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ASIA STANDARD HOTEL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code : 292)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2021

| FINANCIAL HIGHLIGHTS | | | |
|---|---------------|--------|--------|
| <i>(in HK\$ million, except otherwise indicated)</i> | | | |
| | 2021 | 2020 | Change |
| Revenue | 977 | 1,123 | -13% |
| Operating profit | 779 | 599 | +30% |
| Profit attributable to shareholders of the Company | 622 | 383 | +62% |
| Total assets | 12,110 | 10,689 | +13% |
| Net assets | 5,078 | 3,519 | +44% |
| Net debt | 5,054 | 6,458 | -22% |
| Supplementary information with the hotel properties in operation stated at valuation (note): | | | |
| Revalued total assets | 20,776 | 19,527 | +6% |
| Revalued net assets | 13,744 | 12,358 | +11% |
| Gearing – net debt to revalued net assets | 37% | 52% | -15% |
| Note: According to the Group's accounting policies, the hotel properties in operation were carried at cost less accumulated depreciation. To give further information on the economic substance of its hotel properties investments, the Group hereby presents supplementary unaudited financial information taking into account the fair market value of hotel properties as appraised by independent professional valuer. | | | |

The board of directors (the “Board”) of Asia Standard Hotel Group Limited (the “Company”) announce that the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2021 together with the comparative figures for the year ended 31st March 2020 were as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2021

| | <i>Note</i> | 2021 HK\$’000 | 2020 HK\$’000 |
|--|-------------|--------------------------------|------------------|
| Interest revenue | | 934,384 | 804,315 |
| Sales of goods and services and other revenue | | 43,027 | 319,102 |
| Total revenue | 2 | 977,411 | 1,123,417 |
| Cost of sales | | (27,782) | (194,439) |
| Gross profit | | 949,629 | 928,978 |
| Selling and administrative expenses | | (110,389) | (148,394) |
| Depreciation | | (127,030) | (134,860) |
| Net investment gain/(loss) | 3 | | |
| Net realised and unrealised gain/(loss) | | 116,670 | (26,473) |
| Changes in expected credit losses | | (50,281) | (20,627) |
| Operating profit | | 778,599 | 598,624 |
| Net finance costs | 5 | (149,900) | (227,439) |
| Share of profits less losses of joint ventures | | 1,679 | 1,921 |
| Profit before income tax | | 630,378 | 373,106 |
| Income tax (expense)/credit | 6 | (9,067) | 10,480 |
| Profit for the year | | 621,311 | 383,586 |
| Attributable to: | | | |
| Shareholders of the Company | | 621,505 | 383,010 |
| Non-controlling interests | | (194) | 576 |
| | | 621,311 | 383,586 |
| Earnings per share (HK cents) | | | |
| Basic | 8 | 30.8 | 19.0 |
| Diluted | 8 | 13.5 | 8.4 |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2021

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|------------------|--------------------|
| Profit for the year | <u>621,311</u> | <u>383,586</u> |
| Other comprehensive income/(charge) | | |
| Items that have been reclassified or may be reclassified subsequently to profit or loss: | | |
| Net fair value gain/(loss) on debt securities at fair value through other comprehensive income | 831,777 | (903,143) |
| Cash flow hedges | | |
| - net fair value loss | (18,163) | (4,542) |
| - deferred tax on derivative financial instruments | 3,746 | - |
| Currency translation differences | 57,176 | (27,386) |
| Share of currency translation differences of joint ventures | 59,078 | (32,809) |
| Item that will not be reclassified to profit or loss: | | |
| Net fair value gain/(loss) on equity securities at fair value through other comprehensive income | 4,115 | (60,196) |
| | <u>937,729</u> | <u>(1,028,076)</u> |
| Total comprehensive income/(charge) for the year | <u>1,559,040</u> | <u>(644,490)</u> |
| Attributable to: | | |
| Shareholders of the Company | 1,553,891 | (642,560) |
| Non-controlling interests | 5,149 | (1,930) |
| | <u>1,559,040</u> | <u>(644,490)</u> |

CONSOLIDATED BALANCE SHEET

As at 31st March 2021

| | <i>Note</i> | 2021 HK\$'000 | 2020 HK\$'000 |
|--|-------------|------------------|------------------|
| Non-current assets | | | |
| Property, plant and equipment | | 2,863,946 | 2,967,396 |
| Investment in joint ventures | | 169,788 | 143,398 |
| Amount due from joint ventures | | 385,171 | 332,868 |
| Financial investments | | 1,948,073 | 168,767 |
| Derivative financial instruments | | 9,840 | - |
| Deferred income tax assets | | 29,475 | 21,591 |
| | | <u>5,406,293</u> | <u>3,634,020</u> |
| Current assets | | | |
| Properties under development for sale | | 836,478 | 537,330 |
| Inventories | | 18,546 | 20,144 |
| Trade and other receivables | 9 | 273,842 | 280,275 |
| Income tax recoverable | | 59 | 3,629 |
| Financial investments | | 4,712,334 | 5,882,742 |
| Bank balances and cash | | 862,139 | 330,693 |
| | | <u>6,703,398</u> | <u>7,054,813</u> |
| Current liabilities | | | |
| Trade and other payables | 10 | 738,436 | 70,915 |
| Contract liabilities | | 224,843 | 197,582 |
| Amount due to non-controlling interests | | 46,640 | 44,511 |
| Borrowings | | 1,391,205 | 2,264,021 |
| Income tax payable | | 61,980 | 35,121 |
| | | <u>2,463,104</u> | <u>2,612,150</u> |
| Net current assets | | <u>4,240,294</u> | <u>4,442,663</u> |
| Non-current liabilities | | | |
| Long term borrowings | | 4,299,119 | 4,312,932 |
| Lease liabilities | | 2,490 | 2,335 |
| Convertible notes | | 225,455 | 211,845 |
| Derivative financial instruments | | 27,547 | 4,542 |
| Deferred income tax liabilities | | 13,646 | 25,739 |
| | | <u>4,568,257</u> | <u>4,557,393</u> |
| Net assets | | <u>5,078,330</u> | <u>3,519,290</u> |
| Equity | | | |
| Share capital | | 40,361 | 40,361 |
| Reserves | | 5,036,485 | 3,482,594 |
| Equity attributable to shareholders of the Company | | <u>5,076,846</u> | <u>3,522,955</u> |
| Non-controlling interests | | 1,484 | (3,665) |
| | | <u>5,078,330</u> | <u>3,519,290</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 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 2020, except for the adoption of the following amendments to standards and framework that are effective for the first time for the year ended 31st March 2021 which are relevant to the Group’s operations and are mandatory for accounting periods beginning on or after 1st January 2020:

| | |
|---|--|
| Amendments to HKAS 1 and HKAS 8 | Definition of Material |
| Amendments to HKFRS 3 | Definition of Business |
| Amendments to HKAS 39, HKFRS 7 and HKFRS 9 | Interest Rate Benchmark Reform |
| Conceptual Framework for Financial Reporting 2018 | Revised Conceptual Framework for Financial reports |

The amendments to the standards and framework stated above did not have any significant impact to the consolidated financial statements in the current and prior years.

2. Segment information

Revenue includes revenue from hotel and travel operations, interest income and dividend income.

| | Hotel operation HK\$'000 | Property development HK\$'000 | Financial investments HK\$'000 | Others HK\$'000 | Total HK\$'000 |
|---|---|--|---|----------------------------|---------------------------|
| 2021 | | | | | |
| Segment revenue | 28,267 | 953 | 936,596 | 11,595 | 977,411 |
| Contribution to segment results | (38,297) | (2,852) | 934,237 | 465 | 893,553 |
| Depreciation | (111,836) | (5,713) | - | (9,481) | (127,030) |
| Net investment gain | - | - | 66,389 | - | 66,389 |
| Share of profits less losses of joint ventures | - | 2,047 | - | (368) | 1,679 |
| Segment results | (150,133) | (6,518) | 1,000,626 | (9,384) | 834,591 |
| Unallocated corporate expenses | | | | | (54,313) |
| Net finance costs | | | | | (149,900) |
| Profit before income tax | | | | | 630,378 |
| 2020 | | | | | |
| Segment revenue | 199,534 | 1,004 | 815,992 | 106,887 | 1,123,417 |
| Contribution to segment results | 22,934 | (3,930) | 813,195 | 8,883 | 841,082 |
| Depreciation | (114,016) | (11,818) | - | (9,026) | (134,860) |
| Net investment loss | - | - | (47,100) | - | (47,100) |
| Share of profits less losses of joint ventures | - | 2,377 | - | (456) | 1,921 |
| Segment results | (91,082) | (13,371) | 766,095 | (599) | 661,043 |
| Unallocated corporate expenses | | | | | (60,498) |
| Net finance costs | | | | | (227,439) |
| Profit before income tax | | | | | 373,106 |

2. Segment information (continued)

| | Business segments | | | | Unallocated HK\$'000 | Total HK\$'000 |
|---------------------------------|--------------------------------|-------------------------------------|--------------------------------------|--------------------|-------------------------|-------------------|
| | Hotel operation HK\$'000 | Property development HK\$'000 | Financial investments HK\$'000 | Others HK\$'000 | | |
| 2021 | | | | | | |
| Assets | 3,158,288 | 1,501,511 | 7,353,574 | 33,129 | 63,189 | 12,109,691 |
| Assets include: | | | | | | |
| Joint ventures | - | 554,414 | - | 545 | - | 554,959 |
| Addition to non-current assets* | 10,935 | 3,776 | - | 234 | 9,802 | 24,747 |
| Liabilities | | | | | | |
| Borrowings | 3,609,603 | 84,193 | 578,309 | - | 1,418,219 | 5,690,324 |
| Other liabilities | | | | | | 1,341,037 |
| | | | | | | 7,031,361 |
| 2020 | | | | | | |
| Assets | 2,974,177 | 1,064,965 | 6,326,696 | 44,158 | 278,837 | 10,688,833 |
| Assets include: | | | | | | |
| Joint ventures | - | 475,624 | - | 642 | - | 476,266 |
| Addition to non-current assets* | 19,051 | 14,289 | - | 4,344 | 6,003 | 43,687 |
| Liabilities | | | | | | |
| Borrowings | 3,522,554 | 68,873 | 577,866 | - | 2,407,660 | 6,576,953 |
| Other liabilities | | | | | | 592,590 |
| | | | | | | 7,169,543 |

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

2. Segment information (continued)

| | 2021 HK\$'000 | 2020 HK\$'000 |
|----------------------------|------------------|------------------|
| Revenue | | |
| Hong Kong | 70,575 | 335,889 |
| Overseas | 906,836 | 787,528 |
| | <u>977,411</u> | <u>1,123,417</u> |
| Non-current assets* | | |
| Hong Kong | 2,855,178 | 2,954,705 |
| Overseas | 563,727 | 488,957 |
| | <u>3,418,905</u> | <u>3,443,662</u> |

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

3. Net investment gain/(loss)

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|------------------|------------------|
| Financial assets at FVPL | | |
| – net unrealised gain/(loss) from market price movements | 59,358 | (63) |
| – net unrealised exchange (loss)/ gain | (11,635) | 208 |
| – net realised gain (note (a)) | - | 4,145 |
| Financial assets at FVOCI | | |
| – net unrealised exchange gain/(loss) | 13,368 | (64,561) |
| – net realised gain (note (b)) | 47,197 | 33,798 |
| – changes in expected credit losses | (50,281) | (20,627) |
| Fair value gain on derivative financial instruments | 8,382 | - |
| | <u>66,389</u> | <u>(47,100)</u> |

3. Net investment gain/(loss) (continued)

Notes:

| | 2021 HK\$'000 | 2020 HK\$'000 |
|---|------------------|------------------|
| (a) Net realised gain on financial assets at FVPL | | |
| Gross consideration | - | 378,224 |
| Cost of investments | - | (277,445) |
| Total gain | - | 100,779 |
| Less: net unrealised gain recognised in prior years | - | (96,634) |
| Net realised gain recognised in current year | - | 4,145 |
| (b) Net realised gain on financial assets at FVOCI | | |
| Gross consideration | 4,353,450 | 2,237,847 |
| Cost of investments | (4,249,656) | (2,194,217) |
| Total gain | 103,794 | 43,630 |
| Transfer from investment revaluation reserve | (56,597) | (9,832) |
| Net realised gain recognised in current year | 47,197 | 33,798 |

4. Income and expenses by nature

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|------------------|------------------|
| Income | | |
| Interest income from financial assets at FVOCI | | |
| - Listed investments | 916,501 | 801,814 |
| Interest income from financial assets at FVPL | | |
| - Listed investments | 12,403 | - |
| - Unlisted investments | 2,810 | - |
| Dividend income | | |
| - Listed investments | 3,547 | 11,694 |
| Expenses | | |
| Cost of goods sold and services provided | 4,794 | 80,686 |

5. Net finance costs

| | 2021 HK\$'000 | 2020 HK\$'000 |
|---|------------------|------------------|
| Interest expense | | |
| Long term bank loans | (101,659) | (187,610) |
| Short term bank loans and overdrafts | (10,939) | (28,486) |
| Lease liabilities | (247) | (293) |
| Convertible notes | (14,829) | (13,942) |
| Hedging derivative financial instruments | (14,660) | - |
| Interest capitalised | 13,968 | 18,710 |
| | <u>(128,366)</u> | <u>(211,621)</u> |
| Other incidental borrowing costs | (17,441) | (19,747) |
| Net foreign exchange (loss) /gain on borrowings | (710) | 3,929 |
| Fair value loss on derivative financial instruments - cash flow hedge | (3,383) | - |
| | <u>(149,900)</u> | <u>(227,439)</u> |

6. Income tax (expense)/credit

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--------------------------------|------------------|------------------|
| Current income tax expense | | |
| Hong Kong profits tax | (25,537) | (13,617) |
| Under provision in prior years | (4,592) | (6,986) |
| | <u>(30,129)</u> | <u>(20,603)</u> |
| Deferred income tax credit | 21,062 | 31,083 |
| | <u>(9,067)</u> | <u>10,480</u> |

Hong Kong profits tax is provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profit for the year. Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the rates of tax prevailing in the countries in which the Group operates.

7. Dividends / Coupon on convertible notes

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|----------------------|------------------|
| Dividend : | | |
| - Interim, nil (2020: Nil) | - | - |
| - Final, proposed, of HK0.65 cent (2020: Nil) per share to shareholders (note (a)) | <u>13,117</u> | <u>-</u> |
| | <u><u>13,117</u></u> | <u><u>-</u></u> |

At a meeting held on 28th June 2021, the Board has proposed to pay a final dividend to shareholders for the year ended 31st March 2021.

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|----------------------|---------------------|
| Coupon of HK0.6046 cent (2020:0.1% coupon (equivalent to HK0.0454 cent)) per note to convertible note holders (note (b)) : | | |
| - fixed coupon | 1,220 | 1,223 |
| - additional coupon | <u>15,062</u> | <u>-</u> |
| | <u><u>16,282</u></u> | <u><u>1,223</u></u> |

Notes:

- (a) The amount of HK\$13,117,000 (2020: Nil) is based on 2,018,040,477 issued shares as at 28th June 2021. The proposed final dividend are not reflected in the financial statements, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2022.
- (b) According to the deed poll of the convertible notes, the Company will pay a coupon to the noteholders totaling HK\$ 17,505,000 (equivalent to HK0.65 cent per convertible note), comprising of fixed coupon of HK\$ 1,220,000) and additional coupon of HK\$ 15,062,000 for the year ended 31st March 2021, and HK\$ 1,223,000 deferred for the year ended 31st March 2020. The aggregate amount of HK\$16,282,000 for the year ended 31st March 2021 is based on 2,693,120,010 convertible notes outstanding as at 28th June 2021. The fixed coupon of HK\$1,220,000 is calculated as 0.1% of redemption value of the convertible notes for that period and was included in convertible notes interest under “net finance costs” for the year ended 31st March 2021. The additional coupon of HK\$15,062,000 (2020: Nil) will be reflected as an appropriation of revenue reserve in the coming financial year.

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:

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|-------------------------|----------------------|
| Profit attributable to shareholders of the Company for calculation of basic earnings per share | 621,505 | 383,010 |
| Effect of dilutive potential shares: | | |
| Interest expense saved on convertible notes | 14,829 | 13,942 |
| Profit for calculation of diluted earnings per share | <u>636,334</u> | <u>396,952</u> |
| | Number of shares | |
| Weighted average number of shares for calculation of basic earnings per share | 2,018,040,477 | 2,018,040,477 |
| Effect of dilutive potential shares: | | |
| Share options of the Company assumed to be exercised | - | - |
| Convertible notes assumed to be converted at the beginning of the year | 2,693,120,010 | 2,693,120,010 |
| Weighted average number of shares for calculation of diluted earnings per share | <u>4,711,160,487</u> | <u>4,711,160,487</u> |
| Basic earnings per share (HK cents) | <u>30.8</u> | <u>19.0</u> |
| Diluted earnings per share (HK cents) | <u>13.5</u> | <u>8.4</u> |

9. Trade and other receivables

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

Trade receivables of the Group amounted to HK\$3,015,000 (2020: HK\$2,246,000). 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 provision for impairment is as follows:

| | 2021 HK\$'000 | 2020 HK\$'000 |
|-----------------------|------------------|------------------|
| 0 month to 6 months | 2,875 | 2,082 |
| 7 months to 12 months | 8 | 15 |
| More than 12 months | 132 | 149 |
| | <u>3,015</u> | <u>2,246</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, lease liabilities and various accruals.

Trade payables of the Group amounted to HK\$687,162,000 (2020: HK\$9,710,000), including HK\$682,016,000 (2020: Nil) consideration payable for purchase of financial investment.

Aging analysis of trade payables is as follows:

| | 2021 | 2020 |
|-----------------------|-----------------------|--------------|
| | HK\$'000 | HK\$'000 |
| 0 month to 6 months | 686,622 | 9,054 |
| 7 months to 12 months | 8 | 80 |
| More than 12 months | 532 | 576 |
| | <u>687,162</u> | <u>9,710</u> |

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 2021 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's revenue for the fiscal year ended 31st March 2021 amounted to HK\$977 million, a decrease of 13% from the previous year. Profits attributable to shareholders of the Company has, however, increased by 62% to HK\$622 million. Such increase in profit was mainly attributable to (i) higher interest income from financial investments, (ii) lower finance costs due to lower market interest rates and bank borrowings, and (iii) a net realised and unrealised gain on investments in financial assets, as opposed to a net loss the previous year; the increase was partially offset by (iv) a significant reduction in revenue and gross profit from the Group's hotel operations as a result of the severe disruption caused by the global COVID-19 pandemic.

Hotel Business

Travel restrictions brought on by the pandemic caused Hong Kong's overnight tourists arrivals between April 2020 and March 2021 to plummet 99% year on year. The total hotel room supply in Hong Kong as of March 2021 was approximately 85,700, increased by 3% from last year's same time.

The occupancy rate and average room rate of our Empire Hotels had dropped by 43% and 56%, respectively, when compared with the same period last year, which resulted in a significant decrease of about 90% of revenues from hotel operations. Hotel management continues to aggressively pursue sensitive and swift business strategies to improve operational efficiency and to achieve cost savings across hotel operations while uncertainty persists as to the length of the pandemic and its effect on economies.

Development Projects

Landmark on Robson, which is located near the downtown business centre in Vancouver, Canada had continued its construction throughout the year and the above-ground podium structure is almost complete. The twin tower concrete super-structures will commence in the summer 2021. As of 31st March 2021, a total of approximately CAD\$140 million in contracted sales of residential homes in this development has been achieved since the project pre-sale began in early 2018. A new pre-sale campaign for the remaining apartment for sales will be initiated after the pandemic's travel and social gathering restrictions have been eased.

Another developable site on the east of the Empire Landmark Hotel remains in the development planning stage.

The Group has responded to the City's Prior to Letter regarding its joint venture residential construction on Alberni Street, and are awaiting confirmation from the City on the issuing of the development permit for the project.

Another joint venture development that is also located at Alberni Street in downtown Vancouver, is currently undergoing discussion with the City on the amount of Community Amenity Contributions as part of our continuing application for rezoning authority to develop the property into residential development for sale.

Financial Investments

As at 31st March 2021, the Group's financial investment portfolio consisted almost entirely of listed securities amounted to HK\$6,660 million (31st March 2020: HK\$6,052 million). The portfolio's value increased primarily as a result of a mark to market valuation gain recognised in the investment reserve account in accordance with HKFRS 9.

Approximately 97% of our investment portfolio comprised of listed debt securities that were issued mostly by companies operating real estate business in China, approximately 2% comprised listed banking stock, and 1% in unlisted funds. They were denominated in United States dollars 74%, Renminbi 24%, and Hong Kong dollars 2%.

During the year, a total of HK\$935 million (2020: HK\$813 million) in interest and dividend income were generated from the investment portfolio. A net investment gain of HK\$66 million (2020: a net loss of HK\$47 million) was credited to profit and loss account while the net increase in value on listed securities of HK\$ 836 million were recognised in the investment reserve account.

FINANCIAL REVIEW

The Group's financial and treasury activities are centrally managed and controlled at the corporate level. At 31st March 2021, the Group had about HK\$4.6 billion cash and undrawn banking facilities.

The Group's total assets per book amounted to HK\$12,110 million (31st March 2020: HK\$10,689 million). Based on independent valuation, the total revalued amount of our hotel properties in Hong Kong as at 31st March 2021 was HK\$11,405 million. The revalued total assets of the Group with hotel properties in Hong Kong at market value would be HK\$20,776 million (31st March 2020: HK\$19,527 million).

The net assets per book amounted to HK\$5,078 million (31st March 2020: HK\$3,519 million), of which the increase was primarily caused by mark-to-market valuation gain on listed debt securities being recognized in other comprehensive income under shareholders' equity. Taking into account the market value of the hotel properties in operation, the revalued net asset value of the Group would be HK\$13,744 million (31st March 2020: HK\$12,358 million).

The consolidated net debt (total debt less cash balance) was HK\$5,054 million (31st March 2020: HK\$6,458 million). The total debt comprised HK\$5,690 million of bank borrowings and HK\$225 million convertible notes. 98% of the gross bank borrowings or HK\$5,583 million was denominated in Hong Kong dollars, with about 47% hedged against interest rate fluctuations through various interest rate swap contracts totaling HK\$2,700 million. The remaining 2% or to the equivalent of HK\$108 million was in foreign currencies incurred in operations and investment in financial assets overseas. Total interest cost decreased as a result of decreased market interest rates and bank borrowings.

Of the total bank borrowings, 5% were revolving loans (all of which is secured), 75% were secured term loans, and the remaining 20% were unsecured term loans. The maturity of our bank borrowings spread over a period of up to five years with 24% repayable within one year, 19% repayable between one to two years, and 57% repayable within two to five years. The unsecured convertible notes comprising 4% of total debt are held almost entirely by the parent groups, and are repayable by February 2047.

At 31st March 2021, the Group had net current assets of HK\$4,240 million (31st March 2020: HK\$4,443 million), and bank balances together with listed marketable securities of HK\$7,480 million represent 5.4 times of the bank borrowings of HK\$1,391 million due within 12 months.

The Group's gearing ratio, expressed as a percentage of net debt over the revalued net asset value, was 37% (31st March 2020: 52%).

The carrying value of hotel properties, property under development for sale and financial assets pledged as collateral for banking facilities of the Group as at 31st March 2021 amounted to HK\$4,774 million (31st March 2020: HK\$4,929 million).

HUMAN RESOURCES

As at 31st March 2021, the total number of full-time employees of the Company and its subsidiaries was approximately 180 (2020: 190). In addition to salary payment, the Group provides other benefits including insurance, share options, medical scheme and retirement plans and others to its employees.

OUTLOOK

The pandemic is moving into a new phase, with vaccines rolling out globally to aid in the establishment of effective immunological barriers that would promote the rapid recovery of the global travel industry. Due to pent-up demand, the Hong Kong hotel and hospitality sector is expected to recover quickly once travel restrictions are eased, and demand from Mainland China visitors may recover even faster given the resumption of social and economic activities. While uncertainties linger, hotel management continues to aggressively adopt impact mitigation measures and boost efficiency in order to prepare for tourism's expected medium- and long-term recovery.

In the long run, Hong Kong is well-positioned to benefit from the prospects offered by the Greater Bay Area's development, as well as the internationalisation of the RMB, which continues to boost the inflow of global business opportunities. Meanwhile, Hong Kong's status as a vital Asian financial hub is further bolstered by the growing preference among Chinese unicorn companies and US-listed Chinese companies for primary and secondary listing in Hong Kong.

In British Columbia, Canada, the overall employment recovery is well underway following the pandemic. Consumer spending is expected to increase this year as job prospects improve and services return to normal. In the long run, we remain optimistic about the Vancouver real estate market, which is fueled by a number of factors such as low interest rates, a resurgent labour market, and immigration.

Financial markets remain turbulent despite a number of market indicators showing that economies are on the verge of a strong turnaround, backed by quantitative easing around the world. There are concerns about inflation, and the present "extreme competition" phase in the US-China relationship might destabilise the global economy and disrupt regional growth, depending on its scale.

The management, while continuously monitoring macroeconomic developments and risks to the outlook, remains cautiously optimistic about the performance of the Group in the rapidly changing environment.

DIVIDEND / COUPON ON CONVERTIBLE NOTES

The Board recommends the payment of a final dividend for the year ended 31st March 2021 of HK0.65 cent per share (2020: Nil). No interim dividend was declared during the year (2020: Nil). Total dividend for the year amounts to HK0.65 cent per share (2020: Nil).

In addition, subject to the approval of the shareholders of the proposed final dividend at the annual general meeting to be held on 27th August 2021 (the “Annual General Meeting”), pursuant to the deed poll of the convertible notes, the Company will pay a coupon to the noteholders totaling HK0.65 cent per convertible note, comprising of coupon of HK0.6046 cent per convertible note for the year ended 31st March 2021 and HK0.0454 cent per convertible note deferred for the year ended 31st March 2020.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 24th August 2021 to Friday, 27th August 2021 both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the Annual General Meeting. During which period no transfer of shares of the Company will be registered and no shares will be allotted and issued on the exercise of the subscription rights attached to the outstanding share options granted by the Company. In order to qualify for attending the Annual General Meeting, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company’s Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 23rd August 2021.

The proposed final dividend is subject to the approval of the shareholders at the Annual General Meeting. The record date for entitlement to the proposed final dividend is 3rd September 2021. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 2nd September 2021 to Friday, 3rd September 2021 both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfers of shares of the Company, accompanied by the relevant share certificates and the appropriate transfer forms, must be lodged with the Company’s Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 1st September 2021. The final dividend will be paid on 24th September 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company has 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 as set out in the Model Code throughout the year ended 31st March 2021.

CORPORATE GOVERNANCE CODE

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

- (1) Code Provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term, subject to re-election. All independent non-executive directors of the Company are not appointed for specific terms, but subject to retirement by rotations and re-elections at the annual general meeting of the Company in accordance with the Bye-Laws of the Company;
- (2) Code Provision A.5.1 of the CG Code provides that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. The Company does not have a nomination committee. The Board as a whole is responsible for assessing the independence of independent non-executive directors, reviewing the structure, diversity, size and composition of the Board, the appointment of new directors and the nomination of directors for re-election by shareholders at the general meeting of the Company. Under the Bye-Laws of the Company, the Board may from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. Any director so appointed shall hold office until the next following annual general meeting of the Company and shall then be eligible for re-election at the meeting; and
- (3) Code Provision E.1.2 of the CG Code provides that the chairman of the board of the company should attend the annual general meetings. Mr. Poon Jing, the Chairman of the Board, was unable to attend the annual general meeting of the Company held on 26th August 2020 due to his other engagements at the relevant time.

AUDIT COMMITTEE

The Audit Committee has reviewed the annual results of the Group for the year ended 31st March 2021.

By Order of the Board
Asia Standard Hotel Group Limited
POON, JING
Chairman

Hong Kong, 28th June 2021

As at the date of this announcement, the executive directors of the Company are Mr. Poon Jing, Dr. Lim Yin Cheng, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement and Mr. Woo Wei Chun, Joseph; and the independent non-executive directors are Mr. Ip Chi Wai, Mr. Leung Wai Keung and Mr. Wong Chi Keung.