall, contribution to segment results before depreciation increased from HK\$80 million to HK\$95 million.

The occupation permit of our new hotel in Tsimshatsui was issued in August 2017, adding another 90 rooms to the portfolio towards anticipated opening in first half of 2018.

FINANCIAL INVESTMENTS

At 30th September 2017, the Group held financial investments of approximately HK\$10,307 million (31st March 2017: HK\$8,186 million), with HK\$3,623 million (31st March 2017: HK\$2,410 million) held by the listed hotel subsidiary group. The investment portfolio comprise 78% by listed debt securities (mostly issued by companies operating real estate business in China), 21% by listed equity securities (of which approximately 72% were issued by major banks) and 1% unlisted funds and securities. They are denominated in different currencies with 87% in United States dollar, 9% in Hong Kong dollar, 4% in Sterling.

The increase in portfolio size largely arose from a further investment of HK\$1,799 million and a mark-to-market valuation net gain of HK\$322 million, with HK\$319 million gain coming from equity securities (mostly from major US and UK banks and a Macau gaming company). The equity securities of US banks have benefited from the improvement of US economy, while that of the UK banks were boosted by the appreciation of Sterling during the period. The gaming resort in Macau has enjoyed improved business environment following the return of visitors with the opening of new resorts in the Cotai area..

Income from these investment portfolio amounted to HK\$423 million (2016: HK\$592 million). The decrease is mostly due to a special one-time coupon income of certain debt securities from a real estate company in interim period of last year, partially compensated by increase due to further investment in debt securities.

At 30th September 2017, an approximate value of HK\$650 million (31st March 2017: HK\$730 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

FINANCIAL REVIEW

At 30th September 2017, the Group had over HK\$7.8 billion (31st March 2017: HK\$7.6 billion) cash and undrawn banking facilities. 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 30th September 2017, the Group's total assets were approximately HK\$29.9 billion (31st March 2017: HK\$26.2 billion), the net assets were HK\$19.0 billion (31st March 2017: HK\$17.7 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group would be HK\$39.2 billion and HK\$28.1 billion, an increase of 14% and 9% compared to HK\$34.5 billion and HK\$25.9 billion respectively at 31st March 2017.

Net debt was HK\$8.8 billion (31st March 2017: HK\$7.0 billion), including HK\$3.3 billion (31st March 2017: HK\$2.2 billion) which belonged to the separately listed hotel subsidiary group. Currently, the Group's gearing (net debt to revalued net asset value) is approximately 31% (31st March 2017: 27%). 49% of the debts are secured and 92% of the debts are at floating rates. Total interest cost increased as a result of increased borrowings.

Currently the maturities of our debts spread over a long period of up to 9 years. Revolving loans account for 1% and term loans secured by financial assets repayable between one to five years account for 4%. Term loans secured by property assets account for 44% with 6% repayable within 1 year, 29% repayable between one to five years and 9% repayable after five years. The remaining 51% comprise unsecured term loans and medium term notes, with 4% repayable within 1 year and 47% repayable between one to five years. As at 30th September 2017, the Group had net current assets of HK\$10.9 billion (31st March 2017: HK\$7.6 billion).

About 92% of the Group's borrowings are in Hong Kong dollar, 3% in Renminbi, 4% in United States dollar and the remaining 1% in other currencies.

As at 30th September 2017, property assets with an aggregate net book value of HK\$14.6 billion (31st March 2017: HK\$14.0 billion) were pledged to secure banking facilities of the Group. HK\$1,160 million (31st March 2017: HK\$1,206 million) guarantees were provided to financial institutions against outstanding bank loans of joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

At 30th September 2017, the Group employed approximately 450 (31st March 2017: 440) 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 raising of stamp duties taxes in November 2016, followed by reduced bank mortgage lending ratios to developers apparently did not halt the rising trend of property prices. Demand for both commercial and residential properties are still actively pursued and evidenced by the recent high-priced en-block commercial building transaction, quick absorption of first-hand residential units with increased selling prices, and record high tender price of government development site.

There are little, if any, signs of price correction in Mainland cosmopolitans and developing urban areas over the past interim period, though stringent restrictive measures on property purchases were in place. The interest rate up-cycle and punitive measures appear to have little impact to both the local and Mainland property markets.

Hotel performance has regained some momentum since the latter half of last financial year. With the completion of more tourism and infrastructure projects, and the new initiatives to promote tourism by the Hong Kong Tourism Board, the long-term prospects of the Hong Kong hospitality industry remain positive.

The US and Hong Kong equity securities market continue to be robust in the abundant liquidity environment, while UK bank stocks are affected by the BREXIT negotiation.

Improving rental performance has been reflected with a new tenant mix following upgrading and renovation works in our Wanchai office headquarter. Further improvement is expected when occupancies continue to pick up in the latter half of the financial year. Rental from retail space dependent on tourism is reduced and experiencing a period of consolidation.

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2017 (2016: 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 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 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 2017.

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 at any time, and from time to 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 retire at the next annual general meeting but shall then be eligible for re-election at the meeting.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th September 2017.

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

Hong Kong, 29th November 2017

As at the date of this announcement, the executive directors of the Company are Mr. Fung Siu To, Clement, Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Lun Pui Kan, 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.