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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 2019

FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	Six months ended 30th September		Change
	2019	2018	
Revenue	1,260	1,031	+22%
Operating profit	1,036	1,103	-6%
Profit attributable to shareholders of the Company	635	909	-30%
Earnings per share – basic (HK\$)	0.48	0.69	-30%
	30th September 2019	31st March 2019	
Total assets	37,329	37,913	-2%
Net assets	20,358	20,432	-
Equity attributable to shareholders of the Company	19,623	19,691	-
Net debt	14,967	15,711	-5%
Supplementary information with hotel properties in operation at valuation:			
Revalued total assets	46,715	47,265	-1%
Revalued net assets	29,750	29,784	-
Equity attributable to shareholders of the Company	27,390	27,425	-
Gearing - net debt to revalued net assets	50%	53%	-3%

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 2019 together with the comparative figures for the six months ended 30th September 2018 were as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

For the six months ended 30th September

	<i>Note</i>	2019 HK\$'000	2018 HK\$'000
Sales of goods and services, leasing and other revenue		372,810	390,780
Interest revenue		887,477	640,558
Total revenue	2	1,260,287	1,031,338
Cost of sales		(150,827)	(157,721)
Gross profit		1,109,460	873,617
Selling and administrative expenses		(133,020)	(127,180)
Depreciation		(72,107)	(59,670)
Net investment gain/(loss)	3	36,549	(218,636)
Fair value gain of investment properties		95,341	634,658
Operating profit		1,036,223	1,102,789
Net finance costs	5	(306,665)	(231,147)
Share of profits less losses of Joint ventures Associated companies		(1,491) (34,998)	26,768 48,877
Profit before income tax		693,069	947,287
Income tax expense	6	(13,693)	(15,823)
Profit for the period		679,376	931,464
Attributable to:			
Shareholders of the Company		635,149	909,008
Non-controlling interests		44,227	22,456
		679,376	931,464
Earnings per share (HK\$)			
Basic	8	0.48	0.69
Diluted	8	0.48	0.69

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

For the six months ended 30th September

	2019 HK\$'000	2018 HK\$'000
Profit for the period	<u>679,376</u>	<u>931,464</u>
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 ("FVOCI")	(544,683)	(1,087,869)
Cash flow hedges		
- fair value gain	-	1,796
- transfer to finance costs	-	(3,660)
- realised loss	-	(446)
Currency translation differences	2,263	223
Share of currency translation differences of joint ventures	(84,163)	(152,169)
Items that will not be reclassified to profit or loss:		
Equity securities at FVOCI		
- net fair value loss	(85,694)	(178,266)
- realised gain	186	-
	<u>(712,091)</u>	<u>(1,420,391)</u>
Total comprehensive charge for the period	<u>(32,715)</u>	<u>(488,927)</u>
Attributable to:		
Shareholders of the Company	(32,376)	(431,123)
Non-controlling interests	(339)	(57,804)
	<u>(32,715)</u>	<u>(488,927)</u>

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

	<i>Note</i>	30th September 2019 HK\$'000	31st March 2019 HK\$'000
Non-current assets			
Investment properties		9,985,883	9,869,038
Property, plant and equipment		4,026,809	4,070,568
Joint ventures and associated companies		5,515,624	5,435,417
Loan receivables		1,327	1,411
Financial investments		492,982	586,982
Deferred income tax assets		70,955	58,615
		20,093,580	20,022,031
Current assets			
Properties under development for sale		1,583,732	1,583,618
Completed properties held for sale		3,481	3,481
Hotel and restaurant inventories		20,718	21,615
Trade and other receivables	9	598,514	504,921
Income tax recoverable		5,015	3,553
Financial investments		14,185,939	15,014,101
Bank balances and cash		837,696	759,358
		17,235,095	17,890,647
Current liabilities			
Trade and other payables	10	219,256	168,438
Contract liabilities		198,712	199,405
Amount due to joint ventures		277,472	199,855
Amount due to an associated company		224,400	224,400
Amount due to non-controlling interest		43,764	39,225
Income tax payable		80,327	61,714
Borrowings		2,741,281	3,934,536
Medium term notes		249,488	99,820
		4,034,700	4,927,393
Net current assets		13,200,395	12,963,254

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

	30th September 2019 HK\$'000	31st March 2019 HK\$'000
Non-current liabilities		
Long term borrowings	12,806,517	12,180,255
Medium term notes	-	249,035
Convertible notes	7,303	7,078
Lease liabilities	3,349	-
Deferred income tax liabilities	118,569	117,080
	12,935,738	12,553,448
Net assets	20,358,237	20,431,837
Equity		
Share capital	13,197	13,197
Reserves	19,609,751	19,677,761
Equity attributable to shareholders of the Company	19,622,948	19,690,958
Non-controlling interests	735,289	740,879
	20,358,237	20,431,837

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2019 (“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 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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 2019, except for the adoption of the following new standard that is effective for the financial year ending 31st March 2020 which is relevant to the Group’s operations and is mandatory for accounting periods beginning on or after 1st January 2019:

HKFRS 16 Leases

The adoption of HKFRS 16 from 1st April 2019 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in HKFRS 16, comparative figures have not been restated.

Effect on adoption of HKFRS 16 is as follows:

	HK\$’000
Operating lease commitments disclosed as at 1st April 2019	<u>6,332</u>
Discounted using the lessee’s incremental borrowing rate at the date of initial application	3,753
Less: short-term lease recognised on a straight-line basis as expense	<u>(1,827)</u>
Lease liabilities recognised as at 1st April 2019	<u>1,926</u>
Of which are:	
Current – included in trade and other payables	1,098
Non-current – lease liabilities	<u>828</u>
	<u>1,926</u>

1 Basis of preparation (Continued)

The associated right-of-use assets for leases were measured on a modified retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at amounts equal to the lease liabilities, adjusted by the amounts of any prepaid or accrued lease payments relating to the leases recognised in the financial statements at 31st March 2019.

Upon the adoption of HKFRS 16, the Group reclassified the leasehold land in Hong Kong to right-of-use assets for presentation purpose.

The change in accounting policy affected the following items in the condensed consolidated balance sheet at 1st April 2019:

Condensed consolidated balance sheet (extract)

	As previously reported HK\$'000	Effects on adoption of HKFRS 16		As adjusted HK\$'000
		Reclassification HK\$'000	Recognition of leases HK\$'000	
Assets				
Property, plant and equipment				
Leasehold land in Hong Kong	2,748,491	(2,748,491)	-	-
Right-of-use assets	-	2,748,491	1,926	2,750,417
Liabilities				
Current – trade and other payables	168,438	-	1,098	169,536
Non-current – lease liabilities	-	-	828	828

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- use of a single discount rate for a portfolio of leases with reasonably similar characteristics
- accounting for operating leases with a remaining lease term of less than 12 months at 1st April 2019 as short-term leases, and
- exclusion of initial direct costs for the measurement of right-of-use assets at the date of initial application

There are no other standards or interpretations effective for financial period beginning on 1st April 2019 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 2019						
Segment revenue	-	108,583	219,807	920,884	11,013	1,260,287
Contribution to segment results	(3,302)	89,623	44,301	918,658	11,012	1,060,292
Depreciation	(9,270)	-	(56,015)	-	(6,822)	(72,107)
Net investment gain	-	-	-	36,549	-	36,549
Fair value gain of investment properties	-	95,341	-	-	-	95,341
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)	151,260	(11,714)	955,207	3,362	1,083,586
Unallocated corporate expenses						(83,852)
Net finance costs						(306,665)
Profit before income tax						693,069
Six months ended 30th September 2018						
Segment revenue	-	104,860	260,268	654,863	11,347	1,031,338
Contribution to segment results	(13,043)	86,638	81,647	653,737	10,946	819,925
Depreciation	-	-	(50,483)	-	(9,187)	(59,670)
Net investment loss	-	-	-	(218,636)	-	(218,636)
Fair value gain of investment properties	-	634,658	-	-	-	634,658
Share of profits less losses of						
Joint ventures	21,785	-	-	-	4,983	26,768
Associated companies	-	48,961	-	-	(84)	48,877
Segment results	8,742	770,257	31,164	435,101	6,658	1,251,922
Unallocated corporate expenses						(73,488)
Net finance costs						(231,147)
Profit before income tax						947,287

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 2019							
Assets	5,705,134	11,408,248	3,027,742	15,138,761	75,419	1,973,371	37,328,675
Assets include:							
Joint ventures and associated companies	4,085,663	1,381,026	-	-	46,194	2,741	5,515,624
Addition to non-current assets for the six months ended 30th September 2019*							
	12,047	21,504	3,596	-	1,808	15,543	54,498
Liabilities							
Borrowings	3,185,391	1,025,865	3,588,840	1,104,177	-	6,643,525	15,547,798
Other unallocated liabilities							<u>1,422,640</u>
							<u><u>16,970,438</u></u>
<hr/>							
As at 31st March 2019							
Assets	5,676,357	11,407,759	3,071,791	15,983,221	61,528	1,712,022	37,912,678
Assets include:							
Joint ventures and associated companies	3,902,089	1,495,579	-	-	34,668	3,081	5,435,417
Addition to non-current assets for the six months ended 30th September 2018*							
	204,851	3,546	39,912	-	8,299	-	256,608
Liabilities							
Borrowings	3,216,658	1,049,841	3,407,533	1,171,545	-	7,269,214	16,114,791
Other unallocated liabilities							<u>1,366,050</u>
							<u><u>17,480,841</u></u>

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

2 Segment information (Continued)

	Six months ended	
	30th September	
	2019	2018
	HK\$'000	HK\$'000
Revenue		
Hong Kong	342,229	380,861
Overseas	918,058	650,477
	<u>1,260,287</u>	<u>1,031,338</u>
	30th	31st
	September	March
	2019	2019
	HK\$'000	HK\$'000
Non-current assets*		
Hong Kong	16,835,663	16,686,302
Overseas	2,692,653	2,688,721
	<u>19,528,316</u>	<u>19,375,023</u>

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

3 Net investment gain/(loss)

	Six months ended	
	30th September	
	2019	2018
	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss (“FVPL”)		
- net unrealised (loss)/gain from market price movements	(59,959)	22,264
- net unrealised exchange loss	(12,654)	(22,879)
- net realised gain/(loss) (note (a))	91,426	(4,332)
Financial assets at FVOCI		
- net unrealised exchange loss	(10,065)	(34,472)
- net realised gain (note (b))	17,114	6,341
- changes in expected credit losses and other credit impairment charges	10,687	(187,284)
Derivative financial instrument		
- net realised gain	-	1,726
	<u>36,549</u>	<u>(218,636)</u>

3 Net investment gain/(loss) (Continued)

Notes:

	Six months ended 30th September	
	2019	2018
	HK\$'000	HK\$'000
(a) Net realised gain/(loss) on financial assets at FVPL		
Gross consideration	907,892	269,909
Cost of investments	(474,938)	(419,711)
Total gain/(loss)	432,954	(149,802)
(Less)/add: net unrealised (gain)/loss recognised in prior years	(341,528)	145,470
Net realised gain/(loss) recognised in current period	91,426	(4,332)
(b) Net realised gain on financial assets at FVOCI		
Gross consideration	2,291,884	407,447
Cost of investments	(2,265,898)	(397,033)
Total gain	25,986	10,414
Transfer from investment revaluation reserve	(8,872)	(4,073)
Net realised gain recognised in current period	17,114	6,341

4 Income and expenses by nature

	Six months ended 30th September	
	2019	2018
	HK\$'000	HK\$'000
Income		
Interest income from financial assets at FVOCI/FVPL		
- Listed investments	874,847	627,496
- Unlisted investments	2,345	2,034
Interest income from financial assets that are measured at amortised cost		
- Loan receivables	9,122	9,810
- Bank deposits	1,163	1,218
Dividend income		
- Listed investments	37,455	25,332
Expenses		
Cost of properties and goods sold	3,340	6,009

5 Net finance costs

	Six months ended 30th September	
	2019	2018
	HK\$'000	HK\$'000
Interest expense		
Long term bank loans	(258,662)	(201,352)
Short term bank loans and overdrafts	(24,064)	(12,790)
Medium term notes	(7,651)	(9,224)
Lease liabilities	(61)	-
Interest income from hedging derivative financial instruments	-	740
Interest capitalised	21,142	13,793
	<u>(269,296)</u>	<u>(208,833)</u>
Other incidental borrowing costs	(38,065)	(23,242)
Net foreign exchange gain/(loss) on borrowings	696	(2,732)
Fair value gain on derivative financial instruments		
Cash flow hedge, transfer from reserve	-	3,660
	<u>(306,665)</u>	<u>(231,147)</u>

6 Income tax expense

	Six months ended 30th September	
	2019	2018
	HK\$'000	HK\$'000
Current income tax		
Hong Kong profits tax	(13,321)	(18,700)
Overseas profits tax	-	(1,387)
Under provision in prior years	(8,137)	(102)
	<u>(21,458)</u>	<u>(20,189)</u>
Deferred income tax credit	7,765	4,366
	<u>(13,693)</u>	<u>(15,823)</u>

Hong Kong profits tax is provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the period. Overseas profits tax has been calculated on the estimated assessable profit for the period at the rate 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 2019 (2018: Nil).

8 Earnings per share

	Six months ended 30th September	
	2019	2018
	HK\$'000	HK\$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	635,149	909,008
Effect on dilutive potential shares:		
A portion of share options of the Company's listed subsidiary assumed to be exercised	<u>(42)</u>	<u>(121)</u>
Profit for calculation of diluted earnings per share	<u>635,107</u>	<u>908,887</u>

	Number of shares	
Weighted average number of shares for calculation of basic earnings per share	1,319,782,288	1,319,782,288
Effect on dilutive potential shares:		
A portion of share options of the Company assumed to be exercised	<u>323,449</u>	<u>1,683,996</u>
Weighted average number of shares for calculation of diluted earnings per share	<u>1,320,105,737</u>	<u>1,321,466,284</u>

9 Trade and other receivables

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

Trade receivables of the Group amounted to HK\$40,546,000 (31st March 2019: HK\$58,204,000). 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.

Aging analysis of trade receivables net of loss allowance is as follows:

	30th September 2019 HK\$'000	31st March 2019 HK\$'000
0 month to 6 months	37,606	55,644
7 months to 12 months	2,512	1,588
More than 12 months	<u>428</u>	<u>972</u>
	<u>40,546</u>	<u>58,204</u>

10 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 payable and various accruals. Trade payables of the Group amounted to HK\$44,985,000 (31st March 2019: HK\$21,357,000).

Aging analysis of trade payables is as follows:

	30th September 2019 HK\$'000	31st March 2019 HK\$'000
0 month to 6 months	44,301	20,563
7 months to 12 months	27	206
More than 12 months	657	588
	44,985	21,357

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group recorded revenue of HK\$1,260 million (2018: HK\$1,031 million) for the first half of the financial year with profit attributable to shareholders of the Company at HK\$635 million (2018: HK\$909 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 a much-reduced revaluation surplus from investment properties, resulting in a decrease in profit attributable to shareholders.

PROPERTIES SALES, DEVELOPMENT AND LEASING

SALES AND DEVELOPMENT

The Group's various development projects in Hong Kong, mainland China and Canada progressed satisfactorily during the period.

Mainland China

In Tongzhou, Beijing, sub-structure works for the residential towers of our 2.3 million sq. ft. GFA joint venture residential and commercial development has been completed shortly after interim period end. Presale for phase I of the residential units commenced in mid-July 2019 and is well received, contracted more than RMB700 million sales up to end of the interim period under review.

In Qingpu, Shanghai, sales of the last phase of Queen's Gate, a high-end joint venture villas and apartments development, also began in mid-July 2019. Up to end of the interim period, close to 55% of the remaining units were sold, contracting about RMB550 million.

Hong Kong

In Jardine's Lookout, the Group continued sales and marketing efforts of its ultra-luxurious joint venture residential development, Dukes Place, comprising 16 elegantly designed units. Fitting out of various show flats and garden villa were completed, that of penthouse is under progress and scheduled to complete by first quarter 2020.

On Po Shan Road, foundation works of another luxurious joint venture residential development had completed and superstructure works will commence shortly.

In Hung Shui Kiu Yuen Long, provisional basic terms of land exchange for the commercial and residential development were concluded, the process is now in the course of land premium negotiation. The development will provide approximately 520,000 sq. ft. of GFA. Another residential development at Lam Tei light-rail station nearby is in the early stage of land exchange application with the government and, the development when completed will provide about 67,000 sq. ft. of GFA.

In Kowloon Bay, the commercial building Octa Tower of approximately 800,000 sq. ft. marketable GFA, is undergoing repositioning. Common areas are being renovated and completion is expected by mid-2020. Sizable corporations are being targeted as anchor tenant.

Canada (development through hotel subsidiary group)

Demolition of our Empire Landmark Hotel is substantially completed, shoring and excavation work will follow shortly, redeveloping the hotel 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 30th September 2019.

Approval for land re-zoning of joint venture redevelopment of another high-end residential complex of approximate 627,000 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. Prior to Letter was received from local city council in June 2019, and we are expecting the ultimate development and building permits from the local authority.

Another joint venture development that is also located at Alberni Street in downtown Vancouver is in the planning stage for development into premium residential units for sale. The rezoning resubmission package is scheduled to be submitted to the City in early 2020.

LEASING

Leasing income of MassMutual Tower (renamed to YF Life Tower on 1 June 2019), 33 Lockhart Road in Wanchai and Asia Standard Tower in Queen’s Road Central had slightly increased compared to same period last year. Occupancies of both office tower remained high at above 95% for both periods.

Overall attributable leasing income increased by 3% from HK\$117 million to HK\$120 million. Net revaluation gain (taking into account our share of revaluation loss (2018: gain) from the investment property owned by an associated company) of HK\$56 million (2018: HK\$677 million) was recorded.

HOTEL

During the period, overnight stay visitors to Hong Kong decreased by 14% to approximately 12 million. Mainland visitors dominated this segment with 69% share, and their arrival decreased slightly by less than 1% from same period last year. Total hotel rooms in Hong Kong are approximately 83,100 rooms, an increase of 4% over same period last year.

Revenue arising from the hotel and travel segment for the period amounted to HK\$220 million (2018: HK\$260 million). Average occupancies for our hotels in Hong Kong were approximately 80% (2018: 95%) while average room rates decreased 17%. Overall, contribution to segment results before depreciation decreased from HK\$82 million to HK\$44 million, being impacted by the local political event.

FINANCIAL INVESTMENTS

At 30th September 2019, the Group held financial investments of approximately HK\$14,679 million (31st March 2019: HK\$15,601 million), with HK\$6,395 million (31st March 2019: HK\$6,987 million) held by the listed hotel subsidiary group. The investment portfolio comprised of 92% listed debt securities (mostly issued by PRC-based real estate companies), 5% by listed equity securities and 3% unlisted funds and securities. They are denominated in different currencies with 95% in United States dollar, 4% in Hong Kong dollar and 1% in other currencies.

The portfolio's decrease was due to net disposal of HK\$266 million and a mark-to-market valuation net loss of HK\$656 million, of which a net investment loss of HK\$83 million was charged to profit and loss while the remaining HK\$573 million were recognized in the investment reserve account. The net investment loss comprised net fair value losses of listed equity securities, exchange losses and provisions for expected credit loss, compensated by realised gain upon partial disposal/redemption of the securities. The drop in market price is mainly due to a higher interest rate environment during the interim period, the market correction following uncertainties over the Sino-US trade conflict, the increased yield of new issuance, and the various austerity measures over the PRC property market.

Income from this investment portfolio amounted to HK\$921 million (2018: HK\$655 million). The increase resulted from further investment in debt securities.

At 30th September 2019, an approximate value of HK\$2,690 million (31st March 2019: HK\$1,910 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 30th September 2019, it had over HK\$8.9 billion (31st March 2019: HK\$7.3 billion) cash and undrawn banking facilities.

At 30th September 2019, the Group's total assets were approximately HK\$37.3 billion (31st March 2019: HK\$37.9 billion), the net assets were HK\$20.4 billion (31st March 2019: HK\$20.4 billion). Adopting market value of hotel properties in operation, the revalued total assets and revalued net assets of the Group were HK\$46.7 billion and HK\$29.8 billion, a decrease of 1% and approximately the same compared to HK\$47.3 billion and HK\$29.8 billion respectively at 31st March 2019.

Net debt was HK\$15.0 billion (31st March 2019: HK\$15.7 billion), including HK\$6.2 billion (31st March 2019: HK\$6.6 billion) which belonged to the separately listed hotel subsidiary group. Total interest cost increased as a result of increased borrowings together with market interest rate hikes. Currently, the Group's net gearing ratio (net debt to revalued net asset value) is approximately 50% (31st March 2019: 53%). As at 30th September 2019, the Group had net current assets of HK\$13.2 billion (31st March 2019: HK\$13.0 billion) and the HK\$15.5 billion aggregate amount of marketable securities and cash together represented 5.2 times of the HK\$3.0 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 7 years, with 5% repayable after 5 years and 76% repayable between one to five years. The remaining 19% comprise medium term notes, 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 Canadian dollar.

As at 30th September 2019, property assets with an aggregate net book value of HK\$16.4 billion (31st March 2019: HK\$16.5 billion) were pledged to secure banking facilities of the Group. HK\$2,801 million (31st March 2019: HK\$2,733 million) guarantees were provided to financial institutions and third parties against outstanding loans of joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

At 30th September 2019, the Group employed approximately 350 (31st March 2019: 350) 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

Hong Kong's economy was suddenly adversely impacted by local political event since the second half of the interim period, technically, economic recession is declared following two consecutive seasons of negative growth. The impact is already evidenced in our hotel operation performance and also in the retail segment. Local government instituted various measures to lessen the negative impact, including support towards the small and medium-sized enterprises, and tourism. At the same time existing mortgage constraints on first time home purchasers is relaxed.

The property sales of our Beijing and Shanghai joint venture projects is satisfactory and encouraging, with the stabilisation of mainland property market, we expect the performance would be maintained for the remaining half of the financial year.

Financial markets continue 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. The Sino-US trade negotiation has always been uncertain but is currently inclining towards reaching an agreement. Our investment in fixed income securities continues to be a strong pillar in providing a 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. However, the leasing segment is exposing to the negative impact from the local political event, especially the retail portion.

Management exert tremendous cautious and prudent to alleviate and mitigate any negative impact in this restless environment.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2019 (2018: 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 2019.

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 2019.

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

Hong Kong, 28th November 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, 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.