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ASIA STANDARD HOTEL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 292)

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	643	543	+18%
Operating profit	377	215	+75%
Profit for the period attributable to shareholders of the Company	254	128	+98%
Earnings per share – basic (HK cents)	12.6	6.4	+97%
	30th September 2019	31st March 2019	
Total assets	11,013	11,512	-4%
Net assets	4,158	4,193	-1%
Equity attributable to shareholders of the Company	4,159	4,195	-1%
Net debt	6,165	6,639	-7%

Supplementary information with the five (31st March 2019: five) hotel properties in operation in Hong Kong stated at valuation:

Revalued total assets	20,434	20,892	-2%
Revalued net assets	13,579	13,574	-
Gearing – net debt to revalued net assets	45%	49%	-4%

The board of directors (the “Board”) of Asia Standard Hotel 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 and other revenue		229,810	284,702
Interest revenue		413,053	257,841
Total revenue	2	642,863	542,543
Cost of sales		(131,867)	(139,499)
Gross profit		510,996	403,044
Selling and administrative expenses		(80,841)	(79,566)
Depreciation		(70,502)	(52,398)
Net investment gain/(loss)	3	17,811	(55,662)
Operating profit		377,464	215,418
Net finance costs	5	(121,056)	(81,411)
Share of profits less losses of joint ventures		1,330	1,368
Profit before income tax		257,738	135,375
Income tax expense	6	(3,849)	(6,889)
Profit for the period		253,889	128,486
Attributable to:			
Shareholders of the Company		253,518	128,258
Non-controlling interest		371	228
		253,889	128,486
Earnings per share (HK cents)			
Basic	8	12.6	6.4
Diluted	8	5.5	2.8

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>253,889</u>	<u>128,486</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	(257,958)	(441,437)
Currency translation differences	4,501	3,126
Share of currency translation differences of joint ventures	4,777	(2,533)
Items that will not be reclassified to profit or loss:		
Net fair value loss on equity securities at fair value through other comprehensive income	<u>(10,668)</u>	<u>(19,049)</u>
	<u>(259,348)</u>	<u>(459,893)</u>
Total comprehensive charge for the period	<u>(5,459)</u>	<u>(331,407)</u>
Attributable to:		
Shareholders of the Company	(6,193)	(330,790)
Non-controlling interests	<u>734</u>	<u>(617)</u>
	<u>(5,459)</u>	<u>(331,407)</u>

CONDENSED CONSOLIDATED BALANCE SHEET - UNAUDITED

	<i>Note</i>	30th September 2019 HK\$'000	31st March 2019 HK\$'000
Non-current assets			
Property, plant and equipment		3,017,094	3,064,654
Joint ventures		496,745	456,251
Financial investments		218,616	211,006
Deferred income tax assets		14,771	11,441
		3,747,226	3,743,352
Current assets			
Properties under development for sale		529,119	456,141
Inventories		20,718	21,615
Trade and other receivables	9	267,339	232,163
Income tax recoverable		4,795	3,176
Financial investments		6,176,683	6,776,265
Bank balances and cash		267,085	278,913
		7,265,739	7,768,273
Current liabilities			
Trade and other payables	10	99,294	86,551
Contract liabilities		198,712	199,405
Amount due to non-controlling interest		43,764	39,225
Borrowings		1,291,870	2,188,044
Income tax payable		37,000	23,878
		1,670,640	2,537,103
Net current assets		5,595,099	5,231,170
Non-current liabilities			
Long term borrowings		4,934,451	4,531,011
Lease liabilities		3,349	-
Convertible notes		205,447	199,126
Deferred income tax liabilities		40,757	51,203
		5,184,004	4,781,340
Net assets		4,158,321	4,193,182
Equity			
Share capital		40,361	40,361
Reserves		4,118,961	4,154,556
Equity attributable to shareholders of the Company		4,159,322	4,194,917
Non-controlling interests		(1,001)	(1,735)
		4,158,321	4,193,182

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 (“HKFRS”).

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 as at 1st April 2019	10,451
Discounted using the lessee’s incremental borrowing rate at the date of initial application	10,206
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><u>8,379</u></u>
Of which are:	
Current – included in trade and other payables	5,909
Non-current – lease liabilities	<u>2,470</u>
	<u><u>8,379</u></u>

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 previously under “land and buildings” to right-of-use assets for presentation purpose.

1. Basis of preparation (continued)

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

Condensed consolidated balance sheet (extract)

	Effects of adoption of HKFRS 16			As adjusted HK\$'000
	As previously reported HK\$'000	Reclassification HK\$'000	Recognition of leases HK\$'000	
Assets				
Property, plant and equipment				
Land and buildings	2,885,275	(2,885,275)	-	-
Buildings	-	859,118	-	859,118
Right-of-use assets	-	2,026,157	8,379	2,034,536
Liabilities				
Current - trade and other payables	86,551	-	5,909	92,460
Non-current - lease liabilities	-	-	2,470	2,470

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 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
Six months ended 30th September 2019					
Segment revenue	149,275	424	421,912	71,252	642,863
Contribution to segment results	43,197	(2,671)	420,097	1,824	462,447
Depreciation	(56,624)	(9,270)	-	(4,608)	(70,502)
Net investment gain	-	-	17,811	-	17,811
Share of profits less losses of joint ventures	-	1,541	-	(211)	1,330
Segment results	(13,427)	(10,400)	437,908	(2,995)	411,086
Unallocated corporate expenses					(32,292)
Net finance costs					(121,056)
Profit before income tax					257,738
Six months ended 30th September 2018					
Segment revenue	186,835	-	282,005	73,703	542,543
Contribution to segment results	80,703	(13,042)	281,308	1,207	350,176
Depreciation	(40,325)	(10,865)	-	(1,208)	(52,398)
Net investment loss	-	-	(55,662)	-	(55,662)
Share of profits less losses of joint ventures	-	1,675	-	(307)	1,368
Segment results	40,378	(22,232)	225,646	(308)	243,484
Unallocated corporate expenses					(26,698)
Net finance costs					(81,411)
Profit before income tax					135,375

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		
As at 30th September 2019						
Assets	3,020,523	1,061,711	6,591,832	33,414	305,485	11,012,965
Assets include:						
Joint ventures	-	496,392	-	353	-	496,745
Addition to non-current assets for the six months ended 30th September 2019*						
	8,390	12,047	-	19	5,480	25,936
Liabilities						
Borrowings	3,588,840	74,229	577,970	-	1,985,282	6,226,321
Other unallocated liabilities						628,323
						6,854,644
<hr/>						
As at 31st March 2019						
Assets	3,077,809	1,121,369	7,163,831	12,162	136,454	11,511,625
Assets include:						
Joint ventures	-	455,686	-	565	-	456,251
Addition to non-current assets for the six months ended 30th September 2018*						
	35,550	209,213	-	37	449	245,249
Liabilities						
Borrowings	3,407,533	73,491	773,684	-	2,464,347	6,719,055
Other unallocated liabilities						599,388
						7,318,443

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

2. Segment information (continued)

	Six months ended 30th September	
	2019 HK\$'000	2018 HK\$'000
Revenue		
Hong Kong	220,527	260,538
Overseas	422,336	282,005
	<u>642,863</u>	<u>542,543</u>
	30th September 2019 HK\$'000	31st March 2019 HK\$'000
Non-current assets*		
Hong Kong	3,000,242	3,040,392
Overseas	513,597	480,513
	<u>3,513,839</u>	<u>3,520,905</u>

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

3. Net investment gain/(loss)

	Six months ended 30th September	
	2019 HK\$'000	2018 HK\$'000
Financial assets at fair value through profit or loss ("FVPL")		
- net unrealised (loss)/gain from market price movements	(27,480)	19,865
- net unrealised exchange gain/(loss)	465	(916)
- net realised gain/(loss) (note (a))	33,995	(4,075)
	<u>6,980</u>	<u>14,874</u>
Financial assets at fair value through other comprehensive income ("FVOCI")		
- net unrealised exchange loss	(4,907)	(16,174)
- net realised gain (note (b))	9,222	1,973
- changes in expected credit losses and other credit impairment charges	6,516	(56,335)
	<u>10,831</u>	<u>(70,536)</u>
	<u>17,811</u>	<u>(55,662)</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	327,210	268,245
Cost of investments	(196,633)	(417,790)
Total gain/(loss)	<u>130,577</u>	<u>(149,545)</u>
(Less)/add: net unrealised (gain)/loss recognised in prior years	(96,582)	145,470
Net realised gain/(loss) recognised in current period	<u>33,995</u>	<u>(4,075)</u>
(b) Net realised gain on financial assets at FVOCI		
Gross consideration	1,195,384	81,635
Cost of investments	(1,181,146)	(77,043)
Total gain	<u>14,238</u>	<u>4,592</u>
Transfer from investment revaluation reserve	(5,016)	(2,619)
Net realised gain recognised in current period	<u>9,222</u>	<u>1,973</u>
	<u>43,217</u>	<u>(2,102)</u>

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		
- Listed investments	412,332	257,572
Dividend income		
- Listed investments	<u>9,304</u>	<u>8,414</u>
Expenses		
Cost of goods sold	<u>3,340</u>	<u>6,009</u>

5. Net finance costs

	Six months ended 30th September	
	2019 HK\$'000	2018 HK\$'000
Interest expenses		
Long term bank loans	(93,453)	(63,733)
Short term bank loans and overdrafts	(19,467)	(16,629)
Lease liabilities	(159)	-
Convertible notes	(6,932)	(6,536)
Interest capitalised	8,843	9,065
	<u>(111,168)</u>	<u>(77,833)</u>
Other incidental borrowing costs	(9,873)	(8,189)
Net foreign exchange (loss)/gain on borrowings	(15)	4,611
	<u>(121,056)</u>	<u>(81,411)</u>

6. Income tax expense

	Six months ended 30th September	
	2019 HK\$'000	2018 HK\$'000
Current income tax		
Hong Kong profits tax	(7,395)	(6,803)
Overseas profits tax	-	(1,387)
Under provision in prior years	(7,949)	-
	<u>(15,344)</u>	<u>(8,190)</u>
Deferred income tax credit	11,495	1,301
	<u>(3,849)</u>	<u>(6,889)</u>

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

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

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

	Six month ended 30th September	
	2019 HK\$'000	2018 HK\$'000
Profit attributable to shareholders of the Company for calculation of basic earnings per share	253,518	128,258
Effect of dilutive potential shares:		
Interest expense saved on convertible notes	6,932	6,536
Profit attributable to shareholder of the Company for calculation of diluted earnings per share	260,450	134,794
	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	951,379	7,127,955
Convertible notes assumed to be converted at the beginning of the period	2,693,120,010	2,693,120,010
Weighted average number of shares for calculation of diluted earnings per share	4,712,111,866	4,718,288,442
Basic earnings per share (HK cents)	12.6	6.4
Diluted earnings per share (HK cents)	5.5	2.8

9. Trade and other receivables

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

Trade receivables of the Group amounted to HK\$7,224,000 (31st March 2019: HK\$20,919,000). The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluation of customers are performed periodically.

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

	30th September 2019 HK\$'000	31st March 2019 HK\$'000
0 month to 6 months	7,033	20,784
7 months to 12 months	137	56
More than 12 months	54	79
	<u>7,224</u>	<u>20,919</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\$22,934,000 (31st March 2019: HK\$21,094,000).

Aging analysis of trade payables is as follows:

	30th September 2019 HK\$'000	31st March 2019 HK\$'000
0 month to 6 months	22,250	20,300
7 months to 12 months	27	206
More than 12 months	657	588
	<u>22,934</u>	<u>21,094</u>

Management Discussion and Analysis

RESULTS

The Group's total revenue for the six months ended 30th September 2019 amounted to HK\$643 million, an increase of 18% when compared with the same period of last year. Such increase was mainly attributable to an increase of income derived from financial investments, which was partially offset by a decrease in revenue of our hotel operation amidst the much weakened sentiment in tourism caused by the social unrests during the period. Profits attributable to shareholders increased by 98% to HK\$254 million as a result of more interest income from an enlarged portfolio of debt securities, and a net investment gain in respect of its investments in financial assets, as opposed to a net loss in the same period of last year. This difference was partially offset by a decrease of gross profit from hotel operation, and an increase in finance cost from increased bank borrowings and higher market interest rates.

Hotel Business

During the period under review, our hotel operation in Hong Kong was negatively impacted by the local political events. Our occupancy rate and average room rate had dropped by 13% and 17%, respectively, which led to a decline in gross profit when compared to the corresponding period last year. This adverse effect was partially offset by a continued healthy ramp up of Empire Prestige in Tsim Sha Tsui, which opened in December 2018.

The cumulative arrivals between April 2019 and September 2019 for all visitors to Hong Kong and those who stayed overnight were 29 million and 12 million, respectively, the former had a 8% decrease and the latter a 14% decrease. Mainland China continued to dominate the overnight visitor arrivals with a 69% of the total share, despite this market recorded a 15% decrease from the same period of last year.

As of September 2019, the total Hong Kong hotel room supply was approximately 83,100 rooms, increased by 3% from the same period last year.

Development Projects

In Vancouver, the demolition work of our Empire Landmark Hotel located close in the downtown commercial core on Robson Street is now substantially completed, and the shoring and excavation work will follow shortly. As at 30th September 2019, a total of approximately CAD\$140 million contracted sales of residential units in this development has been achieved from the project sales launch at the beginning of 2018.

The other developable property located to the east of our Empire Landmark Hotel is still in the planning stage for development.

The Group's joint venture residential development on Alberni Street is on course to obtain the development and building permits from the local authority, in which it has received the Prior to Letter detailing out the conditions for approval by the local city council in June 2019 for the issuance of development permit.

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 council in early 2020.

Financial Investments

As at 30th September 2019, the Group's financial investment portfolio consisted almost entirely of listed securities amounted to HK\$6,395 million (31st March 2019: HK\$6,987 million). The decrease in value of the portfolio during the year was mainly attributable to a net disposal of securities coupled with a mark to market fair value loss during the period.

Approximately 96% of our investment portfolio comprised of listed debt securities that were issued mostly by companies operating real estate business in China, approximately 3% comprised listed equity securities, and 1% comprised unlisted funds. They were denominated in Hong Kong dollars 3% and United States dollars 97%.

During the period under review, a total of HK\$422 million (2018: HK\$266 million) in interest and dividend income were generated from the investment portfolio. The increase in interest and dividend income was due to an enlarged debt portfolio from additional investments. A net investment gain of HK\$18 million (2018: a net loss of HK\$56 million) was credited to profit and loss account while the mark-to-market valuation loss on listed debt securities of HK\$229 million were recognised in the investment reserve account.

FINANCIAL REVIEW

The financing and treasury activities of the Group are centrally managed and controlled at the corporate level. At 30th September 2019, the Group had about HK\$3.6 billion cash and undrawn banking facilities.

The Group's total assets per book amounted to HK\$11,013 million (31st March 2019: HK\$11,512 million). Based on independent valuation, the total revalued amount of our hotel properties in Hong Kong as at 30th September 2019 was HK\$12,294 million, decreased by 0.03% when compared with that as at 31st March 2019. The revalued total assets of the Group with hotel properties in Hong Kong at market value would be HK\$20,434 million (31st March 2019: HK\$20,892 million).

The net assets per book amounted to HK\$4,158 million (31st March 2019: HK\$4,193 million), of which the decrease was mainly due to unrealised fair value changes net of expected credit loss and impairment charges from certain financial investments (mostly listed debt securities) that were recognised 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\$13,579 million (31st March 2019: HK\$13,574 million).

The consolidated net debt (total debt less cash balance) was HK\$6,165 million (31st March 2019: HK\$6,639 million). The total debt comprised HK\$6,226 million of bank borrowings and HK\$205 million convertible notes. 99% of the gross bank borrowings or HK\$6,152 million was denominated in Hong Kong dollars, and the remaining 1% or to the equivalent of HK\$74 million were in foreign currencies incurred in operations and investment in financial assets overseas. Total interest cost increased as a result of increased market interest rates and bank borrowings.

Of the total bank borrowings, 11% were revolving loans (of which 10% is secured), 68% were secured term loans, and the remaining 21% were unsecured term loans. The maturity of our bank borrowings spread over a period of up to five years with 21% repayable within one year, 24% repayable between one to two years, and 55% repayable within three to five years. Convertible notes held by the parent groups, accounting for 3% of total debt, are unsecured and repayable in February 2047.

At 30th September 2019, the Group had net current assets of HK\$5,595 million (31st March 2019: HK\$5,231 million), and bank balances together with listed marketable securities of HK\$6,575 million represent 5.1 times of the bank borrowings of HK\$1,292 million due within 12 months.

The Group's gearing ratio, expressed as a percentage of net debt over the revalued net asset value, was 45% (31st March 2019: 49%).

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 30th September 2019 amounted to HK\$5,198 million (31st March 2019: HK\$4,559 million)

HUMAN RESOURCES

As at 30th September 2019, the total number of full-time employees of the Company and its subsidiaries was approximately 290 (31st March 2019: 300). 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

For our hotel operation in Hong Kong, the management continues to take actions of both short term and longer term to control costs and drive efficiency as the tourism sentiment may take some time to improve. This negative impact would be more than offset by the strong recurrent earnings and cash flow generated from the Group's fixed income financial investment portfolio.

The property market in Vancouver, Canada, as supported by solid economic performance and population growth, is expected to remain attractive.

While China's economic outlook remained uncertain amid ongoing trade tension, continued supportive fiscal and monetary policies by the Chinese government, coupled with a healthy labor market, will provide some buffer to avert the slowdown of its economic growth.

The management, while continuously monitoring macroeconomic developments and risks to the outlook, remains cautiously optimistic towards the performance of the Group in the rapidly changing 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 has 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;
- (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, 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 30th August 2019 due to his other engagements at the relevant time.

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 Hotel Group Limited
POON, JING
Chairman

Hong Kong, 28th November 2019

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. Hung Yat Ming.