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ASIA STANDARD INTERNATIONAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 129)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31ST MARCH 2023 AND PROPOSED AMENDMENTS TO THE EXISTING BYE-LAWS

FINANCIAL HIGHLIGHTS			
<i>(In HK\$ million, except otherwise indicated)</i>			
	2023	2022	Change
Revenue	2,073	2,510	-17%
Profit/(loss) attributable to shareholders of the Company	801	(884)	N/A
Earnings/(loss) per share – basic (HK\$)	0.61	(0.67)	N/A
Total assets	37,899	35,022	+8%
Net assets	19,974	16,410	+22%
Equity attributable to shareholders of the Company	19,439	16,014	+21%
Net debt	15,533	16,188	-4%
Supplementary information with hotel properties at valuation:			
Revalued total assets	47,881	43,831	+9%
Revalued net assets	29,956	25,219	+19%
Equity attributable to shareholders of the Company	27,694	23,299	+19%
Gearing - net debt to revalued net assets	52%	64%	-12%

The board of directors (the “Board”) of Asia Standard International Group Limited (the “Company”) announce that the consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st March 2023 together with the comparative figures for the year ended 31st March 2022 were as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st March 2023

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Interest revenue		1,725,939	2,205,117
Sales of goods and services, leasing and other revenue		346,838	304,618
Total revenue	2	2,072,777	2,509,735
Cost of sales		(105,452)	(82,854)
Gross profit		1,967,325	2,426,881
Selling and administrative expenses		(294,580)	(235,172)
Depreciation		(145,132)	(146,566)
Net investment loss	3		
Net realised and unrealised gain/(loss)		44,239	(724,214)
Changes in expected credit losses		(1,560,304)	(2,680,419)
Fair value gain of investment properties		807,790	497,018
Written back of provision for impairment in value of properties under development for sale		-	61,830
Operating profit/(loss)		819,338	(800,642)
Net finance costs	5	(410,088)	(326,294)
Share of profits less losses of			
Joint ventures		460,562	15,541
Associated companies		10,728	10,709
Profit/(loss) before income tax		880,540	(1,100,686)
Income tax (expenses)/credit	6	(115,933)	88,383
Profit/(loss) for the year		764,607	(1,012,303)
Attributable to:			
Shareholders of the Company		801,412	(883,576)
Non-controlling interests		(36,805)	(128,727)
		764,607	(1,012,303)
Earnings/(loss) per share (HK\$)			
Basic	8	0.61	(0.67)
Diluted	8	0.61	(0.67)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st March 2023

	2023 HK\$'000	2022 HK\$'000
Profit/(loss) for the year	764,607	(1,012,303)
Other comprehensive income/(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 gain/(loss) and other net movements	2,421,434	(5,063,717)
- release of reserve upon disposal/redemption/derecognition	265,427	(30,311)
Share of net fair value gain/(loss) on debt securities at fair value through other comprehensive income of a joint venture	133,399	(264,816)
Cash flow hedges		
- fair value gain	108,670	291,657
- deferred tax on derivative financial instruments	(17,930)	(48,235)
Currency translation differences	(78,988)	13,117
Share of currency translation differences of joint ventures	(134,147)	64,877
Items that will not be reclassified to profit or loss:		
Net fair value gain/(loss) on equity securities at fair value through other comprehensive income	101,130	(112,718)
	2,798,995	(5,150,146)
Total comprehensive income/(charge) for the year	3,563,602	(6,162,449)
Attributable to:		
Shareholders of the Company	3,424,375	(5,667,215)
Non-controlling interests	139,227	(495,234)
	3,563,602	(6,162,449)

CONSOLIDATED BALANCE SHEET

As at 31st March 2023

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Investment properties		10,844,446	10,034,752
Property, plant and equipment		4,671,642	4,761,239
Investment in joint ventures and associated companies		4,598,431	4,373,855
Amounts due from joint ventures and associated companies		2,393,487	2,281,206
Loan receivables		-	850
Financial investments		1,615,734	1,389,996
Derivative financial instruments		342,577	282,636
Deferred income tax assets		137,452	158,100
		24,603,769	23,282,634
Current assets			
Properties under development for sale		5,007,956	4,257,302
Completed properties held for sale		3,481	3,481
Hotel and restaurant inventories		27,949	17,881
Trade and other receivables	9	1,117,954	908,131
Income tax recoverable		173	80
Financial investments		6,039,865	5,421,162
Derivative financial instruments		83,874	-
Bank balances and cash			
- restricted		184,123	369,326
- unrestricted		829,584	762,384
		13,294,959	11,739,747
Current liabilities			
Trade and other payables	10	184,209	196,712
Contract liabilities		265,241	245,717
Amounts due to joint ventures		297,425	311,392
Amount due to an associated company		193,050	206,250
Amount due to non-controlling interests		52,949	48,647
Income tax payable		153,812	151,983
Borrowings		3,871,662	3,996,578
Derivative financial instruments		-	676
		5,018,348	5,157,955
Net current assets		8,276,611	6,581,792

CONSOLIDATED BALANCE SHEET

As at 31st March 2023

	2023	2022
	HK\$'000	HK\$'000
Non-current liabilities		
Borrowings	12,665,571	13,314,797
Convertible notes	9,086	8,532
Lease liabilities	-	5,738
Deferred income tax liabilities	232,012	125,250
	12,906,669	13,454,317
	<hr/>	<hr/>
Net assets	19,973,711	16,410,109
	<hr/>	<hr/>
Equity		
Share capital	13,197	13,197
Reserves	19,425,339	16,000,964
Equity attributable to shareholders of the Company	19,438,536	16,014,161
Non-controlling interests	535,175	395,948
	19,973,711	16,410,109
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NOTES TO THE FINANCIAL STATEMENTS

1 Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties, financial assets at fair value through profit or loss (“FVPL”), financial assets at fair value through other comprehensive income (“FVOCI”) and derivative financial instruments, which are carried at fair value, and in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies and methods of computation used in the preparation of these annual financial statements are consistent with those used in 2022, except for the adoption of the following amendments to standards that are effective for the first time for this year which are relevant to the Group’s operations and are mandatory for accounting periods beginning on or after 1st January 2022:

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

The adoption of the amendments to standards stated above did not have significant impact to the consolidated financial statements in the current and prior years.

Certain new/revised standards, amendments and interpretations to HKFRS have been issued but are not yet effective for the year ended 31st March 2023 and have not been early adopted by the Group.

2 Segment information

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

	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
2023						
Segment revenue	6,750	147,499	167,029	1,715,774	35,725	2,072,777
Contribution to segment results	(13,687)	106,125	38,288	1,682,688	35,693	1,849,107
Depreciation	(13,681)	-	(93,549)	-	(37,902)	(145,132)
Net investment loss	-	-	-	(1,516,065)	-	(1,516,065)
Fair value gain of investment properties	-	807,790	-	-	-	807,790
Share of profits less losses of Joint ventures	460,542	-	-	-	20	460,562
Associated companies	-	10,728	-	-	-	10,728
Segment results	433,174	924,643	(55,261)	166,623	(2,189)	1,466,990
Unallocated corporate expenses						(176,362)
Net finance costs						(410,088)
Profit before income tax						880,540
2022						
Segment revenue	11,250	179,573	75,810	2,209,168	33,934	2,509,735
Contribution to segment results	(401)	141,190	(22,993)	2,198,647	33,871	2,350,314
Depreciation	(8,315)	-	(102,085)	-	(36,166)	(146,566)
Net investment loss	-	-	-	(3,404,633)	-	(3,404,633)
Fair value gain of investment properties	-	497,018	-	-	-	497,018
Written back of provision for impairment in value of properties under development for sale	61,830	-	-	-	-	61,830
Share of profits less losses of Joint ventures	15,551	-	-	-	(10)	15,541
Associated companies	-	11,211	-	-	(502)	10,709
Segment results	68,665	649,419	(125,078)	(1,205,986)	(2,807)	(615,787)
Unallocated corporate expenses						(158,605)
Net finance costs						(326,294)
Loss before income tax						(1,100,686)

2 Segment information (Continued)

	Business segments						Unallocated HK\$'000	Total HK\$'000
	Property sales HK\$'000	Property leasing HK\$'000	Hotel and travel HK\$'000	Financial investments HK\$'000	Others HK\$'000			
2023								
Assets	11,017,134	12,109,945	2,799,305	8,557,098	82,021	3,333,225	37,898,728	
Assets include:								
Joint ventures and associated companies	5,752,496	1,214,718	-	-	24,704	-	6,991,918	
Addition to non-current assets*	12,896	1,904	17,908	-	32,120	3,436	68,264	
Liabilities								
Borrowings	5,073,714	1,818,976	4,151,002	-	-	5,493,541	16,537,233	
Other liabilities							<u>1,387,784</u>	
							<u>17,925,017</u>	
2022								
Assets	10,104,365	11,289,091	2,862,531	7,558,622	72,812	3,134,960	35,022,381	
Assets include:								
Joint ventures and associated companies	5,421,889	1,203,990	-	-	29,182	-	6,655,061	
Addition to non-current assets*	144,134	10,411	149,948	-	121,892	5,085	431,470	
Liabilities								
Borrowings	5,182,700	1,761,674	3,519,378	299,924	-	6,547,699	17,311,375	
Other liabilities							<u>1,300,897</u>	
							<u>18,612,272</u>	

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

2 Segment information (Continued)

	2023 HK\$'000	2022 HK\$'000
Revenue		
Hong Kong	349,715	322,332
Overseas	<u>1,723,062</u>	<u>2,187,403</u>
	<u><u>2,072,777</u></u>	<u><u>2,509,735</u></u>
Non-current assets*		
Hong Kong	20,142,701	19,273,816
Overseas	<u>2,365,305</u>	<u>2,177,236</u>
	<u><u>22,508,006</u></u>	<u><u>21,451,052</u></u>

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

3 Net investment loss

	2023 HK\$'000	2022 HK\$'000
Financial assets at FVPL		
- net unrealised fair value gain/(loss)	73,696	(809,900)
- net realised gain/(loss) (note (a))	39,676	(6,627)
Financial assets at FVOCI		
- net unrealised exchange (loss)/gain	(3,265)	55,172
- net realised (loss)/gain (note (b))	(85,177)	10,157
- changes in expected credit losses	(1,560,304)	(2,680,419)
Financial assets at amortised cost		
- net unrealised exchange gain	1,473	-
Derivative financial instruments		
- net unrealised gain	<u>17,836</u>	<u>26,984</u>
	<u><u>(1,516,065)</u></u>	<u><u>(3,404,633)</u></u>

Notes:

(a) Net realised gain/(loss) on financial assets at FVPL		
Gross consideration	2,081,705	37,703
Cost of investments	(2,164,920)	(39,528)
Add/(less): net unrealised loss/(gain) recognised in prior years	<u>122,891</u>	<u>(4,802)</u>
Net realised gain/(loss) recognised in current year	<u><u>39,676</u></u>	<u><u>(6,627)</u></u>

3 Net investment loss (Continued)

Notes: (Continued)

	2023 HK\$'000	2022 HK\$'000
(b) Net realised (loss)/gain on financial assets at FVOCI		
Gross consideration	1,126,348	2,871,736
Cost of investments	(1,235,853)	(2,953,620)
Transfer from investment revaluation reserve	24,328	92,041
	<u> </u>	<u> </u>
Net realised (loss)/gain recognised in current year	(85,177)	10,157
	<u> </u>	<u> </u>

4 Income and expenses by nature

	2023 HK\$'000	2022 HK\$'000
Income		
Interest income from financial assets at FVOCI		
- Listed investments	1,232,590	1,657,857
- Unlisted investments	28,217	-
Interest income from financial assets at FVPL		
- Listed investments	418,549	523,122
- Unlisted investments	3,204	3,511
Interest income from financial assets at amortised cost		
- Listed investments	19,344	-
- Joint ventures	12,537	15,454
- Loan receivables	2,103	1,535
- Bank deposits	9,395	3,638
Dividend income		
- Listed investments	8,667	7,706
	<u> </u>	<u> </u>
Expenses		
Cost of properties and goods sold	6,944	6,429
Rental expenses for land and buildings	1,007	1,086
	<u> </u>	<u> </u>

5 Net finance costs

	2023 HK\$'000	2022 HK\$'000
Interest (expense)/income		
Long term bank loans	(571,513)	(310,474)
Short term bank loans and overdrafts	(25,748)	(8,818)
Lease liabilities	(216)	(127)
Joint venture	(2,716)	(2,174)
Derivative financial instruments (interest rate swaps)	92,830	(76,066)
Interest capitalised	<u>149,552</u>	<u>93,029</u>
	(357,811)	(304,630)
Other incidental borrowing costs	(65,324)	(64,023)
Net foreign exchange loss on borrowings	(4,937)	(603)
Fair value gain on derivative financial instruments (interest rate swaps)		
Cash flow hedge – ineffective portion	<u>17,984</u>	<u>42,962</u>
	(410,088)	(326,294)

6 Income tax (expense)/credit

	2023 HK\$'000	2022 HK\$'000
Current income tax expense		
Hong Kong profits tax	(3,682)	(11,687)
Overseas profits tax	(3,604)	(581)
Over provision in prior years	941	8,916
	<u>(6,345)</u>	<u>(3,352)</u>
Deferred income tax (expenses)/credit	<u>(109,588)</u>	<u>91,735</u>
	(115,933)	88,383

Hong Kong profits tax is provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profit for the year. Overseas profits tax has been calculated on the estimated assessable profit for the year at the rate prevailing in the countries in which the Group operates.

7 Dividends

At a meeting held on 30th June 2023, the Board has resolved not to recommend the payment of a final dividend for the year ended 31st March 2023 (2022: Nil). No interim dividend was declared during the year (2022: Nil).

8 Earnings/(loss) per share

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

	2023 HK\$'000	2022 HK\$'000
Profit/(loss) attributable to shareholders of the Company	<u>801,412</u>	<u>(883,576)</u>

Number of shares

Weighted average number of shares in issue	<u>1,319,782,288</u>	<u>1,319,782,288</u>
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The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share since there exist no dilutive potential share during the year ended 31st March 2023 and 2022.

9 Trade and other receivables

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

Trade receivables of the Group amounted to approximately HK\$67,026,000 (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 evaluation of customers is performed periodically.

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

	2023 HK\$'000	2022 HK\$'000
0 month to 6 months	48,840	51,078
7 months to 12 months	8,842	2,627
More than 12 months	<u>9,344</u>	<u>882</u>
	<u>67,026</u>	<u>54,587</u>

10 Trade and other payables

Trade and other payables of the Group include trade payables, rental and management fee deposits, retentions payable of construction costs, lease liabilities, interest payable and various accruals. Trade payables of the Group amounted to approximately HK\$72,534,000 (2022: HK\$68,759,000).

Aging analysis of trade payables is as follows:

	2023	2022
	HK\$'000	HK\$'000
0 month to 6 months	72,163	68,358
7 months to 12 months	60	42
More than 12 months	311	359
	<u>72,534</u>	<u>68,759</u>

The figures in respect of the Group's consolidated balance sheet, consolidated profit and loss account, consolidated statement of comprehensive income, and the related notes thereto for the year ended 31st March 2023 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements as at and for the year ended 31st March 2023. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

The Group recorded a revenue of HK\$2,073 million (2022: HK\$2,510 million) for the financial year while the result turned to a profit attributable to shareholders of the Company at HK\$801 million (2022: loss of HK\$884 million).

The change from loss to profit is mainly attributable to (i) net realised and unrealised gain from investment in financial assets for current year against loss for last year; (ii) decrease in expected credit losses on investment in financial assets; (iii) increase in share of profits from property development joint ventures; (iv) increase in revaluation gain of investment properties; and (v) the profit is partially reduced by decrease in interest revenue from financial investment.

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 in the first half of this financial year. This 2,360,000 sq. ft. development comprises 964 residential apartments for sale and 2 commercial office towers. Up to 31st March 2023, approximately 77% of the residential units were sold and achieved a total contracted sales of approximately RMB4.8 billion, with about 95% sold units delivered during the year. Sub-structure works for the two commercial towers are in progress.

Hong Kong

In Jardine's Lookout, sales continued in the Group's joint venture luxurious residential development, Dukes Place. During the year, two triplex garden units were sold for more than HK\$620 million. As at 31 March 2023, 75% of the units comprising 63% of the saleable area was sold, with cumulative total sales amounted to approximately HK\$2.5 billion.

On Po Shan Road, construction of our 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 development comprising 16 flats of saleable area ranging from 3,770 sq. ft. to 7,260 sq. ft.. The project is targeted to launch for sale in the second half of 2023.

In Hung Shui Kiu, Yuen Long, our Group's residential development, High Park, has completed its foundation works and superstructure works are well in progress. The development, neighbouring the Hung Shui Kiu light-rail station, comprises 1,025 units ranging 300-550 sq. ft.. Presale consent is just obtained and we expect Phase I of this project to be launched to the market soon. The Hung Shui Kiu New Development Area is positioned as the Northern CBD under the Northern Metropolis Development Strategy and 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. The site covers an area of approximately 320,000 sq. ft. with designated 4.2 times plot ratio.

In Lam Tei, Tuen Mun, the Group's project has recently obtained a conditional approval from Town Planning Board for building height relaxation and increase in plot ratio with a maximum 83,700 sq. ft. GFA. Light rail station is close by the site.

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 in the first half of 2024. The development comprises two 30-plus storeys residential towers comprising 236 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 31st March 2023, approximately CAD206 million of sales were contracted.

Regarding the 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 is in the planning stage of development.

LEASING

Leasing income for the year was HK\$147 million (2022: HK\$180 million). Retail leasing are showing strong rebound with signed new leases producing higher rent, while office occupancies are slowly recovering.

Net revaluation gain (taking into account our share from the investment property owned by an associated company) of HK\$824 million (2022: HK\$507 million) was recorded.

HOTEL

A major part of the financial year was under the influence of COVID-19, though economic and social normalcy is now restored, and the pandemic has transformed into an endemic disease.

The performance of hotel and travel sector this year emerged from the trough and was better than last year with revenue up by 120% to HK\$167 million (2022: HK\$76 million), and turned around to a profit contribution to the sector. 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. The re-opening of border with Mainland, full lifting of entry quarantine requirements and social distancing measures in March 2023 marked the end of the COVID-19 era.

FINANCIAL INVESTMENTS

At 31st March 2023, the Group held financial investments of approximately HK\$7,656 million (2022: HK\$6,811 million), with HK\$2,870 million (2022: HK\$3,021 million) held by the listed hotel subsidiary group. The investment portfolio comprised of 91% listed debt securities (predominantly issued by PRC-based real estate companies), 6% listed equity securities and 3% unlisted investments. They are denominated in different currencies with 70% in United States dollar, 24% in Renminbi and 6% in other currencies (mostly Hong Kong dollar).

During the year, income from this investment portfolio amounted to HK\$1,716 million (2022: HK\$2,209 million). A net investment loss of HK\$1,516 million (2022: HK\$3,405 million) was recorded in the profit and loss account while a net gain of HK\$2,921 million (2022: HK\$5,472 million loss) 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 Group also greatly involved in the debt recovery efforts and actively participated in the liabilities management negotiation with distressed developers. Terms of debt exchange or restructuring were discussed with reduction of coupon rates, maturity extension coupled with principal amortization, and charging collateral as credit enhancement.

At 31st March 2023, none (2022: HK\$570 million) of these investments were pledged to banks as collateral for credit facilities granted to the Group.

FINANCIAL REVIEW

Save for that of the listed hotel subsidiary group, which is independently administered, the Group's financing and treasury activities are centrally managed and controlled at the headquarter level. At 31st March 2023, the Group has over HK\$7.5 billion (2022: HK\$8.3 billion) cash and undrawn banking facilities.

At 31st March 2023, the Group's total assets were approximately HK\$37.9 billion (2022: HK\$35.0 billion), with net assets of HK\$20.0 billion (2022: HK\$16.4 billion). Adopting market value of hotel properties in operation, the revalued total assets of the Group were HK\$47.9 billion (2022: HK\$43.8 billion), while the revalued net assets of the Group were HK\$30.0 billion (2022: HK\$25.2 billion).

Net debt was HK\$15.5 billion (2022: HK\$16.2 billion), including HK\$5.3 billion (2022: HK\$5.9 billion) which belonged to the separately listed hotel subsidiary group. Total and net finance cost are both approximately 25% more than last year, mostly due to interest rate increment during the year. At 31st March 2023, the Group's net gearing ratio (net debt to revalued net asset value) is approximately 52% (2022: 64%). As at 31st March 2023, the Group had net current assets of HK\$8.3 billion (2022: HK\$6.6 billion).

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 escalated during the year following US interest rate hikes to curb escalating inflationary pressures. As at 31st March 2023, about 47% of these debts have been hedged against HIBOR fluctuations by various interest rate swap contracts of approximately HK\$7,710 million in total, fixing at average rate of approximately 1%, with majority having remaining maturities of about 2 years. As at 31st March 2023, a fair value gain of HK\$426 million was recorded on these interest rate swap contracts. The maturities of our debts spread over a period of up to 5.25 years, with 26% repayable between one to two years, 48% repayable between two to five years and 2% over 5 years. The remaining 24% represent term loans repayable within 1 year.

During the first half year, 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 31st March 2023, 70% of the debts are secured. Property assets with an aggregate net book value of HK\$22.9 billion (2022: HK\$20.9 billion) were pledged to secure credit facilities of the Group. HK\$3,347 million (2022: HK\$3,349 million) guarantees were provided to financial institutions and third parties against outstanding banking and loan facilities of joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

At 31st March 2023, the Group employed approximately 220 (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

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. In 2023, the lifting of COVID-19 restrictions, the re-opening of borders with the Mainland and inbound exchanges with foreign countries help to restore normalcy of economic activities.

US led a cycle of rapid interest rate hikes to contain inflation, but Hong Kong property-mortgage rates only slightly increase, which has not had much impact on the local residential property market. 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. The Strategy just coincides and integrate perfectly with the Group's quality development in Kwu Tung, which is under land exchange process with the government. Recently, the Chief Executive also announced the Admission Scheme for Mainland Talents and Professionals to alleviate the manpower shortage in view of the existing circumstances and facilitation of coming economic development, thus creating demand in the local residential property market.

As arrivals increases, hotel and travel operation start to recover with promising outlook, though the extent is currently constrained by the operation capacity of local airlines after a long halt, which the operators are endeavoring to overcome. Our government's Hello Hong Kong campaign aims to speed up the economic recovery, and its latest talent scheme targets the maintaining of Hong Kong's competitiveness and prosperity of our economy.

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, extension of developers' bank loan maturity. With the policies to support end-user demand, stabilisation of property market and the releasing of liquidity through banks, we expect homebuyers' confidence in the real estate sector would be gradually restored, property market is expected to bottom out and 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, but has signs of flattening out. With about half 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, and at the same time grasp development opportunities as economy starts to recover.

DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31st March 2023 (2022: Nil). No interim dividend was declared during the year (2022: Nil).

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Tuesday, 22nd August 2023 to Friday, 25th August 2023 both days inclusive, for the purpose of determining the identity of members who are entitled to attend and vote at the 2023 annual general meeting to be held on 25th August 2023 (the "Annual General Meeting"). During which period, no transfer of shares of the Company will be registered and no shares will be allotted and issued on the exercise of the subscription rights attached to the outstanding share options granted by the Company. In order to qualify for attending the Annual General Meeting, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 21st August 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the Company had not redeemed any of its shares. Neither the Company nor any of its subsidiaries have purchased or sold any of the Company's listed securities during the year.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the year, and they all confirmed that they have fully complied with the required standard as set out in the Model Code throughout the year ended 31st March 2023.

CORPORATE GOVERNANCE CODE

During the year, the Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules, except the Code Provision C.1.6 of the CG Code which provides that independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Leung Wai Keung (“Mr. Leung”), an independent non-executive director, was unable to attend the adjourned annual general meeting of the Company held on 2nd September 2022 due to his other business commitments at the relevant time. The views of Company’s shareholders had been reported to Mr. Leung after the meeting.

PROPOSED AMENDMENTS TO THE EXISTING BYE-LAWS

The Board proposes to make certain amendments to the existing bye-laws of the Company (the “Existing Bye-Laws”) in order to, among other things, (i) permit the Company to hold hybrid general meetings and electronic general meetings; (ii) bring the Existing Bye-Laws in line with the relevant requirements of the Listing Rules and the applicable laws of Bermuda, including the amendments in respect of the Core Shareholder Protection Standards set out in Appendix 3 to the Listing Rules, which became effective from 1st January 2022; and (iii) introduce corresponding as well as other house-keeping amendments (collectively, the “Proposed Amendments”). Accordingly, the Board proposes to adopt the amended and restated bye-laws of the Company (the “Amended and Restated Bye-Laws”) in substitution for, and to the exclusion of, the Existing Bye-Laws.

The Proposed Amendments and the proposed adoption of the Amended and Restated Bye-Laws are subject to the approval of the shareholders of the Company by way of a special resolution at the Annual General Meeting, and will become effective upon the approval by the shareholders of the Company at the Annual General Meeting.

A circular containing, among other things, details of the Proposed Amendments and the proposed adoption of the Amended and Restated Bye-Laws, together with a notice convening the Annual General Meeting, will be despatched to the Company’s shareholders in due course.

AUDIT COMMITTEE

The Audit Committee has reviewed the annual results of the Group for the year ended 31st March 2023.

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

Hong Kong, 30th June 2023

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