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ASIA STANDARD HOTEL GROUP LIMITED

泛海酒店集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 292)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2010

FINANCIAL HIGHLIGHTS			
<i>(in HK\$ million, except otherwise indicated)</i>			
	2010	2009	Change
Revenue	594	604	-2%
Contribution from hotel operations	150	150	-
Net investment gain/(loss)	400	(286)	N/A
Profit/(loss) for the year attributable to shareholders	435	(230)	N/A
Net debt	1,370	1,332	+3%
Net assets	2,364	1,774	+33%
Supplementary information with hotel properties at valuation:			
Revalued net asset value	4,514	3,211	+41%
Revalued net asset value per share (HK\$)	3.44	2.50	+38%
Gearing – net debt to revalued net asset value	30%	42%	-12%

* for identification purpose only

The Directors 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 2010 together with the comparative figures for the year ended 31st March 2009 were as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2010

	<i>Note</i>	2010 HK\$'000	2009 HK\$'000
Revenue	2	594,157	603,533
Cost of sales	5	(302,072)	(352,025)
Gross profit		292,085	251,508
Net investment gain/(loss)	3	399,629	(286,416)
Selling and administrative expense	5	(92,675)	(94,221)
Depreciation and amortisation		(88,830)	(68,660)
Other (charge)/income	4	(30,700)	17,750
Operating profit/(loss)		479,509	(180,039)
Finance costs		(32,955)	(38,055)
Profit/(loss) before income tax		446,554	(218,094)
Income tax expense	6	(11,974)	(12,201)
Profit/(loss) for the year attributable to shareholders		434,580	(230,295)
Dividends	7	13,131	-
Earnings/(loss) per share (HK cents)			
Basic	8	33.20	(17.73)
Diluted	8	31.06	(17.73)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2010

	2010 HK\$'000	2009 HK\$'000
Profit/(loss) for the year	<u>434,580</u>	<u>(230,295)</u>
Other comprehensive income/(charge):		
Net fair value gain/(loss) on available-for-sale investments	93,430	(205,692)
Impairment of available-for-sale investments charged to profit and loss account	1,531	177,486
Release of reserve upon disposal of available-for-sale investments	21,735	-
Currency translation differences	36,568	(35,910)
Other comprehensive income/(charge) for the year	<u>153,264</u>	<u>(64,116)</u>
Total comprehensive income/(charge) for the year attributable to shareholders	<u>587,844</u>	<u>(294,411)</u>

CONSOLIDATED BALANCE SHEET

As at 31st March 2010

	<i>Note</i>	2010 HK\$'000	2009 HK\$'000
Non-current assets			
Property, plant and equipment		1,004,938	958,262
Leasehold land		1,631,799	1,658,726
Deferred income tax assets		1,338	7,771
Available-for-sale investments		228,258	182,428
		<u>2,866,333</u>	<u>2,807,187</u>
Current assets			
Inventories		2,206	2,160
Derivative financial instruments		-	12,806
Financial assets at fair value through profit or loss		928,857	308,132
Trade and other receivables	9	87,811	83,867
Bank balances and cash		76,452	75,884
		<u>1,095,326</u>	<u>482,849</u>
Current liabilities			
Derivative financial instruments		14,571	15,773
Trade and other payables	10	62,053	53,931
Income tax payable		14,630	14,512
Short term borrowings		479,014	415,011
Current portion of long term borrowings		59,768	43,432
Warrant liabilities		53,904	-
		<u>683,940</u>	<u>542,659</u>
Net current assets/(liabilities)		<u>411,386</u>	<u>(59,810)</u>
Total assets less current liabilities		<u>3,277,719</u>	<u>2,747,377</u>
Non-current liabilities			
Warrant liabilities		-	23,935
Long term borrowings		907,606	948,964
Deferred income tax liabilities		6,143	602
		<u>913,749</u>	<u>973,501</u>
Net assets		<u>2,363,970</u>	<u>1,773,876</u>
Equity			
Share capital		26,246	261,409
Reserves		2,337,724	1,512,467
		<u>2,363,970</u>	<u>1,773,876</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 available-for-sale investments, financial assets at fair value through profit or loss, derivative financial instruments and warrant liabilities, which are carried at fair value, and in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The following new and revised standards and amendments to existing standards (“new HKFRS”) are relevant to the Group’s operations and are mandatory for accounting periods beginning on or after 1st January 2009:

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments

Except for certain changes in presentation and disclosures as described below, the adoption of the above new HKFRS in the current year did not have any significant effect on the consolidated financial statements or result in any substantial changes in the Group’s significant accounting policies.

- HKAS 1 (Revised), “Presentation of Financial Statements”. The Group has elected to present two statements: a profit and loss account and a statement of comprehensive income. The financial statements have been prepared under the revised disclosure requirements.
- HKFRS 7 (Amendment), “Improving Disclosures about Financial Instruments” . It requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. This has only resulted in additional disclosures.
- HKFRS 8, “Operating Segments”. HKFRS 8 replaces HKAS 14, “Segment reporting”. It requires a “management approach” under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in certain changes in the presentation and disclosure information of the reportable segments.

Certain new and revised standards, interpretations and amendments to existing standards have been issued but not yet effective for the year ended 31st March 2010 and have not been early adopted by the Group.

2. Turnover and segment information

Turnover comprises revenue from hotel, catering services, travel agency operations, dividend and interest income, together with gross proceeds from disposal of financial assets at fair value through profit or loss and derivative financial instruments.

Revenue comprises revenue from hotel, catering services, travel agency operations, dividend and interest income.

Segment information

	Hotel operation HK\$'000	Catering services HK\$'000	Travel agency HK\$'000	Investments HK\$'000	Others HK\$'000	Total HK\$'000
2010						
Room rentals	233,554					
Food and beverages	49,420					
Ancillary services	7,424					
Rental income	13,397					
Turnover	<u>303,795</u>	<u>10,738</u>	<u>207,692</u>	<u>547,606</u>	<u>1,972</u>	<u>1,071,803</u>
Segment revenue	<u>303,795</u>	<u>10,738</u>	<u>207,692</u>	<u>69,960</u>	<u>1,972</u>	<u>594,157</u>
Contribution to segment results	149,516	(3,146)	(237)	70,424	1,972	218,529
Net investment gain	-	-	-	399,629	-	399,629
Depreciation and amortisation	(88,539)	(174)	(26)	-	(91)	(88,830)
Other charge	-	-	-	-	(30,700)	(30,700)
Segment results	<u>60,977</u>	<u>(3,320)</u>	<u>(263)</u>	<u>470,053</u>	<u>(28,819)</u>	<u>498,628</u>
Unallocated corporate expenses						<u>(19,119)</u>
Operating profit						<u>479,509</u>
Finance costs						<u>(32,955)</u>
Profit before income tax						446,554
Income tax expense						<u>(11,974)</u>
Profit for the year attributable to shareholders						<u>434,580</u>

2. Turnover and segment information (Continued)

	Hotel operation HK\$'000	Catering services HK\$'000	Travel agency HK\$'000	Investments HK\$'000	Others HK\$'000	Total HK\$'000
2009						
Room rentals	238,873					
Food and beverages	40,525					
Ancillary services	6,185					
Rental income	12,559					
Turnover	<u>298,142</u>	<u>15,572</u>	<u>263,952</u>	<u>42,998</u>	<u>3,591</u>	<u>624,255</u>
Segment revenue	<u>298,142</u>	<u>15,572</u>	<u>263,952</u>	<u>22,276</u>	<u>3,591</u>	<u>603,533</u>
Contribution to segment results	150,449	231	(636)	21,958	3,591	175,593
Net investment loss	-	-	-	(286,416)	-	(286,416)
Depreciation and amortisation	(68,460)	(57)	(54)	-	(89)	(68,660)
Other (charge)/income	-	(9,640)	-	-	27,390	17,750
Segment results	<u>81,989</u>	<u>(9,466)</u>	<u>(690)</u>	<u>(264,458)</u>	<u>30,892</u>	<u>(161,733)</u>
Unallocated corporate expenses						<u>(18,306)</u>
Operating loss						<u>(180,039)</u>
Finance costs						<u>(38,055)</u>
Loss before income tax						<u>(218,094)</u>
Income tax expense						<u>(12,201)</u>
Loss for the year attributable to shareholders						<u>(230,295)</u>

2. Turnover and segment information (Continued)

	Hotel operation HK\$'000	Catering services HK\$'000	Travel agency HK\$'000	Investments HK\$'000	Others HK\$'000	Total HK\$'000
2010						
Segment assets	2,671,927	3,507	14,985	1,167,602	25,848	3,883,869
Other unallocated assets						77,790
						<u>3,961,659</u>
Segment liabilities						
Borrowings	967,374	-	-	479,014	-	1,446,388
Other unallocated liabilities						151,301
						<u>1,597,689</u>
Additions to non-current assets*						
	<u>53,561</u>	<u>5</u>	<u>13</u>	<u>-</u>	<u>-</u>	<u>53,579</u>
2009						
Segment assets	2,649,595	4,010	13,035	513,103	26,638	3,206,381
Other unallocated assets						83,655
						<u>3,290,036</u>
Segment liabilities						
Borrowings	992,396	-	-	415,011	-	1,407,407
Other unallocated liabilities						108,753
						<u>1,516,160</u>
Additions to non-current assets*						
	<u>162,757</u>	<u>1,125</u>	<u>114</u>	<u>-</u>	<u>10</u>	<u>164,006</u>

* The amounts exclude financial instruments and deferred income tax assets

2. Turnover and segment information (Continued)

	Revenue HK\$'000	Non-current Assets* HK\$'000
2010		
Hong Kong	448,593	2,361,553
Overseas	145,564	275,184
	<u>594,157</u>	<u>2,636,737</u>
2009		
Hong Kong	500,324	2,383,475
Overseas	103,209	233,513
	<u>603,533</u>	<u>2,616,988</u>

* The amounts exclude financial instruments and deferred income tax assets

3. Net investment gain/(loss)

	2010 HK\$'000	2009 HK\$'000
Unrealised gain/(loss) on:		
- financial assets at fair value through profit or loss	252,783	(80,202)
- derivative financial instruments	8,552	(11,598)
Net realised gain/(loss) on disposal of:		
- financial assets at fair value through profit or loss	135,471	(17,130)
- available-for-sale investments	23,162	-
- derivative financial instruments	(3,644)	-
Impairment of available-for-sale investments	(1,531)	(177,486)
Provision for interest receivable from financial assets at fair value through profit or loss	(15,164)	-
	<u>399,629</u>	<u>(286,416)</u>

4. Other (charge)/income

	2010 HK\$'000	2009 HK\$'000
Fair value (loss)/gain on warrant liabilities	(30,700)	27,390
Impairment loss of goodwill	-	(9,640)
	<u>(30,700)</u>	<u>17,750</u>

5. Income and expenses by nature

	2010 HK\$'000	2009 HK\$'000
Income		
Interest income on:		
- Listed investments	20,835	1,956
- Unlisted investments	87	2,145
- Other receivables	1,750	2,875
- Bank deposits	226	716
Dividend income on:		
- Listed investments	48,384	17,861
- Unlisted investments	178	99
	<u>178</u>	<u>99</u>
Expenses		
Operating lease rental expense for land and buildings	6,158	5,939
Cost of goods sold	178,421	231,679
	<u>178,421</u>	<u>231,679</u>

6. Income tax expense

	2010 HK\$'000	2009 HK\$'000
Current income tax		
Overseas profits tax	-	487
	<u>-</u>	<u>487</u>
Deferred income tax	11,974	11,714
Income tax expense	11,974	12,201
	<u>11,974</u>	<u>12,201</u>

No Hong Kong profits tax has been provided for as the Group has sufficient tax loss brought forward to set off against the estimated assessable profit for the year (2009: Nil). Income tax on overseas 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. Dividend

No interim dividend was declared for the year (2009: Nil).

At a meeting held on 29th June 2010, the Board of Directors has proposed to pay a final dividend of HK1 cent per share with a scrip option (2009: Nil). The proposed dividend is not reflected in the financial statements, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2011.

The amount of HK\$13,130,614 is based on 1,313,061,406 issued shares as at 29th June 2010.

8. Earnings/(loss) per share

The calculation of basic earnings per share (2009: loss per share) is based on the profit for the year attributable to shareholders of HK\$434,580,000 (2009: loss of HK\$230,295,000) and divided by the weighted average number of 1,309,007,818 (2009 restated: 1,298,820,635, adjusted for the effect of the consolidation of ordinary shares based on the ratio of 10 to 1) shares in issue during the year.

The calculation of diluted earnings per share for the year ended 31st March 2010 was based on the profit for the year attributable to shareholders of HK\$434,580,000 and 1,399,023,323 shares equaling to the weighted average number of 1,309,007,818 shares in issue during the year plus 90,015,505 potential shares deemed to be in issue assuming the outstanding warrants had been exercised. The outstanding of share options did not have dilutive effect on the earnings per share for the year ended 31st March 2010.

The basic and diluted loss per share were the same for the year ended 31st March 2009 as the outstanding warrants and share options did not have a dilutive effect on the loss per share.

9. Trade and other receivables

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

Trade receivables of the Group amounted to HK\$33,246,000 (2009: HK\$23,455,000). 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:

	2010	2009
	HK\$'000	HK\$'000
0 - 60 days	31,597	23,054
61 - 120 days	1,439	160
Over 120 days	210	241
	<u>33,246</u>	<u>23,455</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 and various accruals.

Trade payables of the Group amounted to HK\$15,808,000 (2009: HK\$13,888,000).

Aging analysis of trade payables is as follows:

	2010	2009
	HK\$'000	HK\$'000
0 - 60 days	15,593	13,734
61 - 120 days	12	41
Over 120 days	203	113
	<u>15,808</u>	<u>13,888</u>

11. Comparative figures

Certain comparative figures have been restated to conform with the current year's presentation.

The figures in this preliminary announcement have been agreed by PricewaterhouseCoopers ("PwC") to those in the Group's consolidated financial statements for the year ended 31st March 2010. The work performed by PwC in this respect was limited and did not constitute an audit, review and other 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 PwC for this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group's revenue for the twelve months ended 31st March 2010 amounted to HK\$594 million, decreasing by HK\$10 million or 2% compared with the same period last year. The Group's profit attributable to shareholders, increased to HK\$435 million as compared to a loss of HK\$230 million in the same period last year. The difference was mainly attributable to gain, both realised and unrealised, on investments in financial assets as opposed to a loss, mainly unrealised, in the same period last year.

BUSINESS REVIEW

During the period between April 2009 and March 2010, the number of tourist arrivals increased by 2% compared to the same period in the prior reporting year. This is mainly due to the rise in arrivals from Mainland China, which balance off the decline in overseas visitor arrivals from both short and long haul region. The negative arrival trend in the earlier part of the year began to reverse in August 2009 as visitors' concern about the outbreak of H1N1 influenza in May 2009 gradually subsided while the economic conditions also improved from the global financial crisis that emerged since the third quarter of 2008.

On the supply side, the number of hotel rooms under high tariff B category has seen a 17% increase during the period under review from the same period of last year.

According to the statistics from the Hong Kong Tourism Board, the average hotel occupancy rate across all categories of hotels in 2009 was 78%, which is 7% lower than the figure of the previous year. Occupancy for top-tariff hotels averaged 72% in 2009, a decrease of also 7% over 2008.

During the period under review, the Group continued to enhance the facilities and services at all four Empire Hotels. An Empire Elite membership loyalty program aiming to attract guests for more frequent stays and reward them a range of incentives was initiated.

Empire Hotel Hong Kong

Empire Hotel Hong Kong's average room rate decreased by 24% at an average occupancy rate of 83%. Total revenue amounted to HK\$90 million and its gross operating profit amounted to HK\$48 million. A number of refurbishment projects completed during the year include a new conference and banquet venue and a business lounge, which further enhances its competitiveness in the higher yield business segment. As a continued effort in facilities enhancement, the hotel lobby will undergo a renovation program from May 2010 and is expected to be completed in September 2010. The new design will further improve the operation efficiency of the lobby area and provide an uplift in the image of the hotel.

Empire Hotel Kowloon

Empire Hotel Kowloon's average rate decreased by 24% at an average occupancy rate of 86%. Total revenue amounted to HK\$83 million and its gross operating profit amounted to HK\$44 million.

Empire Landmark Hotel Vancouver

Empire Landmark's average rate decreased by 7% at an average occupancy rate of 61%. Total revenue amounted to HK\$84 million, and its gross operating profit amounted to HK\$37 million. During the year, a variety of upgrading works were carried out including elevators, property management and telecommunications systems, guest room key access system, fire security system and in-room TV entertainment facilities. This extensive asset enhancement program shall continue progressively in the next 2 years to improve the guest experience and to position the hotel as one of the best in its class.

Empire Hotel Causeway Bay

Empire Hotel Causeway Bay has, since its official opening in mid-May 2009, achieved an occupancy rate of 86% between July 2009 and March 2010. Total revenue for the entire year amounted to HK\$47 million, and its gross operating profit amounted to HK\$21 million.

In addition, this new hotel was also appointed as one of the Hong Kong 2009 East Asian Games Athletes' Hotels to provide accommodation for athletes of the Games in December 2009.

The Group's room portfolio increased by 280 from 1,063 rooms to 1,343 rooms with the addition of this new hotel.

Travel and Catering

Revenues for the travel and catering amounted to HK\$208 million and HK\$11 million respectively.

FINANCIAL REVIEW

As at 31st March 2010, total assets amounted to HK\$3,962 million, increased by 20% when compared with HK\$3,290 million as at 31st March 2009. Based on independent valuation, the total revalued amount of the four hotel properties as at 31st March 2010 was HK\$5,207 million, increased by 20% when compared with that as at 31st March 2009.

The shareholders' funds amounted to HK\$2,364 million, increased by HK\$590 million when compared with HK\$1,774 million as at 31st March 2009. The increase was mainly due to the fair value gain on financial assets. Taking into account the market value of the hotel properties, the revalued net asset value of the Group would become HK\$4,514 million.

The financial investment portfolio amounted to HK\$1,157 million (2009: HK\$490 million). This segment of business generated through profit and loss account a total income of HK\$70 million (2009: HK\$22 million) and a net investment gain of HK\$400 million (2009: loss of HK\$286 million), of which HK\$251 million was due to fair value changes (2009 : loss of HK\$258 million). A further unrealised fair value gain of HK\$95 million was recognised through the equity reserve account (2009: loss of HK\$31 million).

The consolidated net bank borrowings was HK\$1,370 million, increased by HK\$38 million when compared with that at 31st March 2009. Gross bank borrowings denominated in HK dollars amounted to HK\$1,294 million, representing 89% of the total gross bank borrowings. 11% of the total gross bank borrowings or to the equivalent of HK\$154 million were in foreign currencies, mainly arising from the Vancouver property mortgage loan that was borrowed in Canadian dollar. The Canadian dollar appreciated 24% at the balance sheet date when compared with that at 31 March 2009, and the corresponding net exchange gain of HK\$37 million was credited to the equity reserve account. A total of HK\$150 million interest rate swap contracts were held for hedging purposes against our borrowings, which were all at floating interest rate.

Of the total gross bank borrowings, 37% was repayable within one year, and 38% was repayable after five years. As at 31st March 2010, the Group had net current assets of HK\$411 million (31st March 2009: net current liabilities of HK\$60 million).

The Group's gearing ratio, expressed as a percentage of net debt over the net asset value, decreased to 58% (31st March 2009: 75%), and after taking into account the fair value of hotel properties at the balance sheet date, the gearing was at a level of 30% (31st March 2009: 42%).

The aggregate net book value of hotel properties pledged as securities for loans of the Group as at 31st March 2010 amounted to HK\$2,635 million (31st March 2009: HK\$2,615 million).

During the year under review, the ordinary shares of the Company have been consolidated based on the ratio of 10 to 1. This capital consolidation resulted in the increase in the company's contributed surplus by HK\$235 million.

Human Resources

As at 31st March 2010, the total number of employees of the Company and its subsidiaries was 429. In addition to salary payment, the Group provides other benefits including insurance, medical scheme and retirement plans and others to its employees.

FUTURE PROSPECTS

Looking into 2010, most market regions in the first quarter have been showing robust growth. In particular, arrivals from Mainland China, Taiwan and most short-haul markets have surpassed the levels in 2008 before the global financial crisis, while other markets are also steadily heading for full recovery. All these positive trends are evidence of the improving confidence and sentiments to travel among global consumers, as the economic conditions rebound. Hong Kong is well placed to benefit from the demand for outbound travel among the global and Mainland visitors, leveraging on the growth of Mainland China and various opportunities, such as the World Expo in Shanghai.

We remain confident on the longer-term prospects as the global economy regains its footing.

DIVIDENDS

The Directors recommend a final dividend for the year ended 31st March 2010 of HK1 cent per share (2009: Nil) to shareholders whose names appear on the Company's Register of Members on 19th August 2010 (the "Record Date"). The final dividend is subject to approval of the shareholders in the 2010 annual general meeting to be held on 19th August 2010 (the "2010 AGM"), and is expected to be paid on or around 17th September 2010. The shareholders will be given an option to elect to receive shares of the Company credited as fully paid in lieu of cash in respect of part or all of the proposed final dividend (the "Scrip Dividend Scheme").

The Scrip Dividend Scheme will be subject to (i) the approval of the proposed final dividend at the 2010 AGM; and (ii) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting listing of and permission to deal in the new shares to be allotted thereunder. Full details of the Scrip Dividend Scheme will be set out in a circular to be dispatched to the shareholders.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 17th August 2010 to Thursday, 19th August 2010, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend and to ascertain the right to attend the 2010 AGM, all share certificates with completed transfer forms either overlap or separately 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, 16th August 2010.

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 purchased or sold any of the Company's listed securities during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Director 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 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except for the deviation from code provision A.4.1 which stated that Non-executive Directors should be appointed for a specific term, subject to re-election. All Independent Non-executive Directors of the Company were 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.

AUDIT COMMITTEE

The Audit Committee members are Mr. Hung Yat Ming, Mr. Leung Wai Keung and Mr. Ip Chi Wai who have reviewed the annual financial statements of the Group for the year ended 31st March 2010.

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

Hong Kong, 29th June 2010

As at the date of this announcement, the Executive Directors of the Company are Mr. Poon Jing, Dr. Lim Yin Cheng, Mr. Fung Siu To, Clement, Mr. Poon Tin Sau, Robert 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.