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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 2020

#### FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	2020	2019	Change
Revenue	<b>2,375</b>	2,207	+8%
Operating profit	<b>1,480</b>	1,900	-22%
Profit attributable to shareholders of the Company	<b>728</b>	1,389	-48%
Earnings per share – basic (HK\$)	<b>0.55</b>	1.05	-48%
Total assets	<b>38,235</b>	37,913	+1%
Net assets	<b>18,851</b>	20,432	-8%
Equity attributable to shareholders of the Company	<b>18,228</b>	19,691	-7%
Net debt	<b>17,269</b>	15,711	+10%
Supplementary information with hotel properties in operation at valuation:			
Revalued total assets	<b>47,118</b>	47,265	-
Revalued net assets	<b>27,734</b>	29,784	-7%
Equity attributable to shareholders of the Company	<b>25,574</b>	27,425	-7%
Gearing - net debt to revalued net assets	<b>62%</b>	53%	+9%

The board of directors (the “Board”) 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 2020 together with the comparative figures for the year ended 31st March 2019 were as follows:

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2020

	<i>Note</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
Sales of goods and services, leasing and other revenue		<b>577,619</b>	807,714
Interest revenue		<b>1,797,397</b>	1,399,766
Total revenue	2	<b>2,375,016</b>	2,207,480
Cost of sales		<b>(242,868)</b>	(288,543)
Gross profit		<b>2,132,148</b>	1,918,937
Selling and administrative expenses		<b>(256,051)</b>	(270,120)
Depreciation		<b>(140,138)</b>	(118,282)
Net investment loss	3		
Net realised and unrealised loss		<b>(46,553)</b>	(84,047)
Changes in expected credit losses and other credit impairment charges		<b>(85,358)</b>	(398,203)
Fair value (loss)/gain of investment properties		<b>(123,793)</b>	852,158
Operating profit		<b>1,480,255</b>	1,900,443
Net finance costs	5	<b>(594,864)</b>	(484,975)
Share of profits less losses of			
Joint ventures		<b>64,433</b>	16,750
Associated companies		<b>(142,835)</b>	54,593
Profit before income tax		<b>806,989</b>	1,486,811
Income tax expense	6	<b>(12,178)</b>	(38,722)
Profit for the year		<b>794,811</b>	1,448,089
Attributable to:			
Shareholders of the Company		<b>727,979</b>	1,388,728
Non-controlling interests		<b>66,832</b>	59,361
		<b>794,811</b>	1,448,089
Earnings per share (HK\$)			
Basic	8	<b>0.55</b>	1.05
Diluted	8	<b>0.55</b>	1.05

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31st March 2020

	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
Profit for the year	<b>794,811</b>	1,448,089
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	<b>(1,910,016)</b>	(81,031)
Cash flow hedges		
- fair value (loss)/gain	<b>(39,048)</b>	1,796
- transfer to finance costs	<b>3,987</b>	(3,660)
- realised loss	-	(446)
Currency translation differences	<b>(30,811)</b>	(15,696)
Share of currency translation differences of joint ventures	<b>(141,188)</b>	(130,908)
Items that will not be reclassified to profit or loss		
Equity securities at fair value through other comprehensive income		
- net fair value loss	<b>(218,300)</b>	(105,568)
- realised gain	<b>186</b>	-
	<b>(2,335,190)</b>	(335,513)
Total comprehensive (charge)/income for the year	<b>(1,540,379)</b>	1,112,576
Attributable to:		
Shareholders of the Company	<b>(1,427,283)</b>	1,061,520
Non-controlling interests	<b>(113,096)</b>	51,056
	<b>(1,540,379)</b>	1,112,576

## CONSOLIDATED BALANCE SHEET

As at 31st March 2020

	<i>Note</i>	<b>2020</b> <b>HK\$'000</b>	2019 HK\$'000
<b>Non-current assets</b>			
Investment properties		<b>9,769,964</b>	9,869,038
Property, plant and equipment		<b>4,647,644</b>	4,070,568
Investment in joint ventures and associated companies		<b>4,615,336</b>	4,212,324
Amount due from joint ventures and associated companies		<b>1,981,167</b>	1,223,093
Loan receivables		<b>1,235</b>	1,411
Financial investments		<b>415,305</b>	586,982
Deferred income tax assets		<b>97,562</b>	58,615
		<b>21,528,213</b>	20,022,031
<b>Current assets</b>			
Properties under development for sale		<b>969,177</b>	1,583,618
Completed properties held for sale		<b>3,481</b>	3,481
Hotel and restaurant inventories		<b>20,144</b>	21,615
Trade and other receivables	9	<b>670,092</b>	504,921
Income tax recoverable		<b>5,545</b>	3,553
Financial investments		<b>14,020,231</b>	15,014,101
Bank balances and cash		<b>1,018,279</b>	759,358
		<b>16,706,949</b>	17,890,647
<b>Current liabilities</b>			
Trade and other payables	10	<b>162,586</b>	168,438
Contract liabilities		<b>197,582</b>	199,405
Amount due to joint ventures		<b>213,951</b>	199,855
Amount due to an associated company		<b>224,400</b>	224,400
Amount due to non-controlling interests		<b>44,511</b>	39,225
Income tax payable		<b>86,693</b>	61,714
Borrowings		<b>5,644,992</b>	3,934,536
Medium term notes		<b>249,940</b>	99,820
		<b>6,824,655</b>	4,927,393
<b>Net current assets</b>		<b>9,882,294</b>	12,963,254

## CONSOLIDATED BALANCE SHEET

As at 31st March 2020

	2020 HK\$'000	2019 HK\$'000
Non-current liabilities		
Long term borrowings	12,385,072	12,180,255
Medium term notes	-	249,035
Convertible notes	7,530	7,078
Derivative financial instruments	39,048	-
Lease liabilities	2,335	-
Deferred income tax liabilities	125,949	117,080
	<u>12,559,934</u>	<u>12,553,448</u>
Net assets	<u>18,850,573</u>	<u>20,431,837</u>
Equity		
Share capital	13,197	13,197
Reserves	18,214,844	19,677,761
Equity attributable to shareholders of the Company	18,228,041	19,690,958
Non-controlling interests	622,532	740,879
	<u>18,850,573</u>	<u>20,431,837</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, financial assets at fair value through profit or loss (“FVPL”), financial assets at fair value through other comprehensive income (“FVOCI”) and derivative financial instruments, which are carried at fair value, and in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies and methods of computation used in the preparation of these annual financial statements are consistent with those used in 2019, except for the adoption of the following new or revised standards, amendments and improvement to standards and interpretations of HKFRS 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 2019:

HKFRS 16	Leases
Annual Improvement	Annual improvements to HKFRS 2015-2017 cycle
Amendments to HKFRS 9	Prepayment features with negative compensation
Amendments to HKAS 19	Plan amendment, curtailment or settlement
Amendments to HKAS 28	Long-term interests in associates and joint ventures
HK (IFRIC) – Interpretation 23	Uncertainty over income tax treatments

Except for HKFRS 16, the adoption of the other new or revised standards, amendments and improvement to standards and interpretations of HKFRS stated above did not have significant impact to the consolidated financial statements in the current and prior years.

#### 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 consolidated 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 consolidated 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 consolidated balance sheet at 1st April 2019:

### Consolidated balance sheet (extract)

	Effects on adoption of HKFRS 16			
	As previously reported HK\$'000	Reclassification HK\$'000	Recognition of leases HK\$'000	As adjusted HK\$'000
<b>Assets</b>				
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
<b>Liabilities</b>				
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.

Certain new/revised standards, amendments and interpretations to HKFRS have been issued but are not yet effective for the year ended 31st March 2020 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>2020</b>						
Segment revenue	<u>170</u>	<u>215,158</u>	<u>297,203</u>	<u>1,822,084</u>	<u>40,401</u>	<u>2,375,016</u>
Contribution to segment results	(4,763)	166,730	24,493	1,818,406	38,506	2,043,372
Depreciation	(11,818)	-	(114,802)	-	(13,518)	(140,138)
Net investment loss	-	-	-	(131,911)	-	(131,911)
Fair value loss of investment properties	-	(123,793)	-	-	-	(123,793)
Share of profits less losses of						
Joint ventures	63,758	-	-	-	675	64,433
Associated companies	<u>-</u>	<u>(140,976)</u>	<u>-</u>	<u>-</u>	<u>(1,859)</u>	<u>(142,835)</u>
Segment results	47,177	(98,039)	(90,309)	1,686,495	23,804	1,569,128
Unallocated corporate expenses						(167,275)
Net finance costs						<u>(594,864)</u>
Profit before income tax						<u><u>806,989</u></u>
<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	<u>-</u>	<u>55,062</u>	<u>-</u>	<u>-</u>	<u>(469)</u>	<u>54,593</u>
Segment results	(29,765)	1,080,380	118,920	938,666	23,120	2,131,321
Unallocated corporate expenses						(159,535)
Net finance costs						<u>(484,975)</u>
Profit before income tax						<u><u>1,486,811</u></u>



## 2 Segment information (Continued)

	Business segments					Unallocated	Total
	Property sales	Property leasing	Hotel and travel	Financial investments	Others		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>2020</b>							
Assets	6,368,482	11,088,099	2,937,946	14,953,098	112,087	2,775,450	38,235,162
Assets include:							
Joint ventures and associated companies	5,272,148	1,273,754	-	-	48,425	2,176	6,596,503
Addition to non-current assets*	577,374	24,719	18,241	-	4,344	51,039	675,717
Liabilities							
Borrowings	3,167,531	1,001,890	3,522,554	1,103,773	-	9,234,316	18,030,064
Other liabilities							<u>1,354,525</u>
							<u>19,384,589</u>
<b>2019</b>							
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*	79,338	10,695	58,062	-	12,343	-	160,438
Liabilities							
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>

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

## 2 Segment information (Continued)

	2020 HK\$'000	2019 HK\$'000
<b>Revenue</b>		
Hong Kong	610,954	785,693
Overseas	<u>1,764,062</u>	<u>1,421,787</u>
	<u><b>2,375,016</b></u>	<u><b>2,207,480</b></u>
<b>Non-current assets*</b>		
Hong Kong	18,071,924	16,686,302
Overseas	<u>2,942,187</u>	<u>2,688,721</u>
	<u><b>21,014,111</b></u>	<u><b>19,375,023</b></u>

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

## 3 Net investment loss

	2020 HK\$'000	2019 HK\$'000
Financial assets at FVPL		
- net unrealised gain/(loss) from market price movements	5,895	(113,459)
- net unrealised exchange gain/(loss)	100	(20,386)
- net realised gain/(loss) (note (a))	36,887	(4,827)
Financial assets at FVOCI		
- net unrealised exchange (loss)/gain	(149,912)	4,084
- net realised gain (note (b))	60,477	48,815
- changes in expected credit losses and other credit impairment charges	(85,358)	(398,203)
Derivative financial instrument		
- net realised gain	<u>-</u>	<u>1,726</u>
	<u><b>(131,911)</b></u>	<u><b>(482,250)</b></u>

Notes:

(a) Net realised gain/(loss) on financial assets at FVPL		
Gross consideration	1,196,960	271,373
Cost of investments	<u>(973,432)</u>	<u>(421,631)</u>
Total gain/(loss)	223,528	(150,258)
(Less)/add: net unrealised (gain)/loss recognised in prior years	<u>(186,641)</u>	<u>145,431</u>
Net realised gain/(loss) recognised in current year	<u><b>36,887</b></u>	<u><b>(4,827)</b></u>

### 3 Net investment loss (Continued)

	2020 HK\$'000	2019 HK\$'000
(b) Net realised gain on financial assets at FVOCI		
Gross consideration	4,335,804	3,948,906
Cost of investments	<u>(4,244,815)</u>	<u>(3,868,131)</u>
Total gain	90,989	80,775
Transfer from investment revaluation reserve	<u>(30,512)</u>	<u>(31,960)</u>
Net realised gain recognised in current year	<u><u>60,477</u></u>	<u><u>48,815</u></u>

### 4 Income and expenses by nature

	2020 HK\$'000	2019 HK\$'000
<b>Income</b>		
Interest income from financial assets at FVOCI/FVPL		
- Listed investments	1,768,136	1,370,116
- Unlisted investments	5,187	4,056
Interest income from financial assets that are measured at amortised cost		
- Joint ventures	18,562	11,303
- Loan receivables	2,072	9,848
- Bank deposits	3,440	4,443
Dividend income		
- Listed investments	<u>40,168</u>	<u>47,159</u>
<b>Expenses</b>		
Cost of properties and goods sold	80,686	89,788
Operating lease rental expenses for land and buildings	<u>1,040</u>	<u>3,416</u>

## 5 Net finance costs

	2020 HK\$'000	2019 HK\$'000
Interest expense		
Long term bank loans	(527,992)	(408,748)
Short term bank loans and overdrafts	(34,802)	(42,753)
Medium term notes	(14,162)	(17,845)
Lease liabilities	(140)	-
Interest income from hedging derivative financial instruments	239	740
Interest capitalised	44,099	32,361
	<u>(532,758)</u>	<u>(436,245)</u>
Other incidental borrowing costs	(62,962)	(48,215)
Net foreign exchange gain/(loss) on borrowings	4,843	(4,175)
Fair value (loss)/gain on derivative financial instruments		
Cash flow hedge, transfer from reserve	(3,987)	3,660
	<u>(594,864)</u>	<u>(484,975)</u>

## 6 Income tax expense

	2020 HK\$'000	2019 HK\$'000
Current income tax expense		
Hong Kong profits tax	(31,887)	(46,914)
Overseas profits tax	-	(6,659)
(Under)/over provision in prior years	(7,114)	1,996
	<u>(39,001)</u>	<u>(51,577)</u>
Deferred income tax credit	26,823	12,855
	<u>(12,178)</u>	<u>(38,722)</u>

Hong Kong profits tax is provided at the rate of 16.5% (2019: 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

	2020 HK\$'000	2019 HK\$'000
Interim, nil (2019: Nil)	-	-
Final, proposed, nil (2019: HK2.7 cents per share)	-	35,634
	<u>-</u>	<u>35,634</u>

At a meeting held on 26th June 2020, the Board has resolved not to recommend the payment of a final dividend for the year ended 31st March 2020 (2019: HK2.7 cents per share).

## 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>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	<b>727,979</b>	1,388,728
Effect on dilutive potential shares:		
A portion of share options of the Company's listed subsidiary assume to be exercised	-	(206)
Profit for calculation of diluted earnings per share	<b><u>727,979</u></b>	<b><u>1,388,522</u></b>

	<b>Number of shares</b>	
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	-	1,145,165
Weighted average number of shares for calculation of diluted earnings per share	<b><u>1,319,782,288</u></b>	<b><u>1,320,927,453</u></b>

The diluted earnings per share is equal to the basic earnings per share since there exist no dilutive potential share during the year ended 31st March 2020.

## 9 Trade and other receivables

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

Trade receivables of the Group amounted to approximately HK\$35,205,000 (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 evaluation of customers is performed periodically.

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

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
0 month to 6 months	<b>34,732</b>	55,644
7 months to 12 months	<b>15</b>	1,588
More than 12 months	<b>458</b>	972
	<b><u>35,205</u></b>	<b><u>58,204</u></b>

## 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, lease liabilities and various accruals. Trade payables of the Group amounted to approximately HK\$9,784,000 (2019: HK\$21,357,000).

Aging analysis of trade payables is as follows:

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
0 month to 6 months	<b>9,118</b>	20,563
7 months to 12 months	<b>80</b>	206
More than 12 months	<b>586</b>	588
	<b>9,784</b>	21,357

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 2020 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\$2,375 million (2019: HK\$2,207 million) for the financial year with profit attributable to shareholders of the Company at HK\$728 million (2019: HK\$1,389 million). The increase in investment income has well compensated the income reduction in our hotel segment, resulting in a net increase of 8% in total revenue. Furthermore, the Group recorded a revaluation loss from its investment properties, which when compared with the surplus last year, resulted in a decrease in profit attributable to shareholders.

### PROPERTIES SALES, DEVELOPMENT AND LEASING

#### SALES AND DEVELOPMENT

##### *Mainland China*

In Tongzhou, Beijing, sub-structure works for the residential towers of our 2.3 million sq. ft. GFA joint venture mixed use development has been completed shortly after interim period. Superstructure works have also commenced this year and is well in progress. Presale of the residential units has commenced since mid-July 2019 and has been well received. Up to end of May 2020, the project recorded a contracted sales of approximately RMB1.7 billion. Profit recognition will begin upon delivery of the flats to its buyers.

In Shanghai's Queen's Gate, a high-end joint venture villas and apartments development, sales of the last phase has also begun in mid-July 2019. Up to end of May 2020, more than 90% units of this phase has been sold, resulted in a contracted sales of approximately RMB0.9 billion. Approximately 80% of these sales was recognised in the year.

##### *Hong Kong*

In Jardine's Lookout, the Group has continued its sales and marketing efforts of the joint venture residential development, Dukes Place, which comprises sixteen residential apartments ranging from 2,850 sq. ft to over 6,800 sq. ft. Up to end of May 2020, sales have amounted to approximately HK\$1.2 billion. The related profits will be accounted for in the coming financial year when these units are delivered to the homebuyers.

On Po Shan Road, foundation works of another luxurious joint venture residential development had just completed, while superstructure works is due to commence.

In Hung Shui Kiu, Yuen Long, provisional basic terms of land exchange for the commercial and residential development has been concluded. We are now in the course of land premium negotiation with Lands Department. The development will provide approximately 520,000 sq. ft. of GFA, of which approximately 90% are of residential apartments for sale. Another residential development at Lam Tei light-rail station is in the early stage of land exchange application with the government. The development has approximately 67,000 sq. ft. of residential GFA.

In Kowloon Bay, the commercial building Octa Tower has been renamed to "Harbourside HQ". The commercial building provides approximately 800,000 sq. ft. leaseable GFA. The building is undergoing renovation and completion is expected to be towards the 4th quarter of 2020.

During the year, the Group, through a joint venture, has accumulated some agricultural land in the New Territories, which is zoned as “residential use” under the current outline zoning plan.

In March 2020, the Group with its 50% joint venture partner acquired a detached house in Repulse Bay, which would be re-developed into brand new single-family estate.

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

Demolition of our Empire Landmark Hotel has been completed and excavation and shoring works are ongoing. Upon completion, the redevelopment of the hotel will provide approximately 400,000 sq. ft. GFA mixed-use development with two residential towers (“Landmark on Robson”). Since the launch of presale in 2018, the development had achieved a contracted sales of approximately CAD140 million up to 31st March 2020.

Development permit of a joint venture redevelopment of high-end residential complex of approximately 627,000 sq. ft. GFA in Alberni Street, downtown Vancouver has been submitted, where the Prior to Letter outlining the conditions for approval was received from local city council in June 2019.

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

#### **LEASING**

Leasing income of YF Life Tower (previously MassMutual Tower), 33 Lockhart Road in Wanchai and Asia Standard Tower in Queen’s Road Central has slightly increased comparing to last year. Average occupancies of these office towers remained high at above 95% for both financial years.

Overall attributable leasing income for the year was HK\$236 million (2019: HK\$235 million). Net revaluation loss (taking into account our share of revaluation loss (2019: gain) from the investment property owned by an associated company) of HK\$272 million (2019: gain of HK\$894 million) was recorded.

#### **HOTEL**

During the financial year, overnight stay visitors to Hong Kong had decreased by 42.5% to approximately 17.3 million. Mainland visitors, which traditionally dominated this segment with 68% share, also saw their arrivals decreased by 43% from last year. Total hotel rooms in Hong Kong are approximately 84,000 rooms, an increase of 1% over last year.

Following the local socio-political events in the second half of 2019 and the worldwide lockdowns from the outbreak of COVID-19 in January 2020, our hotel operation was severely impacted with annual revenue declined by 45% to HK\$297 million (2019: HK\$543 million). During the financial year, average occupancies for our hotels were approximately 61% (2019: 93%) while average room rates fell by one third. The losses increased drastically in the first quarter 2020 and management took immediate action to reduce operational costs, deferred capital spending plans, preserve cash resources and retain adequate banking facilities to finance working capital needs. Overall, contribution to segment results before depreciation decreased from HK\$210 million to HK\$24 million, a decrease of 88%.



## FINANCIAL INVESTMENTS

At 31st March 2020, the Group held financial investments of approximately HK\$14,436 million (2019: HK\$15,601 million), with HK\$6,052 million (2019: HK\$6,987 million) held by the listed hotel subsidiary group. The investment portfolio comprised of 96% listed debt securities (mostly issued by PRC-based real estate companies), 3% by listed equity securities and 1% unlisted investments. They are denominated in different currencies with 96% in United States dollar, 4% in other currencies (mostly Hong Kong dollar).

The portfolio's decrease was due to net addition of HK\$1,025 million and a mark-to-market valuation net loss of HK\$2,190 million, of which a net investment loss of HK\$132 million was charged to profit and loss while the remaining HK\$2,058 million were recognized in the investment reserve account. The net investment loss comprised net fair value losses of listed equity securities, exchange losses, impairment charges and provisions for expected credit loss, compensated by realised gain upon disposal/redemption of the securities. The drop in market price is mainly due to the significant market sell-off in March 2020 following the COVID-19 pandemic outbreak. Afterwards in April and May 2020, the market experienced a strong rebound.

Income from this investment portfolio amounted to HK\$1,822 million (2019: HK\$1,424 million). The increase was resulted from further investment in debt securities.

At 31st March 2020, an approximate value of HK\$2,390 million (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 31st March 2020, the Group has over HK\$6.0 billion (2019: HK\$7.3 billion) cash and undrawn banking facilities.

At 31st March 2020, the Group's total assets were approximately HK\$38.2 billion (2019: HK\$37.9 billion), the net assets were HK\$18.9 billion (2019: HK\$20.4 billion). Adopting market value of hotel properties in operation, the revalued total assets of the Group were HK\$47.1 billion (2019: HK\$47.3 billion), while the revalued net assets of the Group were HK\$27.7 billion (2019: HK\$29.8 billion).

Net debt was HK\$17.3 billion (2019: HK\$15.7 billion), including HK\$6.5 billion (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 62% (2019: 53%). As at 31st March 2020, the Group had net current assets of HK\$9.9 billion (2019: HK\$13.0 billion) and the HK\$15.5 billion aggregate amount of marketable securities and cash together represented 2.6 times of the HK\$5.9 billion current debt repayable within 12 months.

66% of the debts are secured and 99% of the debts are at floating rates. As at 31st March 2020, about 25% of these floating rates debts have been hedged against HIBOR fluctuations by entering into various interest rate swap contracts of HK\$4,900 million in total, with approximately 84% having maturities of 5 years, and the remaining between 2 and 10 years. The maturities of our debts spread over a long period of up to 6 years, with 3% repayable after 5 years and 65% repayable between one to five years. The remaining 32% comprise medium term notes, overdraft, revolving and short-term loans and are repayable within 1 year. The medium term notes were fully redeemed in April 2020.

Approximately 94% of the Group's borrowings are in Hong Kong dollars and the remaining 6% in United States dollars and Canadian dollars.

As at 31st March 2020, property assets with an aggregate net book value of HK\$17.9 billion (2019: HK\$16.5 billion) were pledged to secure banking facilities of the Group. HK\$2,999 million (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 31st March 2020, the Group employed approximately 240 (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**

Since the start of 2020, economies worldwide were adversely affected by the corona-virus outbreak. Economic recession data were repeatedly reported during periods of social lockdown. Central governments have since rolled out stimulus packages in an effort to sustain employment and survival of various industries. As the governments have experienced success in containing the pandemic, they are cautiously re-opening their economies, aiming to restore the economy to its original state before the outbreak.

Hong Kong's economy has been adversely impacted by local political event since the second half of 2019, and was deeply worsened following the pandemic outbreak. The impact has already demonstrated in our hotel operation performance and also in most service sectors. The leasing segment, especially the retail portion, has also been negatively affected. With the pandemic under controlled in Hong Kong, we are seeing a gradual re-opening of various economies. On the other hand, Hong Kong's residential property market remains very strong, as seen in the encouraging sales of our Jardine Lookout project lately.

Property sales of our Beijing and Shanghai joint venture projects is satisfactory following the resumption of sales activities after the lockdown. The Shanghai projects was almost fully sold and with the stabilisation of mainland property market, we expect the performance of the Beijing project would remain favourable for its remaining phases.

Financial markets continue to be volatile, especially from the Sino-US trade disputes, now further exaggerated by the US accusation of China on various fronts. The US Federal Reserve and other central banks have made deep interest rates cut to counteract the negative economic impact brought by the pandemic which, together with the tremendous liquidity injected into the financial system, has helped sustain the upward momentum. 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.

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

## **DIVIDEND**

The Board has resolved not to recommend the payment of a final dividend for the year ended 31st March 2020 (2019: HK2.7 cents per share). No interim dividend was declared during the year (2019: Nil).

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from Friday, 21st August 2020 to Wednesday, 26th August 2020 both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the 2020 annual general meeting to be held on 26th August 2020 (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 Thursday, 20th August 2020.

## **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 2020.

## **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.1.1 of the CG Code provides that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year, three regular physical board meetings were held in the first three quarters of the financial year. Due to the COVID-19 pandemic outbreak, after consultation with the directors including independent non-executive directors, one regular physical board meeting scheduled to be held in March 2020 was postponed and subsequently cancelled as part of the prudent measures taken in line with the government’s social distancing policy. The quarterly consolidated financial statements and financial review were sent to the directors to keep them abreast of the Company’s latest developments. The Company will endeavour to hold at least four regular board meetings at approximately quarterly intervals, each year;
- (2) 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

- (3) 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.

## **AUDIT COMMITTEE**

The Audit Committee has reviewed the annual results of the Group for the year ended 31st March 2020.

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

Hong Kong, 26th June 2020

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