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ASIA STANDARD HOTEL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 292)

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

FINANCIAL HIGHLIGHTS

(In HK\$ million, except otherwise indicated)

	Six months ended 30th September		Change
	2022	2021	
Revenue	464	509	-9%
Operating loss	(52)	(88)	-41%
Loss for the period attributable to shareholders of the Company	(96)	(147)	-35%
Loss per share – basic (HK cents)	(4.7)	(7.3)	-36%
	30th September 2022	31st March 2022	
Total assets	8,367	9,114	-8%
Net assets	1,243	2,183	-43%
Equity attributable to shareholders of the Company	1,245	2,180	-43%
Net debt	6,119	5,861	+4%
Supplementary information with hotel properties in operation stated at valuation:			
Revalued total assets	17,818	17,884	0%
Revalued net assets	10,695	10,952	-2%
Gearing – net debt to revalued net assets	57%	54%	+3%

The board of directors (the “Board”) of Asia Standard Hotel Group Limited (the “Company”) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the six months ended 30th September 2022 together with the comparative figures for the six months ended 30th September 2021 were as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT - UNAUDITED

For the six months ended 30th September

	<i>Note</i>	2022 HK\$'000	2021 HK\$'000
Interest revenue		384,971	478,559
Sales of goods and services and other revenue		78,552	30,020
Total revenue	2	463,523	508,579
Cost of sales		(32,451)	(16,993)
Gross profit		431,072	491,586
Selling and administrative expenses		(79,985)	(58,099)
Depreciation		(60,312)	(63,546)
Net investment loss	3		
Net realised and unrealised loss		(137,606)	(46,373)
Changes in expected credit losses		(205,230)	(411,205)
Operating loss		(52,061)	(87,637)
Net finance costs	5	(60,681)	(71,125)
Share of profits less losses of joint ventures		459	115
Loss before income tax		(112,283)	(158,647)
Income tax credit	6	17,671	11,584
Loss for the period		(94,612)	(147,063)
Attributable to:			
Shareholders of the Company		(95,766)	(147,262)
Non-controlling interests		1,154	199
		(94,612)	(147,063)
Loss per share (HK cents)			
Basic	8	(4.7)	(7.3)
Diluted	8	(4.7)	(7.3)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

For the six months ended 30th September

	2022 HK\$'000	2021 HK\$'000
Loss for the period	<u>(94,612)</u>	<u>(147,063)</u>
Other comprehensive (charge)/income		
Items that have been reclassified or may be reclassified subsequently to profit or loss:		
Financial assets at fair value through other comprehensive income		
- net fair value loss and other net movements on debt securities	(709,706)	(2,050,665)
- release of reserve upon disposal/redemption/derecognition	(17,529)	4,884
Cash flow hedges		
- net fair value gain/(loss)	91,818	(1,933)
- deferred tax on derivative financial instruments	(15,150)	319
Currency translation differences	(99,253)	(2,892)
Share of currency translation differences of joint ventures	(55,232)	(2,756)
Item that will not be reclassified to profit or loss:		
Net fair value loss on equity securities at fair value through other comprehensive income	<u>(39,471)</u>	<u>(13,868)</u>
	<u>(844,523)</u>	<u>(2,066,911)</u>
Total comprehensive charge for the period	<u>(939,135)</u>	<u>(2,213,974)</u>
Attributable to:		
Shareholders of the Company	(935,431)	(2,213,936)
Non-controlling interests	<u>(3,704)</u>	<u>(38)</u>
	<u>(939,135)</u>	<u>(2,213,974)</u>

CONDENSED CONSOLIDATED BALANCE SHEET - UNAUDITED

	<i>Note</i>	30th September 2022 HK\$'000	31st March 2022 HK\$'000
Non-current assets			
Property, plant and equipment		2,852,734	2,888,088
Investment in joint ventures		168,075	178,903
Amount due from joint ventures		381,870	406,140
Financial investments		331,413	627,373
Derivative financial instruments		251,455	127,280
Deferred income tax assets		84,263	61,485
		4,069,810	4,289,269
Current assets			
Properties under development for sale		1,545,215	1,401,523
Inventories		32,289	17,881
Trade and other receivables	9	604,808	420,196
Income tax recoverable		54	60
Financial investments		1,622,981	2,393,581
Bank balances and cash		188,977	348,032
- Restricted		302,373	243,431
- Unrestricted		4,296,697	4,824,704
Current liabilities			
Trade and other payables	10	125,420	109,669
Contract liabilities		239,845	245,717
Amount due to non-controlling interests		50,476	48,647
Borrowings		2,977,105	2,364,946
Income tax payable		58,641	57,013
		3,451,487	2,825,992
Net current assets		845,210	1,998,712
Non-current liabilities			
Long term borrowings		3,385,873	3,847,933
Lease liabilities		4,565	302
Convertible notes		247,782	240,016
Deferred income tax liabilities		33,327	17,122
		3,671,547	4,105,373
Net assets		1,243,473	2,182,608
Equity			
Share capital		40,361	40,361
Reserves		1,204,303	2,139,734
Equity attributable to shareholders of the Company		1,244,664	2,180,095
Non-controlling interests		(1,191)	2,513
		1,243,473	2,182,608

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30th September 2022 (“Interim Financial Information”) has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants, and should be read in conjunction with the annual financial statements for the year ended 31st March 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The accounting policies used in the preparation of this Interim Financial Information are consistent with those used in the annual financial statements for the year ended 31st March 2022, except the adoption of the following amendments to standards that are effective for the financial year ending 31st March 2023 which is relevant to the Group’s operations and is mandatory for accounting periods beginning on or after 1st January 2022:

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

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

2. Segment information

Revenue includes revenue from hotel and travel operations, interest income and dividend income.

	Hotel operation HK\$'000	Property development HK\$'000	Financial investments HK\$'000	Others HK\$'000	Total HK\$'000
Six months ended 30th September 2022					
Segment revenue	<u>71,312</u>	<u>93</u>	<u>388,492</u>	<u>3,626</u>	<u>463,523</u>
Contribution to segment results	5,560	(6,596)	382,390	1,696	383,050
Depreciation	(55,381)	(501)	-	(4,430)	(60,312)
Net investment loss	-	-	(342,836)	-	(342,836)
Share of profits less losses of joint ventures	-	446	-	13	459
Segment results	<u>(49,821)</u>	<u>(6,651)</u>	<u>39,554</u>	<u>(2,721)</u>	<u>(19,639)</u>
Unallocated corporate expenses					(31,964)
Net finance costs					(60,680)
Loss before income tax					<u>(112,283)</u>
Six months ended 30th September 2021					
Segment revenue	<u>26,823</u>	<u>411</u>	<u>479,634</u>	<u>1,711</u>	<u>508,579</u>
Contribution to segment results	(17,952)	(2,247)	478,711	65	458,577
Depreciation	(55,766)	(3,219)	-	(4,561)	(63,546)
Net investment loss	-	-	(457,578)	-	(457,578)
Share of profits less losses of joint ventures	-	232	-	(117)	115
Segment results	<u>(73,718)</u>	<u>(5,234)</u>	<u>21,133</u>	<u>(4,613)</u>	<u>(62,432)</u>
Unallocated corporate expenses					(25,090)
Net finance costs					(71,125)
Loss before income tax					<u>(158,647)</u>

2. Segment information (Continued)

	Business segments				Unallocated HK\$'000	Total HK\$'000
	Hotel operation HK\$'000	Property development HK\$'000	Financial investments HK\$'000	Others HK\$'000		
As at 30th September 2022						
Assets	3,022,855	2,371,422	2,574,097	15,608	382,524	8,366,506
Assets include:						
Joint ventures	-	549,510	-	434	-	549,944
Addition to non-current assets for the six months ended 30th September 2022*	24,623	6,347	-	-	25	30,995
Liabilities						
Borrowings	3,472,441	369,759	-	-	2,520,778	6,362,978
Other unallocated liabilities						760,056
						7,123,034

As at 31st March 2022

Assets	3,010,959	2,218,739	3,704,530	18,565	161,180	9,113,973
Assets include:						
Joint ventures	-	584,850	-	193	-	585,043
Addition to non-current assets for the six months ended 30th September 2021*	135,419	1,784	-	-	44	137,247
Liabilities						
Borrowings	3,519,378	407,277	299,924	-	1,986,300	6,212,879
Other unallocated liabilities						718,486
						6,931,365

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

2. Segment information (Continued)

	Six months ended 30th September	
	2022 HK\$'000	2021 HK\$'000
Revenue		
Hong Kong	75,933	41,599
Overseas	<u>387,590</u>	<u>466,980</u>
	<u><u>463,523</u></u>	<u><u>508,579</u></u>
	30th September 2022 HK\$'000	31st March 2022 HK\$'000
Non-current assets*		
Hong Kong	2,850,667	2,885,266
Overseas	<u>552,012</u>	<u>587,865</u>
	<u><u>3,402,679</u></u>	<u><u>3,473,131</u></u>

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

3. Net investment loss

	Six months ended 30th September	
	2022 HK\$'000	2021 HK\$'000
Financial assets at fair value through profit or loss (“FVPL”)		
- net unrealised loss from market price movements	(8,176)	(92,939)
- net unrealised exchange (loss)/gain	(147,809)	35,555
- net realised gain (note (a))	3,066	-
Financial assets at fair value through other comprehensive income (“FVOCI”)		
- net unrealised exchange (loss)/gain	(80)	5,285
- net realised (loss)/gain (note (b))	(2,604)	8,047
- changes in expected credit losses	(205,230)	(411,205)
Derivative financial instruments		
- net unrealised gain/(loss)	17,997	(2,321)
	<u><u>(342,836)</u></u>	<u><u>(457,578)</u></u>

3. Net investment loss (Continued)

Notes:

	Six months ended 30th September	
	2022 HK\$'000	2021 HK\$'000
(a) Net realised gain on financial assets at FVPL		
Gross consideration	7,043	-
Cost of investments	(6,015)	-
Add: net unrealised loss recognised in prior years	2,038	-
Net realised gain recognised in current period	3,066	-
(b) Net realised (loss)/gain on financial assets at FVOCI		
Gross consideration	406,760	321,123
Cost of investments	(407,930)	(310,754)
Transfer from investment revaluation reserve	(1,434)	(2,322)
Net realised (loss)/gain recognised in current period	(2,604)	8,047

4. 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	279,026	378,706
- Unlisted investments	6,686	-
Interest income from financial assets at FVPL		
- Listed investments	62,374	65,444
- Unlisted investments	3,158	767
Dividend income from financial assets at FVOCI		
- Listed investment	2,151	1,662
Expenses		
Cost of goods sold and services provided	6,067	533

5. Net finance costs

	Six months ended 30th September	
	2022 HK\$'000	2021 HK\$'000
Interest (expenses)/income		
Long term bank loans	(72,089)	(47,390)
Short term bank loans and overdrafts	(6,589)	(2,260)
Lease liabilities	(80)	(94)
Convertible notes	(8,377)	(7,869)
Hedging derivative financial instruments	591	(12,566)
Interest capitalised	21,360	7,955
	<u>(65,184)</u>	<u>(62,224)</u>
Other incidental borrowing costs	(9,277)	(8,426)
Net foreign exchange loss on borrowings	(580)	(151)
Fair value gain/(loss) on derivative financial instruments		
Cash flow hedge – ineffective portion	14,360	(324)
	<u>(60,681)</u>	<u>(71,125)</u>

6. Income tax credit

	Six months ended 30th September	
	2022 HK\$'000	2021 HK\$'000
Current income tax expense		
Hong Kong profits tax	(1,628)	(19,641)
Overseas profits tax	(2,315)	(581)
Over provision in prior years	-	7,438
	<u>(3,943)</u>	<u>(12,784)</u>
Deferred income tax credit	21,614	24,368
	<u>17,671</u>	<u>11,584</u>

Hong Kong profits tax is provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profit for the period. Income tax on overseas profits has been calculated on the estimated assessable profit for the period at the tax rates prevailing in the countries in which the Group operates.

7. Dividend

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

8. Loss per share

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

The effect of the exercise of convertible note was not included in the calculation of diluted loss per share as they are anti-dilutive. Accordingly, diluted loss per share for the six month ended 30th September 2022 is same as basic loss per share.

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

	Six month ended 30th September	
	2022	2021
	HK\$'000	HK\$'000
Loss attributable to shareholders of the Company for calculation of basic and diluted loss per share	<u>(95,766)</u>	<u>(147,262)</u>
	Number of shares	
Weighted average number of shares for calculation of basic and diluted loss per share	<u>2,018,040,477</u>	<u>2,018,040,477</u>
Basic loss per share (HK cents)	<u>(4.7)</u>	<u>(7.3)</u>
Diluted loss per share (HK cents)	<u>(4.7)</u>	<u>(7.3)</u>

9. Trade and other receivables

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

Trade receivables of the Group amounted to HK\$2,241,000 (31st March 2022: HK\$1,850,000). The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluation of customers are performed periodically.

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

	30th September 2022 HK\$'000	31st March 2022 HK\$'000
0 month to 6 months	2,232	1,717
7 months to 12 months	9	-
More than 12 months	-	133
	<u>2,241</u>	<u>1,850</u>

10. Trade and other payables

Trade and other payables of the Group include trade payables, rental and management fee deposits, retentions payable of construction costs, interest payable, lease liabilities and various accruals.

Trade payables of the Group amounted to HK\$80,513,000 (31st March 2022: HK\$61,501,000).

Aging analysis of trade payables is as follows:

	30th September 2022 HK\$'000	31st March 2022 HK\$'000
0 month to 6 months	80,099	61,110
7 months to 12 months	67	42
More than 12 months	347	349
	<u>80,513</u>	<u>61,501</u>

Management Discussion and Analysis (Draft v6)

RESULTS

For the six months ended 30th September 2022, while the Group's hotel operation achieved a significant increase in revenue and consequently a turnaround into profit, the Group's total revenue, however, decreased by 9% to HK\$464 million and a loss attributable to shareholders of HK\$96 million was recorded, compared to a loss of HK\$147 million for the same period in 2021. The reduction in changes in expected credit losses from financial investments and the turnaround of the hotel operation to profitability were the primary contributors to the decrease in loss, which was partially offset by a decrease in net investment income and a net unrealized exchange loss (2021: net unrealized exchange gain) from financial assets for the period.

Hotel Business

The hospitality industry in Hong Kong continued to be impacted by the epidemic. According to the Hong Kong Tourism Board, Hong Kong welcomed around 240,000 visitors from April to September 2022. Despite a fourfold increase over the same period last year, this is still less than 1% of the same period prior to the pandemic. However, as of September 2022, the overall number of hotel rooms in Hong Kong has increased by 3% over the same period last year, reaching 89,000. In spite of the challenging business environment, our hotel business achieved a significant increase in revenue of 166 %, which when combined with cost reductions and efficiency improvements led to a turnaround in profits for the Group's hotel portfolio, which includes both quarantine and non-quarantine hotels. Hotel management will adhere to rigorous cost-cutting measures and postpone non-essential capital investments while regularly planning and implementing strategies to increase occupancy and assure a positive income stream.

Development Projects

The Group's wholly-owned "Landmark On Robson" residential development in Vancouver's downtown district has a GFA of approximately 400,000 square feet and comprises 236 residential units in two towers, as well as 50,000 square feet of retail and office space and a four-level underground parking facility. The concrete frame structure of the twin towers topped out in May 2022 with curtain walls installed; the interior refurbishment is underway, with a projected completion date of early 2024. As of 30th September 2022, a total of approximately CAD200 million in contracted sales of residential units in this development had been achieved.

In addition, the Group's wholly owned developable land adjacent to the Landmark On Robson and its two joint venture residential developments on Alberni Street are in the planning stage of development.

Financial Investments

The Group's financial investment portfolio, which consisted almost entirely of listed securities as of 30th September 2022, amounted to HK\$1,954 million (31st March 2022: HK\$3,021 million), a decrease of HK\$ 1,067 million from the previous year. Approximately 91% of our investment portfolio comprised of listed debt securities that were issued mostly by companies operating real estate business in China, approximately 6% comprised listed banking stock, and 3% in unlisted funds. They were denominated in United States dollars 32%, Renminbi 61%, Hong Kong dollars 6% and Japanese Yen 1%.

During the period under review, a total of HK\$388 million (2021: HK\$480 million) in interest and dividend income were generated from the investment portfolio. A net investment loss of HK\$343 million (2021: a net loss of HK\$458 million) comprising provision of expected credit loss and net unrealised loss on financial investments for the period, was charged to profit and loss account while the mark-to-market valuation loss on listed debt securities of HK\$767 million (2021: a net loss of HK\$ 2,060 million) were recognised in the investment reserve account.

The decrease in portfolio value was mainly due to mark-to-market fair value losses, expected credit losses, and unrealized exchange losses resulting from the decline of the renminbi against the Hong Kong dollar, with respect to our listed debt securities issued by PRC real estate companies. During the period under review, the real estate market in China had struggled with sluggish demand as homebuyers' confidence remained impacted by concerns about stalled real estate project completion, strict COVID-19 policies, and the significant slowdown in China's main export markets amidst weak macroeconomic conditions. As a result of the decline in property sales and prices, an increasing number of defaulting private developers have initiated liability management schemes by exchanging their debts through term extension, reduction of coupon rates, and maintenance of no haircut on debt principal.

FINANCIAL REVIEW

The Group's financial and treasury activities are centrally managed and controlled at the headquarter level. At 30th September 2022, the Group had about HK\$1.9 billion cash and undrawn banking facilities.

The Group's total assets and net assets per book amounted to HK\$8,367 million (31st March 2022: HK\$9,114 million) and HK\$1,243 million (31st March 2022: HK\$2,183 million), respectively, with the decreases primarily due to mark-to-market unrealised fair value changes from certain financial investments (mostly listed debt securities) recognised in other comprehensive income under shareholders' equity. According to independent valuation, the total revalued amount of our hotel properties in Hong Kong as of 30th September 2022 was HK\$12,070 million (31st March 2022: HK\$11,424 million). Taking into account the market value of the hotel properties in operation, the Group's revalued total assets and net assets with hotel properties in Hong Kong at market value would be HK\$ 17,818 million (31st March 2022: HK\$17,884 million) and HK\$ 10,695 million (31st March 2022: HK\$10,952 million), respectively.

The total debt comprised HK\$6,363 million of bank borrowings and HK\$248 million convertible notes. 94% of the gross bank borrowings or HK\$5,993 million was denominated in Hong Kong dollars, with about 42% hedged against interest rate fluctuations through various interest rate swap contracts totaling HK\$2,700 million entered into in prior years. The remaining 6% or to the equivalent of HK\$370 million was in foreign currencies incurred in operations and investment in financial assets overseas.

Of the total bank borrowings, 24% were revolving loans (all of which is secured), and 76% were secured term loans. The maturity of our bank borrowings spread over a period of up to five years with 47% repayable within one year, 23% repayable between one to two years, and 30% repayable within two to five years. In June 2022, all the unsecured bank borrowings repayable within one year were repaid and refinanced through the drawdown of a HK\$1.4 billion four-year long-term sustainability linked loan facility. This is the Group's first sustainability-linked loan facility, provided by 6 syndicated banks led by HSBC and Bank of China as coordinators and structuring banks for the sustainability framework setting, with the predefined environmental-related sustainability performance criteria comprising reduction in energy and water consumption at all the hotels of the Group. The unsecured convertible notes comprising 4% of total debt are held almost entirely by the parent groups, and are repayable in February 2047.

The consolidated net debt (total debt less cash balance) was HK\$6,119 million (31st March 2022: HK\$5,861 million). The Group's gearing ratio, expressed as a percentage of net debt over the revalued net asset value, was 57% (31st March 2022: 54%).

The carrying value of hotel properties, property under development for sale and financial assets pledged as collateral for banking facilities of the Group as at 30th September 2022 amounted to HK\$4,046 million (31st March 2022: HK\$4,333 million).

HUMAN RESOURCES

As of 30th September 2022, the total number of full-time employees of the Company and its subsidiaries was approximately 190 (31st March 2022: 190). In addition to salary payment, the Group provides other benefits including insurance, share options, medical scheme and retirement plans and others to its employees.

OUTLOOK

The global economy continues to face formidable headwinds, most notably inflationary pressures and rising borrowing costs, and the on-going Ukraine war continues to weigh on sentiment, diminishing near-term economic prospects.

As Hong Kong seeks to loosen pandemic restrictions and border controls, the removal of mandatory hotel quarantine for arriving travelers is a positive step, as hotel operators could resume normal operations. With Hong Kong's current discussions with mainland China about reopening quarantine-free travel to and from the mainland progressing, we anticipate tourism in all categories to spike from pent-up demand once the Hong Kong-mainland border reopens. Many regions of the world, notably Europe, the United States, and Singapore, are experiencing hospitality booms. We believe that the revenue and profit of the Group's hotel business, in which all hotels are located in Hong Kong's key business and shopping districts, will benefit directly.

China's economy showed resiliency in 2022 despite constraints posed by a deteriorating global economy, a complex and dismal international environment, and a significant impact from ongoing domestic COVID-19 cases. In the near term, the external environment for China's economy will remain difficult, but the implementation of a package of pro-growth initiatives and the diminishing impact of the epidemic are likely to expedite the recovery of the domestic economy. In addition, the central government is taking steps to stabilize the property market by lowering mortgage interest rates, reducing down payments, and easing purchase requirements. Coupled with city-specific policies, the real estate industry is anticipated to head into a more stable and healthy fourth quarter of 2022, and 2023. Mainland real estate developers continue to manage their liquidity issues by accelerating asset sales, injecting funds from major shareholders, and rationalizing loan maturity profiles.

In Canada, Vancouver's economic growth is driven by a robust employment growth due to high job vacancy rates after a remarkable recovery from the COVID recession. Moreover, Canada's immigration data indicate a resurgence of new immigrants, and Vancouver's population growth is anticipated to accelerate due to the city's desirability to new immigrants. Rising salaries and immigration continued to propel Vancouver's property.

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

INTERIM DIVIDEND

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company has made specific enquiry of all directors regarding any non-compliance with the Model Code during the period, and they all confirmed that they have fully complied with the required standard as set out in the Model Code throughout the period ended 30th September 2022.

CORPORATE GOVERNANCE CODE

During the period, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules, except the following deviations:

- (1) 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 (the "Adjourned AGM") due to his other business commitments at the relevant time; and
- (2) Code Provision F.2.2 of the CG Code which provides that the chairman of the board should attend and should invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend the annual general meeting. Mr. Poon Jing ("Mr. Poon"), the Chairman of the Board and the Nomination Committee of the Company, was unable to attend the Adjourned AGM due to his other business commitments at the relevant time.

The views of shareholders had been reported to Mr. Leung and Mr. Poon after the Adjourned AGM.

AUDIT COMMITTEE

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

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

Hong Kong, 30th November 2022

As at the date of this announcement, the executive directors of the Company are Mr. Poon Jing, Dr. Lim Yin Cheng, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement and Mr. Woo Wei Chun, Joseph; and the independent non-executive directors are Mr. Ip Chi Wai, Mr. Leung Wai Keung and Mr. Wong Chi Keung.