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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 2021

FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	Six months ended 30th September		Change
	2021	2020	
Revenue	509	494	+3%
Operating (loss)/profit	(88)	378	N/A
(Loss)/profit for the period attributable to shareholders of the Company	(147)	302	N/A
(Loss)/earnings per share – basic (HK cents)	(7.3)	15.0	N/A
	30th September 2021	31st March 2021	
Total assets	9,629	12,110	-20%
Net assets	2,836	5,078	-44%
Equity attributable to shareholders of the Company	2,835	5,077	-44%
Net debt	5,898	5,054	+17%
Supplementary information with hotel properties in operation stated at valuation:			
Revalued total assets	18,353	20,776	-12%
Revalued net assets	11,559	13,744	-16%
Gearing – net debt to revalued net assets	51%	37%	+14%

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 2021 together with the comparative figures for the six months ended 30th September 2020 were as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

For the six months ended 30th September

	<i>Note</i>	2021 HK\$'000	2020 HK\$'000
Interest revenue		478,559	475,794
Sales of goods and services and other revenue		30,020	18,316
Total revenue	2	508,579	494,110
Cost of sales		(16,993)	(12,435)
Gross profit		491,586	481,675
Selling and administrative expenses		(58,099)	(57,867)
Depreciation		(63,546)	(63,581)
Net investment (loss)/gain	3		
Net realised and unrealised (loss)/gain		(46,373)	18,971
Changes in expected credit losses		(411,205)	(798)
Operating (loss)/profit		(87,637)	378,400
Net finance costs	5	(71,125)	(85,791)
Share of profits less losses of joint ventures		115	647
(Loss)/profit before income tax		(158,647)	293,256
Income tax credit	6	11,584	9,399
(Loss)/profit for the period		(147,063)	302,655
Attributable to:			
Shareholders of the Company		(147,262)	302,425
Non-controlling interests		199	230
		(147,063)	302,655
(Loss)/earnings per share (HK cents)			
Basic	8	(7.3)	15.0
Diluted	8	(3.0)	6.6

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

For the six months ended 30th September

	2021 HK\$'000	2020 HK\$'000
(Loss)/profit for the period	<u>(147,063)</u>	<u>302,655</u>
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Net fair value (loss)/gain on debt securities at fair value through other comprehensive income	(2,045,781)	731,486
Cash flow hedges		
- net fair value loss	(1,933)	(50,568)
- deferred tax on derivative financial instruments	319	9,093
Currency translation differences	(2,892)	24,400
Share of currency translation differences of joint ventures	(2,756)	27,456
Item that will not be reclassified to profit or loss:		
Net fair value loss on equity securities at fair value through other comprehensive income	<u>(13,868)</u>	<u>(43,738)</u>
	<u>(2,066,911)</u>	<u>698,129</u>
Total comprehensive (charge)/income for the period	<u>(2,213,974)</u>	<u>1,000,784</u>
Attributable to:		
Shareholders of the Company	(2,213,936)	998,565
Non-controlling interests	(38)	2,219
	<u>(2,213,974)</u>	<u>1,000,784</u>

CONDENSED CONSOLIDATED BALANCE SHEET - UNAUDITED

	<i>Note</i>	30th September 2021 HK\$'000	31st March 2021 HK\$'000
Non-current assets			
Property, plant and equipment		2,936,068	2,863,946
Investment in joint ventures		173,184	169,788
Amount due from joint ventures		393,112	385,171
Financial investments		1,704,881	1,948,073
Derivative financial instruments		6,674	9,840
Deferred income tax assets		42,024	29,475
		5,255,943	5,406,293
Current assets			
Properties under development for sale		1,106,735	836,478
Inventories		18,507	18,546
Trade and other receivables	9	307,134	273,842
Income tax recoverable		59	59
Financial investments		2,519,814	4,712,334
Bank balances and cash		421,282	862,139
		4,373,531	6,703,398
Current liabilities			
Trade and other payables	10	96,998	738,436
Contract liabilities		224,254	224,843
Amount due to non-controlling interests		47,906	46,640
Borrowings		1,991,409	1,391,205
Income tax payable		74,282	61,980
		2,434,849	2,463,104
Net current assets		1,938,682	4,240,294
Non-current liabilities			
Long term borrowings		4,095,344	4,299,119
Lease liabilities		360	2,490
Convertible notes		232,712	225,455
Derivative financial instruments		28,958	27,547
Deferred income tax liabilities		1,074	13,646
		4,358,448	4,568,257
Net assets		2,836,177	5,078,330
Equity			
Share capital		40,361	40,361
Reserves		2,794,370	5,036,485
Equity attributable to shareholders of the Company		2,834,731	5,076,846
Non-controlling interests		1,446	1,484
		2,836,177	5,078,330

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2021 (“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 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies 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 2021, except the adoption of the following new standard and amendments that are effective for the financial year ending 31st March 2022 which is relevant to the Group’s operations and is mandatory for accounting periods beginning on or after 1st January 2021:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, Interest Rate Benchmark Reform-Phase 2
HKFRS 9 and HKFRS 16

The adoption of the new standard and amendments to the standards stated above did not have any significant impact to the Group in the current and prior periods.

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 2021					
Segment revenue	<u>26,823</u>	<u>411</u>	<u>479,634</u>	<u>1,711</u>	<u>508,579</u>
Contribution to segment results	(17,952)	(2,247)	478,711	65	458,577
Depreciation	(55,766)	(3,219)	-	(4,561)	(63,546)
Net investment loss	-	-	(457,578)	-	(457,578)
Share of profits less losses of joint ventures	-	232	-	(117)	115
Segment results	<u>(73,718)</u>	<u>(5,234)</u>	<u>21,133</u>	<u>(4,613)</u>	<u>(62,432)</u>
Unallocated corporate expenses					(25,090)
Net finance costs					(71,125)
Loss before income tax					<u>(158,647)</u>
Six months ended 30th September 2020					
Segment revenue	<u>12,438</u>	<u>497</u>	<u>474,349</u>	<u>6,826</u>	<u>494,110</u>
Contribution to segment results	(22,103)	(1,508)	473,255	(956)	448,688
Depreciation	(56,129)	(2,692)	-	(4,760)	(63,581)
Net investment gain	-	-	18,173	-	18,173
Share of profits less losses of joint ventures	-	855	-	(208)	647
Segment results	<u>(78,232)</u>	<u>(3,345)</u>	<u>491,428</u>	<u>(5,924)</u>	<u>403,927</u>
Unallocated corporate expenses					(24,880)
Net finance costs					(85,791)
Profit before income tax					<u>293,256</u>

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 2021						
Assets	3,011,419	1,799,883	4,689,332	24,449	104,391	9,629,474
Assets include:						
Joint ventures	-	565,806	-	490	-	566,296
Addition to non-current assets for the six months ended 30th September 2021*	135,419	1,784	-	-	44	137,247
Liabilities						
Borrowings	3,566,773	271,575	578,230	-	1,670,175	6,086,753
Other unallocated liabilities						706,544
						6,793,297
<hr/>						
As at 31st March 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 for the six months ended 30th September 2020*	7,564	2,103	-	191	9,750	19,608
Liabilities						
Borrowings	3,609,603	84,193	578,309	-	1,418,219	5,690,324
Other unallocated liabilities						1,341,037
						7,031,361

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

2. Segment information (Continued)

	Six months ended 30th September	
	2021 HK\$'000	2020 HK\$'000
Revenue		
Hong Kong	41,599	36,623
Overseas	466,980	457,487
	<u>508,579</u>	<u>494,110</u>
	30th September 2021 HK\$'000	31st March 2021 HK\$'000
Non-current assets*		
Hong Kong	2,930,559	2,855,178
Overseas	571,805	563,727
	<u>3,502,364</u>	<u>3,418,905</u>

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

3. Net investment (loss)/ gain

	Six months ended 30th September	
	2021 HK\$'000	2020 HK\$'000
Financial assets at fair value through profit or loss (“FVPL”)		
- net unrealised loss from market price movements	(92,939)	(2,102)
- net unrealised exchange gain	35,555	292
Financial assets at fair value through other comprehensive income (“FVOCI”)		
- net unrealised exchange gain/(loss)	5,285	(1,985)
- net realised gain (note (a))	8,047	22,766
- changes in expected credit losses	(411,205)	(798)
Fair value loss on derivative financial instruments	(2,321)	-
	<u>(457,578)</u>	<u>18,173</u>

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

Notes:

	Six months ended	
	30th September	
	2021	2020
	HK\$'000	HK\$'000
(a) Net realised gain on financial assets at FVOCI		
Gross consideration	321,123	1,419,464
Cost of investments	(310,754)	(1,392,459)
Total gain	<u>10,369</u>	<u>27,005</u>
Transfer from investment revaluation reserve	(2,322)	(4,239)
Net realised gain recognised in current period	<u>8,047</u>	<u>22,766</u>

4. Income and expenses by nature

	Six months ended	
	30th September	
	2021	2020
	HK\$'000	HK\$'000
Income		
Interest income from financial assets at FVOCI		
- Listed investments	378,706	472,159
Interest and dividend income from financial assets at FVPL		
- Listed investments	65,444	-
- Unlisted investments	767	-
Dividend income from financial assets at FVOCI		
- Listed investments	<u>1,662</u>	<u>-</u>
Expenses		
Cost of goods sold and services provided	<u>533</u>	<u>417</u>

5. Net finance costs

	Six months ended 30th September	
	2021 HK\$'000	2020 HK\$'000
Interest expenses		
Long term bank loans	(47,390)	(57,300)
Short term bank loans and overdrafts	(2,260)	(6,481)
Lease liabilities	(94)	(109)
Convertible notes	(7,869)	(7,395)
Hedging derivative financial instruments	(12,566)	(4,061)
Interest capitalised	7,955	6,576
	<u>(62,224)</u>	<u>(68,770)</u>
Other incidental borrowing costs	(8,426)	(8,803)
Net foreign exchange (loss)/gain on borrowings	(151)	321
Fair value loss on derivative financial instruments - cash flow hedge	(324)	(8,539)
	<u>(71,125)</u>	<u>(85,791)</u>

6. Income tax credit

	Six months ended 30th September	
	2021 HK\$'000	2020 HK\$'000
Current income tax expense		
Hong Kong profits tax	(19,641)	(7,906)
Overseas profits tax	(581)	-
Over/(under) provision in prior years	7,438	(834)
	<u>(12,784)</u>	<u>(8,740)</u>
Deferred income tax credit	24,368	18,139
	<u>11,584</u>	<u>9,399</u>

Hong Kong profits tax is provided at the rate of 16.5% (2020: 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 2021 (2020: Nil).

8. (Loss)/earnings per share

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

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

	Six month ended 30th September	
	2021	2020
	HK\$'000	HK\$'000
(Loss)/profit attributable to shareholders of the Company for calculation of basic (loss)/earnings per share	(147,262)	302,425
Effect of dilutive potential shares:		
Interest expense saved on convertible notes	7,869	7,395
(Loss)/profit attributable to shareholder of the Company for calculation of diluted (loss)/earnings per share	(139,393)	309,820
	Number of shares	
Weighted average number of shares for calculation of basic (loss)/earnings per share	2,018,040,477	2,018,040,477
Effect of dilutive potential shares:		
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 (loss)/earnings per share	4,711,160,487	4,711,160,487
Basic (loss)/earnings per share (HK cents)	(7.3)	15.0
Diluted (loss)/earnings per share (HK cents)	(3.0)	6.6

9. Trade and other receivables

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

Trade receivables of the Group amounted to HK\$6,951,000 (31st March 2021: HK\$3,015,000). 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 2021 HK\$'000	31st March 2021 HK\$'000
0 month to 6 months	6,818	2,875
7 months to 12 months	1	8
More than 12 months	132	132
	<u>6,951</u>	<u>3,015</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\$42,921,000 (31st March 2021: HK\$687,162,000).

Aging analysis of trade payables is as follows:

	30th September 2021 HK\$'000	31st March 2021 HK\$'000
0 month to 6 months	42,443	686,622
7 months to 12 months	25	8
More than 12 months	453	532
	<u>42,921</u>	<u>687,162</u>

Management Discussion and Analysis

RESULTS

The Group's revenue for the six months ended 30th September 2021 was HK\$509 million, an increase of 3% compared to the previous year. A loss attributable to shareholders of HK\$147 million was recorded as opposed to a profit of HK\$302 million from the previous year. Such change is primarily attributable to a net investment loss (2020: gain) comprising expected credit loss and net unrealised loss on listed debt securities for the period following the severe liquidity and credit stress of PRC developers.

Hotel Business

While tourist arrivals to Hong Kong declined by 24% during the review period, visitors from Mainland China increased by 16%, although overall visitor numbers remained minimal in comparison to pre-pandemic levels due to government travel restrictions, quarantines, and border closures. The total hotel room supply in Hong Kong as of September 2021 was approximately 87,077, increased by 2% from last year's same time.

The Group's hotel business performed better than the previous year, with occupancy rates and average room rates increasing by 13% and 40%, respectively, and revenue increased by about 116%. This growth was attributed in part by our multi-pronged strategy, which included the launch of long-stay promotions targeted at local customers beginning in July at our Empire Hotel Hong Kong and Empire Hotel Kowloon, as well as our participation in the Hong Kong Government's Designated Quarantine Hotel Scheme commencing on 1st September at our 2 Empire Hotels in Causeway Bay. Hotel management is acutely aware of the challenges that continue as the uncertainty associated with a global resurgence in COVID-19 infections persists, and is continuously planning and implementing initiatives to enhance occupancy and ensure a consistent revenue stream during the Pandemic. Furthermore, management will adhere to strict cost-cutting measures and defer non-essential capital expenditures.

Development Projects

The twin tower Landmark on Robson, located in Vancouver's central business district, is currently at the 22nd floor (East Tower) and the 17th floor (West Tower) of its concrete frame structure construction, which is scheduled to top out in Q1 2022. As of 30th September 2021, a total of approximately CAD\$140 million in contracted sales of residential units in this development has been achieved since the project's pre-sale commenced in early 2018. A new round of pre-sales had begun in October as a result of the continuous improvement in real estate market sentiment, coupled with the subsiding of the COVID panic during the review period.

Another developable site adjacent to the Landmark On Robson remains in the development planning stage. However, we have utilised the site as a community garden for the local vicinity to improve the social and green aspect for the neighborhood until we are able to finalize the planning for the site.

Concerning the Group's joint venture residential construction on Alberni Street, the City has accepted our response to the Prior to Letter, and the development team is currently determining the most efficient method for achieving coordinated construction designs that minimize project construction costs, as well as investigating potential locations for the sales presentation center and developing a marketing campaign, prior to the City officially enacting the rezoning and issuing a development permit.

For another joint venture development that is also located at Alberni Street in downtown Vancouver, we are in the advanced stages of obtaining rezoning approval by confirming the Community Amenity Contributions (CAC) offer with the City in May 2021, and setting a public hearing schedule in December 2021.

Financial Investments

The Group's financial investment portfolio, which consisted almost entirely of listed securities as of 30th September 2021, amounted to HK\$4,225 million (31st March 2021: HK\$6,660 million), a decrease of HK\$ 2,435 million from the previous year. 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 banking stock, and 1% in unlisted funds. They were denominated in United States dollars 59%, Renminbi 38% and Hong Kong dollars 3%.

During the period under review, a total of HK\$480 million (2020: HK\$474 million) in interest and dividend income were generated from the investment portfolio. A net investment loss of HK\$458 million (2020: a net gain of HK\$18 million) comprising provision of expected credit loss and net unrealised loss on financial investments for the period, was charged to profit and loss account while the mark-to-market valuation loss on listed debt securities of HK\$2,060 million (2020: a net gain of HK\$ 688 million) were recognised in the investment reserve account.

The decrease in portfolio value and the net investment loss incurred during the period were primarily the result of expected credit losses and mark-to-market fair value losses on our listed debt securities issued by Chinese real estate companies as a result of the government's effort to limit developers' leverage. Developers are facing refinancing difficulties and debt repayment pressures.

Notwithstanding these challenges, regulators have urged developers to complete unfinished projects, meet debt obligations, including payments on offshore bonds and avoid to defaulting on their debts. Examples of proposed interim remedies to alleviate developers' liquidity stress include allowing developers to recommence asset-backed securities issuance, loosening foreign exchange arrangements for off-shore debt repayment, as well as encouraging banks to expedite the supply of housing loan mortgages.

FINANCIAL REVIEW

The Group's financial and treasury activities are centrally managed and controlled at the headquarter level. At 30th September 2021, the Group had about HK\$3.1 billion cash and undrawn banking facilities.

The Group's total assets and net assets per book amounted to HK\$9,629 million (31st March 2021: HK\$12,110 million) and HK\$2,836 million (31st March 2021: HK\$5,078 million), respectively, with the decreases primarily due to mark-to-market unrealised fair value changes from certain financial investments (mostly listed debt securities) recognised in other comprehensive income under shareholders' equity. According to independent valuation, the total revalued amount of our hotel properties in Hong Kong as of 30th September 2021 was HK\$11,414 million, which is roughly the same as of 31st March 2021. Taking into account the market value of the hotel properties in operation, the Group's revalued total assets and net assets with hotel properties in Hong Kong at market value would be HK\$ 18,353 million (31st March 2021: HK\$20,776 million) and HK\$ 11,559 million (31st March 2021: HK\$13,744 million), respectively.

The total debt comprised HK\$6,087 million of bank borrowings and HK\$233 million convertible notes. 96% of the gross bank borrowings or HK\$5,815 million was denominated in Hong Kong dollars, with about 44% hedged against interest rate fluctuations in response to mounting inflationary concerns through various interest rate swap contracts totaling HK\$2,700 million. The remaining 4% or to the equivalent of HK\$272 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, 10% were revolving loans (all of which is secured), 73% were secured term loans, and the remaining 17% were unsecured term loans. The maturity of our bank borrowings spread over a period of up to five years with 33% repayable within one year, 28% repayable between one to two years, and 39% 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 in February 2047.

The consolidated net debt (total debt less cash balance) was HK\$5,898 million (31st March 2021: HK\$5,054 million). The Group's gearing ratio, expressed as a percentage of net debt over the revalued net asset value, was 51% (31st March 2021: 37%).

At 30th September 2021, the Group had net current assets of HK\$1,939 million (31st March 2021: HK\$4,240 million), and bank balances together with listed marketable securities of HK\$4,599 million represent 2.3 times of the bank borrowings of HK\$1,991 million due within 12 months.

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 2021 amounted to HK\$4,739 million (31st March 2021: HK\$4,774 million).

HUMAN RESOURCES

As of 30th September 2021, the total number of full-time employees of the Company and its subsidiaries was approximately 184 (31st March 2021: 180). 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 third quarter of 2021 saw a further consolidation of Hong Kong's economic recovery, with real GDP increasing by 5.4% over the same period the previous year, accompanied by a continued improvement in global economic activity. On the other hand, inbound travel has remained almost stagnant due to ongoing pandemic restrictions and border controls in response to the new mutant strains and a global resurgence of COVID-19 cases. Notwithstanding these impediments, Hong Kong's ongoing discussions with mainland China about resuming quarantine-free travel to and from the mainland and in the near future are well progressed, given the region's continuous mass vaccination program and stable local epidemiological situation.

Aside from pandemic concerns, financial markets will continue to confront inflationary pressures from a clogged supply chain, increased consumer demand, and rising wages. The U.S. Federal reserve maintains that the increase in inflation is primarily temporary and expects it to endure far into next year. While the Fed has indicated that it will begin tapering its bond purchases shortly, it has also stated that it may modify its course if required.

For the PRC's real estate sector, the government has consistently sent out encouraging signals since the end of September, including easing lending requirements for developers and encouraging banks to expedite personal mortgage loans. These signals are considered as moderately fine-tuning guidance to existing stricter regulations, with any improvement in the credit climate resulting in an increase in market expectations, which is necessary for the market to continue developing steadily and healthily. Future regulations are anticipated to prioritize healthy real estate market growth and protecting the interests of housing customers, while also assuring a dynamic and vibrant property sector capable of meeting housing demand in the country's major cities driven by urbanisation over the next decade or so.

In British Columbia, Canada, as in the majority of Western Canada's housing market, prices have increased over the review period as a result of strong demand fueled by low mortgage rates, a scarcity of rental units, and low vacancy rates. Demand and sales increased across all property types in the region, especially in large urban centers such as Vancouver, where housing inventory is low, and this trend is projected to continue in the medium term.

While the management closely monitors macroeconomic events and potential risks to the outlook, it remains cautiously optimistic about the Group's performance in a constantly changing environment.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2021 (2020: 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 2021.

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 27th August 2021 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 2021.

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

Hong Kong, 30th November 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.