



Asia Standard International
Group Limited



Interim Report
2022

HKSE Stock Code: 129

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Corporate Information

Directors

Executive

Mr. Fung Siu To, Clement (*Chairman*)
Mr. Poon Jing (*Managing Director and Chief Executive*)
Mr. Poon Hai
Mr. Poon Yeung, Roderick
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas

Independent non-executive

Mr. Koon Bok Ming, Alan
Mr. Leung Wai Keung, *JP*
Mr. Wong Chi Keung

Audit Committee

Mr. Koon Bok Ming, Alan (*Chairman*)
Mr. Leung Wai Keung, *JP*
Mr. Wong Chi Keung

Remuneration Committee

Mr. Wong Chi Keung (*Chairman*)
Mr. Fung Siu To, Clement
Mr. Poon Hai
Mr. Koon Bok Ming, Alan
Mr. Leung Wai Keung, *JP*

Nomination Committee

Mr. Fung Siu To, Clement (*Chairman*)
Mr. Leung Wai Keung, *JP*
Mr. Wong Chi Keung

Authorised Representatives

Mr. Fung Siu To, Clement
Mr. Lun Pui Kan

Company Secretary

Mr. Tung Kwok Lui

Registered Office

Victoria Place,
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31 Victoria Street,
Hamilton HM 10,
Bermuda

Principal Office in Hong Kong

30th Floor, YF Life Tower,
33 Lockhart Road,
Wanchai, Hong Kong
Telephone 2866 3336
Facsimile 2866 3772
Website <http://www.asiastandard.com>
E-mail asinfo@asiastandard.com

Principal Bankers

HSBC
Bank of China (Hong Kong)
Hang Seng Bank
United Overseas Bank
Industrial and Commercial Bank of China (Asia)
DBS (Hong Kong) Bank
The Bank of East Asia
Shanghai Commercial Bank
Chiyu Banking Corporation
Fubon Bank (Hong Kong)
Chong Hing Bank
CMB Wing Lung Bank
UBS
Bank of Singapore
Bank Morgan Stanley
Credit Suisse AG
Bank Julius Baer

Legal Advisers

Stephenson Harwood
18th Floor, United Centre,
95 Queensway,
Hong Kong

Appleby
Suites 4201-03 & 12,
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Taikoo Place,
18 Westlands Road,
Quarry Bay, Hong Kong

Independent Auditor

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest
Entity Auditor
22nd Floor, Prince's Building,
Central, Hong Kong

Share Registrar in Bermuda

MUFG Fund Services (Bermuda)
Limited
4th Floor North,
Cedar House,
41 Cedar Avenue,
Hamilton HM 12,
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor,
Hopewell Centre,
183 Queen's Road East,
Wanchai, Hong Kong

Financial Highlights

| (in HK\$ million, except otherwise indicated) | Six months ended 30th September | | Change |
|--|------------------------------------|--------------------|--------|
| | 2022 | 2021 | |
| Consolidated profit and loss account | | | |
| 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 | Change |
| Consolidated balance sheet | | | |
| 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 (note): | | | |
| 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% |
| Net gearing – net debt to revalued net assets | 69% | 64% | +5% |
| <p>Note: According to the Group's accounting policies, hotel properties were carried at cost less accumulated depreciation. To give further information on the economic substance of its hotel properties investments, the Group hereby presents supplementary unaudited financial information taking into account the fair market value of these hotel properties.</p> <p>The hotel properties were revalued by Vigers Appraisal & Consulting Limited, independent professional valuers, on an open market value basis as at 30th September 2022 and 31st March 2022.</p> | | | |

Management Discussion and Analysis



Development project "Capital Cove" in Tongzhou, Beijing

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. development comprises 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.

Management Discussion and Analysis



Residential development in *Hung Shui Kiu*



Hong Kong

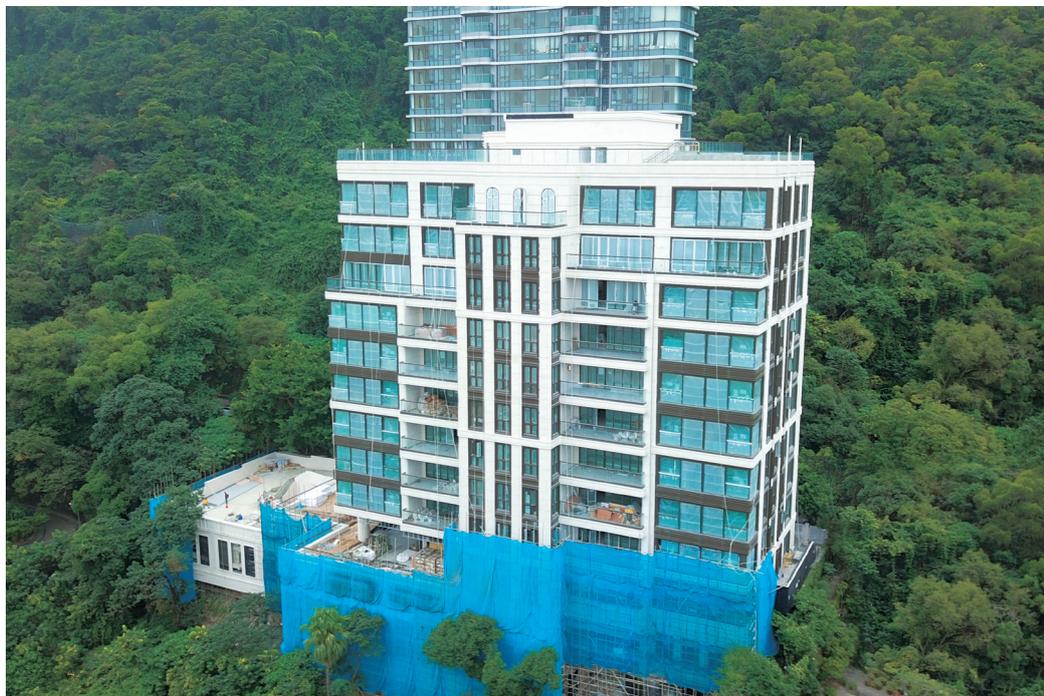
In Jardine's Lookout, sales continued in the Group's joint venture luxurious residential development, Dukes Place. During the period, sale of a triplex garden unit for more than HK\$330 million was completed. Up to the end of September 2022, 70% of the units comprising 50% of the saleable area was sold,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

Management Discussion and Analysis



Luxurious residential development at **Po Shan Road**, Mid-level West, Hong Kong Island

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 disposition 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.

Management Discussion and Analysis



Development project "Landmark on Robson" in Vancouver, Canada

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 resumed 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.

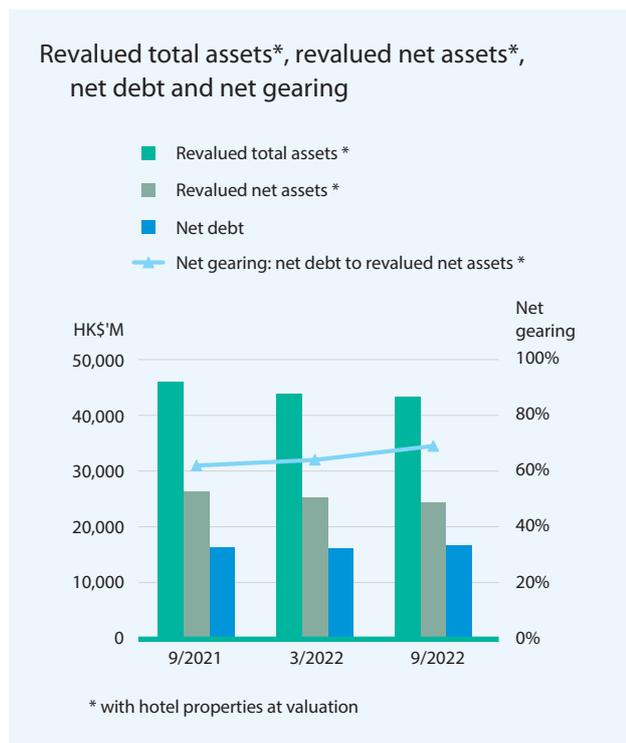
Management Discussion and Analysis

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 had 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 were 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.

Management Discussion and Analysis

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.

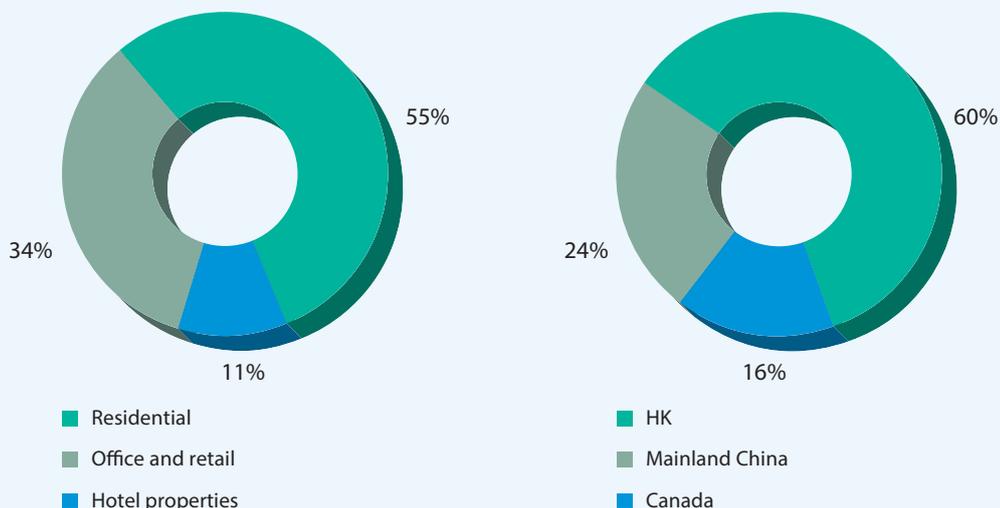
With the relaxation of entry quarantine requirements, hotel operation started to recover. Our government is working hard towards full re-opening of border, and the maintaining of Hong Kong as the main business hub for the Greater-Bay area in the long-run, which the recovery of our economy heavily depends.

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.

Property portfolio
Attributable gross floor area



Report on Review of Interim Financial Information

To the Board of Directors of Asia Standard International Group Limited

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 11 to 44, which comprises the interim condensed consolidated balance sheet of Asia Standard International Group Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 September 2022 and the interim condensed consolidated profit or loss account, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The Directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 30th November 2022

Condensed Consolidated Profit and Loss Account – Unaudited

| | | 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 | 6 | 1,083,353 | 1,277,931 |
| Cost of sales | | (51,871) | (36,046) |
| Gross profit | | 1,031,482 | 1,241,885 |
| Selling and administrative expenses | | (139,342) | (114,230) |
| Depreciation | | (76,543) | (66,052) |
| Net investment loss | 7 | | |
| Net realised and unrealised loss | | (308,932) | (152,822) |
| Change in expected credit losses | | (615,590) | (933,566) |
| Fair value gain of investment properties | | 81,995 | 316,707 |
| Operating (loss)/profit | | (26,930) | 291,922 |
| Net finance costs | 9 | (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 | | 3,176 | 106,193 |
| Income tax credit | 10 | 20,076 | 15,086 |
| Profit for the period | | 23,252 | 121,279 |
| Attributable to: | | | |
| Shareholders of the Company | | 38,666 | 146,556 |
| Non-controlling interests | | (15,414) | (25,277) |
| | | 23,252 | 121,279 |
| Earnings per share (HK\$) | | | |
| Basic | 12 | 0.03 | 0.11 |
| Diluted | 12 | 0.03 | 0.11 |

Condensed Consolidated Statement of Comprehensive Income – Unaudited

| | Six months ended | |
|---|-------------------------|-------------|
| | 30th September | |
| | 2022 | 2021 |
| | HK\$'000 | 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) |
| | (1,644,210) | (5,080,789) |
| Total comprehensive charge for the period | (1,620,958) | (4,959,510) |
| Attributable to: | | |
| Shareholders of the Company | (1,455,424) | (4,576,461) |
| Non-controlling interests | (165,534) | (383,049) |
| | (1,620,958) | (4,959,510) |

Condensed Consolidated Balance Sheet – Unaudited

| | Note | 30th September 2022 HK\$'000 | 31st March 2022 HK\$'000 |
|--|------|---|-----------------------------------|
| Non-current assets | | | |
| Investment properties | 13 | 10,116,954 | 10,034,752 |
| Property, plant and equipment | 14 | 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 | 16 | 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 | 15 | 1,379,439 | 908,131 |
| Income tax recoverable | | 58 | 80 |
| Financial investments | 16 | 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 | 17 | 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 | 18 | 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

| | Note | 30th September 2022 HK\$'000 | 31st March 2022 HK\$'000 |
|--|------|---------------------------------------|-----------------------------------|
| Non-current liabilities | | | |
| Borrowings | 18 | 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 |
| | | 13,131,370 | 13,454,317 |
| Net assets | | 14,789,151 | 16,410,109 |
| Equity | | | |
| Share capital | 19 | 13,197 | 13,197 |
| Reserves | 20 | 14,545,540 | 16,000,964 |
| Equity attributable to shareholders of the Company | | 14,558,737 | 16,014,161 |
| Non-controlling interests | | 230,414 | 395,948 |
| | | 14,789,151 | 16,410,109 |

Condensed Consolidated Statement of Cash Flows – Unaudited

| | Six months ended 30th September | |
|---|--|--------------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| Cash flows from operating activities | | |
| Net cash generated from/(used in) operation | 27,458 | (807,973) |
| Net income tax paid | (2,289) | (518) |
| Net interest paid | (251,714) | (256,980) |
| Interest received from bank deposit and other receivables | 9,206 | 6,713 |
| Net cash used in operating activities | (217,339) | (1,058,758) |
| Cash flows from investing activities | | |
| Purchase of financial investments | (9,383) | (11,740) |
| Addition to investment properties | (207) | (113) |
| Addition to property, plant and equipment | (32,838) | (202,657) |
| Increase in investment in joint ventures | (5,851) | (262,953) |
| (Advance to)/repayment from joint ventures and associated companies | (150,392) | 147,505 |
| Net cash used in investing activities | (198,671) | (329,958) |
| Cash flows from financing activities | | |
| Drawdown of long term borrowings | 1,578,300 | 3,714,750 |
| Repayment of long term borrowings | (1,578,200) | (2,422,033) |
| Net increase/(decrease) in short term borrowings | 469,420 | (334,676) |
| Contribution from non-controlling interests | 1,830 | 1,266 |
| Dividend paid | – | (39,593) |
| Dividend paid to non-controlling interests | – | (4,676) |
| Coupon to convertible noteholders | – | (642) |
| Principal elements of lease payments | (4,751) | (1,494) |
| Net cash generated from financing activities | 466,599 | 912,902 |
| Net increase/(decrease) in cash and cash equivalents | 50,589 | (475,814) |
| Cash and cash equivalents at the beginning of the period | 762,384 | 1,814,699 |
| Changes in exchange rates | (21,747) | (2,093) |
| Cash and cash equivalents at the end of the period | 791,226 | 1,336,792 |
| Analysis of the balances of cash and cash equivalents | | |
| Bank balances and cash (excluding restricted bank balances) | 791,226 | 1,336,792 |

Condensed Consolidated Statement of Changes in Equity – Unaudited

| | Equity attributable to shareholders of the Company | | | Non- controlling interests HK\$'000 | Total HK\$'000 |
|--|---|----------------------|-------------------|--|-------------------|
| | Share capital HK\$'000 | Reserves HK\$'000 | Total HK\$'000 | | |
| At 31st March 2021 | 13,197 | 21,707,772 | 21,720,969 | 896,500 | 22,617,469 |
| Financial assets at fair value through other comprehensive income | | | | | |
| – net fair value loss and other net movements | – | (4,763,246) | (4,763,246) | (357,164) | (5,120,410) |
| – release of reserve upon disposal/redemption/ derecognition | – | 14,808 | 14,808 | 845 | 15,653 |
| Cash flow hedges | | | | | |
| – net fair value loss | – | (1,031) | (1,031) | (334) | (1,365) |
| – deferred tax on derivative financial instruments | – | 170 | 170 | 55 | 225 |
| Currency translation differences | – | 26,282 | 26,282 | (1,174) | 25,108 |
| Profit/(loss) for the period | – | 146,556 | 146,556 | (25,277) | 121,279 |
| Total comprehensive charge for the period | – | (4,576,461) | (4,576,461) | (383,049) | (4,959,510) |
| Transaction with owners: | | | | | |
| 2021 final dividend | – | (39,593) | (39,593) | (4,676) | (44,269) |
| Coupon to convertible noteholders | – | – | – | (642) | (642) |
| Total transaction with owners | – | (39,593) | (39,593) | (5,318) | (44,911) |
| At 30th September 2021 | 13,197 | 17,091,718 | 17,104,915 | 508,133 | 17,613,048 |
| At 31st March 2022 | 13,197 | 16,000,964 | 16,014,161 | 395,948 | 16,410,109 |
| Financial assets at fair value through other comprehensive income | | | | | |
| – net fair value loss and other net movements | – | (1,385,341) | (1,385,341) | (129,607) | (1,514,948) |
| – release of reserve upon disposal/redemption/ derecognition | – | (34,133) | (34,133) | (3,033) | (37,166) |
| Cash flow hedges | | | | | |
| – net fair value gain | – | 228,209 | 228,209 | 15,885 | 244,094 |
| – deferred tax on derivative financial instruments | – | (37,655) | (37,655) | (2,621) | (40,276) |
| Currency translation differences | – | (265,170) | (265,170) | (30,744) | (295,914) |
| Profit/(loss) for the period | – | 38,666 | 38,666 | (15,414) | 23,252 |
| Total comprehensive charge for the period | – | (1,455,424) | (1,455,424) | (165,534) | (1,620,958) |
| At 30th September 2022 | 13,197 | 14,545,540 | 14,558,737 | 230,414 | 14,789,151 |

Notes to the Interim Financial Information

1 GENERAL INFORMATION

Asia Standard International Group Limited (the “Company”) is a limited liability company incorporated in Bermuda and is listed on The Stock Exchange of Hong Kong Limited (“HKEX”). The address of its principal office is 30th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong.

2 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”).

3 THE ADOPTION OF NEW 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 2022 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 amendments to the standards stated above did not have any significant impact to the Group in the current and prior periods.

4 FINANCIAL RISK MANAGEMENT

(I) Financial Risk Factors

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The Group’s overall risk management seeks to minimise potential adverse effects on the Group’s financial performance.

The credit risk of the Group mainly arises from financial investments, as well as credit exposures to loans receivables and other receivables.

The Interim Financial Information does not include other financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 31st March 2022.

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

The Group is subject to credit risk exposure according to their relevant credit risk concentration.

The Group adopts a “three-stage” model for impairment based on changes in credit quality since initial recognition, to estimate the expected credit losses (“ECL”) for financial assets measured at amortised cost (except for trade receivables, which applies simplified approach) and fair value through other comprehensive (“FVOCI”) debt securities other than those that are classified as purchased or originated credit-impaired (“POCI”) and financial guarantee contracts.

The key definition of the three stages are summarised below:

- Stage 1: For financial instruments with no significant increase in credit risk after initial recognition or that have low credit risk at the reporting date, the ECL are recognised at an amount equal to the portions of lifetime ECL that result from default events possible within the next 12 months;
- Stage 2: For financial instruments with significant increase in credit risk since initial recognition, but there is no objective evidence of impairment, lifetime ECL are recognised and interest revenue is calculated on the gross carrying amount of the asset;
- Stage 3: For financial instruments in default at the end of the reporting period, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount of the asset.

POCI are financial assets that are credit-impaired on initial recognition. This might occur, for example, in a situation in which there was a substantial modification of a distressed asset that resulted in the derecognition of the original financial asset. In such a case, it may be possible for the modification to result in a new financial asset which is credit-impaired at initial recognition.

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

| Gross carrying amount | Simplified approach HK\$'000 | Stage 1 HK\$'000 | Stage 2 HK\$'000 | Stage 3 HK\$'000 | POCI HK\$'000 |
|---|---------------------------------|---------------------|---------------------|---------------------|------------------|
| At 30th September 2022 | | | | | |
| Bank balances and cash | | | | | |
| Unrestricted | – | 791,226 | – | – | – |
| Restricted | – | 210,271 | – | – | – |
| Amount due from joint ventures and associated companies | – | 2,355,618 | – | – | – |
| Loan receivables | – | 3,272 | – | 8,795 | – |
| Trade and other receivables excluding interest receivables | 81,859 | 87,620 | – | – | – |
| Debt securities at FVOCI and related interest receivables | – | 166,758 | – | 2,091,466 | 234,905 |
| At 31st March 2022 | | | | | |
| Bank balances and cash | | | | | |
| Unrestricted | – | 762,384 | – | – | – |
| Restricted | – | 369,326 | – | – | – |
| Amount due from joint ventures and associated companies | – | 2,281,206 | – | – | – |
| Loan receivables | – | 3,323 | – | 8,812 | – |
| Trade and other receivables excluding interest receivables | 54,587 | 95,373 | – | – | – |
| Debt securities at FVOCI and related interest receivables | – | 488,401 | 560,982 | 2,544,668 | 570,636 |

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(I) Financial Risk Factors (Continued)

During the period, the following loss allowances were recognised in consolidated profit and loss account in relation to the Group's debt securities at FVOCI.

| | Stage 1 | | Stage 2 | | Stage 3 | | POCI | | Total | |
|---|------------------------|-----------------|------------------------|-----------------|------------------------|------------------|------------------------|-----------------|------------------------|------------------|
| | Fair value HK\$'000 | ECL HK\$'000 | Fair value HK\$'000 | ECL HK\$'000 | Fair value HK\$'000 | ECL HK\$'000 | Fair value HK\$'000 | ECL HK\$'000 | Fair value HK\$'000 | ECL HK\$'000 |
| At 1st April 2022 | 429,994 | 5,181 | 444,190 | 88,763 | 2,003,474 | 3,178,732 | 540,143 | 48,770 | 3,417,801 | 3,321,446 |
| Net assets originated or purchased | 55,050 | 135 | - | - | 665,033 | 119,750 | - | - | 720,083 | 119,885 |
| Payments and assets derecognised | (116,529) | - | (8,084) | - | (655,922) | (53,112) | (25,765) | - | (806,300) | (53,112) |
| Transfers to Stage 3 | (313,465) | (2,181) | (436,106) | (88,763) | 749,571 | 90,944 | - | - | - | - |
| Credit quality related changes | - | - | - | - | - | 403,713 | - | 145,104 | - | 548,817 |
| Change in fair value | (15,781) | - | - | - | (1,635,165) | - | (312,091) | - | (1,963,037) | - |
| At 30th September 2022 | 39,269 | 3,135 | - | - | 1,126,991 | 3,740,027 | 202,287 | 193,874 | 1,368,547 | 3,937,036 |
| Total ECL charge to profit and loss account for the period | | | | | | | | | | (615,590) |
| At 1st April 2021 | 10,815,871 | 72,939 | 267,460 | 76,513 | - | 595,823 | - | - | 11,083,331 | 745,275 |
| Net assets originated or purchased | 1,163,584 | 52,557 | - | - | - | - | 144,055 | - | 1,307,639 | 52,557 |
| Payments and assets derecognised | (1,496,573) | (9,860) | - | - | - | - | - | - | (1,496,573) | (9,860) |
| Transfers to Stage 2 | (8,081,836) | (68,079) | 8,081,836 | 68,079 | - | - | - | - | - | - |
| Transfers to Stage 3 | (341,570) | (2,277) | (267,460) | (71,895) | 609,030 | 74,172 | - | - | - | - |
| Credit quality related changes | - | 104 | - | 789,609 | - | 69,069 | - | 32,087 | - | 890,869 |
| Change in fair value | (19,879) | - | (5,196,033) | - | (231,656) | - | (90,322) | - | (5,537,890) | - |
| At 30th September 2021 | 2,039,597 | 45,384 | 2,885,803 | 862,306 | 377,374 | 739,064 | 53,733 | 32,087 | 5,356,507 | 1,678,841 |
| Total ECL charge to profit and loss account for the period | | | | | | | | | | (933,566) |

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(II) Fair Value Estimation

Financial instruments carried at fair value are categorised into 3 levels defined as follow:

- **Financial instruments in level 1**

The fair value of financial instruments traded in active markets (such as trading and listed equity securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price. These instruments are included in level 1.

- **Financial instruments in level 2**

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter investments) is determined by using latest available transaction price or valuation techniques. Judgements as to whether there is an active market may include, but not restricted to, consideration of factors such as the magnitude and frequency of trading activities, the availability of prices and the size of bid/ask spreads. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 2 instruments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

- **Financial instruments in level 3**

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Level 3 instruments comprised listed debt securities, unlisted equity securities and unlisted funds which are not traded in an active market. Fair values of these instruments have been determined using appropriate valuation techniques with references including quoted prices and asset-based value from financial institutions and other prices observed in recent transactions.

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(II) Fair Value Estimation (Continued)

The following table presents the Group's financial instruments that are measured at fair value as at 30th September 2022 and 31st March 2022:

| | Level 1 HK\$'000 | Level 2 HK\$'000 | Level 3 HK\$'000 |
|--|---------------------|---------------------|---------------------|
| At 30th September 2022 | | | |
| Assets | | | |
| Financial investments | | | |
| Financial assets at FVOCI | 206,756 | 1,098,511 | 366,461 |
| Financial assets at fair value through profit or loss ("FVPL") | 104,456 | 2,630,604 | 92,266 |
| Derivative financial instruments | – | 599,040 | – |
| | 311,212 | 4,328,155 | 458,727 |
| At 31st March 2022 | | | |
| Assets | | | |
| Financial investments | | | |
| Financial assets at FVOCI | 258,362 | 2,633,037 | 867,467 |
| Financial assets at FVPL | 116,335 | 2,844,719 | 91,238 |
| Derivative financial instruments | – | 282,636 | – |
| | 374,697 | 5,760,392 | 958,705 |
| Liabilities | | | |
| Derivative financial instruments | – | 676 | – |

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(II) Fair Value Estimation (Continued)

The following table presents the changes in level 3 financial instruments for the six months ended 30th September 2022:

| | Financial assets at FVOCI HK\$'000 | Financial assets at FVPL HK\$'000 |
|---|---|--|
| At 31st March 2022 | 867,467 | 91,238 |
| Net addition | – | 9,384 |
| Transfer to level 2 | (515,291) | – |
| Fair value gain recognised in OCI | 13,534 | – |
| Fair value gain/(loss) recognised in profit or loss | 751 | (8,356) |
| At 30th September 2022 | 366,461 | 92,266 |
| At 31st March 2021 | 56,353 | 52,906 |
| Net addition | – | 11,740 |
| Fair value loss recognised in OCI | (11) | – |
| Fair value gain recognised in profit or loss | 69 | 1,929 |
| At 30th September 2021 | 56,411 | 66,575 |

During the period, except that the Group transferred HK\$515 million financial assets at FVOCI from level 3 to level 2 which was obtained transaction price over the counter, there were no transfer between level 1, 2 and 3.

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(II) Fair Value Estimation (Continued)

The following table summarises the quantitative information about the significant unobservable input used in level 3 fair value measurement:

| Description | Fair value | | Valuation technique | Unobservable input | Relationship of unobservable input to fair value |
|--------------------------|------------------------------------|--------------------------------|----------------------------------|---|--|
| | At 30th September 2022 HK\$'000 | At 31st March 2022 HK\$'000 | | | |
| Financial asset at FVOCI | 270,037 | 784,764 | Discounted cash flow methodology | Discount rate of 15%-25% on estimated contractual cash inflow from the bond | The higher the estimated contractual cash flow from the underlying bond, the higher the fair value. The higher the discount rate, the lower the fair value |
| Financial asset at FVOCI | 96,424 | 82,703 | Asset-based valuation | Net asset value | The higher the net asset value, the higher the fair value. |
| Financial asset at FVPL | 79,366 | 75,958 | Asset-based valuation | Net asset value | The higher the net asset value, the higher the fair value. |
| Financial asset at FVPL | 12,900 | 15,280 | Third party valuation report | Fair value of the underlying property based on valuation report | The higher the fair value of the underlying property, the higher the fair value. |

Notes to the Interim Financial Information

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st March 2022.

6 SEGMENT INFORMATION

The Group is principally engaged in property development and investment, hotel, travel operation and securities investments. Revenue includes revenue from property sales and leasing, hotel and travel operation, management services, interest income and dividend income.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments. The operating segments were determined based on the reports reviewed by the chief operating decision-maker. The Group is organised into four main operating segments, comprising property sales, property leasing, hotel and travel and financial investments. Segment assets consist primarily of property, plant and equipment, investment properties, financial investments, other non-current assets, hotel inventories, properties under development/held for sale, trade and other receivables. Segment liabilities comprise mainly borrowings, trade and other payables and contract liabilities.

Notes to the Interim Financial Information

6 SEGMENT INFORMATION (CONTINUED)

| | 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 |

Notes to the Interim Financial Information

6 SEGMENT INFORMATION (CONTINUED)

| | Business segments | | | | | | Total HK\$'000 |
|--|-------------------------------|---------------------------------|---------------------------------|--------------------------------------|--------------------|-------------------------|-------------------|
| | Property sales HK\$'000 | Property leasing HK\$'000 | Hotel and travel HK\$'000 | Financial investments HK\$'000 | Others HK\$'000 | Unallocated 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 30th 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 liabilities | | | | | | | 1,311,138 |
| | | | | | | | 19,052,453 |
| As at 31st March 2022 | | | | | | | |
| Assets | 10,104,365 | 11,289,091 | 2,862,531 | 7,558,622 | 72,812 | 31,34,960 | 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 liabilities | | | | | | | 1,300,897 |
| | | | | | | | 18,612,272 |

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

Notes to the Interim Financial Information

6 SEGMENT INFORMATION (CONTINUED)

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

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

Sales of goods and services, leasing and other revenue can be further analysed into:

| | Six months ended 30th September | |
|--|--|------------------|
| | 2022 HK\$'000 | 2021 HK\$'000 |
| Revenue from contracts with customers recognised | | |
| – At a point in time | 7,128 | 1,012 |
| – Over time | 92,230 | 37,797 |
| | 99,358 | 38,809 |
| Other sources | 76,688 | 94,327 |
| | 176,046 | 133,136 |

Notes to the Interim Financial Information

7 NET INVESTMENT LOSS

| | Six months ended 30th September | |
|---|--|--------------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| Financial assets at 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 FVOCI | | |
| – net unrealised exchange (loss)/gain | (9,019) | 15,095 |
| – net realised gain (note (b)) | 1,467 | 28,586 |
| – change in expected credit losses | (615,590) | (933,566) |
| Derivative financial instruments | | |
| – net unrealised gain/(loss) | 33,294 | (2,322) |
| | (924,522) | (1,086,388) |

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) |
| | Net realised gain/(loss) recognised in current period | 1,289 | (8,592) |
| (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) |
| | Net realised gain recognised in current period | 1,467 | 28,586 |

- (c) The unrealised (loss)/gain for the period was generated from the fair value changes of financial investments that comprised 64 (2021: 68) securities and 4 (2021: 5) funds as at 30th September 2022.

Summary of net unrealised (loss)/gain recognised in profit and loss account for the six months ended 30th September:

| | Six months ended 30th September | |
|-------------------|--|------------------|
| | 2022 | 2021 |
| | HK\$'000 | HK\$'000 |
| Equity securities | (10,961) | (50,873) |
| Debt securities | (325,665) | (123,033) |
| Unlisted fund | (8,356) | 3,412 |
| | (344,982) | (170,494) |

Notes to the Interim Financial Information

7 NET INVESTMENT LOSS (CONTINUED)

(c) (Continued)

During the period, the following debt securities contributed to the majority of the unrealised loss:

| | Unrealised loss for the six months ended 30th September 2022 HK\$'000 |
|---------------------------|--|
| Pearl River 7.5% note 1 | (97,076) |
| Pearl River 7.5% note 2 | (80,617) |
| Pearl River 6.5% notes | (49,691) |
| Guangzhou R&F 6.58% notes | (30,812) |
| Guangzhou R&F 6.7% notes | (26,428) |
| | (284,624) |

Pearl River 7.5% note 1, Pearl River 7.5% note 2 and Pearl River 6.5% notes, issued by Guangdong Pearl River Investment Co., Limited ("Pearl River"), listed on Shanghai Stock Exchange ("SSE") and denominated in Renminbi. As at 30th September 2022, they were rated "AA+" by China Lianhe Credit rating Co., Ltd. ("Lianhe"). The Group acquired them through total return swap arrangement ("TRS") arranged by Morgan Stanley & Co. International plc ("Morgan Stanley"), a public limited company incorporated in England and Wales. Pearl River is principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the PRC. Their parameters are as follows:

| | Coupon per annum | Maturity | Put Option |
|--------------------------|-----------------------------|--------------------|--------------------|
| Pearl River 7.5% notes 1 | 7.5% | 19th February 2026 | 19th February 2023 |
| Pearl River 7.5% notes 2 | 7.5% | 11th January 2026 | 11th January 2023 |
| Pearl River 6.5% notes | 6.5% | 19th October 2025 | 19th October 2022 |

Guangzhou R&F 6.58% and 6.7% notes, issued by Guangzhou R&F Properties Co., Ltd ("Guangzhou R&F"), carry fixed coupon rates of 6.58% per annum (maturing on 3rd December 2022), and 6.7% per annum (maturing on 7th April 2023), respectively. These notes are denominated in RMB and listed on SSE. These notes were rated "AA+" by Lianhe. The Group acquired them through TRS arranged by Morgan Stanley. Guangzhou R&F is principally engaged in property development, property management, hotel development, commercial operations, and architectural and engineering design. Its shares are listed on HKEX (stock code: 2777).

Notes to the Interim Financial Information

7 NET INVESTMENT LOSS (CONTINUED)

(d) Summary of expected credit loss for the year:

During the period, the following debt securities contributed to the majority of the changes in ECL:

| | Changes in ECL for the 6 months ended 30th September 2022 HK\$'000 |
|--------------------------------|---|
| Jiayuan 11.375% notes | (123,798) |
| Hejun Shunze 11% notes | (110,929) |
| Scenery Journey 11.5% notes | (87,943) |
| Guangzhou R&F 6.7% notes | (51,441) |
| Guangzhou Fineland 13.6% notes | (48,726) |
| | (422,837) |

Jiayuan 11.375% notes, issued by Jiayuan International Group Limited ("Jiayuan") and carry fixed coupon rate of 11.375% per annum. It is denominated in USD, mature on 29th October 2022 and are listed on Singapore Stock Exchange ("SGX-ST").

Hejun Shunze 11% notes, issued by Hejun Shunze Investment Co., Limited, a wholly-owned subsidiary of Sichuan Languang Development Co., Ltd., carry fixed coupon at rate of 11% per annum. The notes are denominated in USD, mature on 4th June 2022 and are listed on SGX-ST.

Scenery Journey 11.5% notes, issued by Scenery Journey Limited, an indirect subsidiary of China Evergrande Group ("Evergrande"), carry fixed coupon rates of 11.5% per annum and mature on 24th October 2022. The notes are denominated in USD and are listed on SGX-ST. Evergrande is principally engaged in property development, property management, property construction, hotel operations, finance business, internet business, and health industry business in the PRC. Its shares are listed on HKEX (stock code: 3333).

Guangzhou Fineland 13.6% notes, issued by Guangzhou Fineland Real Estate Development Co., Ltd ("Guangzhou Fineland"), carry fixed coupon rate of 13.6% per annum. The notes are denominated in USD, mature on 27th July 2023 and are listed on SGX-ST. Guangzhou Fineland is principally engaged in real estate investment, development and operation in the PRC.

Notes to the Interim Financial Information

8 INCOME AND EXPENSES BY NATURE

| | Six months ended 30th September | |
|--|------------------------------------|------------------|
| | 2022 HK\$'000 | 2021 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 | 2,790 | 2,334 |
| Expenses | | |
| Cost of properties and goods sold | 6,067 | 553 |
| Employee benefit expense, including Directors' emoluments (note (a)) | 77,031 | 68,504 |
| Note: | | |
| (a) Employee benefit expense | | |
| Wages and salaries | 77,940 | 69,611 |
| Retirement benefits costs | 1,904 | 1,708 |
| | 79,844 | 71,319 |
| Capitalised under property under development for sale | (2,813) | (2,815) |
| | 77,031 | 68,504 |

Notes to the Interim Financial Information

9 NET FINANCE COSTS

| | Six months ended 30th September | |
|---|--|-----------|
| | 2022 | 2021 |
| | HK\$'000 | 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 |
| | (160,677) | (149,086) |
| 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) |
| | (152,094) | (182,887) |

10 INCOME TAX CREDIT

| | Six months ended 30th September | |
|---------------------------------------|--|----------|
| | 2022 | 2021 |
| | HK\$'000 | 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 |
| | (10,865) | (28,847) |
| Deferred income tax credit | 30,941 | 43,933 |
| | 20,076 | 15,086 |

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 provided on the estimated assessable profit for the period at the tax rates prevailing in the countries in which the Group operates.

Notes to the Interim Financial Information

11 DIVIDEND

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

12 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 |
| | Number of shares | |
| Weighted average number of shares in issue | 1,319,782,288 | 1,319,782,288 |

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.

13 INVESTMENT PROPERTIES

Investment properties were revalued by Prudential Surveyors (Hong Kong) Limited, independent professional valuers, on an open market value basis as at 30th September 2022 and 31st March 2022. All of the fair value measurements of the Group's investment properties were categorised as level 3 of the fair value hierarchy. There were no transfers into or out of level 3 during the period.

Notes to the Interim Financial Information

14 PROPERTY, PLANT AND EQUIPMENT

| | Hotel buildings HK\$'000 | Other buildings HK\$'000 | Other equipments HK\$'000 | Right-of-use assets* HK\$'000 | Total HK\$'000 |
|----------------------------------|--------------------------------|--------------------------------|---------------------------------|-------------------------------------|-------------------|
| Cost | | | | | |
| At 31st March 2022 | 1,617,607 | 578,768 | 268,447 | 4,072,534 | 6,537,356 |
| Currency translation differences | - | - | (5,132) | (47) | (5,179) |
| Additions | 14,204 | 15,094 | 3,540 | 879 | 33,717 |
| Reclassification | - | 10,462 | (10,462) | - | - |
| Disposals | - | - | (2,499) | (5,241) | (7,740) |
| At 30th September 2022 | 1,631,811 | 604,324 | 253,894 | 4,068,125 | 6,558,154 |
| Accumulated depreciation | | | | | |
| At 31st March 2022 | 814,440 | 33,530 | 172,172 | 755,975 | 1,776,117 |
| Currency translation differences | - | - | (4,934) | (30) | (4,964) |
| Charge for the period | 25,958 | 5,918 | 9,286 | 35,381 | 76,543 |
| Reclassification | - | 1,569 | (1,569) | - | - |
| Disposals | - | - | (2,499) | (5,241) | (7,740) |
| At 30th September 2022 | 840,398 | 41,017 | 172,456 | 786,085 | 1,839,956 |
| Net book value | | | | | |
| At 30th September 2022 | 791,413 | 563,307 | 81,438 | 3,282,040 | 4,718,198 |
| At 31st March 2022 | 803,167 | 545,238 | 96,275 | 3,316,559 | 4,761,239 |

* Mainly relates to leasehold land in Hong Kong.

Note:

Supplementary information with hotel properties in operation at valuation:

The hotel properties portfolio in Hong Kong comprised five (31st March 2022: five) hotels. According to the Group's accounting policies, the carrying amount of these hotel properties in Hong Kong were HK\$2,577,403,000 (31st March 2022: HK\$2,615,005,000).

The aggregate open market value, on a highest and best use basis, of these hotel properties in Hong Kong based on valuations conducted by Vigers Appraisal & Consulting Limited ("Vigers"), independent professional valuers, amounted to HK\$12,070,200,000 (31st March 2022: HK\$11,424,200,000), is regarded as level 3 hierarchy for disclosure purpose under HKFRS 13.

Vigers used the discounted cash flow method, which is considered the most appropriate valuation approach for assessing the market value of the properties as it would better reflect specific characteristics of the income-producing properties such as occupancies, average room rates, potential income growth and all out-goings, subject to future economic conditions in the markets.

The supplementary information with hotel properties at valuation is for readers' information only. It does not constitute a disclosure requirement under HKAS 16 and HKFRS 16.

Notes to the Interim Financial Information

15 TRADE AND OTHER RECEIVABLES

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

Accrued interest receivable and accrued dividend receivable amounted to HK\$1,182,000,000 (31st March 2022: HK\$747,000,000).

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 HK\$'000 | 31st March 2022 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 |
| | 81,859 | 54,587 |

Notes to the Interim Financial Information

16 FINANCIAL INVESTMENTS

| | 30th September 2022 HK\$'000 | 31st March 2022 HK\$'000 |
|---------------------------|---|-----------------------------------|
| Non-current assets | | |
| Equity securities | | |
| – Listed in Hong Kong | 206,756 | 258,362 |
| – Unlisted | 96,425 | 82,703 |
| | 303,181 | 341,065 |
| Debt securities | | |
| – Listed in Singapore | 320,421 | 949,745 |
| – Listed in PRC | 5,128 | 7,948 |
| | 325,549 | 957,693 |
| Unlisted fund | 92,266 | 91,238 |
| | 720,996 | 1,389,996 |
| Current assets | | |
| Equity securities | | |
| – Listed in Hong Kong | 104,456 | 116,335 |
| Debt securities | | |
| – Listed in PRC | 2,721,203 | 2,971,562 |
| – Listed in Singapore | 604,831 | 1,279,489 |
| – Listed in Europe | 347,569 | 927,759 |
| – Listed in Hong Kong | – | 116,529 |
| | 3,673,603 | 5,295,339 |
| Unlisted fund | – | 9,488 |
| | 3,778,059 | 5,421,162 |
| | 4,499,055 | 6,811,158 |

Notes to the Interim Financial Information

16 FINANCIAL INVESTMENTS (CONTINUED)

Financial investments are classified in the following categories:

| | 30th September 2022 HK\$'000 | 31st March 2022 HK\$'000 |
|---------------------------|---|-----------------------------------|
| Non-current assets | | |
| Financial assets at FVOCI | 628,730 | 1,298,758 |
| Financial assets at FVPL | 92,266 | 91,238 |
| | 720,996 | 1,389,996 |
| Current assets | | |
| Financial assets at FVPL | 2,735,061 | 2,961,054 |
| Financial assets at FVOCI | 1,042,998 | 2,460,108 |
| | 3,778,059 | 5,421,162 |
| | 4,499,055 | 6,811,158 |

Financial investments are denominated in the following currencies:

| | | |
|----------------------|------------------|------------------|
| Renminbi | 2,726,330 | 2,979,510 |
| United States dollar | 1,447,920 | 3,441,242 |
| Hong Kong dollar | 311,212 | 374,697 |
| Japanese Yen | 12,900 | 15,280 |
| Euro | 693 | 429 |
| | 4,499,055 | 6,811,158 |

Notes to the Interim Financial Information

16 FINANCIAL INVESTMENTS (CONTINUED)

Supplementary information of financial investments:

Equity Securities

As at 30th September 2022, the Group held 23 (31st March 2022: 23) listed equity securities and 1 (31st March 2022: 1) unlisted equity securities. The summary of equity securities portfolio of financial investments as at 30th September 2022 and 31st March 2022 and their corresponding unrealised (loss)/gain and dividend income for the six months ended 30th September 2022 and 2021 are as follows:

| | Fair value | | Unrealised (loss)/gain | | Dividend income | |
|--|---------------------------------------|-----------------------------------|--|------------------|--|------------------|
| | 30th September 2022 HK\$'000 | 31st March 2022 HK\$'000 | for the six months ended 30th September | | for the six months ended 30th September | |
| | | | 2022 HK\$'000 | 2021 HK\$'000 | 2022 HK\$'000 | 2021 HK\$'000 |
| HSBC Holdings PLC ("HSBC") | 125,727 | 165,197 | (39,470) | (13,868) | 2,152 | 1,662 |
| MGM China ("MGM") | 81,029 | 93,165 | (12,136) | (167,287) | – | – |
| Amer Sports Corporation ("Amer Sports") | 96,425 | 82,703 | 13,721 | 58 | – | – |
| China Evergrande New Energy Vehicle Group Limited ("Evergrande Vehicle") | 2,786 | 2,786 | – | (47,686) | – | – |
| Others | 101,670 | 113,549 | (11,149) | (3,256) | 638 | 672 |
| | 407,637 | 457,400 | (49,034) | (232,039) | 2,790 | 2,334 |

HSBC is a global banking and financial services company. It operates across various geographical regions, and its shares are listed on the HKEX (stock code: 5) and London Stock Exchange (stock code: HSBA), with a "A-" rated by S&P Global Ratings. As at 30th September 2022, a total of 0.02% shareholding of HSBC was held by the Group.

MGM is a company principally engaged in development and operation of casino game and related hotel and resort facilities in Macau, and its shares are listed on HKEX (stock code: 2282). As at 30th September 2022, a total of 0.49% shareholding of MGM was held by the Group.

Amer Sports is an unlisted global sporting goods company headquartered in Finland with internationally recognised brands. It is a joint venture of Anta Sports Products Limited ("Anta Sports"). Anta Sports is principally engaged in the manufacturing and trading of sporting goods, including footwear, apparel and accessories in the PRC. As at 30th September 2022, a total of 0.24% indirect shareholding of Amer Sports was held by the Group.

Evergrande Vehicle is engaged in technology research and development, production and sales of new energy vehicles, as well as "Internet +" community, health management, international hospitals, and elderly care and rehabilitation in the PRC. Its shares are listed on HKEX (stock code: 708). Trading has been suspended since 1st April 2022. As at 30th September 2022, a total of 0.01% shareholding of Evergrande Vehicle was held by the Group.

Notes to the Interim Financial Information

16 FINANCIAL INVESTMENTS (CONTINUED)

Debt Securities

As at 30th September 2022, the Group held 40 (31st March 2022: 40) debt securities, 27 of them are listed in Singapore, 10 in the PRC, 2 in Europe and 1 unlisted. 39 (31st March 2022: 34) debt securities were issued by PRC-based real estate companies, the shares of which are all listed in Hong Kong with the exception of 1 that is listed in the United States and 2 are unlisted, their mark to market valuation approximate 99% (31st March 2022: 98%) of debt securities portfolio.

The summary of debt securities of financial investments as at 30th September 2022 and 31st March 2022 are as follows:

| | 30th September 2022 HK\$'000 | 31st March 2022 HK\$'000 |
|---------------------------|---|--------------------------------|
| Principal amount of notes | 16,173,718 | 16,723,383 |
| Investment cost | 14,956,948 | 14,946,030 |
| Fair value | 3,999,152 | 6,253,032 |
| Coupon | 5.9% to 14.5% | 5.9% to 14.5% |
| Maturity | Oct 2022 – Feb 2026 | Apr 2022 – Feb 2026 |

The 40 (30th September 2021: 42) debt securities gave rise to a net unrealised fair value loss of HK\$2,280 million for the six months ended 30th September 2022 (2021: loss of HK\$5,676 million).

As at 30th September 2022, the mark to market valuation of the five largest debt securities held represents approximately 6.1% (31st March 2022: 7.9%) of the Group's revalued total assets. The remaining 35 debt securities represent 3.2% of the Group's revalued total assets, with each of them less than 1%.

Notes to the Interim Financial Information

16 FINANCIAL INVESTMENTS (CONTINUED)

Debt Securities (Continued)

The five largest debt securities held at 30th September 2022 are as follows:

| | Fair value | | | | Unrealised (loss)/gain | | Interest income | |
|------------------------------|------------|------------|-----------|------------|------------------------|----------|----------------------|--------|
| | 30th | % of the | 31st | % of the | for the six months | | for the six months | |
| | September | debt | March | debt | ended 30th September | | ended 30th September | |
| | 2021 | securities | 2022 | securities | 2022 | 2021 | 2022 | 2022 |
| HK\$'000 | portfolio | HK\$'000 | portfolio | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| Pearl River 7.5% notes 1 (i) | 913,523 | 23% | 960,400 | 15% | (97,076) | 23,496 | 89,171 | 91,042 |
| Pearl River 7.5% notes 2 (i) | 769,266 | 19% | 811,292 | 13% | (80,617) | 19,513 | 70,343 | 73,626 |
| Pearl River 6.5% notes (i) | 484,746 | 12% | 507,418 | 8% | (49,691) | 11,781 | 42,174 | 46,063 |
| Cheergain 15% notes (ii) | 270,037 | 7% | 269,472 | 4% | 564 | 1,384 | 41,406 | 25,744 |
| Golden Wheel 10% notes (iii) | 200,325 | 5% | 515,291 | 8% | (289,202) | - | 57,981 | - |

- (i) The details of these notes were described in note 7(c).
- (ii) "Cheergain 15% notes", issued by Cheergain Group Limited, a wholly-owned subsidiary of China Properties Group Limited ("CPG"). It carried fixed coupon at 15% per annum, denominated in USD and matured on 15th October 2021. CPG is principally engaged in the property development and the property investment business in the PRC. Its share are listed on HKEX (stock code: 1838).
- (iii) "Golden Wheel 10% notes", issued by Golden Wheel Tiandi Holdings Company Limited ("Golden Wheel") and carries fixed coupon rate at 10% per annum. The notes are denominated in USD and mature on 11th April 2025 with amortisation during the tenor. They are not rated and are listed on SGX-ST.

17 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 payables and various accruals. Trade payables amounted to HK\$92,065,000 (31st March 2022: HK\$68,759,000).

Aging analysis of trade payables at the balance sheet date is as follows:

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

Notes to the Interim Financial Information

18 BORROWINGS

| | 30th September 2022 HK\$'000 | 31st March 2022 HK\$'000 |
|---|---|-----------------------------------|
| Current liabilities | | |
| Short term bank loans | | |
| Secured | 857,000 | 407,000 |
| Unsecured | 20,000 | – |
| Current portion of long term bank loans | | |
| Secured | 3,386,425 | 2,374,619 |
| Unsecured | 526,452 | 1,214,959 |
| | 4,789,877 | 3,996,578 |
| Non-current liabilities | | |
| Long term bank loans | | |
| Secured | 8,453,256 | 9,452,772 |
| Unsecured | 4,498,182 | 3,862,025 |
| | 12,951,438 | 13,314,797 |
| | 17,741,315 | 17,311,375 |

The maturities of the long term bank loans, based on the scheduled repayment dates set out in the loan agreements and ignoring the effect of any repayment on demand clause, are as follow:

| | 30th September 2022 HK\$'000 | 31st March 2022 HK\$'000 |
|---|---|-----------------------------------|
| Repayable within one year | 3,912,877 | 3,589,578 |
| Repayable between one and two years | 5,025,566 | 5,552,534 |
| Repayable between two and five years | 7,925,872 | 7,762,263 |
| | 16,864,315 | 16,904,375 |
| Current portion included in current liabilities | (3,912,877) | (3,589,578) |
| | 12,951,438 | 13,314,797 |

The carrying amounts of the short term and long term borrowings approximate their fair values.

Notes to the Interim Financial Information

19 SHARE CAPITAL

| Shares of HK\$0.01 each | Number of shares | Amount HK\$'000 |
|--|------------------|--------------------|
| Authorised: | | |
| At 31st March 2022 and 30th September 2022 | 400,000,000,000 | 4,000,000 |
| Issued and fully paid: | | |
| At 31st March 2022 and 30th September 2022 | 1,319,782,288 | 13,197 |

20 RESERVES

| | Share premium HK\$'000 | Capital redemption reserve HK\$'000 | Contributed surplus HK\$'000 | Share option reserve HK\$'00 | Property revaluation reserve HK\$'000 | Investments revaluation reserve HK\$'000 | Hedging reserve HK\$'000 | Currency translation reserve HK\$'000 | Revenue reserve HK\$'000 | Total HK\$'000 |
|--|---------------------------|--|---------------------------------|---------------------------------|--|---|-----------------------------|--|-----------------------------|-------------------|
| At 31st March 2022 | 2,175,239 | 44,190 | 2,782,836 | 5,217 | 24,891 | (5,289,380) | 165,960 | 85,811 | 16,006,200 | 16,000,964 |
| Net fair value loss and other net movements of financial assets at FVOCI | - | - | - | - | - | (1,419,474) | - | - | - | (1,419,474) |
| Cash flow hedges | | | | | | | | | | |
| - net fair value gain | - | - | - | - | - | - | 228,209 | - | - | 228,209 |
| - deferred tax on derivative financial instruments | - | - | - | - | - | - | (37,655) | - | - | (37,655) |
| Currency translation differences | - | - | - | - | - | - | - | (265,170) | - | (265,170) |
| Profit for the period | - | - | - | - | - | - | - | - | 38,666 | 38,666 |
| At 30th September 2022 | 2,175,239 | 44,190 | 2,782,836 | 5,217 | 24,891 | (6,708,854) | 356,514 | (179,359) | 16,044,866 | 14,545,540 |

Notes to the Interim Financial Information

21 COMMITMENTS

Commitments at the balance sheet date are as follows:

| | 30th September 2022 HK\$'000 | 31st March 2022 HK\$'000 |
|---------------------------------|---|-----------------------------------|
| Contracted but not provided for | | |
| Property, plant and equipment | 34,316 | 28,935 |
| Investment in joint ventures | 54,720 | – |

22 FINANCIAL GUARANTEES

| | 30th September 2022 HK\$'000 | 31st March 2022 HK\$'000 |
|--|---|-----------------------------------|
| Guarantees for the banking and loan facilities of joint ventures | 3,189,598 | 3,348,737 |

23 RELATED PARTY TRANSACTIONS

During the period, the following transactions were carried out with related parties:

| | Six months ended 30th September 2022 HK\$'000 | 2021 HK\$'000 |
|---|--|------------------|
| Income from/(expense to) subsidiaries of Asia Orient Holdings Limited | | |
| Rental income | 1,036 | 1,036 |
| Building management fee expense | (2,306) | (2,213) |
| Cleaning expense | (3,051) | (3,137) |

No transactions have been entered into with the Directors of the Company (being the key management personnel) during the period other than the emoluments paid to them (being key management personnel compensation) (2021: Nil).

Other Information

Pursuant to Rule 13.22 of the Listing Rules, a proforma combined balance sheet of affiliated companies with financial assistance from the Group and the Group's attributable interest in those affiliated companies as at 30th September 2022 are as follow:

| | Proforma combined balance sheet HK\$'000 | Group's attributable interest HK\$'000 |
|-------------------------|---|---|
| Non-current assets | 4,512,507 | 1,581,366 |
| Current assets | 24,878,363 | 9,877,093 |
| Current liabilities | (11,651,526) | (4,374,125) |
| Non-current liabilities | (7,727,301) | (2,661,500) |
| | 10,012,043 | 4,422,834 |

The proforma combined balance sheet of the affiliated companies is prepared by combining their balance sheet, after making adjustments to conform with the Group's significant accounting policies and re-grouping into significant classification in the balance sheet as at 30th September 2022.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30th September 2022, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to 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 (the "Listing Rules") were as follows:

(I) Long Positions in Shares

(a) The Company

| Director | Number of shares held | | | Percentage of shares in issue (%) |
|-----------|-----------------------|--------------------|-------------|-----------------------------------|
| | Personal interest | Corporate interest | Total | |
| Poon Jing | 1,308,884 | 683,556,392 | 684,865,276 | 51.89 |

Note: By virtue of Mr. Poon Jing's controlling interest (60.61%) in Asia Orient Holdings Limited ("Asia Orient"), he is deemed to be interested in the shares of the Company held by Asia Orient as disclosed under the heading "Substantial shareholders' and other persons' interests and short positions in shares and underlying shares" below.

(b) Associated corporations

| Director | Associated corporation | Number of shares held | | | Total | Percentage of shares in issue (%) |
|----------------------|---|-----------------------|-----------------|--------------------------|---------------|-----------------------------------|
| | | Personal interest | Family interest | Corporate interest | | |
| Poon Jing | Asia Orient | 359,139,472 | 5,318,799 | 145,213,900 (Notes) | 509,672,171 | 60.61 |
| | Asia Standard Hotel Group Limited ("Asia Standard Hotel") | 152,490 | - | 1,346,158,049 (Notes) | 1,346,310,539 | 66.71 |
| Poon Hai | Asia Orient | 10,444,319 | - | - | 10,444,319 | 1.24 |
| Fung Siu To, Clement | Asia Orient | 15,440,225 | - | - | 15,440,225 | 1.83 |
| | Mark Honour Limited | 9 | - | - | 9 | 0.01 |

Notes:

- By virtue of Mr. Poon Jing's controlling interest in Asia Orient, he is deemed to be interested in the shares of Asia Standard Hotel held by Asia Orient and the Company.
- By virtue of Mr. Poon Jing's controlling interest in the Company through Asia Orient, he is deemed to be interested in the shares of all the Company's subsidiaries and associated corporations.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

(II) Long Positions in Underlying Shares

Interests in share options

(a) The Company

| Director | Outstanding as at 1st April 2022 and 30th September 2022 |
|----------------------|---|
| Poon Hai | 3,500,000 |
| Poon Yeung, Roderick | 3,500,000 |

Notes:

- Options were granted on 11th December 2015 under 2014 Share Option Scheme (as described under the heading "Share option schemes") and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.38 per share.
- During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

(b) Associated corporation – Asia Orient

| Director | Outstanding as at 1st April 2022 and 30th September 2022 |
|----------------------|---|
| Poon Hai | 3,500,000 |
| Poon Yeung, Roderick | 3,500,000 |

Notes:

- Options were granted on 11th December 2015 under a share option scheme adopted by Asia Orient on 29th August 2014 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.42 per share.
- During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

Other Information

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONTINUED)

(II) Long Positions in Underlying Shares (Continued)

Interests in share options (Continued)

(c) Associated corporation – Asia Standard Hotel

| Director | Outstanding as at 1st April 2022 and 30th September 2022 |
|----------------------|--|
| Poon Hai | 14,400,000 |
| Poon Yeung, Roderick | 14,400,000 |

Notes:

- Options were granted on 11th December 2015 under 2006 Asia Standard Hotel Share Option Scheme (as described under the heading "Share option schemes") and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$0.343 (as adjusted) per share.
- During the period, no option was granted to the Directors and the options granted to the Directors have not been exercised, cancelled or lapsed.

(III) Long Positions in Underlying Shares and Debentures

Interests in convertible notes

Associated corporation – Asia Standard Hotel

| Director | Nature of interest | Amount of convertible note held (HK\$) | Number of underlying shares held |
|-----------|--------------------|---|--|
| Poon Jing | Corporate | 1,219,619,192 | 2,692,316,098 |

Note: By virtue of Mr. Poon Jing's controlling interest in Asia Orient, he is deemed to be interested in the convertible notes ("ASH Convertible Note(s)") held by Asia Orient and its subsidiaries which are convertible into 2,692,316,098 shares of Asia Standard Hotel. The ASH Convertible Notes are redeemable at the redemption value of HK\$0.453 per ASH Convertible Note. Please refer to the annual report of Asia Standard Hotel for details.

Save as disclosed above, as at 30th September 2022, none of the Directors or Chief Executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which are taken or deemed to have under such provisions of the SFO); or (b) were recorded in the register required to be kept by the Company under Section 352 of the SFO; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

The register of substantial shareholders maintained under Section 336 of the SFO shows that as at 30th September 2022, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and Chief Executive of the Company.

Long Positions in Shares of the Company

| Shareholder | Capacity | Number of shares held | Total | Percentage of shares in issue (%) |
|--|---|---------------------------|-------------|-----------------------------------|
| Asia Orient (Note 1) | Beneficial owner Interests in controlled corporation | 51,705,509 631,850,883 | 683,556,392 | 51.79 |
| Asia Orient Holdings (BVI) Limited ("Asia Orient BVI") (Note 1) | Interests in controlled corporation | 631,850,883 | 631,850,883 | 47.87 |
| Asia Orient Company Limited ("AOCL") (Note 2) | Beneficial owner Interests in controlled corporation | 304,361,730 2,459,153 | 306,820,883 | 23.24 |
| Kingfisher Inc. and Lipton Investment Limited ("Kingfisher and Lipton") (Note 2) | Interests in controlled corporation | 284,376,649 | 284,376,649 | 21.54 |

Notes:

1. Asia Orient BVI is a wholly-owned subsidiary of Asia Orient. Accordingly, Asia Orient is deemed to have interest and duplicate the interest in the same 631,850,883 shares held by Asia Orient BVI.
2. AOCL, companies controlled by AOCL, Kingfisher and Lipton are wholly-owned subsidiaries of Asia Orient BVI. Asia Orient BVI is deemed to be interested in and duplicate the interest held by AOCL, Kingfisher and Lipton.

Save as disclosed above, as at 30th September 2022, the Directors were not aware of any other persons (other than the Directors and Chief Executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

Other Information

SHARE OPTION SCHEMES

The Company

The share option scheme of the Company adopted by the Company on 27th August 2004 ("2004 Share Option Scheme") expired on the tenth anniversary of such adoption date. Following the expiry of 2004 Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2004 Share Option Scheme and yet to be exercised shall remain valid and exercisable. As at 30th September 2022, there were 1,000,000 share options granted under 2004 Share Option Scheme outstanding. Movements of share options granted under 2004 Share Option Scheme during the period are as follows:

| Grantee | Outstanding as at 1st April 2022 and 30th September 2022 |
|----------------|---|
| Employee | 1,000,000 |

Notes:

- Options were granted on 13th March 2014 and exercisable during the period from 10th March 2017 to 12th March 2024 at an exercise price of HK\$2.00 per share.
- During the period, no option was exercised, cancelled or lapsed.

The Company adopted a share option scheme on 29th August 2014 ("2014 Share Option Scheme"). As at 30th September 2022, there were 7,000,000 share options granted under 2014 Share Option Scheme outstanding. Movements of share options granted under 2014 Share Option Scheme during the period are as follows:

| Grantee | Outstanding as at 1st April 2022 and 30th September 2022 |
|----------------|---|
| Directors | 7,000,000 |

Notes:

- Options were granted on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$1.38 per share.
- During the period, no option was granted, exercised, cancelled or lapsed.

Other Information

SHARE OPTION SCHEMES (CONTINUED)

Subsidiary – Asia Standard Hotel

The share option scheme of Asia Standard Hotel adopted by Asia Standard Hotel on 28th August 2006 (“2006 Asia Standard Hotel Share Option Scheme”) expired on the tenth anniversary of such adoption date. Following the expiry of 2006 Asia Standard Hotel Share Option Scheme, no further share option can be granted thereunder but all outstanding share options granted under 2006 Asia Standard Hotel Share Option Scheme and yet to be exercised shall remain valid and exercisable. As at 30th September 2022, there were 28,800,000 share options granted under 2006 Asia Standard Hotel Share Option Scheme outstanding. Movements of the share options granted under 2006 Asia Standard Hotel Share Option Scheme during the period are as follows:

| Grantee | Outstanding as at 1st April 2022 and 30th September 2022 |
|----------------|---|
| Directors | 28,800,000 |

Notes:

- Options were granted on 11th December 2015 and exercisable during the period from 11th December 2015 to 10th December 2025 at an exercise price of HK\$0.343 (as adjusted) per share.
- During the period, no option was exercised, cancelled or lapsed.

Asia Standard Hotel adopted a share option scheme on 8th September 2016 and its scheme limit was refreshed on 30th August 2017 (“2016 Asia Standard Hotel Share Option Scheme”). No share option has been granted under 2016 Asia Standard Hotel Share Option Scheme since its adoption.

INTERIM DIVIDEND

The Board of Directors (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 and 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.

Other Information

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 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.

On behalf of the Board

Asia Standard International Group Limited

Fung Siu To, Clement

Chairman

Hong Kong, 30th November 2022

