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ASIA STANDARD INTERNATIONAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 129)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2022

FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	Six months ended		Change
	30th September 2022	2021	
Revenue	1,083	1,278	-15%
Profit attributable to shareholders of the Company	39	147	-73%
Earnings per share – basic (HK\$)	0.03	0.11	-73%
	30th September 2022	31st March 2022	
Total assets	33,842	35,022	-3%
Net assets	14,789	16,410	-10%
Equity attributable to shareholders of the Company	14,559	16,014	-9%
Net debt	16,749	16,188	+3%
Supplementary information with hotel properties at valuation:			
Revalued total assets	43,335	43,831	-1%
Revalued net assets	24,282	25,219	-4%
Equity attributable to shareholders of the Company	22,409	23,299	-4%
Gearing - net debt to revalued net assets	69%	64%	+5%

The board of directors (the “Board”) of Asia Standard International 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 2022 together with the comparative figures for the six months ended 30th September 2021 were as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

For the six months ended 30th September

	Note	2022 HK\$'000	2021 HK\$'000
Interest revenue		907,307	1,144,795
Sales of goods and services, leasing and other revenue		176,046	133,136
Total revenue	2	<u>1,083,353</u>	<u>1,277,931</u>
Cost of sales		<u>(51,871)</u>	<u>(36,046)</u>
Gross profit		1,031,482	1,241,885
Selling and administrative expenses		(139,342)	(114,230)
Depreciation		(76,543)	(66,052)
Net investment loss	3		
Net realised and unrealised loss		(308,932)	(152,822)
Changes in expected credit losses		(615,590)	(933,566)
Fair value gain of investment properties		81,995	316,707
Operating (loss)/profit		<u>(26,930)</u>	<u>291,922</u>
Net finance costs	5	(152,094)	(182,887)
Share of profits less losses of			
Joint ventures		195,282	(45,308)
Associated companies		(13,082)	42,466
Profit before income tax		<u>3,176</u>	<u>106,193</u>
Income tax credit	6	20,076	15,086
Profit for the period		<u>23,252</u>	<u>121,279</u>
Attributable to:			
Shareholders of the Company		38,666	146,556
Non-controlling interests		(15,414)	(25,277)
		<u>23,252</u>	<u>121,279</u>
Earnings per share (HK\$)			
Basic	8	0.03	0.11
Diluted	8	0.03	0.11

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - UNAUDITED

For the six months ended 30th September

	2022 HK\$'000	2021 HK\$'000
Profit for the period	23,252	121,279
Other comprehensive charge		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Debt securities at fair value through other comprehensive income		
- net fair value loss and other net movements	(1,493,092)	(4,795,755)
- release of reserve upon disposal/redemption/ derecognition	(37,166)	15,653
Share of net fair value gain/(loss) on debt securities at fair value through other comprehensive income of joint ventures	16,216	(143,489)
Cash flow hedges		
- net fair value gain/(loss)	244,094	(1,365)
- deferred tax on derivative financial instruments	(40,276)	225
Currency translation differences	(102,532)	(1,055)
Share of currency translation differences of joint ventures	(193,382)	26,163
Items that will not be reclassified to profit or loss:		
Net fair value loss on equity securities at fair value through other comprehensive income	(38,072)	(181,166)
	<u>(1,644,210)</u>	<u>(5,080,789)</u>
Total comprehensive charge for the period	<u>(1,620,958)</u>	<u>(4,959,510)</u>
Attributable to:		
Shareholders of the Company	(1,455,424)	(4,576,461)
Non-controlling interests	(165,534)	(383,049)
	<u>(1,620,958)</u>	<u>(4,959,510)</u>

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

	Note	30th September 2022 HK\$'000	31st March 2022 HK\$'000
Non-current assets			
Investment properties		10,116,954	10,034,752
Property, plant and equipment		4,718,198	4,761,239
Investment in joint ventures and associated companies		4,422,834	4,373,855
Amounts due from joint ventures and associated companies		2,355,618	2,281,206
Loan receivables		747	850
Financial investments		720,996	1,389,996
Derivative financial instruments		599,040	282,636
Deferred income tax assets		192,423	158,100
		23,126,810	23,282,634
Current assets			
Properties under development for sale		4,519,971	4,257,302
Completed properties held for sale		3,481	3,481
Hotel and restaurant inventories		32,289	17,881
Trade and other receivables	9	1,379,439	908,131
Income tax recoverable		58	80
Financial investments		3,778,059	5,421,162
Bank balances and cash			
- restricted		210,271	369,326
- unrestricted		791,226	762,384
		10,714,794	11,739,747
Current liabilities			
Trade and other payables	10	200,595	196,712
Contract liabilities		239,845	245,717
Amounts due to joint ventures		273,504	311,392
Amount due to an associated company		206,250	206,250
Amount due to non-controlling interests		50,477	48,647
Income tax payable		160,535	151,983
Borrowings		4,789,877	3,996,578
Derivative financial instruments		-	676
		5,921,083	5,157,955
Net current assets		4,793,711	6,581,792

CONDENSED CONSOLIDATED BALANCE SHEET – UNAUDITED

	30th September 2022 HK\$'000	31st March 2022 HK\$'000
Non-current liabilities		
Borrowings	12,951,438	13,314,797
Convertible notes	8,808	8,532
Lease liabilities	2,324	5,738
Deferred income tax liabilities	168,800	125,250
	<u>13,131,370</u>	<u>13,454,317</u>
Net assets	<u>14,789,151</u>	<u>16,410,109</u>
Equity		
Share capital	13,197	13,197
Reserves	14,545,540	16,000,964
Equity attributable to shareholders of the Company	<u>14,558,737</u>	<u>16,014,161</u>
Non-controlling interests	230,414	395,948
	<u>14,789,151</u>	<u>16,410,109</u>

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2022 (“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 2022, 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 2022, except for the adoption of the following amendments to standards that are effective for the financial year ending 31st March 2023 which is relevant to the Group’s operations and is mandatory for accounting periods beginning on or after 1st January 2022:

Amendments to HKAS 16	Property, plant and equipment: Proceeds before intended use
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract
Amendments to HKFRS 3	Reference to the conceptual framework
Amendments to HKFRS	Annual improvements to HKFRS Standards 2018-2020

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

2 Segment information

Revenue includes revenue from property sales and leasing, hotel and travel operation, management services, interest income and dividend income.

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended 30th September 2022						
Segment revenue	6,750	78,860	72,120	904,968	20,655	1,083,353
Contribution to segment results	(999)	59,440	4,451	887,526	20,652	971,070
Depreciation	(10,104)	-	(42,175)	-	(24,264)	(76,543)
Net investment loss	-	-	-	(924,522)	-	(924,522)
Fair value gain of investment properties	-	81,995	-	-	-	81,995
Share of profits less losses of						
Joint ventures	195,114	-	-	-	168	195,282
Associated companies	-	(13,082)	-	-	-	(13,082)
Segment results	184,011	128,353	(37,724)	(36,996)	(3,444)	234,200
Unallocated corporate expenses						(78,930)
Net finance costs						(152,094)
Profit before income tax						3,176
Six months ended 30th September 2021						
Segment revenue	-	88,088	27,327	1,153,460	9,056	1,277,931
Contribution to segment results	(2,658)	69,035	(19,042)	1,145,524	9,004	1,201,863
Depreciation	(3,219)	-	(51,353)	-	(11,480)	(66,052)
Net investment loss	-	-	-	(1,086,388)	-	(1,086,388)
Fair value gain of investment properties	-	316,707	-	-	-	316,707
Share of profits less losses of						
Joint ventures	(45,344)	-	-	-	36	(45,308)
Associated companies	-	42,968	-	-	(502)	42,466
Segment results	(51,221)	428,710	(70,395)	59,136	(2,942)	363,288
Unallocated corporate expenses						(74,208)
Net finance costs						(182,887)
Profit before income tax						106,193

2 Segment information (Continued)

	Business segments						Unallocated HK\$'000	Total HK\$'000
	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000			
As at 30th September 2022								
Assets	10,348,542	11,367,344	2,841,947	5,691,020	74,820	3,517,931	33,841,604	
Assets include:								
Joint ventures and associated companies	5,558,133	1,190,908	-	-	29,411	-	6,778,452	
Addition to non-current assets for the six months ended 30st September 2022*	6,347	207	15,093	-	15,094	3,034	39,775	
Liabilities								
Borrowings	5,364,493	1,740,325	3,472,441	-	-	7,164,056	17,741,315	
Other unallocated liabilities							1,311,138	
							<u>19,052,453</u>	
<hr/>								
As at 31st March 2022								
Assets	10,104,365	11,289,091	2,862,531	7,558,622	72,812	3,134,960	35,022,381	
Assets include:								
Joint ventures and associated companies	5,421,889	1,203,990	-	-	29,182	-	6,655,061	
Addition to non-current assets for the six months ended 30th September 2021*	260,609	113	135,419	-	62,899	4,915	463,955	
Liabilities								
Borrowings	5,182,700	1,761,674	3,519,378	299,924	-	6,547,699	17,311,375	
Other unallocated liabilities							1,300,897	
							<u>18,612,272</u>	

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

2 Segment information (Continued)

	Six months ended	
	30th September	
	2022	2021
	HK\$'000	HK\$'000
Revenue		
Hong Kong	171,075	136,838
Overseas	912,278	1,141,093
	<u>1,083,353</u>	<u>1,277,931</u>
	30th	31st
	September	March
	2022	2022
	HK\$'000	HK\$'000
Non-current assets*		
Hong Kong	19,414,746	19,273,816
Overseas	2,198,858	2,177,236
	<u>21,613,604</u>	<u>21,451,052</u>

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

3 Net investment loss

	Six months ended	
	30th September	
	2022	2021
	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss (“FVPL”)		
- net unrealised loss from market price movements	(9,916)	(264,294)
- net unrealised exchange (loss)/gain	(326,047)	78,705
- net realised gain/(loss) (note (a))	1,289	(8,592)
Financial assets at fair value through other comprehensive income (“FVOCI”)		
- net unrealised exchange (loss)/gain	(9,019)	15,095
- net realised gain (note (b))	1,467	28,586
- changes in expected credit losses	(615,590)	(933,566)
Derivative financial instruments		
- net unrealised gain/(loss)	33,294	(2,322)
	<u>(924,522)</u>	<u>(1,086,388)</u>

3 Net investment loss (Continued)

	Six months ended 30th September	
	2022	2021
	HK\$'000	HK\$'000
Notes:		
(a) Net realised gain/(loss) on financial assets at FVPL		
Gross consideration	15,484	33,958
Cost of investments	(14,635)	(38,955)
Add/(less): net unrealised loss/(gain) recognised in prior years	440	(3,595)
	<u>1,289</u>	<u>(8,592)</u>
(b) Net realised gain on financial assets at FVOCI		
Gross consideration	823,955	1,550,320
Cost of investments	(818,959)	(1,495,771)
Transfer from investment revaluation reserve	(3,529)	(25,963)
	<u>1,467</u>	<u>28,586</u>

4 Income and expenses by nature

	Six months ended 30th September	
	2022	2021
	HK\$'000	HK\$'000
Income		
Interest income from financial assets at FVOCI		
- Listed investments	636,236	876,303
- Unlisted investments	13,810	-
Interest income from financial assets at FVPL		
- Listed investments	244,897	261,011
- Unlisted investments	3,158	767
Interest income from financial assets measured at amortised cost		
- Amount due from joint ventures	4,648	6,024
- Loan receivables	852	320
- Bank deposits	3,706	370
Dividend income		
- Listed investments	<u>2,790</u>	<u>2,334</u>
Expenses		
Cost of properties and goods sold	<u>6,067</u>	<u>553</u>

5 Net finance costs

	Six months ended 30th September	
	2022 HK\$'000	2021 HK\$'000
Interest expense		
Long term bank loans	(205,577)	(149,171)
Short term bank loans and overdrafts	(6,589)	(2,791)
Lease liabilities	(125)	(35)
Derivative financial instruments (interest rate swaps)	(5,562)	(39,179)
Amount due to a joint venture	(1,090)	(1,090)
Interest capitalised	58,266	43,180
	<u>(160,677)</u>	<u>(149,086)</u>
Other incidental borrowing costs	(30,528)	(29,881)
Net foreign exchange loss on borrowings	(580)	(1,351)
Fair value gain/(loss) on derivative financial instruments (interest rate swaps)		
Cash flow hedge – ineffective portion	39,691	(2,569)
	<u>(152,094)</u>	<u>(182,887)</u>

6 Income tax credit

	Six months ended 30th September	
	2022 HK\$'000	2021 HK\$'000
Current income tax expense		
Hong Kong profits tax	(7,846)	(36,091)
Overseas profits tax	(2,315)	(581)
(Under)/over provision in prior years	(704)	7,825
	<u>(10,865)</u>	<u>(28,847)</u>
Deferred income tax credit	30,941	43,933
	<u>20,076</u>	<u>15,086</u>

Hong Kong profits tax is provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the period. Overseas profits tax 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 2022 (2021: Nil).

8 Earnings per share

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

	Six months ended 30th September	
	2022	2021
	HK\$'000	HK\$'000
Profit attributable to shareholders of the Company	38,666	146,556
	<u> </u>	<u> </u>
	Number of shares	
Weighted average number of shares in issue	1,319,782,288	1,319,782,288
	<u> </u>	<u> </u>

The diluted earnings per share is equal to the basic earnings per share since there exist no dilutive potential share during the six months ended 30th September 2022 and 2021.

9 Trade and other receivables

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

Trade receivables of the Group amounted to HK\$81,859,000 (31st March 2022: HK\$54,587,000). 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 loss allowance is as follows:

	30th September 2022	31st March 2022
	HK\$'000	HK\$'000
0 month to 6 months	62,039	51,078
7 months to 12 months	16,966	2,627
More than 12 months	2,854	882
	<u> </u>	<u> </u>
	81,859	54,587
	<u> </u>	<u> </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\$92,065,000 (31st March 2022: HK\$68,759,000).

Aging analysis of trade payables is as follows:

	30th September 2022 HK\$'000	31st March 2021 HK\$'000
0 month to 6 months	91,641	68,358
7 months to 12 months	67	42
More than 12 months	357	359
	<u>92,065</u>	<u>68,759</u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group recorded a revenue of HK\$1,083 million (2021: HK\$1,278 million) for the first half of the financial year with profit attributable to shareholders of the Company at HK\$39 million (2021: HK\$147 million). The Group's joint venture in Beijing commenced to recognise profit following the handover of completed residential units to homebuyers during the period. Although continued to be disrupted by the COVID-19 pandemic, our hotel operation has improved and produced positive contribution to our Group. However, the decrease in investment revenue from our investment portfolio together with the net unrealised losses generated from mark down to market price and further provisions on expected credit loss, rendered the Group to record a decrease in profit compared to corresponding interim period last year.

PROPERTIES SALES, DEVELOPMENT AND LEASING

SALES AND DEVELOPMENT

Mainland China

In Tongzhou, Beijing, the construction of the residential portion of our 50% owned joint venture development was completed during this interim period. This 2,360,000 sq. ft. GFA development comprise 964 residential units in 6 towers, and 2 commercial office towers. As at 30th September 2022, about 75% of the residential units were sold and achieved a total contracted sales of approximately RMB4.7 billion. Residential units handover to home buyers had commenced and about 45% were delivered during the interim period. It is expected that the rest of the handover will be completed during the second half of the financial year. Sub-structure works for the two commercial towers are in progress.

Hong Kong

In Jardine's Lookout, sales continued in the Group's joint venture luxurious residential development, Dukes Place. During the period, sale of a triplex garden unit for more than HK\$330 million was completed. Up to the end of September 2022, 70% of the units comprising 50% of the saleable area was sold, with total sales amounted to approximately HK\$2.3 billion.

On Po Shan Road, construction of another 50% owned joint venture premium residential development was completed and occupation permit has been obtained. Internal fitting-out and show flats renovation are well underway. This is a 10-storey residential building over a basement carpark floor, comprising 16 flats of saleable area ranging from 3,760 sq. ft. to 7,260 sq. ft., enjoying Victoria Harbour view on one side and greenery and city view on another. The project is targeted to be launched for sale in the first quarter of 2023.

In Hung Shui Kiu, Yuen Long, foundation works for the 520,000 sq. ft. GFA development have been completed and superstructure works have just commenced. Presale consent of the residential units are under application. The area will serve as the main hub for the Hong Kong-Shenzhen Western Railway linking Hung Shui Kiu and Qianhai, ensuring efficient transport connectivity of the Greater Bay Area.

Also in the Northern Metropolis is our joint venture residential development site in Kwu Tung, which is in the process of land exchange application with the government. During the period, the Group acquired further lots in the vicinity and increase the scale of the development. The combined site covers an area of approximately 320,000 sq. ft. In October 2022, the government had just announced the Northern Metropolis Highway connecting Tin Shui Wai in the West, and Kwu Tung North in the East, facilitating the east-west connectivity in the New Territories North.

In Lam Tei, Tuen Mun, we are continuing the land exchange application with the government on another residential development near the light-rail station. The development has approximately 67,000 sq. ft. of residential GFA under existing zoning parameters, and the Group has proposed an increase in plot ratio under a new land exchange application to utilize the land for a better and fuller extent.

In last financial year, we participated in a 7.5% stake in a joint venture consortium to acquire the Kowloon Bay International Trade and Exhibition Centre for HK\$10.5 billion. Design and desposition is being formulated to redevelop the building into Grade-A offices upon expiry of existing tenancies.

Canada (development through hotel subsidiary group)

The redevelopment of our Empire Landmark hotel in Vancouver progressed well. Superstructure of the “Landmark on Robson” development has been topped out in May 2022 and internal fitting-out is ongoing. This 400,000 sq. ft. GFA redevelopment is targeted to be completed around early 2024. It will have two 30-plus storeys residential towers comprising about 240 residential units over a three-storeys podium of retail and office space of about 50,000 sq. ft., and a four-level underground parking facility. Up to 30th September 2022, approximately CAD200 million of sales were contracted.

Regarding its joint venture redevelopment of high-end residential complex of approximately 627,000 sq. ft. GFA on 1488 Alberni Street, downtown Vancouver, we are in liaison with the City of Vancouver in addressing their comments pertaining to the issuance of a development permit.

Another joint venture development also on Alberni Street has secured a rezoning approval in December 2021 and is planning to submit the building permit application by end of 2022.

LEASING

Leasing income for the period was HK\$79 million (2021: HK\$88 million). Our office towers in Central and Wanchai both experienced a drop in average occupancies, resulting from relocation of tenants upon lease expiry. With the gradual control of the city’s epidemic and the relaxation of social distancing measures, the leasing market for retail space is showing signs of recovery.

Net revaluation gain (taking into account our share from the investment property owned by an associated company) of HK\$69 million (2021: HK\$360 million) was recorded.

HOTEL

Since July 2021, our Empire Hotel Hong Kong and Empire Hotel Kowloon launched long-stay promotions targeting local customers. From September 2021, our two hotels in Causeway Bay participated in the Hong Kong government’s Designated Quarantine Hotel Scheme, Empire Hotel Kowloon also joined the scheme in May 2022.

The performance of hotel and travel sector had since emerged from the trough and was better than last corresponding period with revenue up by 160% to HK\$72 million (2021: HK\$27 million), and turned around to a profit contribution to the sector results. The Designated Quarantine Hotel Scheme ceased in end of September 2022 following the continuous relaxation of inbound quarantine measures. At the same time, government resume hosting of international events to recapture lost ground resulting from the pandemic.

FINANCIAL INVESTMENTS

At 30th September 2022, the Group held financial investments of approximately HK\$4,499 million (31st March 2022: HK\$6,811 million), with HK\$1,954 million (31st March 2022: HK\$3,021 million) held by the listed hotel subsidiary group. The investment portfolio comprised of 88% listed debt securities (predominantly issued by PRC-based real estate companies), 7% listed equity securities and 5% unlisted investments. They are denominated in different currencies with 32% in United States dollar, 61% in Renminbi and 7% in other currencies (mostly Hong Kong dollar).

The liquidity crisis of China's real estate sector continued during the period, which negatively impacted our financial investments. The portfolio's value decreased further, primarily due to the mark-to-market revaluation loss recognised in profit and loss account and reserve.

During the six months period, income from this investment portfolio amounted to HK\$905 million (2021: HK\$1,153 million). A net investment loss of HK\$925 million (2021: HK\$1,086 million) was recorded in the profit and loss account while a net loss of HK\$1,570 million (2021: HK\$4,961 million) was recognised in investment revaluation reserve account.

With the outburst of the sector-wide debt crisis, the PRC government had since continued to roll out supportive policies to real estate developers by relaxing previously tightened fiscal policy on the borrowing and refinancing channels for the sector. The distressed developers have pursued various liabilities management measures by exchanging or restructuring their debts through reduction of coupon rates, maturity extension together with principal amortization, and charging collateral as credit enhancement. So far, there has been no haircut on debt.

At 30th September 2022, an approximate value of HK\$160 million (31st March 2022: HK\$570 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

FINANCIAL REVIEW

Save for that of the listed hotel subsidiary group, which is independently administered, the Group's financing and treasury activities are centrally managed and controlled at the corporate level. At 30th September 2022, the Group has over HK\$7.2 billion (31st March 2022: HK\$8.3 billion) cash and undrawn banking facilities.

At 30th September 2022, the Group's total assets were approximately HK\$33.8 billion (31st March 2022: HK\$35.0 billion), with net assets of HK\$14.8 billion (31st March 2022: HK\$16.4 billion). Adopting market value of hotel properties in operation, the revalued total assets of the Group were HK\$43.3 billion (31st March 2022: HK\$43.8 billion), while the revalued net assets of the Group were HK\$24.3 billion (31st March 2022: HK\$25.2 billion).

Net debt was HK\$16.7 billion (31st March 2022: HK\$16.2 billion), including HK\$6.1 billion (31st March 2022: HK\$5.9 billion) which belonged to the separately listed hotel subsidiary group. Total finance cost is approximately 12% more than corresponding period while net finance cost through profit and loss account is 17% less, mostly due to fair value gain on the hedging interest rate swap. At 30th September 2022, the Group's net gearing ratio (net debt to revalued net asset value) is approximately 69% (31st March 2022: 64%). As at 30th September 2022, the Group had net current assets of HK\$4.8 billion (31st March 2022: HK\$6.6 billion) and the HK\$5.5 billion aggregate amount of marketable securities and cash together represented 1.15 times of the HK\$4.8 billion current debt repayable within 12 months.

Approximately 98% of the Group's borrowings are in Hong Kong dollars and the remaining 2% in Canadian dollars.

All the debts are at floating rates, which are on upward trend following US interest rate hikes to curb escalating inflationary pressures. As at 30th September 2022, about 49% of these debts have been hedged against HIBOR fluctuations by various interest rate swap contracts of approximately HK\$8,660 million in total, with approximately 83% having remaining maturities of about 2.5 years. As at 30th September 2022, a gain of HK\$599 million was recorded on these interest rate swap contracts. The maturities of our debts spread over a period of up to 5 years, with 28% repayable between one to two years and 45% repayable between two to five years. The remaining 27% represent revolving and term loans repayable within 1 year.

During the interim period, the hotel subsidiary refinanced all its unsecured borrowings due within the year with a HK\$1.4 billion four-year sustainability linked syndicated loan, linking with predefined environmental-related sustainability performance criteria comprising reduction in energy and water consumption at all its hotels.

As at 30th September 2022, 72% of the debts are secured. Property assets with an aggregate net book value of HK\$21.7 billion (31st March 2022: HK\$20.9 billion) were pledged to secure credit facilities of the Group. HK\$3,190 million (31st March 2022: HK\$3,349 million) guarantees were provided to financial institutions and third parties against outstanding banking and loan facilities of joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

At 30th September 2022, the Group employed approximately 250 (31st March 2022: 260) employees. The remuneration packages including basic salary, annual bonus, share options, retirement and other benefits are commensurate with their job nature and level of experience.

FUTURE PROSPECT

After almost 3 years of pandemic quarantine, Hong Kong is finally marching on its path back to the international stage, commencing with the Global Financial Leaders' Investment Summit in the city, re-hosting of long-halted international sports events and followed by the Chief Executive-led business delegation promoting Hong Kong. Having said that, the way ahead is full of challenges.

The Ukrainian war ignited inflation pressures and sparked a cycle of interest rate hikes as a containment tool by the US. Hong Kong is following, though to a lesser extent, thus mortgage rates started increasing, a factor which deter the local residential property market in the short-run. Eyeing on the long-run, the Chief Executive continue to advance the HKSAR's Northern Metropolis Development Strategy, announcing a series of infrastructure construction connecting east and west of this developing area and at the same time with the developed parts of the city.

With the relaxation of entry quarantine requirements, hotel operation started to recover. Our government is working hard towards full re-opening of border, and the maintaining of Hong Kong as the main business hub for the Greater-Bay area in the long-run, which the recovery of our economy heavily depends.

In mainland PRC, central government is taking steps to address the liquidity issues encountered by property developers, including the loosening of purchase restrictions, lowering of mortgage rate, one-year extension of developers' bank loan maturity due in current year. With the stabilisation of property market and the releasing of liquidity through banks, we expect the affected developers would ride through the crisis through liabilities management and accelerated asset sale.

Throughout the period, the Group has been operating under the environment of rising interest rate, which the summit is yet to be seen. With about 50% of its borrowings being hedged by interest rate swap, we continue to confine portion of the finance cost at a predetermined relatively low level, alleviating the Group from associated finance cost burden.

Management will continue to be financially cautious and prudent to alleviate and mitigate any negative impact in this uncertain economic environment.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30th September 2022 (2021: 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 2022.

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 to the Listing Rules, except the Code Provision C.1.6 of the CG Code which provides that independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Leung Wai Keung ("Mr. Leung"), an independent non-executive director, was unable to attend the adjourned annual general meeting of the Company held on 2nd September 2022 due to his other business commitments at the relevant time. The views of shareholders had been reported to Mr. Leung after the meeting.

AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30th September 2022.

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

Hong Kong, 30th November 2022

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