
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Asia Standard International Group Limited, you should at once hand this circular to the purchaser or transferee or the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of this circular, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrars of Companies" in Appendix III to this circular, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong. A copy of this circular has been or will be as soon as practicable, filed with the Registrar of the Companies in Bermuda pursuant to the Companies Act 1981 of Bermuda (as amended). The Registrar of Companies in Hong Kong, the Securities and Futures Commission of Hong Kong and the Registrar of Companies in Bermuda take no responsibility as to the contents of this circular.

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This circular is for information only and does not constitute an invitation of offer to acquire, purchase or subscribe for any securities.



ASIA STANDARD INTERNATIONAL GROUP LIMITED

(泛海國際集團有限公司)*

(incorporated in the Bermuda with limited liability)

(Stock Code: 129)

PROPOSED BONUS ISSUE OF WARRANTS AND WHITEWASH WAIVER

Financial adviser

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

Independent financial adviser

 **VC CAPITAL LIMITED**
滙盈融資有限公司

A notice convening a special general meeting ("SGM") of the Company to be held at 10:15 a.m. on Friday 31 August 2007 at Basement 1, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong (or, if later, immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at the same place at 10:00 a.m. on 31 August 2007), is set out on pages 159 to 161 of this circular. A proxy form for the SGM is also enclosed. Whether or not you intend to attend and vote at the SGM or any adjourned meeting in person, please complete and return the enclosed proxy form in accordance with the instructions printed thereon to the head office and principal place of business of the Company in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

* For identification purposes only

9 August 2007

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has the meaning ascribed to it by the Takeovers Code
“Announcement”	the announcement dated 19 July 2007 made by the Company containing, amongst other things, the details of the Bonus Issue of Warrants and the Whitewash Waiver
“AOCL”	Asia Orient Company Limited, a company incorporated with limited liability in Hong Kong and a wholly-owned subsidiary of Asia Orient
“Asia Orient”	Asia Orient Holdings Limited (stock code: 214), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange, and the controlling shareholder of Asia Standard International
“Asia Standard Hotel”	Asia Standard Hotel Group Limited (stock code: 292), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange and a 67.03% subsidiary of Asia Standard International
“Asia Standard International” or “Company”	Asia Standard International Group Limited (stock code: 129), an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange, and the holding company of Asia Standard Hotel
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bonus Issue of Warrants”	the proposed issue of the Warrants on the basis of one Warrant for every five Shares held by the Shareholders, excluding the Excluded Shareholders, on the Record Date whose names appear on the register of members of the Company at the close of business on the Record Date
“business day”	a day (excluding Saturday and Sunday) on which banks in Hong Kong are open for business
“CDN\$”	Canadian dollars

DEFINITIONS

“Concert Party Group”	Shareholders acting in concert consisting of Mr. Poon, Asia Orient and companies controlled by any of them and parties acting in concert with any of them, excluding for this purpose the Company
“connected persons”	has the meaning ascribed to it by the Listing Rules
“Director(s)”	director(s) of the Company
“Excluded Shareholder(s)”	Overseas Shareholder(s) who are excluded from the Bonus Issue of Warrants by the reason that the Directors, upon making enquiry, consider such exclusion to be necessary or expedient on account of either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body or stock exchange in those places the details of which are set out in the section headed “Overseas Shareholders” of this circular
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board comprising its independent non-executive Directors, being Messrs. Koon Bok Ming, Alan, Leung Wai Keung, Richard and Wong Chi Keung, and Mr. Liang Shangli, a non-executive Director, formed to advise the Independent Shareholders on the Whitewash Waiver
“Independent Shareholders”	Shareholders other than the Concert Party Group
“Latest Practicable Date”	6 August 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	The Macau Special Administrative Region of the PRC
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules
“Mr. Poon”	Mr. Poon Jing

DEFINITIONS

“Notice of SGM”	the notice convening the SGM as set out in this circular
“Overseas Shareholders”	Shareholder(s) whose address(es) as shown on the register of members of the Company at the close of business on the Record Date is(are) outside Hong Kong
“PRC”	the People’s Republic of China, excluding for the purpose of this circular Hong Kong, Macau and Taiwan
“Record Date”	31 August 2007
“Reset Adjustment”	the adjustment to be made to the Subscription Price at the end of each six month period from the date of issue of the Warrants and on the 10th business day prior to the expiry of the Warrants whereby the Subscription Price will be reset so that it shall be the lower of (a) the then effective Subscription Price immediately preceding such Reset Adjustment; and (b) 95% of the average of the closing prices of each Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of such Reset Adjustment
“RMB”	PRC renminbi
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened at Basement 1, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong on Friday, 31 August 2007 at 10:15 a.m. (or, if later, immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at the same place at 10:00 a.m. on 31 August 2007), or any adjournment thereof, notice of which is set out at the end of this circular
“Share(s)”	ordinary shares of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.29 per Share (subject to adjustments) in respect of each Warrant
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers

DEFINITIONS

“VC Capital”	VC Capital Limited, a licensed corporation licensed to carry out types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial advisor to the Independent Board Committee and the Independent Shareholders.
“Warrants”	the warrant(s) to be issued by the Company entitling the holder(s) thereof to subscribe, at any time from the date of issue to the date immediately preceding the date falling on the first anniversary of the date of issue, for fully paid Shares at an initial Subscription Price of HK\$0.29 per Share (subject to adjustments)
“Whitewash Waiver”	a waiver by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligation of the Concert Party Group to make a mandatory general offer for all the Shares not already owned by it which would otherwise arise as a result of the exercise of the subscription rights falling under any Warrants held by the Concert Party Group
“%”	per cent.

For illustration purpose in this circular, the following exchange rates were used unless otherwise indicated:

RMB1.00	=	HK\$1.00
CDN\$1.00	=	HK\$7.34

EXPECTED TIMETABLE

2007

Last day of dealings in Shares on a cum entitlement to the Warrants	Friday, 24 August
First day of dealings in Shares on a ex-entitlement to the Warrants	Monday, 27 August
Latest time for lodging transfers of Shares in order to qualify for the Warrants	4:30 p.m. on Tuesday, 28 August
Register of members closes (both dates inclusive)	Wednesday, 29 August to Friday, 31 August
Latest time for lodging forms of proxy for the SGM.	10:15 a.m. on Wednesday, 29 August
Record Date for entitlement of Warrants.	Friday, 31 August
SGM	10:15 a.m. on Friday, 31 August
Announcement of results of the SGM to be posted on the website of the Stock Exchange	Friday, 31 August
Notification of announcement of results of the SGM in the newspaper	Monday, 3 September
Register of members re-opens.	Monday, 3 September
Despatch of Warrants certificates.	Friday, 7 September

Dates or deadlines stated in this circular for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable will be announced as appropriate. All times and dates refer to Hong Kong local time.

LETTER FROM THE BOARD



ASIA STANDARD INTERNATIONAL GROUP LIMITED

(泛海國際集團有限公司)*

(incorporated in the Bermuda with limited liability)

Executive Directors:

Mr. Fung Siu To, Clement (*Chairman*)
Dr. Lim Yin Cheng (*Deputy Chairman*)
Mr. Poon Jing (*Managing Director and Chief Executive*)
Mr. Lun Pui Kan
Mr. Kwan Po Lam, Phileas
Mr. Nicholas James Loup

Non-executive Directors:

Mr. Au Yat Chuen, Raymond
Mr. Liang Shangli

Independent non-executive Directors:

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

Registered office:

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

*Head office and principal place
of business in Hong Kong:*

30th Floor
Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

9 August 2007

To the Shareholders

Dear Sir/Madam,

**PROPOSED BONUS ISSUE OF WARRANTS
AND
WHITEWASH WAIVER**

INTRODUCTION

On 19 July 2007, the Directors announced that the Company proposed the Bonus Issue of Warrants to the Shareholders. The purpose of this circular is to provide the Shareholders with further information on the resolutions to be proposed at the SGM relating to the Bonus Issue of Warrants and the Whitewash Waiver, and to give Shareholders the Notice of SGM at which resolutions approving the above proposals will be considered and voted upon.

** For identification purposes only*

LETTER FROM THE BOARD

PROPOSED BONUS ISSUE OF WARRANTS

On 18 July 2007, the Company announced the results of the Group for the year ended 31 March 2007 and on the same day, the Board proposed, subject to the satisfaction of the conditions below, the Bonus Issue of Warrants to Shareholders whose names appear on the register of members of the Company on the Record Date on the basis of one Warrant for every five Shares held on the Record Date.

THE SUBSCRIPTION PRICE

The Warrants will entitle the holders thereof to subscribe for new Shares at an initial Subscription Price of HK\$0.29 per Share in cash, subject to adjustment(s), at any time between the date of issue of the Warrants and the date immediately preceding the date falling on the first anniversary of the date of issue of the Warrants, both dates inclusive. Fractional entitlements to the Warrants will not be issued to the Shareholders. The Subscription Price is subject to adjustment(s) upon occurrence of usual adjustment events arising as a result of changes in the share capital of the Company including consolidation or sub-division of Shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company. Apart from the adjustments upon occurrence of the usual adjustment events, at the end of each six month period from the date of issue of the Warrants, the Subscription Price is subject to the Reset Adjustment whereby the Subscription Price will be adjusted to become the lower of (a) the then effective Subscription Price immediately preceding such Reset Adjustment; and (b) 95% of the average of the closing prices of each Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of such Reset Adjustment. The Subscription Price will also be subject to a final Reset Adjustment on the tenth business day before the date of expiration of the Warrants. Further announcements will be made upon adjustment of the Subscription Price.

The initial Subscription Price of HK\$0.29 represents:

- a discount of approximately 3% over the closing price of HK\$0.300 per Share as quoted on the Stock Exchange on 17 July 2007, the last trading day immediately prior to the date of approval of the proposed Bonus Issue of Warrants by the Board;
- a discount of approximately 5% over the average closing price of HK\$0.306 per Share as quoted on the Stock Exchange for the five trading days ended on 17 July 2007, the last trading day immediately prior to the date of approval of the proposed Bonus Issue of Warrants by the Board;
- a discount of approximately 9% over the closing price of HK\$0.320 per Share as quoted on the Stock Exchange on the date of the Announcement, being 19 July 2007; and
- a premium of approximately 2% over the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Latest Practicable Date

LETTER FROM THE BOARD

On the basis of 7,185,145,935 Shares in issue on the Latest Practicable Date, and assuming no further Shares will be issued or repurchased by the Company on or before the Record Date, not more than 1,437,029,187 Warrants are proposed to be issued. In the event that the Subscription Price is adjusted by the Reset Adjustment, the maximum number of proposed Warrants to be issued will not change.

The following table illustrates the change in the shareholding structure of the Company following the exercise of the subscription rights attaching to the Warrants (a) by the Concert Party Group in full only; and (b) by all the holders of the Warrants in full:

	As at the Latest Practicable Date		Immediately after conversion of the Warrants by Concert Party Group in full only (note)		Immediately after full conversion of the Warrants	
	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%
Concert Party Group	3,093,594,276	43.06	3,712,313,131	47.57	3,712,313,131	43.06
Others	<u>4,091,551,659</u>	<u>56.94</u>	<u>4,091,551,659</u>	<u>52.43</u>	<u>4,909,861,991</u>	<u>56.94</u>
Total	<u>7,185,145,935</u>	<u>100</u>	<u>7,803,864,790</u>	<u>100</u>	<u>8,622,175,122</u>	<u>100</u>

Note: Immediately after conversion of the Warrants by the Concert Party Group in full only, the public float of the Company will be approximately 43.13%.

USE OF PROCEEDS

Upon full exercise of the 1,437,029,187 Warrants the Company will receive approximately HK\$416.7 million, before expenses and (assuming that the Subscription Price is not adjusted) issue 1,437,029,187 new Shares, representing approximately 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of such Shares. Assuming that the number of Shares in issue remains unchanged prior to the date of issue of the Warrants, the 1,437,029,187 new Shares will represent approximately 20% of the issued share capital of the Company at the time of issue of the Warrants. The Company intends to apply the proceeds raised from the Bonus Issue of Warrants to future acquisitions in Hong Kong, Macau and the PRC, and payment of premiums for development of residential properties in Hong Kong and for general working capital of the Group.

LETTER FROM THE BOARD

RANKING OF THE SHARES TO BE ISSUED UPON EXERCISE OF THE WARRANTS

Shares which may fall to be issued upon exercise of the Warrants will rank for any dividends and other distributions and, or, offers of further securities made by the Company, the record date for which is on or after the relevant subscription date and subject thereto, *pari passu* in all respects with the then existing issued Shares on the relevant subscription date. The Warrants will be transferable in whole amounts or integral multiples of the Subscription Price for the time being. No application will be made for the listing of the Warrants on the Stock Exchange or any other exchange. Application has been made to the Stock Exchange for listing of, and permission to deal in, the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants.

OVERSEAS SHAREHOLDERS

As set out in the Announcement, the Bonus Issue of Warrants will not be made to the Excluded Shareholders in the event that the Directors, upon making enquiry, consider such exclusion to be necessary and expedient on account either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body or stock exchange in those places.

On the basis of the information made available to the Directors, as at the Latest Practicable Date, there were Overseas Shareholders whose addresses as shown on the register of members of the Company were in Canada, Macau, Malaysia and Singapore. The Directors have made enquiry on the legal restrictions and regulatory requirements in relation to the Bonus Issue of Warrants to the Overseas Shareholders in the above jurisdictions and on the compliance with the relevant restrictions and formalities and having done so, the Board considered that because of the likely costs and time involved if overseas compliance were to be observed, the insignificant shareholdings of the Excluded Shareholders (i.e. those Overseas Shareholders whose addresses as shown in the register of members of the Company on the Record Date are in Malaysia), the costs of overseas compliance would outweigh the benefits which the Company and the Shareholders as a whole would receive by including the Excluded Shareholders in the Bonus Issue of Warrants and it would be necessary and expedient to exclude the Excluded Shareholders from the Bonus Issue of Warrants. Accordingly, no allotment of the Warrants will be made to the Excluded Shareholders pursuant to the Bonus Issue of Warrants.

In such circumstances, arrangements will be made for the Warrants which would otherwise have been issued to such Excluded Shareholders, if any, to be sold through a private matching service provided by the Company or its agent as soon as practicable, if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Excluded Shareholders, if any, pro rata to their respective shareholdings and remittances therefor will be posted to them, at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100, in which case it will be retained for the benefit of the Company.

Overseas Shareholders whose addresses as shown in the register of members of the Company on the Record Date are in Canada, Macau and Singapore will be included in the Bonus Issue of Warrants.

LETTER FROM THE BOARD

CONDITIONS TO THE BONUS ISSUE OF WARRANTS

The Bonus Issue of Warrants is conditional upon:

- the passing of an ordinary resolution by the Shareholders at the SGM approving the issue of the Warrants and the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants, in accordance with the requirements of the Listing Rules;
- the passing of an ordinary resolution by the Independent Shareholders at the SGM by way of poll to approve the Whitewash Waiver;
- the Executive granting to the Concert Party Group the Whitewash Waiver; and
- the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants.

Save for the Bonus Issue of Warrants, the Company has no other outstanding equity securities which remain to be issued on exercise of any other subscription rights subject to Chapter 15 of the Listing Rules.

CLOSURE OF REGISTER

The register of members of the Company will be closed from Wednesday, 29 August 2007 to Friday, 31 August 2007 (both dates inclusive) in order to establish entitlements of Shareholders to the Bonus Issue of Warrants, during which period no transfer of Shares will be registered. In order to qualify for the Bonus Issue of Warrants, Shareholders are reminded to ensure that all Share transfers, accompanied by the relevant certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investors Services Limited, situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 28 August 2007.

REASON FOR THE BONUS ISSUE OF WARRANTS

The Board believes that the Warrants will provide the Shareholders with the opportunity to participate further in the future growth of the Group through a security which is expected to be highly dependent on the movements in the price of the Shares. The Bonus Issue of Warrants will also strengthen the equity base of the Company and increase the Company's working capital if and when the subscription rights attaching to the Warrants are exercised.

It is intended that all the Shareholders should be given an opportunity through the Bonus Issue of Warrants to increase their equity interests in the Company whilst preserving their proportionate shareholdings in the Company. In the absence of a Whitewash Waiver, the Concert Party Group could not practically exercise the subscription rights under the Warrants held by it without triggering an obligation to make a general offer under Rule 26 of the Takeovers Code, unless such exercise of

LETTER FROM THE BOARD

subscription rights occurred together with the exercise by Independent Shareholder(s) in an amount such that the proportionate shareholding of the Concert Party Group in the Company did not increase by more than 2 %. Whilst the proportionate shareholding of the Concert Party Group would remain unchanged if the subscription rights attaching to all the Warrants were exercised in full, the Board believes that if the Whitewash Waiver is not granted, the Concert Party Group would be unfairly hindered from exercising subscription right under the Warrants held by it and would therefore be deprived of the opportunity to maintain its proportionate shareholding in the Company.

INFORMATION ON ASIA STANDARD INTERNATIONAL

Asia Standard International is engaged in investment and development of commercial, retail and residential properties in Hong Kong and the PRC. Through listed subsidiary, Asia Standard Hotel, the Company also is involved in hotel operation, travel agency and restaurant businesses.

TAKEOVERS CODE IMPLICATIONS AND WHITEWASH WAIVER

The Concert Party Group currently holds in aggregate 3,093,594,276 Shares representing approximately 43.06% of the total voting rights of the Company. As set out in Note 10 to Rule 26.1 of the Takeovers Code, in general, the acquisition of warrants does not give rise to an obligation under Rule 26 of the Takeovers Code to make a general offer, but the exercise of any subscription rights will be considered to be an acquisition of voting rights for the purpose of Rule 26 of the Takeovers Code. Accordingly, the Bonus Issue of the Warrants will, in and of itself, not result in any Takeovers Code consequences prior to the exercise of the subscription rights attaching to the Warrants.

Under Rule 26 of the Takeovers Code, if the exercise of subscription rights attaching to the Warrants by a member of the Concert Party Group results in an increase of the Concert Party Group's shareholding in the Company by more than 2% from the lowest percentage holding of the Concert Party Group in the 12 month period immediately preceding the exercise date, the Concert Party Group would ordinarily be obliged, as a result of that exercise of subscription rights, to make an unconditional cash offer to acquire all of the Shares other than those already owned by the Concert Party Group.

Based on the Company's issued share capital as at the Latest Practicable Date, if the subscription rights attaching to the Warrants were exercised in full as at the Latest Practicable Date by the Concert Party Group only whilst none of the other holders of Warrants exercised the subscription rights attaching to the Warrants, the Concert Party Group's aggregate voting rights in the Company would increase by approximately 4.51%, from approximately 43.06% to approximately 47.57%. Therefore, in the absence of the Whitewash Waiver, the exercise by the Concert Party Group of the Warrants in full in these circumstances would require a general offer to be made for all the Shares other than those owned by the Concert Party Group. However, if all Shareholders exercised their subscription rights in full under the Warrants on the same day, the percentage of voting rights held by the Concert Party Group would not change and no general offer obligation would arise.

If the Whitewash Waiver is obtained, the exercise of subscription rights attaching to the Warrants in full by the Concert Party Group would not give rise to an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code.

LETTER FROM THE BOARD

An application has been made by the Concert Party Group to the Executive for the Whitewash Waiver in connection with the exercise by any of them of the subscription rights attaching to the Warrants, pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Bonus Issue of Warrants described herein is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders. The Executive has indicated that the Whitewash Waiver will be granted subject to approval of the Independent Shareholders, by way of poll, at the SGM.

On 14 February 2007, Asia Orient and Mr. Poon Jing were issued scrip dividends of 52,918,868 Shares and 111,980 Shares, respectively. During the period between 5 March 2007 and 6 June 2007 (both dates inclusive), Asia Orient purchased 134,472,000 Shares in aggregate. None of the members of the Concert Party Group has acquired any Shares in the six months prior to the date of the Announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors (which would include informal discussions) in relation to the proposed Bonus Issue of Warrants, and the Company has not repurchased any Shares during that period.

The Independent Board Committee has been formed, comprising its independent non-executive Directors (being Messrs. Koon Bok Ming Alan, Leung Wai Keung Richard and Wong Chi Keung) and Mr. Liang Shangli, the non-executive Director, to advise Independent Shareholders in respect of the Whitewash Waiver and what action they should take in response to it. Due to possible conflicts of interest arising from the provision of audit services to companies controlled by Mr. Poon Jing, Mr. Au Yat Chuen Raymond, the non-executive Director, was not appointed a member of the Independent Board Committee. VC Capital has been appointed as independent financial adviser (whose appointment has been approved by the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders.

SGM

A notice convening the SGM to be held at 10:15 a.m. on Friday, 31 August 2007 at Basement 1, Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong (or, if later, immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at the same place at 10:00 a.m. on 31 August 2007) is set out on pages 159 to 161 of this circular at which ordinary resolutions will be proposed and, if thought fit, passed by (a) the Shareholders, to approve the Bonus Issue of Warrants and the issue of new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants; and (b) Independent Shareholders, by way of poll, to approve the Whitewash Waiver.

A proxy form for use by the Shareholders at the SGM is enclosed with this circular. Whether or not you are available to attend the SGM in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the head office and principal place of business of the Company in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of a proxy form will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

The Board believes that the Bonus Issue of Warrants and the Whitewash Waiver are in the interest of the Company and the Shareholders as a whole.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 14 of this circular which contains its advice to the Independent Shareholders; and (ii) the letter from VC Capital set out on pages 15 to 22 of this circular which contains its advice to the Independent Board Committee and Independent Shareholders as well as the principal factors and reasons taken into consideration in arriving at its advice.

ADDITIONAL INFORMATION

Please refer to the appendices to this circular for additional information.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



ASIA STANDARD INTERNATIONAL GROUP LIMITED

(incorporated in the Bermuda with limited liability)

9 August 2007

To the Independent Shareholders,

Dear Sir or Madam,

**PROPOSED BONUS ISSUE OF WARRANTS
AND
WHITEWASH WAIVER**

We have been appointed as members of the Independent Board Committee to advise you in connection with the Whitewash Waiver, details of which are set out in the Letter from the Board contained in this circular (“Circular”). Terms defined in the Circular shall have the same meanings herein, unless the context otherwise requires.

Your attention is drawn to the “Letter from VC Capital” concerning its advice to us regarding, among other things, the Whitewash Waiver as set out on pages 15 to 22 of the Circular. Having taken into account the advice and recommendation of VC Capital, we are of the opinion that the Whitewash Waiver is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Whitewash Waiver.

Yours faithfully,

the Independent Board Committee

Koon Bok Ming, Alan
*Independent non-executive
Director*

Leung Wai Keung, Richard
*Independent non-executive
Director*

Wong Chi Keung
*Independent non-executive
Director*

Liang Shangli
*Non-executive
Director*

LETTER FROM VC CAPITAL

The following is the full text of the letter of advice from VC Capital dated 9 August 2007 to the Independent Board Committee and the Independent Shareholders prepared for the purpose of inclusion in this circular.



VC CAPITAL LIMITED A member of the Melco Group
滙盈融資有限公司 新濠集團成員

9 August 2007

*To the Independent Board Committee
and Independent Shareholders*

Dear Sir or Madam,

PROPOSED BONUS ISSUE OF WARRANTS AND WHITEWASH WAIVER

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Whitewash Waiver, details of which are set out in the letter from the Board contained in the circular of the Company dated 9 August 2007 (the “Circular”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 18 July 2007, the Company announced the results of the Group for the year ended 31 March 2007 and on the same day, the Board proposed the Bonus Issue of Warrants to the Shareholders other than the Excluded Shareholders (the “Qualifying Shareholders”), on the basis of one Warrant for every five Shares held on the Record Date. The Bonus Issue of Warrants is conditional upon, among other things, the approval by the Shareholders at the SGM and the Whitewash Waiver being granted by the Executive and approved by the Independent Shareholders at the SGM.

As at the Latest Practicable Date, the Concert Party Group was interested in an aggregate of 3,093,594,276 Shares, representing approximately 43.06% of the total issued share capital of the Company. In the event that the Concert Party Group exercises the rights attached to its Warrants in full whilst none of the Independent Shareholders exercise the rights attached to their Warrants, the aggregate shareholdings in the Company of the Concert Party Group will increase from approximately 43.06% to 47.57%, representing an increase of approximately 4.51% which is over the limit allowed by the 2% creeper. Pursuant to Rule 26 of the Takeovers Code, the Concert Party Group will be required to make an unconditional mandatory general offer for all the Shares not already held by it. As such, the Concert Party Group has made an application to the Executive for the granting of the Whitewash Waiver. The Executive has indicated that he will grant the Whitewash Waiver, subject to the approval by the Independent Shareholders at the SGM by way of poll.

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An Independent Board Committee has been formed by the Company, comprising all the independent non-executive Directors (being Messrs. Koon Bok Ming Alan, Leung Wai Keung Richard and Wong Chi Keung) and Mr. Liang Shangli, the non-executive Director, who are considered independent in respect of the Whitewash Waiver, to advise the Independent Shareholders in respect of the Whitewash Waiver and the action(s) they should take in response to it.

BASIS OF OUR OPINION

In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion as to whether the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

VC Capital is not associated with the Company and its substantial Shareholders or any party acting, or presumed to be acting, in concert with any of them and, accordingly, is considered eligible to give independent advice on the Whitewash Waiver. Apart from normal professional fees payable to us in connection with this engagement, no arrangement exists whereby VC Capital will receive any fees or benefits from the Company or its substantial Shareholders or any party acting, or presumed to be acting, in concert with any of them.

In formulating our opinion, we have relied on the information and facts supplied and the opinions expressed by the executive Directors and senior management of the Group. We have also assumed that the information and representations contained or referred to in the Circular were true and accurate at the time they were prepared or made and will continue to be so up to the date of the SGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations made to us by the executive Directors and senior management of the Group. We have also been advised by the executive Directors that no material facts have been omitted from the Circular and the information provided to us.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or the future prospects of the Group, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole, we have taken into account the following principal factors and reasons:

1. Benefits of the proposed Bonus Issue of Warrants to the Shareholders

For the year ended 31 March 2007, owing to the strong performance of the Group's property sales and development business and the hotel business of its separately listed subsidiary, Asia Standard Hotel, the Group recorded revenue and net profit of HK\$1,374 million and HK\$300 million,

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respectively, representing increases of 85% and 84%, respectively, from the previous year. As disclosed in the annual report of the Company for the year ended 31 March 2007, the Group is confident in the long term prospects of the Hong Kong property market and will continue to search for potential investments in addition to its current involvement in a residential development project in Aberdeen. Besides, the Group has been awarded a superstructure contract in the sum of HK\$329 million for a joint venture residential development in Ting Kau, the New Territories. The hotel operations of the Group benefited from the growth in the hotel industry with gross operating profit of Asia Standard Hotel increased by 18% to approximately HK\$161 million. Asia Standard Hotel continued to strengthen its market presence in the hotel industry in Hong Kong and has begun the conversion process on a newly acquired building situated in Causeway Bay into a 280-keys hotel which is expected to be completed in 2008. Looking ahead, the Group will continue to seek for potential residential developments in Hong Kong, Macau and the PRC and the Group considers that the Bonus Issue of Warrants will provide additional funding resources for the Group's future developments.

Given the good financial and business performance of the Group for the year ended 31 March 2007, the Company has proposed a final dividend of HK0.35 cent per Share to the Shareholders and the Bonus Issue of Warrants. We consider that whilst the final dividend would let the Shareholders enjoy a cash return on their investments, the Bonus Issue of Warrants would provide them with an equal opportunity to participate in the future growth of the Group at a favourable price which will be discussed in the paragraph headed "Terms of the Warrants" below. To this end, we consider that the proposed Bonus Issue of Warrants is in the interest of the Company and its Shareholders as a whole.

2. Terms of the Warrants

(i) *Subscription Price of the Warrants and the Reset Adjustment*

The initial Subscription Price per new Share upon exercise of the Warrants of HK\$0.29 is determined with reference to the average closing price per Share for the five trading days immediately prior to the date of approval of the proposed Bonus Issue of Warrants by the Board and represents:

- (a) a discount of approximately 9% to the closing price of HK\$0.32 per Share as quoted on the Stock Exchange on 19 July 2007, the date of the Announcement;
- (b) a discount of approximately 3% to the closing price of HK\$0.30 per Share as quoted on the Stock Exchange on 17 July 2007, the last trading day immediately prior to the date of approval of the proposed Bonus Issue of Warrants by the Board;
- (c) a discount of approximately 5% to the average closing price of HK\$0.306 per Share as quoted on the Stock Exchange for the five trading days up to and including 17 July 2007, the last trading day immediately prior to the date of approval of the proposed Bonus Issue of Warrants by the Board; and
- (d) a premium of approximately 2% over the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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As stated in the letter from the Board, the initial Subscription Price is subject to the Reset Adjustment as well as other usual adjustments arising as a result of changes in the share capital of the Company including consolidation or sub-division of Shares, capitalization of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company. According to the Reset Adjustment mechanism, at the end of each six-month period from the date of issue of the Warrants, the Subscription Price will be reset so that it will be the lower of (a) the then effective Subscription Price immediately preceding such Reset Adjustment; and (b) 95% of the average closing price of the Shares as quoted on the Stock Exchange for the five trading days immediately preceding the date of such Reset Adjustment. The Subscription Price will also be subject to a final Reset Adjustment on the tenth business day before the date of expiration of the Warrants. The Reset Adjustment mechanism ensures that Shareholders will be able to exercise their Warrants at a Subscription Price lower than the then market price of the Shares immediately after the Reset Adjustment.

Given the Reset Adjustment is in place to ensure that the Subscription Price remains below the then market price of the Share at the end of each six-month period following the issuance of the Warrants, we concur with the Board's view that the proposed Bonus Issue of Warrants will provide a good opportunity for the Shareholders to participate further in the future growth of the Group at a favourable price level.

3. Change in shareholding

As stated in the letter from the Board, the proposed Bonus Issue of Warrants will be made to all Qualifying Shareholders should it proceed. The following table shows the change in the shareholding structure of the Company as a result of (1) the exercise of the rights attached to the Warrants by the Concert Party Group in full only; and (2) the exercise of the rights attached to the Warrants by all Qualifying Shareholders in full:

	As at the Latest Practicable Date		Immediately after exercise of the rights attached to the Warrants by the Concert Party Group in full only		Immediately after exercise of the rights attached to the Warrants by all Qualifying Shareholders in full	
	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%
Concert Party Group	3,093,594,276	43.06	3,712,313,131	47.57	3,712,313,131	43.06
Independent Shareholders	<u>4,091,551,659</u>	<u>56.94</u>	<u>4,091,551,659</u>	<u>52.43</u>	<u>4,909,861,991</u>	<u>56.94</u>
Total	<u>7,185,145,935</u>	<u>100</u>	<u>7,803,864,790</u>	<u>100</u>	<u>8,622,175,122</u>	<u>100</u>

As illustrated above, if all Shareholders exercise their rights attached to the Warrants in full, their shareholding interests in the Company will remain unchanged and there will be no dilution effect on any of the Shareholders' interest in the Company. If only the Concert Party Group exercises its

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rights attached to the Warrants in full, the interest of the Independent Shareholders in the Company will be diluted by approximately 4.51%, which we consider not material. Furthermore, it is represented by the Concert Party Group that the Bonus Issue of Warrants will not result in a change in control of the Company which will be further discussed in the paragraph headed “Application of the Whitewash Waiver” below.

4. Financial impact on the Group

Cashflow

The full exercise of the rights attached to the Warrants will bring an additional cash inflow to the Company of approximately HK\$416,738,464 (before expenses) based on the initial Subscription Price of HK\$0.29 and 7,185,145,935 Shares in issue as at the Latest Practicable Date. Based on the audited consolidated balance sheet of the Group as at 31 March 2007, the Group had cash and bank balances of approximately HK\$221 million as at 31 March 2007. The Directors consider the capital from the exercise of the rights attached to the Warrants could further strengthen the cash position of the Group, thus enhancing the Group’s financial flexibility for any future investments should any arise.

NAV

The exercise of all Warrants will enhance the net asset value (“NAV”) of the Group as additional equity capital will be injected into the Company. As the initial Subscription Price of HK\$0.29 is lower than the NAV per Share of HK\$0.68 (being the NAV of the Group of HK\$4,736 million as at 31 March 2007 divided by 6,971,288,795 Shares in issue as at 31 March 2007), the exercise of the Warrants will result in a decrease of NAV per Share.

The increase in NAV and decrease in NAV per Share immediately after exercise in full of the rights attached to the Warrants are mainly due to the fact that the initial Subscription Price for the Bonus Issue of Warrants is at a discount to the NAV per Share as at 31 March 2007. Taking into account the fact that the Bonus Issue of Warrants will enlarge the capital base of the Group and the Qualifying Shareholders will be able to subscribe for Shares at a price that is approximately 50% of the NAV per Share, we consider the overall impact on the NAV and NAV per Share from the Bonus Issue of Warrants to be favorable to the Company and the Shareholders as a whole.

In addition, we have also considered the effects that the property valuations as at 31 May 2007 (or 30 June 2007 as the case may be, as set out in appendix II to the circular) may have on the NAV of the Group as at 31 March 2007. We have been advised by the Company that the property interests held under development, the property interests held for future development and unsold properties held by the Group were booked into the Group’s accounts at cost, and the hotel properties held by the Group were booked into the Group’s accounts at cost less land amortization and depreciation, hence the results of the property valuation on these properties will have no relevance to the NAV of the Group.

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For other properties of the Group, being property interests held for investment which the Group is holding for long-term rental yield, we have been advised by the Company that they were booked into the Group's accounts at fair value. We have compared the respective market values of such properties as at 31 March 2007, being the date of which the latest audited accounts of the Company were made up, with their respective market values as at 31 May 2007 of which the valuation reports of these properties were made up, and note that there are no changes in the market values of these properties between the dates 31 March 2007 and 31 May 2007. In view of this, we consider that the property valuations as at 31 May 2007 (or 30 June 2007 as the case may be) do not merit a material adjustment to the NAV of the Group as at 31 March 2007.

Gearing

Based on the audited consolidated balance sheet of the Group as at 31 March 2007, the total debt and borrowings as at 31 March 2007 amounted to approximately HK\$1,731 million (being the convertible bonds/notes and bank loans of the Group). Taking into account the Shareholders' fund of approximately HK\$4,736 million as at 31 March 2007, the gearing ratio, defined as the total debt and borrowings divided by the Shareholders' funds, was approximately 36.55%. The full exercise of the Warrants will further improve the Group's gearing ratio. We consider that such improvement in gearing will enhance the Group's bargaining power to attain better financing terms for any future borrowings and is in the interests of the Company and the Shareholders as a whole.

5. Other considerations

For the year ended 31 March 2007, the Company has proposed a final dividend of HK0.35 cent per Share to the Shareholders. In aggregation with the interim dividend of HK0.35 cent per Share paid to the Shareholders, the total dividend for the financial year 2006/07 amounted to HK0.70 cent per Share, representing an increase of approximately 17% as compared with the total dividend of HK0.60 cent paid to the Shareholders in the previous year. The Bonus Issue of Warrants does not affect the cash dividend pay-out by the Company to its Shareholders on a per share basis. It also provides an equal opportunity to all Qualifying Shareholders to further invest in the Company by exercising the rights attached to their Warrants entitled under the Bonus Issue of Warrants. We consider that this method of fund-raising by the Company is a better alternative to the Qualifying Shareholders when compared with a placing of Shares by the Company to independent third parties, as the latter would result in an immediate dilution to the existing interests of the Qualifying Shareholders in the Company.

In addition, we consider the Bonus Issue of Warrants a better alternative than either a bonus issue of Shares or a proposal for a scrip dividend as these proposals do not provide any opportunity for the Company to raise funds from the Shareholders, as will be the case if the Qualifying Shareholders exercise their rights attached to the Warrants.

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Having considered the above, we concur with the Directors' view that the Bonus Issue of Warrants is in the best interests of the Company and the Shareholders as a whole as it will offer all Qualifying Shareholders an equal opportunity to increase their equity interests in the Company.

6. Application of the Whitewash Waiver

As at the Latest Practicable Date, the Concert Party Group was interested in an aggregate of 3,093,594,276 Shares, representing approximately 43.06% of the total issued share capital of the Company. In the event that the Concert Party Group exercises its rights attaching to the Warrants in full whilst none of the Independent Shareholders exercise the rights attaching to the Warrants, the aggregate shareholdings in the Company of the Concert Party Group will increase from approximately 43.06% to 47.57%, representing an increase of approximately 4.51% which is over the limit allowed by the 2% creeper. Pursuant to Rule 26 of the Takeovers Code, the Concert Party Group will be required to make an unconditional mandatory general offer for all the Shares not already held by it.

Notwithstanding that the possible dilution effect in the shareholdings of the Independent Shareholders may reach a maximum of approximately 4.51% and the shareholding in the Company of the Concert Party Group may reach a maximum of approximately 47.57%, the Independent Shareholders should note that should the Bonus Issue of Warrants proceed, the Bonus Issue of Warrants will not result in a change in control of the Company. It is represented by the Concert Party Group that it has no intention to change the composition of the Board and/or the senior management of the Group and/or make major changes to the businesses and/or any other aspects of the Group (save for in cases whereby there is material limitation to the continuation of the business(es), the redeployment of fixed assets and the employment of the Group's employees) upon completion of the exercise of the Warrants received under the Bonus Issue of Warrants, save for and except those normal and ordinary changes to the operations of the Group, if any, that may arise with or without the Bonus Issue of Warrants. Hence, the potential increase in shareholding interest in the Company of the Concert Party Group as a result of the Bonus Issue of Warrants will not cause any material change to the operations to the Group.

The Concert Party Group does not intend to make the mandatory general offer and the Concert Party Group has made a formal application to the Executive for the granting of the Whitewash Waiver in connection with the exercise of the rights attached to the Warrants held by it, pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive has indicated that the Whitewash Waiver will be granted subject to the approval by the Independent Shareholders of the Whitewash Waiver at the SGM by way of poll. Members of the Concert Party Group who are involved or interested in the Whitewash Waiver will abstain from voting on the relevant resolution.

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RECOMMENDATION

The Whitewash Waiver is one of the conditions precedent to the Bonus Issue of Warrants and it has been indicated by the Executive that the granting of the Whitewash Waiver is subject to the Independent Shareholders' approval at the SGM. If the Whitewash Waiver is not approved by the Independent Shareholders at the SGM, the Bonus Issue of the Warrants will not proceed. Having considered the above-mentioned principal factors and reasons, we consider that the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed to approve the Whitewash Waiver at the SGM.

Yours faithfully
For and on behalf of
VC Capital Limited
Keith Lou
Director

1. SUMMARY OF CONSOLIDATED INCOME STATEMENTS

Set out below is a summary of the consolidated results of the Group and the financial position for each of the three financial years ended 31 March 2007, 2006 and 2005 as extracted from the published annual reports of the Company for the financial years ended 31 March 2007 and 2006. PricewaterhouseCoopers were auditors for the Group and there were no audit qualifications in any of such financial statements for the three years ended 31 March 2007, 2006 and 2005.

For the year ended 31 March 2006, the Group adopted the new and revised Hong Kong Financial Reporting Standards (the “HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants which are effective for accounting periods commencing on or after 1 January 2005, resulting in changes to certain accounting policies of the Group.

For the years ended 31 March 2007 and 2006, the Group has adopted the new HKFRS and the figures for the year ended 31 March 2005 have been restated only as required under the new and revised HKFRS. These restated figures have been adopted for the purpose of this summary.

	Year ended 31 March		
	2007	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(restated)</i>
Turnover	1,374,113	744,390	706,602
Profit before taxation	359,107	201,646	307,534
Taxation charge	(58,463)	(38,084)	(22,449)
Profit for the year	<u>300,644</u>	<u>163,562</u>	<u>285,085</u>
Attributable to			
Shareholders	287,596	167,860	278,707
Minority interests	13,048	(4,298)	6,378
Dividends	<u>49,095</u>	<u>30,462</u>	<u>28,526</u>
Earnings per Share			
Basic (<i>Note</i>)	<u>HK 4.89 cents</u>	<u>HK 3.21 cents</u>	<u>HK 6.61 cents</u>
Diluted (<i>Note</i>)	<u>HK 4.72 cents</u>	<u>HK 3.21 cents</u>	<u>HK 6.26 cents</u>
Dividends per Share	<u>HK 0.70 cents</u>	<u>HK 0.60 cents</u>	<u>HK 0.60 cents</u>

Note: Calculations of basic and diluted earnings/(loss) per Share are stated in the Note 14 to the financial statements of the Group under the section headed “Audited Consolidated Financial Statements” in Appendix I.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The following is an extract of the audited consolidated profit and loss account of the Group for the two years ended 31 March 2007, the audited consolidated balance sheet of the Group as at 31 March 2006 and 2007, the consolidated statement of changes in equity and consolidated cash flow statement for the year ended 31 March 2006 and 2007 together with accompanying notes extracted from the audited accounts of the Company for the year ended 31 March 2007. There were no material changes to the accounting policy of the Group for the two years ended 31 March 2007.

Consolidated Profit and Loss Account

For the year ended 31st March 2007

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Revenue	5, 7	1,374,113	744,390
Cost of sales	7	<u>(908,980)</u>	<u>(474,251)</u>
Gross profit		465,133	270,139
Selling expenses		(15,608)	(11,510)
Administrative expenses	7	(133,721)	(112,656)
Other income and charges	6	<u>126,031</u>	<u>141,809</u>
Operating profit		441,835	287,782
Finance costs	8	(111,727)	(116,963)
Share of profits less losses of			
Jointly controlled entities		562	(6,372)
Associated companies		<u>28,437</u>	<u>37,199</u>
Profit before income tax		359,107	201,646
Income tax expense	11	<u>(58,463)</u>	<u>(38,084)</u>
Profit for the year		<u><u>300,644</u></u>	<u><u>163,562</u></u>
Attributable to:			
Shareholders of the Company	12	287,596	167,860
Minority interests		<u>13,048</u>	<u>(4,298)</u>
		<u><u>300,644</u></u>	<u><u>163,562</u></u>
Dividends	13	<u><u>49,095</u></u>	<u><u>30,462</u></u>
Earnings per share			
Basic	14	<u><u>HK 4.89 cents</u></u>	<u><u>HK 3.21 cents</u></u>
Diluted	14	<u><u>HK 4.72 cents</u></u>	<u><u>HK 3.21 cents</u></u>

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP****Consolidated Balance Sheet***As at 31st March 2007*

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	15	868,125	856,586
Investment properties	16	1,776,150	2,046,470
Leasehold land	17	1,765,542	1,378,106
Jointly controlled entities	19	228,900	134,817
Associated companies	20	504,997	473,867
Goodwill	21	8,651	8,651
Mortgage loans receivable	22	10,647	9,800
Deferred income tax assets	34	<u>64,517</u>	<u>98,820</u>
		5,227,529	5,007,117
		-----	-----
Current assets			
Properties held for/under development for sale	23	796,759	1,182,333
Completed properties held for sale	23	463,471	196,690
Mortgage loans receivable	22	339	420
Hotel and restaurant inventories		2,190	2,566
Trade and other receivables	24	178,148	156,460
Financial assets at fair value through profit or loss	25	67,318	84,458
Derivative financial instruments	26	6,156	5,716
Income tax recoverable		507	213
Bank balances and cash	27	221,346	348,220
		1,736,234	1,977,076
		-----	-----
Current liabilities			
Trade and other payables	28	144,453	147,167
Amount due to an associated company	20	51,150	51,150
Deposits received on properties pre-sold		—	212,068
Short term bank loans and overdrafts, secured	33	186,000	50,000
Convertible bonds	31	—	218,265
Derivative financial instruments	26	2,717	459
Current portion of long term loans, secured	33	14,073	58,312
Amounts due to minority shareholders	35	109,964	105,509
Income tax payable		21,067	23,896
		529,424	866,826
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APPENDIX I**FINANCIAL INFORMATION ON THE GROUP**

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Net current assets		<u>1,206,810</u>	<u>1,110,250</u>
Total assets less current liabilities		<u>6,434,339</u>	<u>6,117,367</u>
Non-current liabilities			
Convertible notes	32	89,768	—
Long term loans, secured	33	1,441,175	1,880,954
Deferred income tax liabilities	34	<u>167,763</u>	<u>141,502</u>
		<u>1,698,706</u>	<u>2,022,456</u>
Net assets		<u>4,735,633</u>	<u>4,094,911</u>
Equity			
Share capital	29	69,173	50,769
Reserves	30	<u>3,935,050</u>	<u>3,385,251</u>
Equity attributable to shareholders of the Company		4,004,223	3,436,020
Minority interests		<u>731,410</u>	<u>658,891</u>
		<u>4,735,633</u>	<u>4,094,911</u>

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP****Balance Sheet***As at 31st March 2007*

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Non-current assets			
Subsidiaries	18	4,226,059	3,896,286
Deferred income tax assets	34	<u>110</u>	<u>110</u>
		<u>4,226,169</u>	<u>3,896,396</u>
Current assets			
Trade and other receivables		406	354
Financial assets at fair value through profit or loss	25	6,570	22,500
Derivative financial instruments	26	—	127
Bank balances and cash	27	545	52,636
		<u>7,521</u>	<u>75,617</u>
Current liabilities			
Trade and other payables		1,620	1,301
Short term bank loans and overdrafts, secured	33	—	20,000
Current portion of long term loans, secured	33	1,480	1,360
		<u>3,100</u>	<u>22,661</u>
Net current assets		<u>4,421</u>	<u>52,956</u>
Total assets less current liabilities		4,230,590	3,949,352
Non-current liabilities			
Long term loans, secured	33	<u>18,520</u>	<u>6,707</u>
Net assets		<u>4,212,070</u>	<u>3,942,645</u>
Equity			
Share capital	29	69,173	50,769
Reserves	30	<u>4,142,897</u>	<u>3,891,876</u>
		<u>4,212,070</u>	<u>3,942,645</u>

Consolidated Cash Flow Statement*For the year ended 31st March 2007*

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Cash flows from operating activities			
Cash generated from operations	39	202,101	305,137
Net income tax (paid)/refunded		(1,023)	11
Interest paid		<u>(112,212)</u>	<u>(129,733)</u>
Net cash from operating activities		<u>88,866</u>	<u>175,415</u>
Cash flows from investing activities			
Interest received		9,435	13,019
Dividends received from financial assets at fair value through profit or loss		671	1,976
Proceeds on disposal of financial assets at fair value through profit or loss		35,845	29,024
Purchases of financial assets at fair value through profit or loss		(35,791)	(11,550)
Additions to property, plant and equipment		(14,323)	(23,000)
Acquisition of additional interest in a listed subsidiary		—	(18,500)
(Increase)/decrease in advances to associated companies		(2,693)	6,470
(Increase)/decrease in advances to jointly controlled entities		<u>(93,520)</u>	<u>3,445</u>
Net cash (used in)/from investing activities		<u>(100,376)</u>	<u>884</u>
Net cash (used in)/generated before financing activities		<u>(11,510)</u>	<u>176,299</u>

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP**

	<i>Note</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Net cash (used in)/generated before financing activities		(11,510)	176,299
Cash flows from financing activities			
Drawdown of long term bank loans		696,903	119,157
Repayments of long term bank loans		(1,188,464)	(566,144)
Issuance of convertible notes		94,000	—
Redemption of convertible bonds		(222,580)	(115,542)
Dividend paid		(26,620)	(19,951)
Increase in short term bank loans		136,000	50,000
Net proceeds from rights shares		295,491	—
Increase in loans from minority shareholders of subsidiaries		4,455	3,928
Subscription of rights shares by minority shareholders		120,217	—
Distribution of dividend on a listed subsidiary to minority shareholders		(19,377)	—
Exercise of share options of a listed subsidiary		—	53,382
Placement of new shares by a listed subsidiary		—	193,175
Net cash used in financing activities		(109,975)	(281,995)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year		319,008	424,149
Changes in exchange rates		(697)	555
Cash and cash equivalents at the end of the year		196,826	319,008
Analysis of the balances of cash and cash equivalents			
Bank balances (excluding restricted bank balances)	27	196,826	319,008

Consolidated Statement of Changes in Equity*For the year ended 31st March 2007*

	Shareholders of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1st April 2005	3,272,954	401,515	3,674,469
Currency translation differences and net income directly recognised in equity	5,182	1,060	6,242
Profit/(loss) for the year	167,860	(4,298)	163,562
Total recognised income/(loss) for the year	173,042	(3,238)	169,804
Scrip dividend	353	—	353
2005 final dividend	(20,304)	—	(20,304)
	(19,951)	—	(19,951)
Acquisition of additional interest in a listed subsidiary	—	(12,144)	(12,144)
Deemed disposal of interest in a listed subsidiary	—	265,233	265,233
Share options granted by a listed subsidiary	9,975	7,525	17,500
At 31st March 2006	3,436,020	658,891	4,094,911
At 1st April 2006	3,436,020	658,891	4,094,911
Currency translation differences and net income directly recognised in equity	1,109	658	1,767
Profit for the year	287,596	13,048	300,644
Total recognised income for the year	288,705	13,706	302,411
Issuance of rights shares	295,491	—	295,491
Issuance of convertible notes	5,805	—	5,805
Scrip dividend	27,789	—	27,789
2006 final dividend	(30,462)	—	(30,462)
2007 interim dividend	(23,947)	—	(23,947)
	274,676	—	274,676

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP**

	Shareholders of the Company <i>HK\$'000</i>	Minority interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
Distribution of 2006 final dividend of a listed subsidiary	—	(13,079)	(13,079)
Distribution of 2007 interim dividend of a listed subsidiary	—	(10,627)	(10,627)
Scrip dividend of a listed subsidiary	—	1,052	1,052
Issuance of rights shares of a listed subsidiary	—	120,217	120,217
Conversion of convertible bonds of a listed subsidiary	—	(41,608)	(41,608)
Share options granted by a listed subsidiary	<u>4,822</u>	<u>2,858</u>	<u>7,680</u>
	<u>4,822</u>	<u>58,813</u>	<u>63,635</u>
At 31st March 2007	<u>4,004,223</u>	<u>731,410</u>	<u>4,735,633</u>

Notes to the financial statements

1 Basis of preparation

The 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 and derivative financial instruments, which are carried at fair value, and in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the year presented, unless otherwise stated.

2 Principal accounting policies

(a) *The adoption of new/revised HKFRS*

During the year, the Group adopted the amendments and interpretation of HKFRS below, which are relevant to its operations.

HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 and HKFRS 4 (Amendment)	Financial Guarantee Contracts
HK(IFRIC) — Int 4	Determining whether an Arrangement contains a Lease

The Group has assessed the impact of the adoption of these amendments and interpretation and considered that there were no significant impact on the Group’s results and financial position and no substantial changes in the Group’s accounting policies.

Standards, interpretations and amendments to existing standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published which are relevant to the Group’s operations and financial statements and are mandatory for the Group’s accounting periods beginning on or after 1st April 2007 or later periods as follows:

Effective from 1st January 2007

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures
HK (IFRIC) — Int 8	Scope of HKFRS 2
HK (IFRIC) — Int 9	Reassessment of Embedded Derivatives
HK (IFRIC) — Int 10	Interim Reporting and Impairment

HK (IFRIC) — Int 11	HKFRS 2 — Group and Treasury Share Transactions
HKFRS 7	Financial Instruments: Disclosures
Effective from 1st January 2009	
HKFRS 8	Operating Segments

The Group has not early adopted the above standards, amendments and interpretations and it is not expected to have substantial changes to the Group's accounting policies and presentation of the financial statements.

(b) ***Basis of consolidation***

The consolidated financial statements of the Group include the financial statements of the Company and all its subsidiaries made up to 31st March.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference, being negative goodwill is recognised directly in the profit and loss account.

The profit or loss on disposal of subsidiaries, jointly controlled entities or associated companies is calculated by reference to the net assets at the date of disposal including the attributable amount of goodwill which remains unamortised and any related exchange reserve.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the profit and loss account. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(c) ***Subsidiaries***

Subsidiaries are all entities (including special purpose entities) in which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(d) *Jointly controlled entities*

A jointly controlled entity is a joint venture in respect of which a contractual arrangement is established between the participating venturers and whereby the Group together with other venturers undertake an economic activity which is subject to joint control and none of the venturers has unilateral control over the economic activity. Investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in jointly controlled entities includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its jointly controlled entities' post-acquisition profits or losses is recognised in the profit and loss account, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

Unrealised gains on transactions between the Group and its jointly controlled entities are eliminated to the extent of the Group's interest in the jointly controlled entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of jointly controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Group.

(e) *Associated companies*

Associated companies are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associated companies includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associated companies' post-acquisition profits or losses is recognised in the profit and loss account, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associated companies have been changed where necessary to ensure consistency with the policies adopted by the Group.

(f) *Goodwill*

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiaries, jointly controlled entities and associated companies at the date of acquisition. Goodwill on acquisition of a foreign operation is treated as an asset of the foreign operation and translated at closing rate.

Goodwill on acquisition of a subsidiary is included in intangible assets. Goodwill on acquisitions of jointly controlled entities and associated companies is included in investments in jointly controlled entities and associated companies respectively. Goodwill is tested for impairment at least annually and whenever there is any impairment indication and carried at cost less accumulated impairment losses.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Impairment losses recognised on goodwill are not reversed.

(g) *Financial assets*

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

(a) *Financial assets at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and financial assets designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Purchases and sales of investments are recognised on trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are included in the profit and loss account in the period in which they arise.

The fair value of financial instruments traded in active markets is based on quoted market price at the balance sheet date. 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.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are

used for long term debts. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognised in the profit and loss account on equity instruments are not reversed through the profit and loss account.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of derivative instruments are recognised immediately in the profit and loss account.

(h) ***Property, plant and equipment***

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the profit and loss account during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

Hotel and other buildings	Shorter of 50 years or the remaining lease period of the land on which the buildings are located
Other equipment	3 1/3 to 10 years
Freehold land is not depreciated.	

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(i) ***Impairment of assets***

Assets that have an indefinite useful life and are not subject to depreciation/amortisation are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable

amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) *Investment properties*

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated group, is classified as investment property. Investment property comprises land held under operating leases and buildings held under finance leases. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment properties are measured initially at their costs, including related transaction costs. After initial recognition, investment properties are carried at fair value and are valued at least annually by independent valuers. The valuations are on an open market basis, related to individual properties, and separate values are not attributed to land and buildings. Investment property that is being redeveloped for continuing use as investment property continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. Changes in fair values are recognised in the profit and loss account.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the profit and loss account during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property.

(k) *Properties held for/under development for sale*

Properties held for/under development for sale are included in current assets and comprise leasehold land at amortised cost, construction costs, interest and other direct costs attributable to such properties and allowances for any foreseeable losses.

(l) *Completed properties held for sale*

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost comprises leasehold land at amortised cost, construction costs, interest and other direct expenses capitalised during the course of development. Net realisable value is determined by the Directors based on prevailing market conditions.

If an item of completed properties held for sale becomes an investment property because its use has changed, any difference between the carrying amount and the fair value of this item at the date of transfer is recognised as profit or loss in the profit and loss account under HKAS 40.

(m) ***Hotel and restaurant inventories***

Hotel and restaurant inventories comprise consumables and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

(n) ***Trade and other receivables***

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Trade and other receivables in the balance sheet are stated net of such provision.

(o) ***Trade and other payables***

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(p) ***Provisions***

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

(q) ***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the initiation of the borrowings, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

The fair value of the liability portion of a convertible bonds/notes is determined using a market interest rate for an equivalent non-convertible bonds/notes. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds/notes. The remainder of the proceeds is allocated to the conversion option. This is recognised in shareholders' equity, net of tax.

(r) ***Employee benefits***

(i) ***Employee leave entitlements***

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Retirement benefit obligations*

The Group contributes to several defined contribution retirement schemes which are available to employees. The assets of the schemes are held separately from those of the Group in independently administered funds. The Group's contributions to these schemes are expensed as incurred.

(iii) *Share-based compensation*

The Group operates a number of equity-settled, share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the Group revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(s) *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, jointly controlled entities and associated companies, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

(t) *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(u) *Segment reporting*

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

(v) ***Revenue recognition***

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is recognised as follows:

(i) ***Properties***

Revenue from sales of properties is recognised upon the later of completion of the properties and the sale and purchase contracts.

(ii) ***Investment properties***

Rental income from investment properties is recognised on a straight line basis over the terms of the respective leases.

(iii) ***Hotel, travel agency and management services businesses***

Revenue from hotel and catering operations is recognised upon provision of services.

Revenue from sale of air tickets and hotel reservation service is recognised when related services are rendered.

Management fee income is recognised when services are rendered.

(iv) ***Investment and others***

Interest income is recognised on a time proportion basis using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

(w) ***Foreign currency translation***

(i) ***Functional and presentation currency***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which are the Company's functional and presentation currency.

(ii) ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss.

(iii) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (b) income and expenses for each profit and loss account are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings, are taken to shareholders' equity. When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the profit and loss account as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(x) *Borrowing costs*

Borrowing costs incurred on properties under development that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of the properties under development.

All other borrowing costs are recognised in the profit and loss account in the year in which they are incurred.

(y) *Operating leases*

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors), are charged in the profit and loss account on a straight line basis over the period of the leases.

(z) *Leasehold land*

The up-front prepayments made for leasehold land are amortised on a straight-line basis over the period of the lease and are charged to profit and loss account. Where there is impairment, impairment is expensed in the profit and loss account.

(aa) *Cash and cash equivalents*

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

(ab) *Related parties*

Related parties are individuals and companies, including subsidiaries, fellow subsidiaries, jointly controlled entities and associated companies and key management (including close members of their families), where the individual, company or group has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and price risk), credit risk, liquidity risk and interest rate risk. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

(a) *Market risk*

(i) *Foreign exchange risk*

The Group operates mainly in Hong Kong and has limited exposures to foreign exchange risk arising from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has certain investments in foreign operations in Canada and Mainland China, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations in Canada is managed primarily through borrowings denominated in the relevant foreign currency.

(ii) *Price risk*

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk.

(b) *Credit risk*

The Group has no significant concentrations of credit risk. Sales of properties are made to customers with appropriate mortgage arrangements. Other sales are either made in cash, via major credit cards or to customer with appropriate credit history. Cash transactions are limited to high-credit-quality financial institutions.

(c) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group maintains flexibility in funding by keeping committed credit lines available.

(d) *Interest rate risk*

The Group's interest rate risk arises from mortgage loans receivable and long term borrowings issued at variable rates.

The Group manages certain of its interest rate risk from long term borrowings by limited use of floating-to-fixed interest-rate swaps. Such interest-rate swaps have the economic effect of converting borrowings from floating rates to fixed rates.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and

assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include those related to investment properties, impairment of assets and income taxes.

(a) *Estimate of fair value of investment properties*

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the amount is determined within a range of reasonable fair value estimates. Information from a variety of sources are considered in making the judgement:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences.
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using discounted cash flow valuation techniques. Assumptions used are mainly based on market conditions existing at each balance sheet date.

The expected future market rentals are determined on the basis of current market rentals for similar properties in the same location and condition.

(b) *Impairment of assets*

The Group tests at least annually whether goodwill has suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amounts of an asset or a cash-generating unit have been determined based on value-in-use calculations. These calculations require the use of estimates.

(c) *Income taxes*

The Group is subject to income taxes in Hong Kong and other jurisdictions. Judgement is required in certain provision for income taxes for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for potential tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax provisions in the period in which such determination is made.

Recognition of deferred tax assets, which principally relate to tax losses, depends on the management's expectations of future taxable profit that will be available against which tax losses can be utilised. The outcome of their actual utilisation may be different.

5 Revenue and segment information

The Company is a limited liability company incorporated in Bermuda and listed on The Stock Exchange of Hong Kong Limited. The address of its registered office is 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

The Group is principally engaged in property development and investment, hotel, travel agency and catering operations. Revenue comprises gross revenues from property sales, property leasing, hotel and travel agency, management services, investment and interest income.

Primary reporting format — business segments

The Group is organised into three main business segments, comprising property sales, property leasing and hotel and travel. There is no other significant identifiable separate business segments. Segment revenue from external customers is after elimination of inter-segment revenue. In accordance with the Group's internal financial reporting and operating activities, the primary reporting is by business segments and the secondary reporting is by geographical segments. Segment assets consist primarily property, plant and equipment, leasehold land, investment properties, other non-current assets, hotel inventories, properties, trade and other receivables and investments. Segment liabilities comprise mainly trade and other payables, accruals, bank and other loans.

	Property sales	Property leasing	Hotel and travel	Other operations	Group
2007 (in HK\$'000)					
Segment revenue	<u>652,240</u>	<u>57,681</u>	<u>617,279</u>	<u>46,913</u>	<u>1,374,113</u>
Contribution to segment results	133,839	52,814	160,696	12,040	359,389
Other income/(charges)	(12,101)	191,365	(81,041)	27,808	126,031
Unallocated corporate expenses					<u>(43,585)</u>
Operating profit					441,835
Finance costs					(111,727)
Share of results of					
Jointly controlled entities	574	—	—	(12)	562
Associated companies	(5,936)	35,690	—	(1,317)	<u>28,437</u>
Profit before income tax					359,107
Income tax expense					<u>(58,463)</u>
Profit for the year					<u>300,644</u>

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	Property sales	Property leasing	Hotel and travel	Other operations	Group
2006 (in HK\$'000)					
Segment revenue	<u>74,531</u>	<u>55,332</u>	<u>569,792</u>	<u>44,735</u>	<u>744,390</u>
Contribution to segment results	(8,200)	50,582	135,703	3,426	181,511
Other income/(charges)	(11,052)	257,535	(108,757)	4,083	141,809
Unallocated corporate expenses					<u>(35,538)</u>
Operating profit					287,782
Finance costs					(116,963)
Share of results of					
Jointly controlled entities	(6,361)	—	—	(11)	(6,372)
Associated companies	(7,633)	45,832	—	(1,000)	<u>137,199</u>
Profit before income tax					201,646
Income tax expense					<u>(38,084)</u>
Profit for the year					<u>163,562</u>
2007 (in HK\$'000)					
Segment assets	1,354,892	1,909,314	2,634,044	138,708	6,036,958
Jointly controlled entities and associated companies	380,046	352,637	—	1,214	733,897
Unallocated assets					<u>192,908</u>
					<u>6,963,763</u>
Segment liabilities	450,791	713,180	751,397	26,093	1,941,461
Unallocated liabilities					<u>286,669</u>
					<u>2,228,130</u>
Capital expenditure	—	—	13,927	396	14,323
Depreciation	—	—	52,273	667	52,940
Amortisation of leasehold land	9,321	—	21,088	316	30,725

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	Property sales	Property leasing	Hotel and travel	Other operations	Group
2006 (in HK\$'000)					
Segment assets	1,277,064	2,316,675	2,250,307	158,297	6,002,343
Jointly controlled entities and associated companies	290,702	316,947	—	1,035	608,684
Unallocated assets					<u>373,166</u>
					<u>6,984,193</u>
Segment liabilities	754,788	911,835	940,679	26,027	2,633,329
Unallocated liabilities					<u>255,953</u>
					<u>2,889,282</u>
Capital expenditure	—	—	22,656	344	23,000
Depreciation	—	—	51,287	2,364	53,651
Amortisation of leasehold land	8,977	—	20,040	316	29,333

Secondary reporting format — geographical segments

The activities of the Group are mainly based in Hong Kong. A summary of geographical segments is set out as follows:

	Segment revenue	Operating profit	Total assets	Capital expenditure
2007 (in HK\$'000)				
Hong Kong	1,272,026	423,171	6,597,170	11,627
Mainland China	9,296	2,455	56,533	44
Canada	<u>92,791</u>	<u>16,209</u>	<u>310,060</u>	<u>2,652</u>
	<u>1,374,113</u>	<u>441,835</u>	<u>6,963,763</u>	<u>14,323</u>
2006 (in HK\$'000)				
Hong Kong	657,403	276,936	6,620,027	20,216
Mainland China	9,412	2,327	56,190	57
Canada	<u>77,575</u>	<u>8,519</u>	<u>307,976</u>	<u>2,727</u>
	<u>744,390</u>	<u>287,782</u>	<u>6,984,193</u>	<u>23,000</u>

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP****6 Other income and charges**

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Surplus on revaluation of investment properties	184,125	252,540
Depreciation	(52,940)	(53,651)
Amortisation of leasehold land	(30,725)	(29,333)
Net fair value (losses)/gains on financial assets at fair value through profit or loss	(12,957)	9,380
Write-back of provision for diminution in value of properties held for/under development for sale	4,460	2,920
Provision for doubtful debts	(3,137)	(2,618)
Share option expense of a listed subsidiary	(7,680)	(17,500)
Negative goodwill/(loss) on acquiring additional/deemed disposal of interest in a listed subsidiary	44,885	(19,929)
	<u>126,031</u>	<u>141,809</u>

7 Income and expenses by nature

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Income		
Net rental income (<i>note (a)</i>)	52,814	50,654
Interest income	9,889	13,055
Dividends from listed financial assets at fair value through profit or loss	671	1,976
Net realised gains on financial assets at fair value through profit or loss	972	—
	<u>64,346</u>	<u>66,661</u>
Expenses		
Operating lease rental expense for land and buildings	5,275	4,986
Employee benefit expense including Director's emoluments (<i>note 10</i>)	115,330	113,222
Auditor's remuneration	4,119	3,437
Net realised losses on financial assets at fair value through profit or loss	—	12,286
	<u>124,724</u>	<u>133,931</u>

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP***Note:***(a) Net rental income**

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross rental income		
Investment properties	50,368	42,431
Properties held for sale	<u>7,313</u>	<u>12,901</u>
	57,681	55,332
Outgoings	<u>(4,867)</u>	<u>(4,678)</u>
	<u><u>52,814</u></u>	<u><u>50,654</u></u>

8 Finance costs

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expense		
Long term bank loans	101,079	109,886
Convertible bonds	10,898	29,750
Convertible notes	4,880	—
Loans from minority shareholders of subsidiaries (<i>note 35</i>)	4,454	3,928
Short term bank loans and overdrafts	1,103	1,576
Fair value loss/(gain) on interest rate swaps	<u>7,373</u>	<u>(5,257)</u>
	129,787	139,883
Capitalised as cost of properties under development Interest expense	<u>(18,060)</u>	<u>(22,920)</u>
	<u><u>111,727</u></u>	<u><u>116,963</u></u>

To the extent funds are borrowed generally and used for the purpose of financing certain properties under development, the capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation as part of the costs of these properties under development is 5.9% (2006: 7.3%) per annum.

9 Directors' and senior management's emoluments

- (a) The aggregate amount of emoluments paid and payable to Directors of the Company for the year ended 31st March 2007 and 2006 is set out as follows:

Name of Director	Directors' fee	Salaries, allowances and benefits in kind <i>(note)</i>	Share options	Employer's contribution to retirement benefit scheme	Total emoluments
2007 (in HK\$'000)					
<i>Executive</i>					
Mr. Fung Siu To, Clement	—	4,174	2,560	42	6,776
Dr. Lim Yin Cheng	—	3,878	—	60	3,938
Mr. Poon Jing	—	12,815	—	12	12,827
Mr. Lun Pui Kan	—	2,420	—	95	2,515
Mr. Kwan Po Lam, Phileas	—	3,100	—	53	3,153
Mr. Loup, Nicholas James	100	—	—	—	100
	100	26,387	2,560	262	29,309
<i>Non-executive</i>					
Mr. Liang Shangli	140	—	—	—	140
Mr. Au Yat Chuen, Raymond	120	—	—	—	120
	260	—	—	—	260
<i>Independent Non-executive</i>					
Mr. Koon Bok Ming, Alan	120	—	—	—	120
Mr. Leung Wai Keung, Richard	200	—	—	—	200
Mr. Wong Chi Keung	100	—	—	—	100
	420	—	—	—	420
	780	26,387	2,560	262	29,989

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Name of Director	Directors' fee	Salaries, allowances and benefits in kind <i>(note)</i>	Share options	Employer's contribution to retirement benefit scheme	Total emoluments
2006 (in HK\$'000)					
<i>Executive</i>					
Mr. Fung Siu To, Clement	—	2,564	—	42	2,606
Dr. Lim Yin Cheng	—	1,832	3,500	60	5,392
Mr. Poon Jing	—	10,847	—	12	10,859
Mr. Lun Pui Kan	—	2,139	3,500	96	5,735
Mr. Kwan Po Lam, Phileas	—	2,942	3,500	53	6,495
Mr. Loup, Nicholas James	100	—	—	—	100
	100	20,324	10,500	263	31,187
<i>Non-executive</i>					
Mr. Liang Shangli	140	—	—	—	140
Mr. Au Yat Chuen, Raymond	120	—	—	—	120
	260	—	—	—	260
<i>Independent Non-executive</i>					
Mr. Koon Bok Ming, Alan	120	—	—	—	120
Mr. Leung Wai Keung, Richard	200	—	—	—	200
Mr. Wong Chi Keung	100	—	—	—	100
	420	—	—	—	420
	780	20,324	10,500	263	31,867

Note: Balance includes HK\$11,500,000 (2006: HK\$6,800,000) paid by subsidiaries of Asia Standard Hotel Group Limited (“Asia Standard Hotel”), a separately listed subsidiary of the Group.

- (b) The five highest paid individuals in the Group for the year include five (2006: five) Directors whose emoluments are already reflected in the analysis presented above.
- (c) During the year, no emolument was paid or is payable by the Group to any of the above Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10 Employee benefit expense

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Wages and salaries	106,134	93,486
Retirement benefits costs (<i>note (a)</i>)	3,413	3,165
Share option expense of a listed subsidiary (<i>note (b)</i>)	<u>7,680</u>	<u>17,500</u>
	117,227	114,151
Capitalised under properties under development	<u>(1,897)</u>	<u>(929)</u>
	<u><u>115,330</u></u>	<u><u>113,222</u></u>

Staff costs are stated inclusive of Directors' emoluments.

Share option expenses are included in other charges. The remaining staff costs are included in cost of sales and administrative expenses.

Notes:

(a) Retirement benefits costs

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross contributions	3,454	3,203
Forfeitures utilised	<u>(41)</u>	<u>(38)</u>
Net contributions	<u><u>3,413</u></u>	<u><u>3,165</u></u>

The Group participates in various types of defined contribution schemes for employees, namely the Mandatory Provident Fund ("MPF") Scheme and Occupational Retirement Scheme Ordinance ("ORSO") Scheme in Hong Kong, Canada Pension Plan ("CPP") in Canada and retirement plans in Mainland China.

In Hong Kong, the Group participates in several defined contribution schemes under the ORSO which are available to employees joining before 1st December 2000. Under these schemes, contribution of 5% of the employee's monthly salaries are made by the employees and by the Group. The Group's contributions may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions.

The Group also participates in the MPF scheme, which are available to all employees not joining the ORSO schemes in Hong Kong and in the CPP organised by the Canadian Government for all employees in Canada. Monthly contributions to the MPF scheme and CPP are made equal to 5% and 4.95% (2006: 5% and 4.95%) respectively, of the employee's relevant income in accordance with the local legislative requirements.

The Group also contributes to retirement plans for its employees in Mainland China at a percentage of applicable payroll costs in compliance with the requirements of the relevant municipal government in Mainland China.

The Group's contributions to all these schemes and plans are expensed as incurred. The assets of all these retirement schemes and plans are held separately from those of the Group in independently administered funds.

As at 31st March 2007, no forfeiture (2006: nil) was available to reduce the Group's future contributions to the ORSO Scheme.

(b) *Share options*

The Company and Asia Standard Hotel, a listed subsidiary, operate share option schemes, whereby options may be granted to employees of the Group, including the Executive Directors, to subscribe for shares of the Company and Asia Standard Hotel respectively. The consideration to be paid on each grant of option is HK\$1 for the Company and Asia Standard Hotel respectively.

Details of share options held under the share option schemes as at 31st March 2007 are as follows:

Grantee	Expiry date	Exercise price	2007 Number	2006 Number
Company				
Directors	29th March 2015	HK\$0.315	108,264,245	105,000,000
Employees	29th March 2015	HK\$0.315	56,709,841	60,000,000

During the year, no share option was granted, exercised or cancelled (2006: nil). 5,000,000 (2006: nil) share options lapsed upon resignation of an employee. The exercise price was adjusted during the year from HK\$0.325 to HK\$0.315 subsequent to the rights issue of the Company, and the number of options is also adjusted accordingly.

Asia Standard Hotel

Directors	31st October 2015	HK\$0.19436	4,465,909	4,000,000
Directors	29th March 2017	HK\$0.12960	80,000,000	—
Employees	29th March 2017	HK\$0.12960	160,000,000	—

The exercise price of the share option has been adjusted from HK\$0.217 per share to HK\$0.19436 per share subsequent to the rights issue of Asia Standard Hotel, and the number of options is also adjusted accordingly.

During the year, 240,000,000 share options were granted, no share option was exercised, cancelled or lapsed. In year 2006, 250,000,000 and 246,000,000 share options were granted and exercised respectively, and no share options were cancelled or lapsed.

The fair value of the options granted and vested in the current year determined using the Binomial option pricing model is HK\$7,680,000 (2006: HK\$17,500,000) and is recognised in the profit and loss account.

In 2006, the weighted average closing price of the share immediately before the dates on which the options were exercised were HK\$0.228, HK\$0.235, HK\$0.232, HK\$0.222 and HK\$0.217.

The following assumptions were used to calculate the fair values of share options granted in March 2007 and October 2005 respectively:

	March 2007	October 2005
Closing share price at the date of grant (HK\$)	0.13	0.215
Exercise price (HK\$)	0.1296	0.217
Expected life of options (years)	1.6	0.8
Expected volatility (%) (<i>note (i)</i>)	51.71	96.24
Risk free rate (%)	4.302	4.302

Notes:

- (i) The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over one year immediately preceding the grant date.
- (ii) The above calculation is based on the assumption that there is no material difference between the expected volatility over the whole life of the options and the historical volatility of the shares.

11 Income tax expense

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current income tax		
Hong Kong profits tax	587	3,980
Overprovisions in prior years	<u>(2,688)</u>	<u>—</u>
	(2,101)	3,980
Deferred income tax	<u>60,564</u>	<u>34,104</u>
	<u>58,463</u>	<u>38,084</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year. Income tax on overseas profits has been calculated on the estimated assessable profit for the year at the rates of tax prevailing in the countries in which the Group operates.

Shares of income tax of jointly controlled entities and associated companies for the year of HK\$1,000 (credit) (2006: HK\$17,000 (charge)) and HK\$7,593,000 (charge) (2006: HK\$9,861,000 (charge)) are included in the profit and loss account as share of profits less losses of jointly controlled entities and associated companies respectively.

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The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before income tax	359,107	201,646
Share of profits less losses of jointly controlled entities and associated companies	<u>(28,999)</u>	<u>(30,827)</u>
	<u>330,108</u>	<u>170,819</u>
Calculated at a tax rate of 17.5% (2006: 17.5%)	57,769	29,893
Overprovisions in prior years	(2,688)	—
Effect of different tax rates in other countries	(1,263)	(1,320)
Income not subject to income tax	(8,887)	(2,039)
Expenses not deductible for tax purposes	6,791	11,549
Tax losses not recognised	9,439	5,370
Utilisation of previously unrecognised temporary differences	—	(465)
Recognition of previously unrecognised temporary differences	—	90
Recognition of previously unrecognised tax losses	(11)	(2,041)
Others	<u>(2,687)</u>	<u>(2,953)</u>
Income tax expense	<u>58,463</u>	<u>38,084</u>

12 Profit attributable to shareholders of the Company

The profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of HK\$554,000 (2006: HK\$38,181,000).

13 Dividends

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim, paid, of HK0.35 cent (2006: nil) per share	23,947	—
Final, proposed, of HK0.35 cent (2006: HK0.60 cent) per share	<u>25,148</u>	<u>30,462</u>
	<u>49,095</u>	<u>30,462</u>

Note: At a meeting held on 18th July 2007, the Board has proposed a final dividend of HK0.35 cent per share with a scrip option. This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of revenue reserve in the year ending 31st March 2008.

14 Earnings per share

The calculation of basic earnings per share is based on profit attributable to shareholders of the Company of HK\$287,596,000 (2006: HK\$167,860,000) and divided by the weighted average of 5,883,550,830 (2006: 5,234,219,004 shares, adjusted for the effect of the rights issue in November 2006) shares in issue during the year.

The calculation of diluted earnings per share for the year ended 31st March 2007 is based on HK\$291,622,000 equalling to the profit attributable to shareholders of the Company of HK\$287,596,000 plus after tax interest saving of HK\$4,026,000 and 6,177,875,683 shares equalling to the weighted average number of 5,883,550,830 shares in issue during the year plus 294,324,853 potential shares deemed to be in issue assuming the convertible notes had been converted. The Company's outstanding share options did not have a dilutive effect on the earnings per share.

In 2006, the exercise of subscription rights attached to the share options and the conversion of convertible bonds would not have a dilutive effect on the earnings per share. The diluted earnings per share were equal to the basic earnings per share in 2006.

15 Property, plant and equipment

Group	Freehold land of a hotel in Canada	Hotel buildings	Other buildings	Other equipment	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost					
At 31st March 2005	65,512	1,127,937	19,501	48,643	1,261,593
Currency translation difference	2,653	14,939	—	186	17,778
Cost adjustment	—	—	(501)	—	(501)
Additions	—	22,162	—	838	23,000
Disposals	—	(23,629)	—	(90)	(23,719)
	<u>68,165</u>	<u>1,141,409</u>	<u>19,000</u>	<u>49,577</u>	<u>1,278,151</u>
Accumulated depreciation					
At 31st March 2005	—	335,368	2,832	47,352	385,552
Currency translation difference	—	5,899	—	182	6,081
Charge for the year	—	50,493	2,182	976	53,651
Disposals	—	(23,629)	—	(90)	(23,719)
	<u>—</u>	<u>(23,629)</u>	<u>—</u>	<u>(90)</u>	<u>(23,719)</u>
At 31st March 2006	<u>—</u>	<u>368,131</u>	<u>5,014</u>	<u>48,420</u>	<u>421,565</u>
Net book value					
At 31st March 2006	<u>68,165</u>	<u>773,278</u>	<u>13,986</u>	<u>1,157</u>	<u>856,586</u>
Cost					
At 31st March 2006	68,165	1,141,409	19,000	49,577	1,278,151
Currency translation difference	995	5,642	—	418	7,055
Transfer from investment properties	—	45,605	—	—	45,605
Additions	—	12,856	—	1,467	14,323
Disposals	—	(3,281)	—	(862)	(4,143)
	<u>69,160</u>	<u>1,202,231</u>	<u>19,000</u>	<u>50,600</u>	<u>1,340,991</u>
At 31st March 2007	<u>69,160</u>	<u>1,202,231</u>	<u>19,000</u>	<u>50,600</u>	<u>1,340,991</u>
Accumulated depreciation					
At 31st March 2006	—	368,131	5,014	48,420	421,565
Currency translation difference	—	2,089	—	415	2,504
Charge for the year	—	51,632	376	932	52,940
Disposals	—	(3,281)	—	(862)	(4,143)
	<u>—</u>	<u>(3,281)</u>	<u>—</u>	<u>(862)</u>	<u>(4,143)</u>
At 31st March 2007	<u>—</u>	<u>418,571</u>	<u>5,390</u>	<u>48,905</u>	<u>472,866</u>
Net book value					
At 31st March 2007	<u>69,160</u>	<u>783,660</u>	<u>13,610</u>	<u>1,695</u>	<u>868,125</u>

Notes:

(a) Total carrying values of hotel properties comprise the following:

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hotel properties		
Hotel buildings	783,660	773,278
Hotel freehold land	69,160	68,165
Hotel leasehold land (<i>note 17</i>)	<u>1,688,681</u>	<u>1,300,929</u>
	<u>2,541,501</u>	<u>2,142,372</u>

Supplementary information with hotel properties at valuation:

The aggregate open market value of the hotel properties in Hong Kong and Canada based on valuation conducted respectively by Knight Frank and Grant Thornton Management Consultants, independent professional valuers, amounted to HK\$4,075,614,000 (2006: HK\$3,537,540,000).

The supplementary information with hotel properties at valuation is for readers' information only. It does not constitute a disclosure requirement under HKAS 16 and HKAS 17.

(b) The aggregate net book value of property, plant and equipment pledged as securities for loans amounts to HK\$860,537,000 (2006: HK\$853,057,000).

16 Investment properties

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the year	2,046,470	1,475,310
Transfer from completed properties held for sale	—	318,620
Transfer to hotel properties	(454,445)	—
Surplus on revaluation	<u>184,125</u>	<u>252,540</u>
At the end of the year	<u>1,776,150</u>	<u>2,046,470</u>

Investment properties were revalued by Vigers Hong Kong Limited, independent professional valuers, on an open market value basis as at 31st March 2007. Investment properties are situated on long term leasehold land in Hong Kong.

The aggregate net book value of investment properties pledged as securities for loans amounted to HK\$1,776,150,000 (2006: HK\$2,046,470,000).

17 Leasehold land

Group	Hotel properties <i>HK\$'000</i>	Properties under development <i>HK\$'000</i>	Self-used properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost				
At 31st March 2005 and 2006	1,527,516	46,099	35,865	1,609,480
Transfer from investment properties	<u>408,840</u>	<u>—</u>	<u>—</u>	<u>408,840</u>
At 31st March 2007	<u><u>1,936,356</u></u>	<u><u>46,099</u></u>	<u><u>35,865</u></u>	<u><u>2,018,320</u></u>
Accumulated amortisation				
At 31st March 2005	206,547	544	3,927	211,018
Amortisation for the year	<u>20,040</u>	<u>54</u>	<u>262</u>	<u>20,356</u>
At 31st March 2006	226,587	598	4,189	231,374
Amortisation for the year	<u>21,088</u>	<u>54</u>	<u>262</u>	<u>21,404</u>
At 31st March 2007	<u><u>247,675</u></u>	<u><u>652</u></u>	<u><u>4,451</u></u>	<u><u>252,778</u></u>
Net book value				
At 31st March 2007	<u><u>1,688,681</u></u>	<u><u>45,447</u></u>	<u><u>31,414</u></u>	<u><u>1,765,542</u></u>
At 31st March 2006	<u><u>1,300,929</u></u>	<u><u>45,501</u></u>	<u><u>31,676</u></u>	<u><u>1,378,106</u></u>

The Group's prepaid lease payments comprise:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Leasehold land in Hong Kong		
Long term lease	1,175,803	773,623
Medium term lease	<u>589,739</u>	<u>604,483</u>
	<u><u>1,765,542</u></u>	<u><u>1,378,106</u></u>

The aggregate net book value of leasehold land pledged as securities for loans amounted to HK\$1,765,542,000 (2006: HK\$1,378,106,000).

18 Subsidiaries

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost	1,229,076	1,229,076
Amounts due by subsidiaries less provisions	<u>2,996,983</u>	<u>2,667,210</u>
	<u><u>4,226,059</u></u>	<u><u>3,896,286</u></u>

The shares in a subsidiary are pledged to secure loan facilities granted to the Group.

Details of the principal subsidiaries are set out in note 42.

The amounts receivable are unsecured, interest free and have no fixed terms of repayment.

19 Jointly controlled entities

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net liabilities	(172,576)	(173,139)
Advances to jointly controlled entities	436,359	342,839
Provisions on advances to jointly controlled entities	<u>(34,883)</u>	<u>(34,883)</u>
	<u><u>228,900</u></u>	<u><u>134,817</u></u>

The shares in certain jointly controlled entities are pledged to secure loan facilities granted to those entities. Advances to jointly controlled entities amounting to HK\$192,172,000 (2006: HK\$98,865,000) are subordinated to the repayment of the loans of those jointly controlled entities.

Advances to jointly controlled entities are made to finance property development projects. The amounts are unsecured, interest free and have no fixed terms of repayment.

Details of the principal jointly controlled entities are set out in note 42.

APPENDIX I**FINANCIAL INFORMATION ON THE GROUP****The Group's share of assets and liabilities and results of jointly controlled entities**

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets		
Non-current assets	471,966	284,378
Current assets	<u>25,735</u>	<u>31,193</u>
	497,701	315,571
	-----	-----
Liabilities		
Non-current liabilities	205,324	104,053
Current liabilities	<u>464,953</u>	<u>384,657</u>
	670,277	488,710
	-----	-----
Net liabilities	<u>(172,576)</u>	<u>(173,139)</u>
Income	987	1,550
Expenses	<u>(426)</u>	<u>(7,905)</u>
Profit/(loss) before income tax	561	(6,355)
Income tax credit/(expense)	<u>1</u>	<u>(17)</u>
Profit/(loss) for the year	<u><u>562</u></u>	<u><u>(6,372)</u></u>

20 Associated companies

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net liabilities	(144,341)	(172,778)
Advances to associated companies	653,444	650,751
Provisions for advances to associated companies	<u>(4,106)</u>	<u>(4,106)</u>
	504,997	473,867
Amount due to an associated company included in current liabilities	<u>(51,150)</u>	<u>(51,150)</u>
Total carrying amounts of associated companies	<u><u>453,847</u></u>	<u><u>422,717</u></u>

The shares in certain associated companies are pledged to secure the loan facilities granted to those companies.

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Advances to associated companies are made to finance property development projects. Except for an amount of HK\$908,000 (2006: HK\$905,000) due from an associated company which is interest bearing at prime rate, the remaining amounts receivable and payable are unsecured, interest free and have no fixed terms of repayment.

Details of the principal associated companies are set out in note 42.

The Group's share of assets and liabilities and results of associated companies

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Assets	626,459	580,623
Liabilities	<u>(770,800)</u>	<u>(753,401)</u>
Net liabilities	<u>(144,341)</u>	<u>(172,778)</u>
Revenue	13,934	12,319
Profit for the year	<u>28,437</u>	<u>37,199</u>

21 Goodwill

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net carrying value, at the beginning of year	8,651	3,548
Addition	—	6,356
Partial disposal of interest in a listed subsidiary	<u>—</u>	<u>(1,253)</u>
Net carrying value, at the end of year	<u>8,651</u>	<u>8,651</u>

22 Mortgage loans receivable

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Mortgage loans receivable	10,986	10,220
Less: current portion included in current assets	<u>(339)</u>	<u>(420)</u>
	<u>10,647</u>	<u>9,800</u>

The mortgage loans receivable carry interest at rates ranged from prime rate plus 1.5% to 2% (2006: prime rate plus 1.5% to 2%) per annum. The effective interest rate at 31st March 2007 was 7.9% (2006: 7.9%) per annum. The carrying amounts of the mortgage loans receivable approximate their fair values.

23 Properties held for/under development for sale and completed properties held for sale

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Properties held for/under development for sale		
Leasehold land	445,289	903,187
Development costs	<u>351,470</u>	<u>279,146</u>
	<u>796,759</u>	<u>1,182,333</u>
Completed properties held for sale		
Leasehold land	261,422	99,264
Development costs	<u>202,049</u>	<u>97,426</u>
	<u>463,471</u>	<u>196,690</u>

At 31st March 2007, properties amounting to HK\$941,672,000 (2006: HK\$1,267,742,000) were pledged to banks to secure certain banking facilities of the Group.

24 Trade and other receivables

Trade and other receivables of the Group include trade receivables, utility and other deposits, stakeholders' accounts, interest and other receivables.

Trade receivables of the Group amounted to HK\$44,847,000 (2006: HK\$43,779,000). 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 debtors, credit evaluations of customers are performed periodically.

Aging analysis of trade receivables net of provision for impairment of doubtful debts is as follows:

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 day to 60 days	42,126	41,656
61 days to 120 days	2,071	2,001
More than 120 days	<u>650</u>	<u>122</u>
	<u>44,847</u>	<u>43,779</u>

The carrying amounts of trade and other receivables approximate their fair values.

25 Financial assets at fair value through profit or loss

	Group		Company	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Equity securities listed in Hong Kong	32,796	84,458	6,570	22,500
Pledged United States treasury bills	<u>34,522</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>67,318</u>	<u>84,458</u>	<u>6,570</u>	<u>22,500</u>

26 Derivative financial instruments

	Group			
	2007		2006	
	Assets	Liabilities	Assets	Liabilities
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Forward foreign exchange contracts	5,556	—	—	—
Interest rate swaps	<u>600</u>	<u>2,717</u>	<u>5,716</u>	<u>459</u>
	<u>6,156</u>	<u>2,717</u>	<u>5,716</u>	<u>459</u>

The notional principal amounts of the outstanding foreign exchange forward contracts at 31st March 2007 were US\$100,000,000 (2006: Nil).

The notional principal amounts of the outstanding interest rate swaps contracts at 31st March 2007 were HK\$650,000,000 (2006: HK\$760,000,000) for the Group and nil (2006: HK\$50,000,000) for the Company.

	Company	
	2007	2006
	HK\$'000	HK\$'000
Assets		
Interest rate swaps	<u>—</u>	<u>127</u>

27 **Bank balances and cash**

	Group		Company	
	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash at bank and in hand	109,263	49,025	545	997
Restricted bank balances	24,520	29,212	—	—
Short-term bank deposits	<u>87,563</u>	<u>269,983</u>	<u>—</u>	<u>51,639</u>
	<u>221,346</u>	<u>348,220</u>	<u>545</u>	<u>52,636</u>

The effective interest rate on restricted bank balances is 3.5% (2006: 2.8%) per annum. These balances are pledged to banks to secure certain banking facilities of the Group or required to be utilised for specific purposes.

The effective interest rate on short-term bank deposits was 3.2% (2006: 3.0%) per annum for the Group and 3.9% per annum (2006) for the Company. These deposits have an average maturity of 72 days (2006: 45 days) for the Group and 8 days (2006) for the Company.

28 **Trade and other payables**

Trade and other payables of the Group include trade payables, rental and management fee deposits, interest and other payables, retentions payable of construction costs and various accruals. Trade payables of the Group amounted to HK\$30,360,000 (2006: HK\$18,407,000).

Aging analysis of trade payables is as follows:

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 day to 60 days	29,656	17,309
61 days to 120 days	406	32
More than 120 days	<u>298</u>	<u>1,066</u>
	<u>30,360</u>	<u>18,407</u>

The carrying amounts of trade and other payables approximate their fair values.

29 **Share capital**

Shares of HK\$0.01 each	Number of shares	Amount
		<i>HK\$'000</i>
Authorised:		
At 31st March 2006 and 2007	<u>400,000,000,000</u>	<u>4,000,000</u>

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	Number of shares		Amount	
	2007	2006	2007 HK\$'000	2006 HK\$'000
Issued and fully paid:				
At the beginning of the year	5,076,925,957	5,075,999,990	50,769	50,760
Issue of rights shares (<i>note (a)</i>)	1,710,518,044	—	17,105	—
Scrip dividend (<i>notes (b) & (c)</i>)	<u>129,844,794</u>	<u>925,967</u>	<u>1,299</u>	<u>9</u>
At the end of the year	<u>6,917,288,795</u>	<u>5,076,925,957</u>	<u>69,173</u>	<u>50,769</u>

Notes:

- (a) In November 2006, the Company issued 1,710,518,044 rights shares at the issue price of HK\$0.175 each on the basis of one rights share for every existing three shares held. Net proceeds were approximately HK\$295,000,000 and were used for repayment of convertible bonds and bank loans of the Group.
- (b) In October 2006, 54,628,177 new shares were allotted and issued at HK\$0.2446 per share in lieu of final dividend for the year ended 31st March 2006.
- (c) In February 2007, 75,216,617 new shares were allotted and issued at HK\$0.1918 per share in lieu of interim dividend for the year ended 31st March 2007.

30 Reserves

	Share premium HK\$'000	Convertible note HK\$'000	Capital redemption HK\$'000	Share option HK\$'000	Contributed surplus HK\$'000	Revenue reserve HK\$'000	Total HK\$'000
Group							
At 31st March 2005	884,110	—	43,868	—	2,670,292	(376,076)	3,222,194
Currency translation differences	—	—	—	—	—	5,182	5,182
Profit for the year	—	—	—	—	—	167,860	167,860
Final dividend (with a scrip option)	344	—	—	—	—	(20,304)	(19,960)
Issue of share options by a listed subsidiary	—	—	—	9,975	—	—	9,975
Exercise of share options of a listed subsidiary	—	—	—	(9,815)	—	9,815	—
At 31st March 2006	<u>884,454</u>	<u>—</u>	<u>43,868</u>	<u>160</u>	<u>2,670,292</u>	<u>(213,523)</u>	<u>3,385,251</u>
Representing:							
2006 final dividend proposed	—	—	—	—	—	30,462	30,462
Others	<u>884,454</u>	<u>—</u>	<u>43,868</u>	<u>160</u>	<u>2,670,292</u>	<u>(243,985)</u>	<u>3,354,789</u>
At 31st March 2006	<u>884,454</u>	<u>—</u>	<u>43,868</u>	<u>160</u>	<u>2,670,292</u>	<u>(213,523)</u>	<u>3,385,251</u>

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	Share premium <i>HK\$'000</i>	Convertible note <i>HK\$'000</i>	Capital redemption <i>HK\$'000</i>	Share option <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Revenue reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31st March 2006	884,454	—	43,868	160	2,670,292	(213,523)	3,385,251
Currency translation differences	—	—	—	—	—	1,109	1,109
Profit for the year	—	—	—	—	—	287,596	287,596
2006 final dividend (with a scrip option)	12,816	—	—	—	—	(30,462)	(17,646)
2007 interim dividend (with a scrip option)	13,674	—	—	—	—	(23,947)	(10,273)
Equity component	—	5,805	—	—	—	—	5,805
Issue of rights shares (net of expenses)	278,386	—	—	—	—	—	278,386
Issue of share options by a listed subsidiary	—	—	—	4,822	—	—	4,822
At 31st March 2007	<u>1,189,330</u>	<u>5,805</u>	<u>43,868</u>	<u>4,982</u>	<u>2,670,292</u>	<u>20,773</u>	<u>3,935,050</u>
Representing:							
2007 final dividend proposed	—	—	—	—	—	25,148	25,148
Others	<u>1,189,330</u>	<u>5,805</u>	<u>43,868</u>	<u>4,982</u>	<u>2,670,292</u>	<u>(4,375)</u>	<u>3,909,902</u>
At 31st March 2007	<u>1,189,330</u>	<u>5,805</u>	<u>43,868</u>	<u>4,982</u>	<u>2,670,292</u>	<u>20,773</u>	<u>3,935,050</u>

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	Share premium <i>HK\$'000</i>	Convertible note <i>HK\$'000</i>	Capital redemption <i>HK\$'000</i>	Share option <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Revenue reserve <i>HK\$'000</i>	Total <i>HK\$'000</i>
Company							
At 31st March 2005	882,959	—	43,868	—	2,684,451	262,377	3,873,655
Final dividend (with a scrip option)	344	—	—	—	—	(20,304)	(19,960)
Profit for the year	—	—	—	—	—	38,181	38,181
At 31st March 2006	883,303	—	43,868	—	2,684,451	280,254	3,891,876
Representing:							
2006 final dividend proposed	—	—	—	—	—	30,462	30,462
Others	883,303	—	43,868	—	2,684,451	249,792	3,861,414
At 31st March 2006	883,303	—	43,868	—	2,684,451	280,254	3,891,876
At 31st March 2006	883,303	—	43,868	—	2,684,451	280,254	3,891,876
2006 final dividend (with a scrip option)	12,816	—	—	—	—	(30,462)	(17,646)
2007 interim dividend (with a scrip option)	13,674	—	—	—	—	(23,947)	(10,273)
Profit for the year	—	—	—	—	—	554	554
Issue of rights shares (net of expenses)	278,386	—	—	—	—	—	278,386
At 31st March 2007	1,188,179	—	43,868	—	2,684,451	226,399	4,142,897
Representing:							
2007 final dividend proposed	—	—	—	—	—	25,148	25,148
Others	1,188,179	—	43,868	—	2,684,451	201,251	4,117,749
At 31st March 2007	1,188,179	—	43,868	—	2,684,451	226,399	4,142,897

The revenue reserve is distributable. Under the Companies Act of Bermuda and the Bye-Laws of the Company, the contributed surplus and the capital redemption reserve are also distributable. Accordingly, total distributable reserves of the Company amounted to HK\$2,954,718,000 (2006: HK\$3,008,573,000) as at 31st March 2007.

31 Convertible bonds

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Convertible bonds	—	190,000
Provision for premium payable	—	28,265
	<u>—</u>	<u>218,265</u>
	<u>—</u>	<u>218,265</u>

On 7th January 2002, Asia Standard International Capital Limited (“ASICL”), a wholly owned subsidiary of the Company, issued HK\$290,000,000 convertible bonds to Westrata Investment Limited (“Westrata”), a substantial shareholder of the Company. The bonds bore interest at 7% per annum payable semi-annually in arrears and were guaranteed by the Company. In March 2003, the bonds had been transferred from Westrata to Grosvenor Limited (“Grosvenor”), an indirect subsidiary of Grosvenor Group Limited.

The bondholder had the option to convert the bonds into fully paid shares of HK\$0.01 each of the Company at a conversion price of HK\$0.44 per share, subject to adjustment, at any time between 7th January 2002 and 7th January 2007. ASICL might purchase all or part of the bonds at any time on or after 7th January 2002, subject to certain conditions, together with accrued interest. Unless previously converted or purchased, the bonds would be redeemed on 7th January 2007 at a redemption price equal to 118.3% of the principal amount together with accrued interest.

The fair value of the liability component and the equity conversion component were determined at issuance of the bonds. The fair value of the liability component, included in long term borrowing, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component was determined to be immaterial.

During the year, ASICL repurchased all the remaining convertible bonds having a principle amount of HK\$190,000,000 (2006: HK\$100,000,000) with accrued interest.

32 Convertible notes

On 15th May 2006, the Group issued convertible notes of the principal amount of HK\$94,000,000, which bear interest at 4% per annum payable semi-annually in arrears. Each holder of the notes has the option to convert the notes into shares at an initial conversion price of HK\$0.305 (adjusted to HK\$0.28 pursuant to the rights issue in November 2006) per share, subject to adjustment. The Company may purchase/redeem all or part of the notes at any time on or after 15th May 2007, at par together with accrued interest.

The fair value of the liability component and the equity conversion component were determined at issuance of the notes. The fair value of the liability component was calculated using a market interest rate for an equivalent non-convertible note. The residual amount represents the value of the equity conversion component.

Subsequent to 31st March 2007, a total principal amount of HK\$75,000,000 was converted into ordinary shares of the Company and the remaining principal amount of HK\$19,000,000 was repurchased with accrued interest.

33 Borrowings

	Group		Company	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Short term bank loans and overdrafts, secured	186,000	50,000	—	20,000
Long term bank loans, secured	<u>1,455,248</u>	<u>1,939,266</u>	<u>20,000</u>	<u>8,067</u>
	<u>1,641,248</u>	<u>1,989,266</u>	<u>20,000</u>	<u>28,067</u>

The maturity of the long term loans is as follows:

Bank loans, secured				
Repayable within one year	14,073	58,312	1,480	1,360
Repayable between one and two years	254,778	291,011	2,960	1,360
Repayable between two and five years	<u>336,735</u>	<u>470,916</u>	<u>8,880</u>	<u>4,080</u>
Wholly repayable within five years	605,586	820,239	13,320	6,800
Repayable after five years	<u>849,662</u>	<u>1,119,027</u>	<u>6,680</u>	<u>1,267</u>
	1,455,248	1,939,266	20,000	8,067
Current portion included in current liabilities	<u>(14,073)</u>	<u>(58,312)</u>	<u>(1,480)</u>	<u>(1,360)</u>
	<u>1,441,175</u>	<u>1,880,954</u>	<u>18,520</u>	<u>6,707</u>

The effective interest rates of the borrowing at the balance sheet date range from 4.5% to 7.0% (2006: 5.0% to 6.5%) per annum. The interest rates of the borrowings are not subject to contractual repricing.

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

34 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes related to the same fiscal authority. The offset amounts are as follows:

	Group		Company	
	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Deferred income tax assets	64,517	98,820	110	110
Deferred income tax liabilities	<u>(167,763)</u>	<u>(141,502)</u>	<u>—</u>	<u>—</u>
	<u>(103,246)</u>	<u>(42,682)</u>	<u>110</u>	<u>110</u>

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The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdictions is as follows:

Group
Deferred income tax liabilities

	Accelerated tax depreciation		Revaluation of properties		Fair value adjustments		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At the beginning of the year	(49,479)	(44,328)	(139,011)	(94,817)	(92,197)	(98,052)	(280,687)	(237,197)
Recognised in the profit and loss account	(2,315)	(5,151)	(27,847)	(44,194)	7,811	5,855	(22,351)	(43,490)
At the end of the year	<u>(51,794)</u>	<u>(49,479)</u>	<u>(166,858)</u>	<u>(139,011)</u>	<u>(84,386)</u>	<u>(92,197)</u>	<u>(303,038)</u>	<u>(280,687)</u>

Deferred income tax assets

	Decelerated tax depreciation		Provisions		Tax losses		Difference in cost base of properties		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At the beginning of the year	392	406	181	185	143,004	147,596	94,428	80,433	238,005	228,620
Recognised in the profit and loss account	(392)	(14)	(181)	(4)	(24,980)	(4,592)	(12,660)	13,995	(38,213)	9,385
At the end of the year	<u>—</u>	<u>392</u>	<u>—</u>	<u>181</u>	<u>118,024</u>	<u>143,004</u>	<u>81,768</u>	<u>94,428</u>	<u>199,792</u>	<u>238,005</u>

Company
Deferred income tax assets

	Tax losses	
	2007	2006
	HK\$'000	HK\$'000
At the beginning of the year	110	1,637
Recognised in the profit and loss account	<u>—</u>	<u>(1,527)</u>
At the end of the year	<u>110</u>	<u>110</u>

Deferred income tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of HK\$100 million (2006: HK\$81 million) in respect of losses amounting to HK\$517 million (2006: HK\$409 million) that can be carried forward against future taxable income. Except for tax losses of HK\$462 million (2006: HK\$347 million) which have no expiry date, the balance will expire at various dates up to and including 2026 (2006: 2026).

35 Amounts due to minority shareholders

Loans from minority shareholders are to finance property projects of subsidiaries and have no specific terms of repayment. Loans of HK\$98,043,000 (2006: HK\$93,589,000) bear interest at 1.5% (2006: 1.5%) per annum above prime rate and the remaining balance is interest free.

36 Capital commitments

Capital commitments at the balance sheet date are as follows:

	2007 HK\$'000	2006 HK\$'000
Property, plant and equipment		
Contracted but not provided for	1,300	—
Authorised but not contracted for	<u>96,700</u>	<u>—</u>
	<u>98,000</u>	<u>—</u>

37 Operating lease arrangements

(a) Lessor

The Group leases out certain properties under operating leases which typically run for lease terms between 1 and 6 years.

At 31st March 2007, the future aggregate minimum rental receivables under non-cancellable operating leases were as follows:

	Group	
	2007 HK\$'000	2006 HK\$'000
In respect of land and buildings:		
Within one year	69,672	62,147
In the second to fifth year inclusive	78,527	74,892
After the fifth year	<u>—</u>	<u>2,895</u>
	<u>148,199</u>	<u>139,934</u>

APPENDIX I
FINANCIAL INFORMATION ON THE GROUP

Included in the above were the future aggregate minimum rental receivables under non-cancellable operating leases of Asia Standard Hotel, as follows:

	Asia Standard Hotel	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
In respect of land and buildings:		
Within one year	11,173	10,578
In the second to fifth year inclusive	19,129	24,726
After the fifth year	<u>—</u>	<u>2,895</u>
	<u>30,302</u>	<u>38,199</u>

(b) *Lessee*

At 31st March 2007, the future aggregate minimum lease payables under non-cancellable operating leases were as follows:

	Group	
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
In respect of land and buildings:		
Within one year	5,418	5,457
In the second to fifth year inclusive	<u>7,650</u>	<u>3,400</u>
	<u>13,068</u>	<u>8,857</u>

38 **Contingent liabilities**

	Group		Company	
	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees for the banking and loan facilities of:				
Subsidiaries	—	—	927,225	1,099,988
Jointly controlled entities	168,340	68,150	168,340	68,150
Associated companies	65,010	71,610	65,010	71,610
Third parties	1,229	1,306	—	—
Guarantees for the convertible notes/bonds issued by a subsidiary	<u>—</u>	<u>—</u>	<u>94,000</u>	<u>190,000</u>
	<u>234,579</u>	<u>141,066</u>	<u>1,254,575</u>	<u>1,429,748</u>

39 Notes to consolidated cash flow statement

Reconciliation of profit before income tax to cash generated from operations

	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before income tax	359,107	201,646
Share of profits less losses of		
Jointly controlled entities	(562)	6,372
Associated companies	(28,437)	(37,199)
Depreciation	52,940	53,651
Amortisation of leasehold land	30,725	29,333
Net realised and unrealised fair value losses on financial assets at fair value through profit or loss	11,985	2,906
Surplus on revaluation of investment properties	(184,125)	(252,540)
Negative goodwill on acquiring additional interest in a listed subsidiary	(44,885)	—
Loss on deemed disposal of interest in a listed subsidiary	—	19,929
Share option expense of a listed subsidiary	7,680	17,500
Write-back of provision for diminution in value of properties held for/under development for sale	(4,460)	(2,920)
Dividends from listed financial assets at fair value through profit or loss	(671)	(1,976)
Interest income	(9,889)	(13,055)
Interest expense	<u>111,727</u>	<u>116,963</u>
Operating profit before working capital changes	301,135	140,610
(Increase)/decrease in mortgage loans receivable	(766)	2,914
Decrease/(increase) in properties held for/under development for sale (excluding interest expense capitalised)	131,128	(26,400)
Decrease in hotel and restaurant inventories	376	124
Increase in trade and other receivables	(21,688)	(52,937)
Decrease/(increase) in restricted bank balances	4,692	(396)
(Decrease)/increase in deposit received on properties pre-sold	(212,068)	212,068
(Decrease)/increase in trade and other payables	<u>(708)</u>	<u>29,154</u>
Cash generated from operations	<u><u>202,101</u></u>	<u><u>305,137</u></u>

40 Related party transactions

The major shareholder of the Group is Asia Orient Holdings Limited (“Asia Orient”), a company incorporated in Bermuda and listed in Hong Kong and Grosvenor International S.A. (“Grosvenor”), a company incorporated in Luxembourg which owns 42.90% and 14.62% of the Company’s shares respectively. The remaining 42.48% shares are widely held.

In addition to the related party information shown elsewhere in the financial statements, the following transactions were carried out with related parties:

Sales and purchases of goods and services	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
Income from/(expense to) subsidiaries of Asia Orient		
Rental income <i>(note(a))</i>	269	259
Management fee expense <i>(note(b))</i>	(1,044)	(1,011)
Cleaning expense <i>(note(c))</i>	(881)	(728)
Rental income from associated companies of Asia Orient <i>(note(a))</i>	—	664
Interest income from a jointly controlled entity	—	282
Interest income from an associated company	3	3
Interest expense to a minority shareholder	<u>(4,455)</u>	<u>(3,928)</u>

Notes:

- (a) Rental income is subject to terms agreed by the parties involved, which are at a fixed monthly fee.
- (b) Management fee expense is charged for management services rendered at a mutually agreed fee.
- (c) Cleaning expense is subject to terms agreed by the parties involved, which are at a fixed monthly fee.

41 Subsequent events

- (a) In April 2007, certain subsidiaries of the Company converted HK\$150,000,000 convertible bonds of Asia Standard Hotel Group Limited (“Asia Standard Hotel”), a total of 1,428,574,427 shares were issued. The Group’s interest in Asia Standard Hotel increased from 62.78% to 67.03% and an estimated gain of approximately HK\$33,000,000 arising from the conversion was resulted.
- (b) In May and June 2007, a total of HK\$75,000,000 convertible notes issued by Asia Standard International Capital Limited, a subsidiary of the Company, were exercised and converted into 267,857,140 shares of the Company. The remaining HK\$19,000,000 was repurchased with accrued interest.

42 Principal subsidiaries, jointly controlled entities and associated companies

Listed below are the principal subsidiaries, jointly controlled entities and associated companies which, in the opinion of the Directors, principally affect the results and/or net assets of the Group.

Subsidiaries

(Unless indicated otherwise, they are indirectly wholly owned by the Group and have their principal place of operations in Hong Kong.)

Name	Principal activity	Issued and fully paid ordinary share capital
<i>Incorporated in Hong Kong</i>		
Asia Standard (Beijing) Company Limited	Investment holding	HK\$2
Asia Standard Development (Holdings) Limited	Investment holding	HK\$10 and non-voting deferred share capital of HK\$362,892,949
Asia Standard Development (Real Estate Agencies) Limited	Real estate agency services	HK\$2
Asia Standard Finance Company Limited	Financing services	HK\$1,000,000
Asia Standard International Limited *	Investment holding	HK\$1,214,916,441
Asia Standard Management Services Limited	Management services	HK\$2
Asia Standard Project Management Company Limited	Project management	HK\$2
Full Union Development Limited	Property development	HK\$2
Get Rich Enterprises Limited (80% owned)	Property development	HK\$2
Glory Ocean Limited	Property development	HK\$2
Grace Profit Enterprises Limited (62.8% owned)	Restaurant operation	HK\$2
Hoi Chak Properties Limited	Property investment	HK\$10 and non-voting deferred share capital of HK\$2
Honest Engineering Limited (80% owned)	Construction	HK\$100
JBC Travel Company Limited (62.8% owned)	Travel agency	HK\$2,500,000
Kelpoint Limited	Property development	HK\$2
Mark Honour Limited (90% owned)	Property development	HK\$100
Master Asia Enterprises Limited (62.8% owned)	Hotel holding	HK\$10,000
Mega Royal Limited	Property development	HK\$2
Perfect Wave Limited (62.8% owned)	Restaurant operation	HK\$2
Stone Pole Limited (62.8% owned)	Hotel holding	HK\$10
Tilpifa Company Limited	Property investment	HK\$10 and non-voting deferred share capital of HK\$10,000
Tonlok Limited	Property development	HK\$1,000
Trade Hope Limited	Property development	HK\$2
Union Rich Resources Limited (80% owned)	Property development	HK\$2
Vinstar Development Limited (62.8% owned)	Hotel holding	HK\$2
Waliway Limited	Property holding	HK\$100
Way Link Holdings Limited (90% owned)	Property trading	HK\$2
Winfast Engineering Limited	Construction	HK\$2

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FINANCIAL INFORMATION ON THE GROUP

Name	Principal activity	Issued and fully paid ordinary share capital
<i>Incorporated in Bermuda</i>		
Asia Standard Hotel Group Limited (62.8% owned)	Investment holding	HK\$126,162,000
<i>Incorporated in British Virgin Islands</i>		
Enrich Enterprises Ltd (62.8% owned)**	Hotel holding	US\$1
Global Gateway Corp. (62.8% owned)**	Hotel operation	US\$1
Glory Ventures Enterprises Inc. (62.8% owned)**	Hotel holding	US\$1
Greatime Limited (62.8% owned)	Securities investment	US\$1
<i>Incorporated in Cayman Islands</i>		
Asia Standard International Capital Limited *	Financing services	US\$2

* Direct subsidiary of the Company

** Operates in Canada

Associated companies

(Unless indicated otherwise, they are all incorporated and operated in Hong Kong.)

Name	Principal activity	Issued and fully paid ordinary share capital	Group equity interest
Gallop Worldwide Limited (incorporated in British Virgin Islands)	Investment holding	US\$2	50%
Perfect Pearl Company Limited	Property investment	HK\$11,000	33%
Sheen Finance Limited	Financing services	HK\$2	50%

Jointly controlled entities

(Unless indicated otherwise, they are all incorporated and operated in Hong Kong.)

Name	Principal activity	Issued and fully paid ordinary share capital	Group equity interest
Goldmax International Limited (incorporated in British Virgin Islands)	Investment holding	US\$1,000	50.1%
Grosvenor Asia Standard (China) Limited (incorporated in British Virgin Islands)	Property development in the People's Republic of China (the "PRC")	US\$1,500	50%
Lucky New Investment Limited	Property development	HK\$1	50%
Ocean Champion Development Limited	Property development	HK\$10,000	50%

Name	Principal activity	Issued and fully paid ordinary share capital	Group equity interest
Paramount Shine Limited	Property development	HK\$2	50%
Sheenity Enterprises Limited	Property development	HK\$10,000	50%
Weststar Enterprises Limited	Property development	HK\$2	50.1%
漁陽房地產開發(深圳)有限公司 # (incorporated in the PRC)	Property development	RMB40,000,000	41.32%

Wholly owned Foreign Enterprise operates in the PRC

43 Approval of financial statements

The financial statements were approved by the board of Directors on 18th July 2007.

3. MATERIAL CHANGES

As at the Latest Practicable Date, there have not been any material change in the trading or financial position or outlook of the Group since 31 March 2007, being the date to which the latest published audited accounts of the Group were made up save for the following:

- in April 2007, certain subsidiaries of the Company converted HK\$150,000,000 convertible bonds of Asia Standard Hotel, a total of 1,428,574,427 shares were issued. The Group's interest in Asia Standard Hotel increased from 62.78% to 67.03% and an estimated gain of approximately HK\$33,000,000 arising from the conversion was resulted; and
- on 15 May 2006, the Group issued convertible notes of the principal amount of HK\$94,000,000, which bear interest at 4% per annum payable semi-annually in arrears. Subsequent to 31 March 2007, a total principal amount of HK\$75,000,000 was converted into ordinary shares of the Company and the remaining principal amount of HK\$19,000,000 was repurchased with accrued interest.

4. INDEBTEDNESS

At the close of business on 30 June 2007, being the latest practicable date of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$1,723.0 million which comprised secured bank loans of approximately HK\$1,612.8 million, amount due to minority shareholders of HK\$110.1 million, and obligations under finance leases of HK\$0.1 million.

The Group's above outstanding borrowings are secured by certain property, plant and equipment, investment properties, leasehold land, properties held for/under development for sale, and completed properties held for sale with an aggregate book value of approximately HK\$5,331.6 million and bank deposit of approximately HK\$8.9 million as at 30 June 2007. At the close of business on 30 June 2007, the Group had contingent liabilities of approximately HK\$175.8 million in respect of guarantees for banking facilities to third parties, associated companies and jointly controlled entities.

Save as aforesaid, and apart from the intra-group liabilities and normal trade debts payable, the Group did not have any outstanding mortgages, charges, debentures, loan capital or overdrafts, or other similar indebtedness, finance leases or hire-purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities as at the close of business on 30 June 2007.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 30 June 2007.

PART 1

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from Vigers Appraisal & Consulting Limited, an independent valuer, in connection with its valuation as at 31 May 2007.

VIGERS APPRAISAL & CONSULTING LIMITED

10th Floor, The Grande Building
398 Kwun Tong Road
Kwun Tong
Kowloon



9 August 2007

The Board of Directors
Asia Standard International Group Limited
30th Floor
Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

Dear Sirs,

Re: Valuation of Various Properties in Hong Kong and the People's Republic of China

In accordance with your instructions for us to value the above property interest owned by Asia Standard International Group Limited and its subsidiary (together referred to as the "Asia Standard Group"), we confirm that we have carried out an inspection, made relevant enquiries and obtained such information as we consider necessary for the purpose of providing you with our opinion of its value as at 31 May 2007 (the "Valuation Date").

Our valuations are our opinion of market values of the properties which is defined as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing selling on an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Our valuations have been prepared in accordance with "The HKIS Valuation Standards on Properties (First Edition 2005)" published by The Hong Kong Institute of Surveyors, the relevant provisions in the Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board).

Our valuations have been made on the assumption that the properties were sold in the prevailing market in their existing state without the effect of deferred term contract, leaseback, joint venture, management agreement or any other similar arrangement which might serve to affect the values of the properties. In addition, no account has been taken into of any option or right of pre-emption concerning or affecting the sale of the properties.

We have valued the property by direct comparison approach with reference to market comparables with due allowances for the differences between the comparables and the properties. Where appropriate, we have also valued the properties held for investment by capitalisation of the net rental income obtained from the property with allowances for reversionary income potential.

We have relied to a considerable extent on the information made available to us and we have accepted advice on such matters as planning approvals, statutory notices, easements, tenure, lettings and rental income, development potential, development plans and schedule, site areas, floor areas, and all other relevant matters. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group and we have been advised by the Group that no material facts have been omitted from the information provided. All documents have been used for reference only and all dimensions, measurements and areas are therefore approximations.

For all the properties in Hong Kong, we have carried out at the Land Registry. For the property 24, we have relied on the legal opinion given by the PRC lawyer, W & H Law Firm in respect of the commercial podium of Level 1 — Level 4. The PRC legal opinions confirmed the right to manage and use but not the legal ownership of the car parks. No PRC opinion was obtained for property 23. We have ascribed no commercial value to the car parks in PRC.

We have to stress that we have not been provided with the original copies of all the documents to verify their accuracy. In any events, we reserve the right to revise our valuations should there disclose any information which is in contravention to the information provided to us.

We have inspected the exterior of the properties. However, we have not carried out any structural surveys nor have we inspected woodwork or other parts of the structures which were covered, unexposed or inaccessible to us. We are therefore unable to report whether the properties were free from any structural or non-structural defect.

We have not carried out any site surveys to determine the demarcation of the properties. In valuing the properties under developments and held for future developments, no test nor investigations have been carried out to determine the stability or suitability of ground conditions nor factors which could delay completion of a development such as archaeological artefacts, contaminations, ecological or environmental considerations. Unless otherwise informed, our valuations, assume that the sites are sound and no delays will occur in a construction schedule due to considerations relating to the sites, and that the grounds were not contaminated.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties for any expenses or taxation which might be incurred in effecting a sale. Unless otherwise stated, we have assumed that the properties were free from any encumbrances, restrictions and outgoings of an onerous nature which could serve to affect the values of the properties.

According to the information provided by the Asia Standard Group, the potential tax liability which would arise on the disposal of property interests of Group II, III, and IV in Hong Kong is stamp duty and 17.5% profit tax, and property interests in Group V in the PRC are PRC business tax (5% of consideration), PRC land appreciation tax (30% of the appreciation amount) and PRC corporate income tax (15-33% of net profit). It is expected that the relevant tax will be crystallised in the future

as the properties are held for sale. As advised by the Asia Standard Group, property interests of Group I, which are held for investment, will be subject to profit tax of 17.5% of net profit upon disposal, save for deduction of any profit which is capital in nature. The Group has no intention to dispose of these properties at present. Therefore, the likelihood of such tax liability is remote. According to the established practice, in the course of our valuations, we have neither verified nor taken into account such tax liability.

Unless otherwise stated, all monetary amounts stated herein are in the currency of Hong Kong Dollars (“HK\$”). The exchange rate used in valuing the properties interests in the PRC on 31 May 2007 was HK\$1 = RMB1.

We enclose herewith our Summary of Values and Valuation Certificates.

Yours faithfully,
For and on behalf of
VIGERS APPRAISAL & CONSULTING LIMITED
Gilbert K. M. YUEN
Registered Professional Surveyor
MRICS MHKIS
Executive Director

Note: Mr. Gilbert K. M. Yuen is a Registered Professional Surveyor in General Practice Division with over 20 years' and 15 years' valuation experience on properties in Hong Kong and the People's Republic of China respectively.

SUMMARY OF VALUES

Property	Capital Value In existing state as at 31 May 2007	Interest attributable to the Group	Capital Value attributable to the Group as at 31 May 2007
Group I: Property interests held for investment by the Asia Standard Group in Hong Kong			
1. Asia Standard Tower, Nos. 59-65 Queen's Road Central and Nos. 2-10 Li Yuen Street West, Central, Hong Kong	HK\$1,144,000,000	100%	HK\$1,144,000,000
2. The Goldmark, No. 502 Hennessy Road, Causeway Bay, Hong Kong	HK\$1,207,000,000	33%	HK\$398,310,000
3. Asia Orient Tower, Town Place, No. 33 Lockhart Road, Wanchai, Hong Kong	HK\$710,000,000	100%	HK\$710,000,000
4. The Whole of No. 22 Pottinger Street, Central, Hong Kong	HK\$21,000,000	100%	HK\$21,000,000
Sub-Total:	HK\$3,082,000,000		HK\$2,273,310,000
Group II: Property interests under development held by the Asia Standard Group in Hong Kong			
5. Nos. 238-242 Aberdeen Main Road, Aberdeen, Hong Kong	HK\$452,500,000	100%	HK\$452,500,000
6. Lot Nos. 2328RP, 2340A1, 2340A2, 2340A3, 2340A4RP, 2340A5RP, 2340A6RP, 2340RP, 2341, 2342A, 2342B1, 2342BRP, 2342CRP, 2342DRP, 2343A1, 2343ARP, 2343BRP in Demarcation District No. 124, Hung Shui Kiu, Yuen Long, New Territories, Hong Kong	HK\$330,000,000	80%	HK\$264,000,000

APPENDIX II**PROPERTY VALUATION**

Property	Capital Value In existing state as at 31 May 2007	Interest attributable to the Group	Capital Value attributable to the Group as at 31 May 2007
7. The Remaining Portion of Lot No. 531, The Remaining Portion of Section D of Lot No. 532, and The Remaining Portion of Lot No. 532 in Demarcation District No. 130, Lam Tei, Tuen Mun, New Territories, Hong Kong	HK\$50,000,000	100%	HK\$50,000,000
8. Tsuen Wan Town Lot No. 367, Yau Kom Tau, Tsuen Wan, New Territories, Hong Kong	HK\$850,000,000	50%	HK\$425,000,000
	<hr/>		<hr/>
Sub-Total:	HK\$1,682,500,000		HK\$1,191,500,000

Group III: Property interests held for Future Development by the Asia Standard Group in Hong Kong

9. The Remaining Portion of Lot No. 114 in Demarcation District No. 106, Kam Tin South, Yuen Long, New Territories, Hong Kong	HK\$3,000,000	50%	HK\$1,500,000
10. Lot Nos. 706, 732, 734, 710, 755, 759, 97 and 120 in Demarcation District No. 125, Ha Tsuen, Yuen Long, New Territories, Hong Kong	HK\$13,000,000	100%	HK\$13,000,000
11. Various Lots in Demarcation District No. 221, Sha Ha, Sai Kung, New Territories, Hong Kong	HK\$100,000,000	7.5%	HK\$7,500,000
12. Various Lots in Demarcation District No. 232, Mau Tin, Sai Kung, New Territories, Hong Kong	HK\$48,390,000	30%	HK\$14,517,000
	<hr/>		<hr/>
Sub-Total:	HK\$164,390,000		HK\$36,517,000

Property	Capital Value In existing state as at 31 May 2007	Interest attributable to the Group	Capital Value attributable to the Group as at 31 May 2007
Group IV: Unsold Property interests held by the Asia Standard Group in Hong Kong			
13. Various units in Green Orchid, 1 Ping Hing Lane, Ping Shan, Yuen Long, New Territories, Hong Kong	HK\$31,950,000	100%	HK\$31,950,000
14. Various units in Canaryside, 8 Shung Shun Street, Yau Tong, Kowloon, Hong Kong	HK\$455,000,000	100%	HK\$455,000,000
15. Various units in China United Centre, No. 28 Marble Road, North Point, Hong Kong	HK\$118,000,000	80%	HK\$94,400,000
16. Flat E on 3/F, Bijou Apartments, No. 157 Prince Edward Road West, Mongkok, Kowloon, Hong Kong	HK\$2,380,000	50%	HK\$1,190,000
17. Flats C & E on 31/F, Li Chit Garden, No. 1 Li Chit Street, Wan Chai, Hong Kong	HK\$6,550,000	100%	HK\$6,550,000
18. Flat B, 11/F, Miami Mansion, Nos. 13-15 Cleveland Street, Causeway Bay, Hong Kong	HK\$6,000,000	100%	HK\$6,000,000
19. Flat A, 5/F, Block 1, Kam Fai Garden, No. 6 Wah Fat Road, Tuen Mun, New Territories, Hong Kong	HK\$900,000	100%	HK\$900,000
20. Car Parking Spaces Nos. 12-17, 19, 26, 27, 29 and 34 on Ground Floor, Swallow Garden, No. 68 San Wan Road, Fanling Wai, Fanling, New Territories, Hong Kong	HK\$1,650,000	100%	HK\$1,650,000
21. Car Parking Spaces Nos. G05-G11 on Ground Floor and Car Parking Space No. 110 on 1st Floor, The Oakridge, No. 88 Yiu Hing Road, Shaukeiwan, Hong Kong	HK\$2,120,000	100%	HK\$2,120,000

APPENDIX II**PROPERTY VALUATION**

Property	Capital Value In existing state as at 31 May 2007	Interest attributable to the Group	Capital Value attributable to the Group as at 31 May 2007
22. Car Parking Spaces Nos. 1-3, 58, 67, 68, 75, 77, 78, 81, 95 and 97 on Ground Floor, Royal Knoll, No. 2 Chi Wing Close, Fanling, New Territories, Hong Kong	HK\$2,160,000	100%	HK\$2,160,000
	_____		_____
Sub-Total:	HK\$626,710,000		HK\$601,920,000
Group V: Unsold Property Interests held by the Asia Standard Group in PRC			
23. 50 car parking spaces in Palace Apartment, Ya Bao Road, Chao Yang District, Beijing, The People's Republic of China	No Commercial Value	100%	No Commercial Value
24. Retail Podium on Level 1 to Level 4 and 163 Car parking spaces on Basement 1 to Basement 3, Oriental Garden, Junction of Dongmen Central Road and Tongle Road, Luhu District, Shenzhen, The People's Republic of China	HK\$300,000,000	41.32%	HK\$123,960,000
	_____		_____
Sub-Total:	HK\$300,000,000		HK\$123,960,000
	-----		-----
Grand Total:	<u>HK\$5,555,600,000</u>		<u>HK\$4,103,247,000</u>

VALUATION CERTIFICATE

Property interests held for investment by the Asia Standard Group in Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
1. Asia Standard Tower, Nos. 59-65 Queen's Road Central and Nos. 2-10 Li Yuen Street West, Central, Hong Kong	The property comprises a 23-storey plus a lower ground floor commercial building completed in about 1977. The site area of the building is approximately 727.09 sq.m. (7,826.36 sq.ft.).	According to the information provided by the Asia Standard Group, as at 31 May 2007, except approximately 606 sq.m. (6,523 sq.ft.) office spaces were vacant, the remaining areas of the property were let to various tenants with the latest tenancy expiring on 30 April 2010. The total monthly rent was HK\$3,238,525.1, exclusive of rates and management fees.	HK\$1,144,000,000
Inland Lot Nos. 5148, 5149, 5150, 5151, 5152 and The Extensions Thereto, The Remaining Portion of Inland Lot No. 5153 and The Extension Thereto, Inland Lot Nos. 5185, 5186, 5187, 5188 and 5189	According to the information provided by the Asia Standard Group, the property has a total gross floor area of approximately 12,371.80 sq.m. (133,169 sq.ft.) with breakdown as follows:		
	Gross Floor Area (sq.ft.)		
	Retail	26,976*	
	Office	106,193	
	Total	<u>133,169</u>	
	* Saleable Area is 20,692 sq.ft.		
	The property is held from the Government under various Government leases for respective terms of 999 years commencing from 26 June 1843. The current total Government Rent payable for the lots is about \$144 per annum.		

Notes:

- The registered owner of the property is Hoi Chak Properties Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
- The property is subject to a Mortgage, Rental Assignment and Charge over Account and a Second Charge in favour of Bank of China (Hong Kong) Limited.
- According to the Central District Outline Zoning Plan No. S/H4/12 dated 18 February 2003, the property currently lies within the zoning of "Commercial".

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
2. The Goldmark, No. 502 Hennessy Road, Causeway Bay, Hong Kong	The property comprises a 24-storey plus two basements commercial building completed in about 1987. The site area of the building is approximately 581.94 sq.m. (6,264 sq.ft.).	According to the information provided by the Asia Standard Group, as at 31 May 2007, except portions of the property having a total gross floor area of approximately 3,074.79 sq.m. (33,097 sq.ft.) retail spaces and 2,465.81 sq.m. (26,542 sq.ft.) offices spaces were vacant, the remaining areas of the property were let to various tenants with the latest tenancy expiring on 4 May 2010. The total monthly rent was HK\$2,394,896.5, exclusive of rates and management fees. In addition, there were also incomes from advertising stations at side wall Q Board and North Flank Wall A + B which were HK\$4,452,000 and HK\$3,697,000 respectively in January to December 2006.	HK\$1,207,000,000 (33% interest attributable to the Group: HK\$398,310,000)
Inland Lot Nos. 8584 and Section Q of Inland Lot No. 81	According to the information provided by the Asia Standard Group, the property has a total gross floor area of approximately 9,900.59 sq.m. (106,570 sq.ft.) with the breakdown as follows:		
	Gross Floor Area (sq.ft.)		
	Retail	49,949*	
	Office	<u>56,621</u>	
	Total	<u>106,570</u>	
	* Saleable area is 29,472 sq.ft.		
	The property is held from the Government under two Government leases for respective terms of 75 years renewable for further 75 years commencing from 21 December 1984 (Inland Lot No. 8584) and 999 years commencing from 26 June 1843 (Section Q of Inland Lot No. 81). The current total Government Rent payable for the lots is about \$1,012 per annum.		

Notes:

1. The registered owners of the property are Perfect Pearl Company Limited (99/100th shares) which is a 33% owned associate company of the Asia Standard International Group and MTR Corporation Limited (1/100th share).
2. The property is subject to a legal charge in favour of Hang Seng Bank Limited (99/100th shares).
3. According to the Causeway Bay Outline Zoning Plan No. S/H6/14 dated 13 September 2005, the property currently lies within the zoning of "Commercial/Residential".

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
3. Asia Orient Tower, Town Place, No. 33 Lockhart Road, Wanchai, Hong Kong	The property comprises one of a twin 24-storey commercial buildings erected on a 6-level podium completed in about 1993.	According to the information provided by the Asia Standard Group, as at 31 May 2007, about 992.47 sq.m. (10,683 sq.ft.) office spaces were vacant and 1,376.25 sq.m. (14,814 sq.ft.) office spaces were owner occupied, the remaining areas of the property were leased to various tenants with the latest tenancy expiring on 14 March 2010. The total monthly rent was HK\$1,887,538.5 exclusive of rates and management fees, which included rent paid for the owner occupied portions and car park rental.	HK\$710,000,000
The Remaining Portions of Sub-sections 1, 2 and 4 of Section A, Section A of Sub-section 3 of Section A and The Remaining Portion of Section A of Inland Lot No. 2821	According to the information provided by the Asia Standard Group, the property has a total gross floor area of approximately 10,552.67 sq.m. (113,588 sq.ft.) with breakdown as follows:		
	Gross Floor Area (sq.ft.)		
	Retail 3,120*		
	Office (self occupied) 19,472		
	Office (lease out) 90,996		
	Total <u>113,588</u>		
	* Saleable area is 1,891 sq.ft.		
	The property also includes 35 private car parking spaces.		
	The property is held from the Government under five Government leases for a term of 99 years renewable for further 99 years commencing from 25 May 1929. The Determined Rent payable for Section A of Inland Lot No. 2821 is about \$144 per annum.		

Notes:

1. The registered owner of the property is Tilpifa Company Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. The property is subject to a Debenture and a Deed of Variation and Further Charges in favour of Hang Seng Bank Limited.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/24 dated 27 October 2006, the property currently lies within the zoning of "Commercial/Residential".

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007												
4. The Whole of No. 22 Pottinger Street, Central, Hong Kong Inland Lot No. 5158	<p>The property comprises a 3-storey pre-war commercial/residential tenement building erecting on a site of area of 70.23 sq.m. (756 sq.ft.).</p> <p>According to the information provided by the Asia Standard Group, the property has a total saleable floor area of 191.6 sq.m. (2,063 sq.ft.)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Floor</th> <th style="text-align: left;">Saleable area (sq.ft.)</th> </tr> </thead> <tbody> <tr> <td>G/F</td> <td>52.3 sq.m. (563 sq.ft.)</td> </tr> <tr> <td>Cockloft</td> <td>37.9 sq.m. (408 sq.ft.)</td> </tr> <tr> <td>1/F</td> <td>50.7 sq.m. (546 sq.ft.)</td> </tr> <tr> <td>2/F</td> <td>50.7 sq.m. (546 sq.ft.)</td> </tr> <tr> <td style="border-top: 1px solid black;">Total</td> <td style="border-top: 1px solid black; border-bottom: 3px double black;">191.6 sq.m. (2,063 sq.ft.)</td> </tr> </tbody> </table> <p>The property is held from the Government under a Government Lease for a term of 999 years commencing from 26 June 1843. The Government rent is \$14 per annum.</p>	Floor	Saleable area (sq.ft.)	G/F	52.3 sq.m. (563 sq.ft.)	Cockloft	37.9 sq.m. (408 sq.ft.)	1/F	50.7 sq.m. (546 sq.ft.)	2/F	50.7 sq.m. (546 sq.ft.)	Total	191.6 sq.m. (2,063 sq.ft.)	<p>According to the information provided by the Asia Standard Group, as at 31 May 2007, the property was leased for a term of 3 years commencing from 1 April 2005 to 31 March 2008 at a monthly rent of HK\$138,000 exclusive of rates and management fees with an option to renew for a further term of 2 years at the rents of not more than 15% increment of the monthly rental.</p>	HK\$21,000,000
Floor	Saleable area (sq.ft.)														
G/F	52.3 sq.m. (563 sq.ft.)														
Cockloft	37.9 sq.m. (408 sq.ft.)														
1/F	50.7 sq.m. (546 sq.ft.)														
2/F	50.7 sq.m. (546 sq.ft.)														
Total	191.6 sq.m. (2,063 sq.ft.)														

Notes:

1. The registered owner of the property is Glory Ocean Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. The property is subject to a legal charge in favour of Industrial and Commercial International Capital Limited.
3. The property is zoned for "Commercial" under the Central Outline Zoning Plan No. S/H4/12 dated 18 February 2003.

Group II: Property interests held under development held by the Asia Standard Group in Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
5. Nos. 238-242 Aberdeen Main Road, Aberdeen, Hong Kong Aberdeen Inland Lot No. 365	<p>The property comprises a development land with a site area of 1,507.80 sq.m. (16,230 sq.ft.).</p> <p>The proposed development is a 41-storey commercial/residential building with ground floor devoted for retail use and the upper floors for residential units providing 180 units. Ancillary facilities include a club house with outdoor swimming pool, children play area, gymnasium and landscape garden. There are 38 carparking spaces.</p> <p>The anticipated completion of the development is in April 2008.</p> <p>The property is held from the Government under Conditions of Sale No. 10793 for a term of 75 years renewable for further 75 years commencing from 4 July 1975. The Government rent is equivalent to HK\$1,000 per annum.</p>	According to the information provided by the Asia Standard Group, as at 31 May 2007, construction works were under progress.	HK\$452,500,000

Notes:

- The registered owner of the property is Full Union Development Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
- The property is subject to a Building Mortgage in favour of Hang Seng Bank Limited.
- The property is zoned for "Residential (Group E)" under Aberdeen and Ap Lei Chau Outline Zoning Plan No. S/H15/24 dated 19 December 2006. Approval for application under section 16 of the Town Planning Ordinance was given by Town Planning Board for a proposed residential development scheme on the property on 18 February 2000.
- The Government lease has been modified to permit the user of the property for non-industrial (excluding godown, petrol filling station and hotel) purposes. Principal development conditions on the modification are as follows:

Minimum total gross floor area:	7,287 sq.m. (78,437 sq.ft.)
Maximum total gross floor area:	12,145 sq.m. (130,728 sq.ft.)
Maximum total gross floor area: (private residential)	12,007 sq.m. (129,243 sq.ft.)
Maximum total gross floor area: (other than private residential)	138 sq.m. (1,485 sq.ft.)

5. The total construction expended on the property as at 31 May 2007 was in the sum of HK\$72,220,000, (excluding interests capitalized) which has been reflected in the capital value in existing state. The estimated further cost required for completing the development was HK\$77,000,000.

6. The estimated capital value of the development when completed as at 31 May 2007 was HK\$670,000,000

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
6. Lot Nos. 2328RP, 2340A1, 2340A2, 2340A3, 2340A4RP, 2340A5RP, 2340A6RP, 2340ARP, 2340RP, 2341, 2342A, 2342B1, 2342BRP, 2342CRP, 2342DRP, 2343A1, 2343ARP, 2343BRP in Demarcation District 124, Hung Shui Kiu, Yuen Long, New Territories, Hong Kong	<p>The property comprises 18 agricultural lots in D.D.124 with a total site area of 5,274.5 sq.m. (56,775 sq.ft.).</p> <p>The property is held from the Government under a Block Government Lease for a term expired on 30 June 1997 and has been extended until 30 June 2047 by the New Territories Leases (Extension) Ordinance.</p> <p>The annual Government rent is equivalent to three percent for the time being of the rateable value of the property.</p>	According to the information provided by the Asia Standard Group, as at 31 May 2007, the property was vacant.	<p>HK\$330,000,000 (80% interest attributable to the Group: HK\$264,000,000)</p>

Notes:

- The registered owner of the property is Union Rich Resources Limited which is an 80% owned subsidiary of the Asia Standard International Group Limited.
- The property is subject to a Mortgage in favour of Hang Seng Bank Limited.
- The property is zoned for "Residential (Group A)2" under Ping Shan Outline Zoning Plan No. S/YL-PS/11 dated 1 February 2005. Approval for application under section 16 of the Town Planning Ordinance was by Town Planning Board on 25 February 2005 for a minor relaxation of the building height restriction.
- Principal conditions for a proposed land exchange have been offered by the Lands Department and was accepted by the owner on 3 July 2007. The conditions contain inter alia the followings:

Area to be surrendered:	5,274 sq.m. (56,774.7 sq.ft.)
Area to be granted:	9,420 sq.m. (101,397 sq.ft.)
Lease Term:	50 years from the date of Agreement
User:	Private residential purposes only
Minimum total gross floor area:	27,363 sq.m. (287,367 sq.ft.)
Maximum total gross floor area:	45,605 sq.m. (490,892 sq.ft.)
Total Site Coverage:	Maximum 42% on the pink area (as shown on the site plan having a site area of about 9,121 sq.m.)
Maximum no. of storeys:	12
Maximum building height:	47.5m above Hong Kong Principal Datum

5. In our valuation, we have assumed the leased exchange would be imminent subject to the payment of premium and the valuation was made on the basic of conditions granted after the land exchange. The valuation is not inclusive of the premium.
6. The total construction cost expended on the property as at 31 May 2007 was in the sum of HK\$2,300,000 (excluding interests capitalized) which has been reflected in the capital value in its existing state. The estimated further cost required for completion of the development was in the sum of HK\$638,000,000 which did not include the premium.
7. The estimated capital value of the development when completed as at 31 May 2007 was in the sum of HK\$1,530,000,000.
8. The expected date of completion is in 2010.

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
7. The Remaining Portion of Lot No. 531, The Remaining Portion of Section D of Lot No. 532, and The Remaining Portion of Lot No. 532 in Demarcation District No. 130, Lam Tei, Tuen Mun, New Territories, Hong Kong	<p>The property comprises 3 agricultural lots in D.D.130 with a total site area of 1004.4 sq.m. (10,811 sq.ft.).</p> <p>The property is held from the Government under the New Grant No. 356 for a term expired on 30 June 1997 and has been extended until 30 June 2047 by the New Territories Leases (Extension) Ordinance.</p> <p>The annual Government rent is equivalent to three percent for the time being of the rateable value of the property.</p>	According to the information provided by the Asia Standard Group, the property was vacant as at 31 May 2007	HK\$50,000,000

Notes:

- The registered owner of the property is Free Ocean Investments Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
- The property is subject to a Notice (under S.19 of Railways Ordinance Chapter 519) of Resumption of land (Remarks: GN. 4958 with relevant resumption plan no. WRM0051) and is also subject to a Notice (under S. 21 of Railways Ordinance Chapter 519) of Creation of Rights (Remarks: of temporary occupation of land G.N.4961 with relevant plan no. WRM0052).
- The property is zoned for "Commercial" under Lam Tei & Yick Yuen Outline Zoning Plan No. S/TM-LTTY/6 dated 14 March 2006. Approval for application under section 16 of the Town Planning Ordinance was given by Town Planning Board for a proposed residential development with retail facilities in "Commercial" zone on the property and adjoining Government Land on 28 June 2002.
- Pursuant to the planning approval, the owner has made an application to the Lands Department for a proposed lease modification/land exchange to permit a residential development with commercial and ancillary recreational and carpark provisions on the property together with the adjoining Government land of area 831.5 sq.m. Principal terms of the proposed land exchange are inter alia as the followings:

Area to be surrendered :	1004.4 sq.m. (10,811 sq.ft.)
Area to be granted:	1,835.9 sq.m. (19,761 sq.ft.)
Total Plot Ratio:	3.6
Gross Floor Area:	Domestic — 6,557.49 sq.m. (70,585 sq.ft.) Non-Domestic — 51.75 sq.m. (557 sq.ft.)
Site Coverage:	Domestic — 40.99% Non-Domestic — 88.84%
Building Height:	36m (12 storeys)

5. The land exchange application to the Lands Department is in progress. The approval of the modification/land exchange will be required the payment of premium. In our valuation, we have regarded that the master plan of this land exchange scheme has been principally approved by the Town Planning Board, the land exchange would be expected to be imminent subject to the payment of premium. Our valuation was made on the basic of this master plan and the valuation is not inclusive of the premium.
6. The estimated cost required for completing the development was in the sum of HK\$60,000,000 which did not include the premium.
7. The estimated capital value of the development when completed as at 31 May 2007 was in the sum of HK\$202,000,000.
8. The expected date of completion is in 2010.

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
8. Tsuen Wan Town Lot No. 367, Yau Kom Tau, Tsuen Wan, New Territories, Hong Kong	<p>The property comprises a development land with a site area of 7,700 sq.m. (82,883 sq.ft.).</p> <p>The development will comprise a 32-storey residential building providing 59 duplex units on a 7-level carpark podium.</p> <p>Ancillary facilities including a clubhouse with outdoor swimming pool, tennis court, gymnasium and landscaped garden. There are 184 private carparking spaces plus 8 motor cycle parking spaces.</p> <p>The anticipated completion of the development is in December 2008.</p> <p>According to the information provided by the Asia Standard Group, the approved gross floor area of the development is totally 16,317 sq.m. (175,636 sq.ft.).</p> <p>The property is held from Government under the New Grant No. 20228 for a same term of 50 years from 7 July 2006.</p> <p>The annual Government rent is equivalent to three percent for the time being of the rateable value of the property.</p>	According to the information provided by the Asia Standard Group, as at 31 May 2007, construction works were under progress.	HK\$850,000,000 (50% interest attributable to the Group: HK\$425,000,000)

Notes:

1. The registered owner of the property is Lucky New Investment Limited, in which Asia Standard International Group Limited owns 50% interest.
2. The property is subject to a mortgage and second mortgage in favour of Hang Seng Bank Limited.
3. The property is zoned for "Residential (Group B)" by Tsuen Wan Outline Zoning Plan No. S/TW/23 dated 9 December 2005.
4. The total construction cost expended on the property as at 31 May 2007 was in the sum of HK\$38,500,010 (excluding interests capitalized) which has been reflected in the capital value in its existing state. The estimated further cost required for completing the development was in the sum of HK\$361,500,000.
5. The estimated capital value of the development when completed as at 31 May 2007 was HK\$1,535,000,000.

Group III: Property interests held for Future Development by the Asia Standard Group in Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
9. The Remaining Portion of Lot No. 114 in Demarcation District No. 106, Kam Tin South, Yuen Long, New Territories, Hong Kong	<p>The property comprises an agricultural lot in D.D.106 with a land area of 2,256.95 sq.m. (27,523 sq.ft.).</p> <p>The property is held from the Government under a Block Government Lease for a term expired on 30 June 1997 and has been extended until 30 June 2047 by the New Territories Leases (Extension) Ordinance.</p> <p>The annual Government rent is equivalent to three percent for the time being of the rateable value of the property.</p>	According to the information provided by the Asia Standard Group, the property was vacant as at 31 May 2007.	HK\$3,000,000 (50% interest attributable to the Group: HK\$1,500,000)

Notes:

1. Crystal Rich Limited, a wholly owned subsidiary company of the Asia Standard International Group is the registered co-owner of the property, which holds 1/2 tenant-in-common share.
2. The property is zoned for "Comprehensive Development Area" under Kam Tin South Outline Zoning Plan No. S/YL-KTS/10 dated (4 June 2004).
3. As at 31 May 2007, there was no development plan for the property.

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
10. Lot Nos. 706, 732, 734, 710, 755, 759, 97 and 120 in Demarcation District No. 125, Ha Tsuen, Yuen Long, New Territories, Hong Kong	<p>The property comprises 8 agricultural lots in D.D.120 with a total land area of 1.08 acre i.e 4,370.59 sq.m. (47,045 sq.ft.).</p> <p>The property is held from the Government under a Block Government Lease for a term expired on 30 June 1997 and has been extended until 30 June 2047 by the New Territories Leases (Extension) Ordinance.</p> <p>The annual Government rent is equivalent to three percent for the time being of the rateable value of the property.</p>	According to the information provided by the Asia Standard Group, the property was vacant as at 31 May 2007.	HK\$13,000,000

Notes:

1. The registered owner of the property is Trade Hope Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. The property is subject to a legal charge in favour of Sino View Holdings Limited.
3. The property is zoned for "Comprehensive Development Area" under Ha Tsuen Outline Zoning Plan No. S/YL-HT/8 dated 31 October 2006.
4. As at 31 May 2007, there was no development plan for the property.

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
11. Various Lots in Demarcation District No. 221, Sha Ha, Sai Kung, New Territories, Hong Kong	<p>The property comprises 144 agricultural lots in D.D.221 with total land area of 34,813.70 sq.m. (374,734.64 sq.ft.).</p> <p>2 of these lots with aggregate land area of 303.51 sq.m. (3,267 sq.ft.) are owned with ½ share; 4 of these lots with aggregate area of 979.83 sq.m. (9,147.6 sq.ft.) are owned with ¼ share; and 1 of these lots with an area of 1,214 sq.m. (1,306.8 sq.ft.) are owned with ¾ share by the respective Group's subsidiary companies.</p> <p>The property is held from the Government under a Block Government Lease for a term expired on 30 June 1997 and has been extended until 30 June 2047 by the New Territories Leases (Extension) Ordinance.</p> <p>The annual Government rent is equivalent to three percent for the time being of the rateable value of the property.</p>	According to the information provided by the Asia Standard Group, the property was vacant as at 31 May 2007.	HK\$100,000,000 (7.5% interest attributable to the Group: HK\$7,500,000)

Notes:

1. The subject lots include Lots Nos. 80, 88, 97, 103, 107, 109, 110, 116, 126, 128, 130, 140, 142, 143, 144, 145, 147, 148, 150, 160, 162, 166, 169, 171, 174, 175, 180, 181, 182, 186, 192, 194, 195, 196, 198, 200, 201, 202, 204, 206, 208, 213, 215, 217, 220, 223, 224, 233, 269, 270, 1372, 1376, 1417, 1418, Section B of Lot No.1429, Lot Nos. 190, 191, The remaining portion of Lot No. 102, The remaining portion of Lot No. 112, The remaining portion of Lot No. 1362, The remaining portion of Lot No. 1371, The remaining portion of Lot No. 1383, The remaining portion of Lot No. 1406, The remaining portion of Section C of the Lot No. 1407, The remaining portion of Section C of Lot No. 1416, The remaining portion of Lot No. 1434, Section A of Lot No. 157, Section A of Lot No. 158, Section A of Lot No. 178, Section A of Lot No. 189, The remaining portion of Lot No. 271, Lots Nos.117, 123, 93, 104, 135, 165, 168, 184, 211, 212, 214, 218, 219, 221, The remaining portion of 101, The remaining portion of 1375, The remaining portion of Section D of Lot No. 1407, The remaining portion of Section D of Lot No. 1416, Section D of Lot No. 199, ½ of Lot No. 124, ½ of Lot No. 132, Lot Nos. 137, 89, 91, 92, 95, 96, 106, 114, 115, 119, 121, 122, 125, 127, 129, 141, 146, 151, 161, 164, 167, 173, 183, 188, 207, 209, 210, 216, 222, 1373, 1419, 1420, 1422, The remaining portion of Lot No. 131, Section B of Lot No. 133, The remaining portion of Lot No. 1374, The remaining portion of Lot No. 1377, Section A of Lot No. 138, The remaining portion of Lot No. 138, The remaining portion of Lot No. 1415, The remaining portion of Lot No. 1423, The remaining portion of Lot No. 1427, Section B of Lot No. 158, Section B of Lot No. 189, Section B of Lot No. 205, The remaining portion of Lot No. 98, ¼ of Lot No. 90, ¼ of Lot No. 153, ¼ of Lot No. 154, ¼ of Section B of Lot No. 157, ¾ of Section C of Lot No. 133.
2. The registered owner of Lots Nos. 80, 88, 97, 99, 103, 109, 110, 116, 126, 128, 130, 140, 142, 143, 144, 145, 147, 148, 150, 160, 162, 166, 169, 171, 174, 175, 180, 181, 182, 186, 192, 194, 195, 196, 198, 200, 201, 202, 204, 206, 208, 213, 215, 217, 220, 223, 224, 233, 269, 270, 1372, 1376, 1417, 1418, The remaining portion of Lot No. 102, The remaining portion of Lot No. 112, The remaining portion of Lot No. 1362, The remaining portion of Lot No. 1371, The remaining portion of Lot No. 1383, The remaining portion of Lot No. 1406, The remaining portion of

Section C of 1407, The remaining portion of Section C of Lot No. 1416, The remaining portion of Lot No. 1434, Section A of Lot No. 157, Section A of Lot No. 158, Section A of Lot No. 178, Section A of Lot No. 189 and The remaining portion of Lot No. 271 in D.D. 221 is New Hope Limited, in which Asia Standard International Group Limited owns 7.5% interest.

The registered owner of Lots Nos. 95, 104, 135, 165, 168, 184, 211, 212, 214, 218, 219, 221, The remaining portion of Lot No. 101, The remaining portion of Lot No. 1375, The remaining portion of Section D of Lot No. 1407, The remaining portion of Section D of Lot No. 1416, Section D of Lot No. 199 in D.D. 221 is Regenteam Investments Limited, in which Asia Standard International Group Limited owns 7.5% interest.

The registered owners of Section B of Lots No. 1429, Lots Nos. 190, 191, 117 and 123 in D.D. 221 are New Hope Limited and Regenteam Investments Limited which are 7.5% owned subsidiaries of Asia Standard International Group Limited, each with ½ shares by tenant-in-common.

The registered owner of Lots Nos. 89, 91, 92, 95, 96, 106, 114, 115, 119, 121, 122, 125, 127, 129, 141, 146, 151, 161, 164, 167, 173, 183, 188, 207, 209, 210, 216, 222, 1373, 1419, 1420, 1422, The remaining portion of Lot No. 131, Section B of 133, The remaining portion of Lot No. 1374, The remaining portion of Lot No. 1377, Section A of Lot No. 138, The remaining portion of Lot No. 138, The remaining portion of Lot No. 1415, The remaining portion of Lot No. 1423, The remaining portion of Lot No. 1427, Section B of Lot No. 158, Section B of Lot No. 189, Section B of Lot No. 205, The remaining portion of Lot No. 98 in D.D. 221 is Shingo Development Limited, in which Asia Standard International Group Limited owns 7.5% interest.

The 1/2 tenant-in-common shares of Lots Nos. 132 and 137 in D.D. 221 are owned by Regenteam Investments Limited, in which Asia Standard International Group Limited owns 7.5% interest.

The 1/4 tenant-in-common shares of Lots Nos. 90, 153, 154 and Section B of Lot No. 157 and 3/4 tenant-in-common shares of Section C of Lot No. 133 in D.D. 221 are owned by Shingo Developments Limited, in which Asia Standard International Group Limited owns 7.5% interest.

3. The subject lots fall within the area zoned for “Comprehensive Development Area (1)” under Sai Kung Town Outline Zoning Plan under S/SK-SKT/4 dated 19 December 2006.
4. As at 31 May 2007, there was no development plan for the property.

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 30 September 2004
12. Various Lots in Demarcation District No. 232, Mau Tin, Sai Kung, New Territories, Hong Kong	<p>The property comprises 162 agricultural lots in D.D.232 with total land area of 15.87 acre i.e 64,223.07 sq.m. (691,297 sq.ft.).</p> <p>The property is held from the Government under a Block Government Lease for a term expired on 30 June 1997 and has been extended until 30 June 2047 by the New Territories Leases (Extension) Ordinance.</p> <p>The annual Government rent is equivalent to three percent for the time being of the rateable value of the property.</p>	According to the information provided by the Asia Standard Group, as at 31 May 2007, the property was vacant.	HK\$48,390,000 (30% interest attributable to the Group: HK\$14,517,000)

Notes:

- The subject lots include Lots Nos. 1, 2, 5, 6, 7, 8, 9, 10, 11, 14, 15, 20, 22, 23, 24, 25, 26, 27, Section A of Lot No. 28, Section B of Lot No. 28, Section C of Lot No. 28, Section D of Lot No. 28, Section E of Lot No. 28, Section F of Lot No. 28, Section G of Lot No. 28, The remaining portion of Lot No. 28, Subsection 1 of Section A of Lot No. 29, Subsection 2 of Section A of Lot No. 29, Subsection 3 of Section A of Lot No. 29, Subsection 4 of Section A of Lot No.29, Subsection 5 of Section A of Lot No. 29, Subsection 6 of Section A of Lot No. 29, Subsection 7 of Section A Lot No. 29, Subsection 8 of Section A of Lot No. 29, Subsection 9 of Section A of Lot No. 29, Subsection 10 of Section A of Lot No. 29, Subsection 11 of Section A of Lot No. 29, Subsection 12 of Section A of Lot No. 29, Subsection 13 of Section A of Lot No. 29, Subsection 14 of Section A of Lot No. 29, Subsection 15 of Section A of Lot No. 29, Subsection 16 of Section A of Lot No. 29, Subsection 17 of Section A of Lot No. 29, Subsection 18 of Section A of Lot No. 29, Subsection 19 of Section A of Lot No. 29, Subsection 20 of Section A of Lot No. 29, Subsection 21 of Section A of Lot No. 29, Subsection 22 of Section A of Lot No. 29, Subsection 23 of Section A of Lot No. 29, Subsection 24 of Section A of Lot No. 29, Subsection 25 of Section A of Lot No. 29, Subsection 26 of Section A of Lot No. 29, Subsection 27 of Section A of Lot No. 29, Subsection 28 of Section A of Lot No. 29, Subsection 29 of Section A of Lot No. 29, Subsection 30 of Section A of Lot No.29, Subsection 31 of Section A of Lot No. 29, Subsection 32 of Section A of Lot No.29, Subsection 33 of Section A of Lot No.29, Subsection 34 of Section A of Lot No. 29, Subsection 35 of Section A of Lot No. 29, Subsection 36 of Section A of Lot No. 29, Subsection 37 of Section A of Lot No. 29, Subsection 25 of Section B of Lot No. 29, Subsection 26 of Section B of Lot No. 29, Subsection 27 of Section B of Lot No.29, Subsection 28 of Section B of Lot No. 29, Subsection 29 of Section B of Lot No. 29, Subsection 30 of Section B of Lot No. 29, Subsection 31 of Section B of Lot No. 29, Subsection 32 of Section B of Lot No. 29, Subsection 33 of Section B of Lot No. 29, Subsection 34 of Section B of Lot No. 29, Subsection 35 of Section B of Lot No. 29, Subsection 36 of Section B of Lot No. 29, Subsection 37 of Section B of Lot No. 29, Subsection 38 of Section B of Lot No. 29, Subsection 39 of Section B of Lot No. 29, Subsection 40 of Section B of Lot No. 29, Subsection 41 of Section B of Lot No. 29, Subsection 42 of Section B of Lot No. 29, Subsection 43 of Section B of Lot No. 29, Subsection 44 of Section B of Lot No. 29, Subsection 45 of Section B of Lot No. 29, Subsection 46 of Section B of Lot No. 29, Subsection 1 of Section C of Lot No. 29, Subsection 2 of Section C of Lot No. 29, Subsection 3 of Section C of Lot No. 29, Subsection 4 of Section C of Lot No. 29, Subsection 5 of Section C of Lot No. 29, Subsection 6 of Section C of Lot No. 29, Subsection 7 of Section C of Lot No. 29, Subsection 8 of Section C of Lot No. 29, Subsection 9 of Section C of Lot No. 29, Subsection 10 of Section C of Lot No. 29, Subsection of 11 of Section C of Lot No. 29, Subsection 12 of Section C of Lot No. 29, Subsection 13 of Section C of Lot No. 29, Subsection 14 of Section C of Lot No. 29, Subsection 15 of Section C of Lot No. 29, Subsection 16 of Section C of Lot No. 29, Subsection 17 of Section C of Lot No. 29, Subsection 18 of Section C of Lot No. 29, Subsection 19 of Section C of Lot No. 29, Subsection 20 of Section C of Lot No. 29, Subsection 21 of Section C of Lot No. 29, Subsection 22 of Section

C of Lot No. 29, Subsection 23 of Section C of Lot No. 29, Subsection 24 of Section C of Lot No. 29, Subsection 25 of Section C of Lot No. 29, Subsection 26 of Section C of Lot No. 29, Subsection 27 of Section C of Lot No. 29, Subsection 28 of Section C of Lot No. 29, Subsection 29 of Section C of Lot No. 29, Subsection 30 of Section C of Lot No. 29, Subsection 31 of Section C of Lot No. 29, The remaining portion of Section A of Lot No. 29, The remaining portion of Section B of Lot No. 29, The remaining portion of Section C of Lot No. 29, The remaining portion of Lot No. 29, Lot Nos. 30, 31, 32, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, Section A of Lot No. 46, Section B of Lot No. 46, The remaining portion of Lot No. 46, Lot Nos. 48, 49, 50, 51, 52, 54, 55, 56, 58, 59, 60, 62, 63, 64, 65, 66, 67, 69, 71, 72, 73, 75, 76, 77.

2. The registered owner of the property is Auburntown Limited which is a 30% owned associate company of Asia Standard International Group Limited.
3. Majority of the subject lots fall within the area zoned for “Conservation Area” and some of the subject lots fall within the area of “Coastal Protection Area” under Hebe Haven Outline Zoning Plan under S/SK-HH/6 dated 14 March 2006.
4. As at 31 May 2007, there was no development plan for the property.

Group IV: Unsold Property interests held by the Asia Standard Group in Hong Kong

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
13. Various units in Green Orchid, 1 Ping Hing Lane, Ping Shan, Yuen Long, New Territories, Hong Kong 548/2,019th parts or shares of and in The Remaining Portion of Lot No. 1738 in D.D. 122	<p>The property comprises 10 residential units, of which 7 in Block 1 including Flats A, B, and E on Ground Floor, Flat D on 3rd Floor, Flats D, E and F on 5th Floor, and 3 in Block 2 including Flat B on 1st Floor, Flat B on 2/F and Flat E on 5th, and 33 car private parking spaces nos. 1-10, 13-18, 20-21, 23, 27-28, 35, 37, 40-41, 43, 45-53 and 4 motor cycle parking spaces nos. M1, M2, M5 and M6 on Ground Floor of Green Orchid. Green Orchid is a residential development consisting of two 5-storey residential blocks with car parking spaces on Ground Floor. The development was completed in 2006.</p> <p>The residential units of the property have a total gross floor area of approximately 866.59 sq.m. (9,328 sq.ft.).</p> <p>The property is held from the Government under New Grant No. YL 4668 for a term of 50 years commencing from 14 July 2004.</p> <p>The annual Government Rent is equivalent to three percent of the ratable value for the time being of the property.</p>	According to the information provided by the Asia Standard Group, the property was vacant as at 31 May 2007.	HK\$31,950,000

Notes:

1. The registered owner of the property is Kelpoint Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. According to the Ping Shan Outline Zoning Plan No. S/YL-PS/11 dated 1 February 2005, the property currently lies within the zoning as "Comprehensive Development Area".

3. The gross floor area (in sq.ft.) of each unit is as follows:

Flat	Gross Floor Area	Garden	Roof
A on G/F, Block 1	1406	552	—
B on G/F, Block 1	1376	597	—
E on G/F, Block 1	1109	1013	—
D on 3/F, Block 1	891	—	—
D on 5/F, Block 1	891	—	506
E on 5/F, Block 1	624	—	422
F on 5/F, Block 1	575	—	368
B on 1/F, Block 2	913	—	—
B on 2/F, Block 2	913	—	—
E on 5/F, Block 2	630	—	419

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
14. Various units in Canaryside, 8 Shung Shun Street Yau Tong, Kowloon, Hong Kong	The property comprises all the commercial units on the Ground Floor and First Floor and 77 residential units on 6th Floor to 42nd Floor, and 48 car parking spaces and 5 motor cycle parking spaces on 1st and 2nd Floors of Canaryside.	According to the information provided by the Asia Standard Group, the property was vacant as at 31 May 2007.	HK\$455,000,000
2,624/6,051th parts or shares of and in The Remaining Portion of Lot No. Yau Tong Inland Lot No. 21	Canaryside is development of a 39- storey commercial/residential building. (There are no designation of 4th, 14th, 24th, 34th Floors) completed in 2006. The commercial units are on the Ground and 1st Floor, car parking spaces on 1st and 2nd Floor, a club house, swimming pool on the 3rd Floor and residential units on the 5th Floor to 42nd Floor.	According to the information provided by the Asia Standard Group the total gross floor area of the commercial units and residential units of the property are approximately 3,716.09 sq.m. (40,000 sq.ft.) and 4,656.82 sq.m. (50,126 sq.ft.) respectively. (The break-down areas of the units are shown in Note 4 below).	
	The property is held from the Government under Conditions of Sale No. UB10361 for a term expired on 30 June 1997 and has been extended until 30 June 2047 by the New Territories Lease Extension Ordinance.		
	The annual Government Rent is equivalent to 3% of the rateable value for the time being of the property.		

Notes:

1. The registered owner of the property is Tonlok Limited which is a wholly owned subsidiary of Asia Standard International Group Limited.
2. According to the Cha Kwo Ling, Yau Tong, Lei Yue Mun Outline Zoning Plan No. S/K15/15 dated 21 June 2002, the property currently lies within the zoning of “Residential (Group E)”
3. All the commercial units, i.e. Restaurants 1, 2, 3, 4, 5 on Ground Floor and Restaurant 7, 8 on 1st Floor are subject to a Mortgage in favour of Bank of East Asia Limited.

4. The property includes the followings:

Commercial Units — Restaurant 1, Restaurant 2, Restaurant 3, Restaurant 5 and Restaurant 6 on Ground Floor, Restaurant 7 and Restaurant 8 on 1st Floor;

Residential Units — Flats B and E on 6th Floor; Flats A and F on 15th Floor; Flat F on 16th Floor; Flat F on 18th Floor, Flat F on 19th Floor, Flat F on 21st Floor, Flats A, B and F on 22nd Floor, Flat F on 23rd Floor, Flats A and F on 25th Floor, Flats A and F on 26th Floor, Flats C, E and F on 27th Floor, Flats C and F on 28th Floor, Flats A and C on 29th Floor, Flats A, C, D and F on 30th Floor, Flats A, C, D and F on 31st Floor, Flats C, D and F on 32nd Floor, Flats A and F on 33rd Floor, Flats C, D, E and F on 35th Floor, Flats A, C, D, E and F on 36th Floor, Flats A, C, D, E and F on 37th Floor, Flats A, B, C, D, E, and F on 38th Floor, Flats C, D, E and F on 39th Floor, Flats, A, B, C, D, E and F on 40th Floor, Flats A, B, C, D, E and F on 41st Floor, and Flats A, B, C, D and F on 42nd Floor;

Car Parking Spaces — C101, C102, C103, C105, C106, C107, C108, C109, C110, C111 and C112, R101, R102, R103 on 1st Floor, R201, R202, R211, R213, R215, R216, R217, R218, R219, R220, R221, R222, R223, R225, R226, R227, R228, R229, R231, R232, R233, R235, R236, R237, R238, R239, R240, R241, R242, R243, R245, R246, R247, R248, R249, R250, R253, R255 and R256 on 2nd Floor;

Motor Cycle Parking Spaces — M101, M102, M103, M105 and M106 on 1st Floor

5. According to the information provided by the Asia Standard Group, the gross floor area of the commercial properties are as follows:

Restaurant 1	—	4,823 sq.ft.
Restaurant 2	—	5,143 sq.ft.
Restaurant 3	—	5,513 sq.ft.
Restaurant 5	—	5,525 sq.ft.
Restaurant 6	—	7,380 sq.ft.
Restaurant 7	—	5,628 sq.ft.
Restaurant 8	—	5,988 sq.ft.

The gross Floor area of the typical units of the property is

Flat A	—	621 sq.ft. (Roof 327 sq.ft. for 42nd Floor only)
Flat B	—	890 sq.ft. (Roof 405 sq.ft. for 42nd Floor only)
Flat C	—	601 sq.ft.
Flat D	—	589 sq.ft.
Flat E	—	863 sq.ft.
Flat F	—	584 sq.ft. (Roof 299 sq.ft. for 42nd Floor only)

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
<p>15. Various units in China United Centre, No. 28 Marble Road, North Point, Hong Kong</p> <p>1,988/23,400th plus 457/727 of 727/23,400th shares of and in Subsection 2 of Section A, Section B of Subsection 3 of Section A, The Remaining Portion of Subsection 3 of Section A, Section A of Subsection 3 of Section A, Subsection 5 of Section A, Subsection 4 of Section A, The Remaining Portion of Section A, The Remaining Portion of Section A of Subsection 1 of Section A, Subsections 5 of Section A of Subsection 1 of Section A, Subsection 3 of Section A of Subsection 1 of Section A, Subsection 2 of Section A of Subsection 1 of Section A, Subsection 4 of Section A of Subsection 1 of Section A, and Subsection 6 of Section A of Subsection 1 of Section A of Inland Lot No. 3504</p>	<p>he property comprises various office units including Units 02 on 10th Floor, Units 01, 03-05 and 08-09 on 16th, Units 05-11 on 20th Floor, Units 01, 11 on 21st Floor, Units 01-03, 05-09 on 22nd Floor, and whole of 23rd Floor of a 31-storey (including a basement and a mechanical floor) commercial/ office building completed in 1997.</p> <p>According to the information provided by the Asia Standard Group, the property has a total gross floor area of approximately 3,387.59 sq.m. (36,464 sq.ft.).</p> <p>The property is held under Conditions of Sale No. 3369 for a term of 75 years renewable for another 75 years commencing from 17 October 1932. The determined rent payable for the lots is about \$334 per annum.</p>	<p>According to the information provided by the Asia Standard Group, as at 31 May 2007, except Units 1601, which were vacant, the property was leased to various tenants with the latest tenancy expiring on 1 June 2009. The total monthly rent was HK\$359,425 exclusive of rates and management fees but inclusive of licence fees.</p>	<p>HK\$118,000,000 (80% interest attributable to the Group: HK\$94,400,000)</p>

Notes:

1. The registered owner of the property is Get Rich Enterprises Limited, which is an 80% owned subsidiary of Asia Standard International Group Limited.
2. The property is subject to a mortgage in favour of Hang Seng Bank Limited.
3. According to the North Point Outline Zoning Plan No. S/H8/18 dated 19 March 2004, the property currently lies within the zoning of “Commercial/Residential”.

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 30 September 2004
16. Flat E on 3rd Floor Bijou Apartments, No. 157 Prince Edward Road West, Mongkok, Kowloon, Hong Kong 607/100,000th parts or shares of and in The Remaining Portion of Kowloon Inland Lot No. 9274	<p>The property comprises an apartment unit on the 3rd Floor of a 28-storey residential building with 3 level podium. The building was completed in 2003. There are no 4th, 14th and 24th Floors.</p> <p>The Ground Floor and the First Floor are devoted to retail uses. The Second Floor is designed as a clubhouse for residents. The remaining upper floors are used for residential purpose.</p> <p>The property has a total gross floor area of approximately 56.39 sq.m. (607 sq.ft.)</p> <p>The property is held under Conditions of Regrant No. 8893 for a term of 150 years commencing from 26 June 1899. The determined rent payable for the lots is about \$342 per annum.</p>	<p>According to the information provided by the Asia Standard Group, the property was vacant as at 31 May 2007.</p>	<p>HK\$2,380,000 (50% interest attributable to the Group: HK\$1,190,000)</p>

Notes:

1. The registered owner of the property is Ocean Champion Development Limited which is 50% owned associate company of Asia Standard International Group Limited.
2. According to the Mong Kok Outline Zoning Plan No. S/K3/24 dated 9 May 2006, the subject property currently lies within the zoning of "Commercial".

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
17. Flats C and E on 31st Floor, Li Chit Garden, No. 1 Li Chit Street, Wan Chai, Hong Kong 101/10370th parts or shares of and in Inland Lot No. 8797	The property comprises 2 residential units on 31st Floor of Li Chit Garden. Li Chit Garden comprises a 18-storey residential building completed in 1994. The property has a total gross floor area of approximately 160.35 sq.m. (1,726 sq.ft.) The property is held from the Government under Conditions of Exchange No. 12307 from 28 April 1994 to 30 June 2047. The annual Government rent is equivalent to three percent of the ratable value for the time being of the property.	According to the information provided by the Asia Standard Group, the property was vacant as at 31 May 2007.	HK\$6,550,000

Notes:

1. The registered owners of Flats C and E are Mark-Gold Limited, Kenfair Limited and Winpact Limited respectively which are wholly-owned subsidiaries of Asia Standard International Group Limited.
2. The property is subject to a legal charge in favour of Bank of Communications.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/24 dated 27 October 2006, the subject property currently lies within the zoning of "Government/Institution/Community".

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
18. Flat B on 11th Floor, Miami Mansion, Nos. 13 & 15 Cleveland Street, Causeway Bay Hong Kong 1/49th parts or shares of and in Section OO of Marine Lot No. 231 and The Extension Thereto	<p>The property comprises a residential unit on 11th Floor of Miami Mansion. Miami Mansion comprises a 12-storey composite building completed in about 1964.</p> <p>The Ground Floor is devoted to retail uses. The remaining upper floors are used for residential purpose.</p> <p>The property has a gross floor area of approximately 128.21 sq.m. (1,380 sq.ft.).</p> <p>The property is held from the Government under Government Lease for a term of 999 years commencing from 25 December 1869. The determined rent of the lot is about \$34 per annum.</p>	<p>According to the information provided by the Asia Standard Group, the property was vacant as at 31 May 2007.</p>	<p>HK\$6,000,000</p>

Notes:

1. The registered owner of the property is Concept Miles Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. According to the Causeway Bay Outline Zoning Plan No. S/H6/14 dated 13 September 2005, the subject property currently lies within the zoning of "Commercial/Residential".

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
19. Flat A on 5th Floor, Block 1, Kam Fai Garden, No. 6 Wah Fat Street, Tuen Mun, New Territories, Hong Kong	<p>The property comprises a residential unit on 5th Floor of Block 1 of Kam Fai Garden. Kam Fai Garden comprises four about 16-storey residential buildings plus 2 level car park podium. The development was completed in 1987.</p> <p>The property has a gross floor area of approximately 59.46 sq.m. (640 sq.ft.).</p>	According to the information provided by the Asia Standard Group, the property was vacant as at 31 May 2007.	HK\$900,000
12/6400th parts or shares of and in Tuen Mun Town Lot No. 244	<p>The property is held from the Government under New Grant No. 2727 for a term of 99 years expired on 30 June 2047 and has been extended by virtue of the New Territories Leases (Extension) Ordinance to 30 June 2047</p> <p>The annual Government rent is equivalent to three percent of the ratable value for the time being of the property.</p>		

Notes:

1. The registered owner of the property is Waliway Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. According to the Tuen Mun Outline Zoning Plan No. S/TM/22 dated 27 October 2006, the subject property currently lies within the zoning of "Residential (Group B)".

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
20. Car Parking Spaces Nos. 12-17, 19, 26, 27, 29, and 34 on Ground Floor, Swallow Garden, No. 68 San Wan Road, Fanling Wai, Fanling, New Territories, Hong Kong 11/555th parts or shares of and in Fanling Sheung Shui Town Lot No.64	<p>The property comprises 12 car parking spaces on Ground Floor of Swallow Garden which comprises a 5-storey residential building with Ground Floor Car Park. The development was completed in 1992.</p> <p>The property is held from the Government under New Grant No. 12463 for a term commencing from 28th December 1990 to 30th June 2047.</p> <p>The annual Government rent is equivalent to three percent of the ratable value for the time being of the property.</p>	<p>According to the information provided by the Asia Standard Group, the property was vacant as at 31 May 2007.</p>	<p>HK\$1,650,000</p>

Notes:

1. The registered owner of the property is Starwick Development Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. According to the Fanling/ Sheung Shui Outline Zoning Plan No. S/FSS/14 dated 27 March 2007, the subject property currently lies within the zoning as "Residential (Group C)1".

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
21. Car Parking Spaces G05-G11 on Ground Floor and Car Parking Space No. 110 on 1st Floor, The Oakridge, No. 88 Yiu Hing Road, Shaukeiwan, Hong Kong 168/19954th parts or shares of and in Shau Kei Wan Inland Lot No. 845	<p>The property comprises 8 car parking spaces on Ground and 1st Floor of the 4 levels podium of The Oakridge which comprises a 34-storey residential building with 4 levels podium. The development was completed in 2003.</p> <p>The Ground Floor to 2nd Floor are devoted to car park uses. The 3rd Floor is designed as a clubhouse for residents. The remaining upper floors are used for residential purpose.</p> <p>The property is held from the Government under Conditions of Sale No. 12561 for a term of 50 years commencing from 29 February 2000.</p> <p>The annual Government rent is equivalent to three percent of the ratable value for the time being of the property.</p>	<p>According to the information provided by the Asia Standard Group, the property was vacant as at 31 May 2007.</p>	<p>HK\$2,120,000</p>

Notes:

1. The registered owner of the property is Mega Royal Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
2. The property is subject to an Agreement for Sale and Purchase in favour of Goodview Express Holdings Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited.
3. According to the Shau Kei Wan Outline Zoning Plan No. S/H9/14 dated 4 January 2005, the subject property currently lies within the zoning of "Residential (Group A)".

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
22. Car Parking Spaces Nos. 1-3, 58, 67, 68, 75, 77, 78, 81, 95 and 97 on Ground Floor, Royal Knoll, No. 2 Chi Wing Close, Fanling, New Territories, Hong Kong 360/18,230th parts or shares of and in Fanling Sheung Shui Town Lot No. 130	<p>The property comprises 12 car parking spaces on Ground of Royal Knoll. Royal Knoll comprises two 13-storey residential buildings with 1 level podium and a lower ground floor car park. The development was completed in 1999.</p> <p>The Upper Ground Floor and Lower Ground are devoted to car park uses. The 1st Floor is designed as a clubhouse for residents. The remaining upper floors are used for residential purpose.</p> <p>The property is held from the Government under New Grant No. 13082 for a term commencing from 12 September 1996 to 30 June 2047.</p> <p>The annual Government rent is equivalent to three percent of the ratable value for the time being of the property.</p>	<p>According to the information provided by the Asia Standard Group, the property was vacant as at 31 May 2007.</p>	<p>HK\$2,160,000</p>

Notes:

1. The registered owner of the property is Tonlok Limited which is a wholly-owned subsidiary of Asia Standard Group Limited.
2. According to the Fanling Sheung Shui Outline Zoning Plan No. S/FSS/14 dated 27 March 2007, the subject property currently lies within the zoning of "Residential (Group C)2".

Group V: Unsold Property held by the Asia Standard Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
23. 50 car parking spaces in Palace Apartment, Ya Bao Road, Chao Yang District, Beijing, The People's Republic of China	<p>The property comprises 50 car parking spaces in a residential development, namely, Palace Apartment.</p> <p>According to the Land Use Right Certificate 市朝中外國用(98)字第00444號 (Shi Chao Zhong Wai Guo Yong (98) Zi Di 00444 Hao), by which the subject land is granted, the land use right for commercial use is 40 years commencing from 26 April 1994 to 25 April 2064 and for residential use is 70 years commencing from 26 April 1994 to 25 April 2064.</p>	According to the information provided by the Asia Standard Group, the property was vacant as at 31 May 2007.	No Commercial Value

Notes:

- The subject car parking spaces include B1, B2, B3, B5, B6, B7, B8, B9, B10, B11, B12, F1, F2, F3, F5, F6, F7, F8, F9, N1 and N2 on Ground Level; 17 on Basement 1; D68, D69, D70, D71, D72, D75, D76, D77, D86, D87, D89, D90, D91, D92, D93, D95, D96, D97, D98, D100, D101, D102, D103, D108, D115, D116, D117 and D131 on Basement 2.
- According to the Land Use Right Certificate 市朝中外國用(98)字第00444號 (Shi Chao Zhong Wai Guo Yong (98) Zi Di 00444 Hao), the land use right of the subject land is granted to 北京恒潤房地產開發有限公司 (Beijing Hengrun Estate Development Co. Ltd.), which is the developer of Palace Apartment.
- No Realty Title Certificates in respect of the subject car parking spaces are available. We are advised that these carparking spaces have been distributed to Asia Standard (Beijing) Company Limited which is a wholly-owned subsidiary of Asia Standard International Group Limited. Due to the uncertainty of whether the car parks are transferable, we have ascribed no commercial value to the property.

Property	Description and Tenure	Particulars of Occupancy	Capital value in Existing state as at 31 May 2007
24. Retail Podium on Level 1 to Level 4, and 163 carparking spaces on Basement 1 to Basement 3 Oriental Garden, Junction of Dongmen Central Road and Tongle Road, Luhu District, Shenzhen, The People's Republic of China Lot No.(宗地號): H212-28	<p>The property comprises the 4-level retail podium and all the carparking spaces on the Basement 1 to Basement 3 of Oriental Garden. Oriental Garden is a development comprising three high-rise residential blocks on a 4-level retail podium completed in 2004.</p> <p>The gross floor area of the retail podium of the property is 12,850.3 sq.m. (138,320 sq.ft.).</p> <p>According to the Land Use Right Contract 深地合字(2002)1027號 (Shen Di He Zi (2002) 1027 Hao), by which the subject land is granted, the land use right is 70 years commencing from 18 April 2002 to 17 April 2072.</p>	<p>According to the information provided by the Asia Standard Group, as at 31 May 2007, the Level 1 to Level 3 of the retail podium was leased for a term of 10 years from 1 July 2005 to 30 June 2006 at a monthly rental as listed in the Note 8 below.</p> <p>Level 4 of the retail podium and the carparks in the basements were vacant.</p>	<p>HK\$300,000,000 (41.32% interest attributable to the Group: HK\$123,960,000)</p>

Notes:

- Pursuant to the Realty Title Certificate 深房地字第2000100613號 (Shen Fang Di Zi Di 2000100613 Hao) registered dated 17 May 2002, 深圳市漁陽房地產投資有限公司 (Yuyang Real Estate Development (Shenzhen) Limited) (95%), which is a 41.32% owned associate company of Asia Standard International Group Limited and 深圳市輕工業(集團)股份有限公司 (Shenzhen Light Industry (Group) Share Limited) (5%) are the co-owners of Lot No. H212-28.
- As advised by Asia Standard Group, the 5% interest held by 深圳市輕工業(集團)股份有限公司 (Shenzhen Light Industry (Group) Share Limited) has been acquired by 深圳市漁陽房地產投資有限公司 (Yuyang Real Estate Development (Shenzhen) Limited).
- The PRC legal opinion stated that according to 深圳經濟特區房地產登記條例 (Real Estate Registration Ordinance of Shenzhen Special Economic Zone), Level 1 to Level 4 of the podium is registered under 漁陽房地產開發(深圳)有限公司 (Yuyang Real Estate Development (Shenzhen) Limited), and the uses of this podium is commercial with a total gross floor area of 12,850.3 sq.m. 漁陽房地產開發(深圳)有限公司 (Yuyang Real Estate Development (Shenzhen) Limited) is the owner of this podium.
- According to an Article of 漁陽房地產開發(深圳)有限公司 (Yuyang Real Estate Development (Shenzhen) Limited), 深圳市漁陽房地產投資有限公司 (Yuyang Real Estate Development (Shenzhen) Limited) was established on 21 September 1995 and was owned by 陳偉強 (Chan Wai Keung) (60%) and 鄭漢 (Cheng Hon) (40%). In 2002, Globe Developments Limited and Goldrite Investments Limited, the companies registered in British Virgin Islands, acquired all the 100% shares owned by 陳偉強 (Chan Wai Keung) and 鄭漢 (Cheng Hon) of 深圳市漁陽房地產投資有限公司 and changed the name of the company from 深圳市漁陽房地產投資有限公司 (Yuyang Real Estate Development (Shenzhen) Limited) to 漁陽房地產開發(深圳)有限公司 (Yuyang Real Estate Development (Shenzhen) Limited). Consequently, the company became a wholly foreign-owned enterprise, of which Best Globe Developments Limited owned 73.86% and Goldrite Investment Limited which is a wholly owned subsidiary of Asia Standard International Group Limited, owned 26.32%.

5. According to a transfer of shares contract between Best Globe Development Limited and Goldrite Investments Limited dated 23 September 2005. Best Globe Development Limited transferred 15% shares of 漁陽房地產開發(深圳)有限公司 (Yuyang Real Estate Development (Shenzhen) Limited) to Goldrite Investments Limited. Consequently Best Globe Development Limited holds 68.68% and Goldrite Investments Limited holds 41.32% in 漁陽房地產開發(深圳)有限公司 (Yuyang Real Estate Development (Shenzhen) Limited).
6. The PRC legal opinion stated that according to 深圳市經營性停車場許可證 (Operational Car Parking Licence of Shenzhen City), the use right of the car parks on Basement 1 to Basement 3 is under 漁陽房地產開發(深圳)有限公司 (Yuyang Real Estate Development (Shenzhen) Limited).
7. Due to the uncertainty as to whether the car parks are transferable, we have ascribed no commercial value to the car parks.
8. The monthly rentals for Level 1 to Level 3, which is exclusive of management fees, water, electricity charges are as follows:

Term	Monthly Rental
1 July 2005 to 30 June 2006	RMB820,684
1 July 2006 to 30 June 2007	RMB943,787
1 July 2007 to 30 June 2008	RMB1,085,355
1 July 2008 to 30 June 2009	RMB1,247,440
1 July 2009 to 30 June 2010	RMB1,384,904
1 July 2010 to 30 June 2011	RMB1,481,848
1 July 2011 to 30 June 2012	RMB1,585,561
1 July 2012 to 30 June 2013	RMB1,696,559
1 July 2013 to 30 June 2014	RMB1,815,353
1 July 2014 to 30 June 2015	RMB1,942,456

9. We are advised by the Asia Standard Group that the property at the time of disposal at the amount of market value as at 31 May 2007 will be subject to business tax, land appreciation tax and corporate income tax in the PRC. The precise tax implication will be subject to prevailing rules and regulations at the time of disposal. For indicative purpose and based on prevailing rules and information available as at the latest practicable date, the potential tax obligation arising from the disposal of this property is estimated to be 15% of the profits subject to corporate income tax 30% of the gain subject to land appreciation tax and 5% of the sales proceeds subject to business tax. The potential tax liability would arise when the property is being disposed of.

PART 2

The following is the text of a letter, summary of valuation and valuation certificates prepared for the purpose of incorporation in this circular, received from Knight Frank Hong Kong Limited, an independent valuer, in connection with its valuation as at 31 May 2007.



4/F, Shui On Centre,
6-8 Harbour Road,
Wanchai, Hong Kong.

9 August 2007

The Directors
Asia Standard International Group Limited
30th Floor, Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

Dear Sirs

In accordance with the instructions from Asia Standard International Group Limited (“the Company”) for us to value the properties as per attached valuation report, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of respective market values of the properties as at 31 May 2007.

Our valuation of each of the properties is our opinion of its Market Value which we would define as intended to mean “the estimated amount for which a property should exchange on the date of Valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

We have valued the property Nos 1 and 2 which are held for operation by the Company as fully operational hotels by profit method of valuation with due consideration to the trading potential of the operations in the premises. Under such basis of valuation, the properties are valued as fully operational hotels with the inclusion of fixtures and equipment which are related to the operations. Our valuations also include the value of the management right too and no allowance has been made for the management expenses.

In valuing property No 3, we have made reference to sales evidence as available on the market and where appropriate on the basis of capitalisation of the net income shown on the schedules handed to us. We have allowed for outgoings and in appropriate cases made provisions for reversionary income potential.

We have relied to a considerable extent on the information provided by the Company and have accepted advice given to us by the Company on such matters as planning approvals, statutory notices, easements, tenure, trading accounts, development proposal, particulars of occupancy, tenancy schedules, approved building plans, estimated conversion costs, site and floor areas and all other relevant matters. We have not been provided with extracts of title documents relating to the properties but have caused searches to be made at the Land Registry. We have not scrutinised the original documents to verify ownership or to ascertain the existence of any amendments to the documents. All documents and leases have been used for reference only and all dimensions, measurements and areas are approximations only.

We have inspected the exterior of the properties and did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the properties are or are not free from rot, infestation or any other defects. No tests were carried out on any of the services. In addition, we have not carried out investigations on the site to determine the suitability of the ground conditions and the service etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period.

No allowance has been made in our valuation for any charges or mortgages on or amounts owing on the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

According to the information supplied by the Company, the potential tax liability which would arise on the disposal of the property interest of the Group at 3.75% on consideration in Hong Kong is stamp duty only. According to our established practice, in the course of our valuation, we have neither verified nor taken into account the tax liability that would arise on the disposal of the properties. As advised by the Company, the Company has no intention to dispose the properties at present. Therefore, the likelihood of such potential tax liability is remote.

In valuing the properties, we have regard to the requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards on Properties (First Edition 2005) published by Hong Kong Institute of Surveyors.

We enclose herewith our summary of valuation and valuation report.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Alex S L Ng
MHKIS MRICS RPS(GP)
Executive Director

Note: Mr Alex S L Ng, M.R.I.C.S., M.H.K.I.S., R.P.S.(GP), has been a qualified valuer with Knight Frank Petty Limited since November 1995 and has 20 years' experience in the valuation of properties in Hong Kong and the People's Republic of China.

SUMMARY OF VALUATION

Property	Market Value in existing state as at 31 May 2007
1. Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong	HK\$1,620,000,000
2. Empire Hotel Kowloon, 62 Kimberley Road, Tsim Sha Tsui, Kowloon	HK\$1,510,000,000
3. 8 Wing Hing Street, North Point, Hong Kong	HK\$480,000,000
	<hr/>
	Total: <u>HK\$3,610,000,000</u>

VALUATION

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2007
<p>1. Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong</p> <p>Inland Lot No 8399</p>	<p>The property comprises a 24-storey (including three Basement levels) hotel building erected on a site with an area of approximately 10,613 sq ft. The building was completed in about 1990.</p> <p>The Third Basement of the hotel building is used as back of the house, the Second Basement accommodates a Chinese restaurant, the First Basement accommodates a Western restaurant, the Ground Floor accommodates the hotel lobby and a lobby lounge, the Mezzanine Floor accommodates another Western restaurant and the podium level accommodates a business centre. The 1st Floor to 18th Floor (penthouse) accommodate 360 guest rooms (including 36 suites). A gymnasium and a swimming pool are provided on the penthouse.</p> <p>The existing hotel building has a total gross floor area of approximately 184,000 sq ft.</p> <p>According to a set of floor plans supplied by the Company, an extension of two more levels on the top floor of the existing hotel building, accommodating 33 new guest rooms, has been approved by the Building Authority. The extension will have a total gross floor area of approximately 9,450 sq ft.</p> <p>The property is held under Conditions of Exchange No 11851 for a term of 75 years from 9 July 1987 renewable for a further term of 75 years.</p> <p>The Government rent payable for the property is HK\$1,000 per annum.</p>	<p>The property is operated by the Company as a hotel except for the 2nd Basement and the Mezzanine Floor which are leased to two tenants.</p> <p>The 2nd Basement is let for a term of three years from 15 July 2005 at a rent of HK\$200,000 per month exclusive of management fees, government rent and rates.</p> <p>The tenant of 2nd Basement also agrees to pay an additional rent based on 10% of its gross revenue of that month which is in excess of HK\$3,300,000.</p> <p>The Mezzanine Floor is let for a term of two years from 4 June 2006 at a rent of HK\$92,500 per month exclusive of management fees, Government rent, rates and operating expenses. The tenant has an option to renew the tenancy for a further term of two years.</p> <p>The above rent excludes turnover rent calculated at 10% of the Sales Turnover of that month less the said monthly rent of HK\$92,500. Where 10% of the Sales Turnover of any month is below HK\$92,500, no Turnover Rent shall be payable for that particular month.</p>	<p>HK\$1,620,000,000</p>

Notes:

- (1) The registered owner of the property is Stone Pole Limited, a wholly-owned subsidiary of the Company.
- (2) The property is subject to a Debenture dated 14 March 2007 in favour of Bank of China (Hong Kong) Limited registered vide Memorial No 07041101780287.
- (3) The property falls within an area zoned for “Commercial / Residential” uses under Wan Chai Outline Zoning Plan No S/H5/24 dated 27 October 2006.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2007
2 Empire Hotel Kowloon, 62 Kimberley Road, Tsim Sha Tsui, Kowloon Kowloon Inland Lot No 11070	<p>The property comprises a 26-storey (including a Basement and Lower Ground Floor) hotel building erected on an irregular-shaped site with an area of approximately 11,424 sq ft. The building was completed in 2001.</p> <p>The hotel accommodates 315 guest rooms (or 328 room bays), several food and beverage outlets and function rooms. In addition, a swimming pool and gymnasium are provided within the development.</p> <p>The property has a total gross floor area of approximately 220,000 sq ft.</p> <p>The property is held under Conditions of Exchange No 12392 for a term commencing on 27 April 1996 and expiring on 30 June 2047.</p> <p>The annual Government rent payable for the property is an amount equal to 3% of the rateable value for the time being of the property.</p>	<p>The property is operated by the Company as a hotel except for the following mentioned portions which are either leased out or licenced to other third parties.</p> <p>2nd Floor of the Property which is leased to a tenant for a term of three years from 1 September 2004 at a rent of HK\$180,000 per month exclusive of rates and government rent but inclusive of management fee and air-conditioning charges with an option to renew the tenancy for a further term of three years. In addition to the monthly rent payable, the tenant has to pay monthly promotional expenses during the tenancy period as follows:</p> <p>1st year: HK\$20,000 2nd-3rd year: HK\$15,000</p> <p>The property is also subject to a Licence Agreement for a term of 3 years expiring on 30 November 2008 for the installation of Radio Frequency Equipment at portion space of Basement 1 Level and erection of 4 antennae at the external wall of 3rd Floor at a monthly licence fee of HK\$12,600 inclusive of rates, government rent and management fees.</p> <p>The whole of Basements 1 and 2 of the property is subject to a tenancy for a term of two years from February 2006 at a rent of \$138,000 per month exclusive of management fees, government rent and rates, electricity and water charges.</p> <p>Portion of 1st Floor and 6th Floor are subject to a tenancy for a term of 2 years from 1st February 2006 at a rent of \$10,000 per month inclusive of management fees, rates & outgoings. The tenant has an option to renew the tenancy for a term of two years.</p>	HK\$1,510,000,000

Notes:

- (1) The registered owner of the property is Vinstar Development Limited, a wholly-owned subsidiary of the Company.
- (2) The property is subject to a Debenture dated 6 July 2004 and a Second Mortgage dated 15 August 2006 in favour of Bank of China (Hong Kong) Limited registered by Memorial No UB9275856 and 06091402450019 respectively.
- (3) The property falls within an area zoned for “Commercial” uses under Tsim Sha Tsui Outline Zoning Plan No S/K1/22 dated 27 October 2006.

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2007												
3. 8 Wing Hing Street, Causeway Bay, Hong Kong The Remaining Portion of Section A and The Remaining Portion of Inland Lot No 2372 and The Remaining Portion of Section D, The Remaining Portion of Section C, The Remaining Portion of Section B, The Remaining Portion of Sub-section 1 of Section B and The Remaining Portion of Section A of Inland Lot No 5386	<p>The property is a 28-storey commercial building completed in February 1999.</p> <p>Ground floor of the building accommodates 4 shops / 2 carparking spaces / a carpark entrance / an entrance hall whilst 1st floor is designed for restaurant. The 2nd to 3rd floors of the building are designed for carparks which comprise a total of 22 carparking spaces being served by two car lifts while the 5th to 30th floors (with 4th, 14th and 24th omitted from floor numbering) are designed for office uses.</p> <p>The property comprises the following gross floor areas :</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Use</th> <th colspan="2" style="text-align: center;">Approximately Gross Floor Area</th> </tr> </thead> <tbody> <tr> <td>Office</td> <td style="text-align: right;">9,096.99 sq m</td> <td style="text-align: right;">97,920 sq ft</td> </tr> <tr> <td>Shop</td> <td style="text-align: right;">953.55 sq m</td> <td style="text-align: right;">10,264 sq ft</td> </tr> <tr> <td>Total</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">10,050.54 sq m</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">108,184 sq ft</td> </tr> </tbody> </table> <p>Inland Lot Nos 2372 and 5386 are each held under a Government lease for a term of 75 years from 13 February 1922 renewable for 75 years.</p>	Use	Approximately Gross Floor Area		Office	9,096.99 sq m	97,920 sq ft	Shop	953.55 sq m	10,264 sq ft	Total	10,050.54 sq m	108,184 sq ft	<p>The retail portion of the property is let under two tenancies for terms of two years with the latest expiring in February 2008, yielding a total monthly rental of approximately HK\$88,000 exclusive of rates and management fees.</p> <p>The office portion of the property is let under 27 tenancies mostly for terms of two years with the latest expiring in February 2008, yielding a total monthly rental of approximately HK\$376,000 exclusive of rates and management fees.</p> <p>The carpark portion of the property is either let on monthly basis to individuals or let to a single operator for a term expiring in December 2007, yielding a total monthly rental income of approximately HK\$34,700 in March 2007.</p>	<p>HK\$480,000,000</p>
Use	Approximately Gross Floor Area														
Office	9,096.99 sq m	97,920 sq ft													
Shop	953.55 sq m	10,264 sq ft													
Total	10,050.54 sq m	108,184 sq ft													

Notes:

- (1) The registered owner of the property is Master Asia Enterprises Limited, a wholly-owned subsidiary of the Company.
- (2) The property is subject to a mortgage and Rent Assignment vide memorial nos UB7657993 and UB7657994 respectively in favour of The Hongkong and Shanghai Banking Corporation Limited dated 31 December 1998.
- (3) The property is subject to a Deed of Variation of Mortgage M/N 7657993 & Further Charge to supplement to Rent Assignment M/N 7657994 in favour of The Hong Kong and Shanghai Banking Corporation Limited dated 24 July 2000.
- (4) The property is subject to a Deed of Variation and Further Charge and Further Supplement to Rent Assignment vide memorial no 07020801930466 in favour of The Hongkong and Shanghai Banking Corporation Limited dated 26 January 2007.

- (5) We have been provided with a proposal for conversion of the property into a hotel, which comprises the proposed use, number of rooms, number of storeys, conversion costs, etc. as follows:

Use	No of Rooms	No of Storeys	Conversion Costs
Hotel	280	28	HK\$81,000,000

Based on the assumption that the conversion has been approved and as if completed as at 31 May 2007 in accordance with the proposal and relevant licences for use as a hotel have been granted, the market value of the property is estimated as HK\$610,000,000 as at 31 May 2007.

PART 3

The following is the text of a letter, summary of valuation and valuation certificates, prepared for the purpose of incorporation in this circular, received from Grant Thornton LLP, an independent property valuer, in connection with its valuation as at 30 June 2007. Property values used in this report are equivalent Canadian dollar unless otherwise indicated. For reference, the market value of the property covered by this report and attributable to the Group of CDN\$46 million is equivalent to approximately HK\$337.6 million.

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

The Board of Directors
Asia Standard International Group Ltd.
30th Floor, Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

August 9, 2007

Dear Sirs:

In accordance with your instructions to us to value the property interests of Asia Standard International Group Limited (“the Company”) and its subsidiaries (together “the Group”) in the Empire Landmark Hotel, we confirm that we have carried out a site visit, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the open market values of such property interests as at June 30, 2007.

The definition of Market Value appearing in the Uniform Standards of Professional Appraisal Practice, modified for use in Canada, is:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated.
- Both parties are well informed or well advised, and acting in what they consider their best interests.

- A reasonable time is allowed for exposure in the open market.
- Payment is made in terms of cash in Canadian or U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

We have valued the property as a fully operational hotel with the inclusion of fixtures and equipment which are related to the operations. Our valuation is based on our June 30, 2007 valuation study report and our review of the financial performance of the property prior to the June 30 valuation date.

We have relied to a considerable extent on the information provided by the management of the Empire Landmark Hotel and have accepted advice given to us by the Group on such matters as planning approvals, statutory notices, easements, tenure, development proposal, development programme, construction cost expended, outstanding construction cost, site and floor areas and all other relevant matters. We have not scrutinised the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us. All documents and leases have been used for reference only and all dimensions, measurements and areas are approximate.

We have viewed the exterior of the property and did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the property is free from rot, infestation or any other defects. No tests were carried out on any of the services. In addition, we have not carried out investigations on the site to determine the suitability of the ground conditions and the service etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period.

No allowance has been made in our valuation for any charges or mortgages on or amounts owing in relation to any of the properties valued nor for any expenses or taxation which may be incurred in effecting a sale. We assume that the property interests are free from encumbrances, restrictions and outgoing of any onerous nature which could affect their values.

According to the information prepared for the Group, the potential tax liability which would arise on any disposition would be as follows.

The following concerns the Canadian taxation of the Landmark Trust (“the Trust”) and Global Gateway (“Global”) on a disposition by the Trust of the Empire Landmark Hotel land and building and a disposition by Global of the fixed assets, leasehold interest and goodwill related to the hotel business.

In the event of a sale of the land and building by the Trust, the gain, if any, will be subject to an effective rate of tax of 21.46%. To the extent there is a recapture of tax depreciation previously

claimed, the amount recaptured will be subject to tax at a rate of 42.92%. The rate of tax applying to the gain may be reduced to the effective non-resident corporate rate of tax of 16.06% by arranging to have the asset transferred as a capital distribution from the Trust to one or both of the corporate beneficiaries prior to the sale. The rate of tax on recapture of tax depreciation would be reduced to 32.12%

On a disposition by Global of fixed assets, leasehold interest and goodwill related to the hotel business, the gain, if any, will be subject to an effective rate of tax of 17.06%. To the extent there is recapture of tax depreciation previously claimed, the amount recaptured will be subject to tax at a rate of 34.12%. Global also would be subject to what is commonly known as “branch tax”, generally comparable to dividend withholding tax. In general, branch tax would be applied at the rate of 25% of the total of the gain, if any, on the sale of fixed assets, leasehold and goodwill, and recapture of tax depreciation, less the amount of income taxes paid. Global may be able to reduce its taxable income by claiming available non-capital and net capital losses of other years.

According to our established practice, in the course of our Valuation we have neither verified nor taken into account such tax liability. As advised by the Group, it has no intention to dispose of these properties at present. Therefore, the likelihood of such potential tax liability is remote.

Based on our work, we conclude that the market value as at June 30, 2007 of the Empire Landmark Hotel attributable to the Group is \$46 million. We enclose herewith our summary of valuation and valuation certificate.

Yours truly,
GRANT THORNTON LLP
Doug Bastin, CMC
Partner, Grant Thornton Consulting

Mr. Douglas Bastin is a Certified Management Consultant (CMC) and has over 25 years’ experience in undertaking the valuation of hotel properties in Canada.

SUMMARY OF VALUATION

Property	Capital value projected as at 30 June 2007	Interest Attributable to the Group (67.0%)	Report Date
1. The Empire Landmark Hotel 1400 Robson Street Vancouver, B.C. Canada V6G 1B9	CDN \$68.7 million	Capital value projected attributable to the Group as at 30th June, 2007 CDN \$46 million	(Per June 30, 2007 Valuation Report)

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy
<p>The Empire Landmark Hotel 1400 Robson Street Vancouver, B.C., Canada V6G 1B9</p> <p>Legal Description: Lot 1, Block 44 Plan 15341, District Lot 185, PID # 003-511-138</p>	<p>The subject property was built in 1972 with 42 floors and 3 levels of underground parking.</p> <p>The property has a registered site area of approximately 40,965 sq.ft. and comprises one city block. The subject property is zoned C6 Commercial; the hotel is a conforming use under this zoning classification.</p> <p>The hotel currently has 358 guest rooms.</p> <p>The property has 12 meeting rooms with a combined square footage of 14,000 sq.ft.; the major room is the ballroom with 4,588 sq.ft. of space.</p> <p>The property includes a restaurant and lounge with 210 seats and a 43 seat lobby bar and 36 seat café.</p> <p>The property also includes a fitness centre, a business centre, retail space and 10,000 sq.ft. of commercial lease space.</p>	<p>The registered owner of this hotel is Liford Limited, a wholly-owned subsidiary of Asia Standard Hotel Group Limited.</p>

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules and the Takeovers Code for the purpose of giving information with regard to the Company. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

2. SHARE CAPITAL AND OPTIONS**(a) Share capital**

As at the Latest Practicable Date, the authorized and issued share capital of the Company were as follows:

<i>Authorised:</i>	<i>HK\$</i>
<u>400,000,000,000</u> Shares	<u>4,000,000,000.00</u>
<i>Issued and fully paid:</i>	
<u>7,185,145,935</u> Shares	<u>71,851,459.35</u>

All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital.

Save for issue of 267,857,140 shares upon conversion convertible bonds of the Company in the principal amount of HK\$75 million issued on 15 May 2006, there has been no alteration to the authorised share capital and the issued share capital of the Company since the end of the last financial year of the Company, being 31 March 2007.

(b) Share options

Share options

As at the Latest Practicable Date, details of the outstanding share options were as follows:

Grantee	Number of underlying Shares subject to the outstanding share options
Fung Siu To, Clement	20,621,761
Lim Yin Cheng	20,621,761
Poon Jing	5,155,440
Lun Pui Kan	20,621,761
Kwan Po Lam, Phileas	20,621,761
Nicholas James Loup	20,621,761
Employees	56,709,841

The share options were granted on 30 March 2005 and exercisable from 30 March 2005 to 29 March 2015 at exercise price of HK\$0.315 (as adjusted) per Share.

As at the Latest Practicable Date, save as disclosed in this subsection headed “Share options”, the Company did not have any options, warrants or conversion rights affecting Shares.

3. DISCLOSURE OF DIRECTORS' INTEREST

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its Associated Corporation(s) which 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 they were taken or deemed to have under such provisions of the SFO), or pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or pursuant to the Model Code, or to be disclosed in this circular pursuant to the requirements of the Takeovers Code, were as follows:

(i) Long position in shares

(a) *The Company*

Director	Number of Shares held			Percentage shareholding (%)
	Personal Interest	Corporate interest	Total	
Poon Jing	6,248,502	3,087,345,774 <i>(Note)</i>	3,093,594,276	43.06

Note: By virtue of his controlling interest (31.92%) in Asia Orient, Mr. Poon Jing is deemed to be interested in the Shares held by the subsidiaries of Asia Orient.

(b) *Subsidiaries*

Director	Subsidiary	Number of shares held			Percentage shareholding (%)
		Personal interest	Corporate interest	Total	
Poon Jing	Asia Standard Hotel	383,434	8,711,059,638	8,711,443,072	69.64
Poon Jing and Fung Siu To, Clement	Centop Investment Limited ("Centop")	—	20 <i>(Note 1)</i>	20	20
Poon Jing	Centop	—	80 <i>(Note 2)</i>	80	80
Fung Siu To, Clement	Mark Honour Limited	9	—	9	9

Note 1. Centop is owned as to 80% by the Company and 20% by Kingscore Investment Limited (“Kingscore”). Each of Mr. Poon Jing and Mr. Fung Siu To, Clement holds 50% interest in Kingscore. By virtue of their interest in Kingscore, each of Mr. Poon and Mr. Fung is deemed to have interest in the 20 shares held by Kingscore and duplicate the interest of the other.

Note 2. By virtue of his interest in the Company through Asia Orient, Mr. Poon Jing is deemed to be interested in the shares of all the Company’s subsidiaries and associated corporations.

(ii) **Long position in underlying shares**

Interests in share options

(a) *The Company*

Name of Director	Number of underlying Shares subject to the outstanding share options
Fung Siu To, Clement	20,621,761
Lim Yin Cheng	20,621,761
Poon Jing	5,155,440
Lun Pui Kan	20,621,761
Kwan Po Lam, Phileas	20,621,761
Nicholas James Loup	20,621,761

Share options are exercisable during the period from 30 March 2005 to 29 March 2015 at exercise price of HK\$0.315 per Share (as adjusted).

(b) *Asia Standard Hotel*

Name of Director	Date of Grant	Exercise Price (HK\$)	Exercise Period	Number of underlying shares of Asia Standard Hotel subject to the outstanding share options
Fung Siu To, Clement	29 March 2007	0.1296	29 March 2007 to 28 March 2017	80,000,000
Lim Yin Cheng	2 April 2007	0.130	2 April 2007 to 1 April 2017	80,000,000
Lun Pui Kan	2 April 2007	0.130	2 April 2007 to 1 April 2017	80,000,000
Kwan Po Lam, Phileas	2 April 2007	0.130	2 April 2007 to 1 April 2017	80,000,000

Save as disclosed in this section headed “Disclosure of Directors’ Interest”, as at the Latest Practicable Date, none of the Directors or chief executives (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares, debentures, options, warrants and convertible securities of and derivatives in respect of shares of the Company or any of its Associated Corporation(s) which 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 they were taken or deemed to have under such provisions of the SFO), or pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code in the Listing Rules or pursuant to the requirements of the Takeovers Code to be disclosed in this circular.

4. SERVICE AGREEMENTS

As at the Latest Practicable Date, none of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies (a) which had been entered into or amended within six months before the date of the Announcement; or (b) which was continuous contract with a notice period of 12 months or more; or (c) which is fixed term contract with more than 12 months to run irrespective of the notice period.

5. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business of the Group, were entered into by the Company or its subsidiaries during the period commencing two years preceding the date of the Announcement and up to the Latest Practicable Date which are or may be material:

- (a) the placing agreement dated 15 November 2005 between Asia Standard International Limited (“ASI”), a wholly-owned subsidiary of the Company, as vendor and Get Nice Investment Limited (“Get Nice”) in connection with the placing of 1,010,000,000 shares in Asia Standard Hotel, at HK\$0.195 per share in Asia Standard Hotel;
- (b) the top-up subscription agreement dated 15 November 2005 between Asia Standard Hotel as issuer and ASI as subscriber pursuant to which Asia Standard Hotel agreed to issue and ASI agreed to subscribe for 1,010,000,000 shares in Asia Standard Hotel at HK\$0.195 per share;
- (c) the underwriting agreement dated 22 March 2006 between Asia Standard Hotel and Get Nice in relation to the underwriting and certain other arrangements in respect of the issue by Asia Standard Hotel by way of one right share in Asia Standard Hotel for every two existing shares in Asia Standard Hotel at a price of HK\$0.09 per rights share in Asia Standard Hotel;
- (d) the placing agreement dated 2 May 2006 between the Company, Asia Standard International Capital Limited (“AS Capital”), a wholly-owned subsidiary of the Company, as issuer and Anglo Chinese Corporate Finance, Limited as placing agent in connection with the placing of the Series “A” 4% convertible bonds due 2009 with outstanding principal amount of HK\$94 million;

- (e) the subscription agreement dated 2 May 2006 between the Company, AS Capital and Grosvenor Asset Management Limited (“Grosvenor”) in connection with the subscription by Grosvenor for the Series “B” 4% convertible bonds due 2009 with outstanding principal amount of HK\$41 million;
- (f) the subscription agreement dated 2 May 2006 between the Company, AS Capital and AOCL in connection with the subscription by AOCL for the Series “B” 4% convertible bonds due 2009 with outstanding principal amount of HK\$140 million;
- (g) the deed poll dated 2 May 2006 between the Company and AS Capital constituting the 4% convertible bonds due 2009 with the aggregate principal amount of HK\$275 million; and
- (h) the underwriting agreement dated 25 September 2006 between the Company and Taifook Securities Company Limited in relation to the underwriting in respect of the issue by the Company by way of one rights shares for every two Shares at a price of HK\$0.175 per rights share.

6. ADDITIONAL DISCLOSURE OF INTERESTS IN THE COMPANY

- (a) As at the Latest Practicable Date, Asia Orient and parties acting in concert with it (namely Mr. Poon Jing and AOCL) were interested in 3,093,594,276 Shares representing approximately 43.06% of the issued capital of the Company.

Individual interests of Asia Orient and parties acting in concert with it are as follows:

	Number of Shares interested	Percentage shareholding (%)
Poon Jing (<i>Note 1</i>)	3,093,594,276	43.06
Asia Orient (<i>Note 2</i>)	3,087,345,774	42.97
AOCL	2,967,345,774	41.30

Note 1: Mr. Poon Jing is also a director of Asia Orient. He is the beneficial owner of 6,248,502 Shares. In addition by virtue of his controlling interest (31.92%) in Asia Orient, Mr. Poon Jing is deemed to be interested in the Shares held by the subsidiaries of Asia Orient.

Note 2: Asia Orient is deemed to be interested in the Shares held by AOCL, a wholly-owned subsidiary of Asia Orient.

- (b) Interests of the directors of Asia Orient in the Company:

Save for the interests of Mr. Poon Jing and Mr. Fung Siu To, Clement in the Company as disclosed under the section headed “Disclosure of Directors’ Interests”, none of the directors of Asia Orient has interest in the Company.

- (c) As at the Latest Practicable Date, no persons holding shares, convertible securities, warrants, options or derivative of the Company have irrevocably committed themselves to vote for or against the approval of the Bonus Issue of Warrants or the Whitewash Waiver.
- (d) As at the Latest Practicable Date, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code was entered into by any person with Asia Orient or any person acting in concert with it with respect to the shares, convertible securities, warrants, options or derivatives of the Company.
- (e) As at the Latest Practicable Date, none of (i) the subsidiaries of the Company; (ii) any pension funds of the Group; and (iii) any adviser to the Company as specified in class (2) of the definition of associates, had any interest in the shares, convertible securities, warrants, options or derivatives of the Company.
- (f) As at the Latest Practicable Date, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code was entered into by any person with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate in the Takeovers Code with respect to the shares, convertible securities, warrants, options or derivatives of the Company.
- (g) As at the Latest Practicable Date, there were no holdings in the shares, convertible securities, warrants, options or derivatives of the Company which are managed on a discretionary basis by fund managers connected with the Company.
- (h) Mr. Poon Jing, as an executive Director and a substantial shareholder of the Company, is required to abstain from voting in the SGM. No other Directors held Shares as at the Latest Practicable Date.

7. DEALINGS IN THE SHARES OF THE COMPANY

Dealings of Shares by the Concert Party Group during the period beginning six months prior to the date of the Announcement and ending on the Latest Practicable Date are as follows:

Date	Name	Number of Shares acquired	Price (HK\$)
14 Feb 2007 (<i>Note 1</i>)	Asia Orient and its wholly-owned subsidiaries (<i>Note 2</i>)	52,918,868	0.1918
14 Feb 2007 (<i>Note 1</i>)	Mr. Poon Jing	111,980	0.1918
5 Mar 2007	AOCL	4,500,000	0.212
5 Mar 2007	AOCL	500,000	0.211
5 Mar 2007	AOCL	2,000,000	0.208
5 Mar 2007	AOCL	200,000	0.207
6 Mar 2007	AOCL	3,100,000	0.215
6 Mar 2007	AOCL	266,000	0.214
6 Mar 2007	AOCL	500,000	0.212
8 Mar 2007	AOCL	1,140,000	0.215
9 Mar 2007	AOCL	2,266,000	0.214
6 June 2007	Asia Orient	120,000,000	0.27

Note 1: On 14 February 2007, Asia Orient and Mr. Poon Jing were issued scrip dividends of 52,918,868 Shares and 111,980 Shares respectively.

Note 2: Asia Orient is deemed to be interested in the scrip dividends issued to its subsidiary companies.

Save for the dealings in the Shares of the Company by the Concert Party Group as disclosed above, none of the Directors or the directors of Asia Orient had dealt for value in any Shares during the period beginning six months prior to the date of the Announcement and ending on the Latest Practicable Date.

8. SHAREHOLDINGS AND DEALINGS IN THE SHARES OF ASIA ORIENT

- (a) As at the Latest Practicable Date, save as disclosed below, neither the Company nor any of the Directors had any interest in shares, convertible securities, warrants, options or derivatives of Asia Orient or dealt for value in any such securities during the period beginning six months prior to the date of the Announcement and ending on the Latest Practicable Date:

(i) Directors' interests in the shares of Asia Orient

Director	Number of shares in Asia Orient held by such Director			Total	Approximate percentage shareholding issue (%)
	Personal Interest	Corporate Interest	Family Interest		
Poon Jing	92,761,366	88,677,414	3,257,939	184,696,719	31.92
Fung Siu To, Clement	9,278,770	—	—	9,278,770	1.60

(ii) Directors' interests in the share options of Asia Orient

Director	Capacity	Number of underlying shares in Asia Orient subject to the outstanding share options
Fung Siu To, Clement	Beneficial owner	2,126,301
Lim Yin Cheng	Beneficial owner	2,126,301
Lun Pui Kan	Beneficial owner	2,126,301
Kwan Po Lam, Phileas	Beneficial owner	2,126,301

Options were granted on 29 March 2007 and exercisable from 29 March 2007 to 28 March 2017 at the exercise price of HK\$1.4315 per share (as adjusted) in Asia Orient.

- (b) Dealings in the shares of Asia Orient by the Directors during the period beginning 6 months prior to the date of the Announcement and ending with the Latest Practicable Date are as follows:-

Date	Name	Number of shares in Asia Orient	Price (HK\$) (HK\$)
23 Jan 2007	Poon Jing	960,000	1.68
24 Jan 2007	Poon Jing	750,000	1.67
24 Jan 2007	Poon Jing	100,000	1.66
14 Feb 2007	Poon Jing and his associates	2,221,406 <i>(Note 1 and 3)</i>	1.66
14 Feb 2007	Fung Siu To, Clement	116,989 <i>(Note 1)</i>	1.66
13 June 2007	Poon Jing and his associates	61,565,571 <i>(Note 2 and 3)</i>	1.30
13 June 2007	Fung Siu To, Clement	3,092,923 <i>(Note 2)</i>	1.30

Note 1: On 14 February 2006, Poon Jing and his associates and Fung Siu To, Clement were issued scrip dividends of 2,221,406 shares and 116,989 shares of Asia Orient respectively.

Note 2: Rights shares for which irrevocable undertaking was given by Poon Jing and his associates and Fung Siu To, Clement to subscribe for, or procure subscription to, the proposed rights issue of Asia Orient announced on 13 June 2007. Such rights issue was completed on 30 July 2007.

Note 3: The dealings of Mr. Poon Jing and his associates include the dealings carried out by Mr. Poon, the companies wholly-owned by him and his spouse, Ms. Wong Mei Ling, Suzanne.

Save for the interests of Poon Jing and Fung Siu To, Clement in the dealings of Asia Orient as disclosed above, none of the Directors had dealt for value in any shares of Asia Orient during the period beginning six months prior to the date of the Announcement and ending on the Latest Practicable Date.

9. ARRANGEMENT IN CONNECTION WITH THE BONUS ISSUE OF WARRANTS AND/OR THE WHITEWASH WAIVER

As at the Latest Practicable Date, none of the Warrants to be issued and the Shares falling to be issued to any member of the Concert Party Group under the Bonus Issue of Warrants will be transferred, charged or pledged to any other persons.

As at the Latest Practicable Date, no benefit had been given or would be given to any Director as compensation for loss of office or otherwise in connection with the Bonus Issue of Warrants and/or the Whitewash Waiver.

As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) between Asia Orient and parties acting in concert with it and any of the directors, recent directors, shareholder or recent shareholders of the Company having any connection with or dependence upon the Bonus Issue of Warrants and the Whitewash Waiver.

As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the Bonus Issue of Warrants or the Whitewash Waiver or otherwise connected with any of them.

As at the Latest Practicable Date, none of the Directors had any material personal interest in any material contract entered into by Asia Orient.

10. INFORMATION REGARDING ASIA ORIENT AND PRINCIPAL MEMBERS OF ITS CONCERT PARTY GROUP

Asia Orient has its registered office at Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda and its head office and principal place of business in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong. The board of directors of Asia Orient comprises Messrs. Fung Siu To Clement, Lim Yin Cheng, Poon Jing, Lun Pui Kan, Kwan Po Lam Phileas, Chan Sze Hung, Cheung Kwok Wah Ken, Hung Yat Ming and Wong Chi Keung. Mr. Poon Jing is the controlling shareholder of Asia Orient who together with parties acting in concert with him has an interest of approximately 31.92% in Asia Orient.

The principal members of the parties acting in concert with Asia Orient are:-

- (a) Mr. Poon Jing, whose address is N.T.D.D. 381, Lot 951, Section J, New Territories, Hong Kong; and
- (b) AOCL, whose registered office is at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong. The directors of AOCL comprise: Mr. Poon Jing, Mr. Fung Siu To, Clement, Mr. Lun Pui Kan, Mr. Kwan Po Lam, Phileas, and Dr. Lim Yin Cheng.

11. INTENTION REGARDING THE GROUP

It is the present intention of Asia Orient and parties acting in connect with it that the existing business of the Group should be continued and not to introduce any major changes in the Group's business, including any redeployment of the fixed assets of the Group. In addition, Asia Orient and parties acting in connect with it do not have any plan to cause any material change to the continued employment of the Group's employees currently.

12. MARKET PRICE OF SHARES

The table below shows the closing prices of the Shares on the Stock Exchange (a) on the last trading day of the Shares prior to the publication of the Announcement, being 18 July 2007; (b) at the end of each of the calendar month during the period commencing six months preceding the date of the Announcement and ending on the Latest Practicable Date; and (c) on the Latest Practicable Date:

Date	Closing price <i>HK\$</i>
31 January 2007	0.239
28 February 2007	0.242
30 March 2007	0.248
30 April 2007	0.255
31 May 2007	0.290
29 June 2007	0.280
18 July 2007	0.310
31 July 2007	0.315
Latest Practicable Date	0.285

The highest and lowest closing prices of the Shares as recorded on the Stock Exchange during the period commencing six months preceding the date of the Announcement and ending on the Latest Practicable Date were HK\$0.335 per Share on 11 June 2007 and HK\$0.208 per Share on 5 March 2007, respectively.

13. EXPERTS' QUALIFICATIONS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice which are contained in this circular:

Name	Qualification
VC Capital	a licensed corporation licensed to carry out types 1 (dealing in securities) and 6 (advising on corporate finance) regulated activities under the SFO
Vigers Appraisal & Consulting Limited	Professional Surveyors and Valuers
Knight Frank Hong Kong Limited	Professional Surveyors and Valuers
Grant Thornton LLP	Professional Appraisers and Valuers

Each of VC Capital, Vigers Appraisal & Consulting Limited, Knight Frank Hong Kong Limited and Grant Thornton LLP has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report (as the case may be) and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of VC Capital, Vigers Appraisal & Consulting Limited, Knight Frank Hong Kong Limited and Grant Thornton LLP:

- (a) did not have any direct or indirect interest in any asset which had since 31 March 2007, being the date to which the latest published audited accounts of the Company were made up, been acquired or disposed of by, or leased to, any member of the Group, or was proposed to be acquired or disposed of by, or leased to, any member of the Group; and
- (b) was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

14. LITIGATION

Neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claims of material importance which is known to the Directors to be pending or threatened by or against either the Company or any of its subsidiaries as at the Latest Practicable Date.

15. PROCEDURE TO DEMAND A POLL AT THE SPECIAL GENERAL MEETING

Pursuant to the bye-laws of the Company, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (a) by the Chairman of the meeting; or
- (b) not less than three Shareholders present in person or by a duly authorised corporate representative or by proxy having the right to vote at the meeting; or
- (c) by any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or
- (d) by any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

If a poll is demanded, it shall (subject to any poll duly demanded on the election of a Chairman of a meeting, or on any question of adjournment, shall be taken at the meeting and without adjournment) be taken in such manner and at such time and place, not being more than 30 days from the date of the meeting or adjourned meeting at which the poll was demanded, as the Chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn, with the consent of the Chairman, at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

16. GENERAL

- (a) The executive Directors are Mr. Fung Siu To, Clement, Dr. Lim Yin Cheng, Mr. Poon Jing, Mr. Lun Pui Kan, Mr. Kwan Po Lam, Phileas, and Mr. Nicholas James Loup, the non-executive Directors are Mr. Au Yat Chuen, Raymond and Mr. Liang Shangli and the independent non-executive Directors are Mr. Koon Bok Ming, Alan, Mr. Leung Wai Keung, Richard, and Mr. Wong Chi Keung.
- (b) The company secretary of the Company is Ms. Chiu Yuk Ching, an associate member of The Hong Kong Institute of Chartered Secretaries.
- (c) The qualified accountant of the Company is Mr. Lun Pui Kan, an associate member of Hong Kong Institute of Certified Public Accountants.
- (d) The principal share registrars and transfer office of the Company is Butterfield Fund Services (Bermuda) Limited of Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda and the branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The head office and principal place of business of the Company in Hong Kong is at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.
- (f) The financial adviser to the Company is Anglo Chinese Corporate Finance, Limited and its address is 40th Floor, Two Exchange Square, 8 Connaught Road Central, Hong Kong.
- (g) The independent financial adviser to the Independent Board Committee and the Independent Shareholders is VC Capital Limited, whose address is 28th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong.
- (h) The English text of this circular prevails over the Chinese text.

17. DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES

A copy of this circular, having attached thereto the written consents referred to under the heading "Experts' Qualifications and Consents" in this appendix, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong. A copy of this circular has been or will be as soon as practicable, filed with the Registrar of Companies in Bermuda in accordance with the Companies Act 1981 of Bermuda (as amended).

18. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturday and public holidays) at the head office and principal place of business of the Company in Hong Kong from the date of this circular up to and including 3 September 2007 and will be also available at the SGM and the same will be uploaded at the Company's website (www.asiastandard.com) and the website of The Securities and Futures Commission of Hong Kong (www.sfc.hk) until and including the date of the SGM:

- (a) the memorandum of association and the bye-laws of the Company;
- (b) the material contracts referred to in the section headed "Material Contracts" in this appendix;
- (c) the written consents issued by VC Capital, Vigers Appraisal & Consulting Limited, Knight Frank Hong Kong Limited and Grant Thornton LLP;
- (d) the annual reports of the Company for the two years ended 31 March 2006 and 31 March 2007;
- (e) the letter from the Independent Board Committee, the text of which is set out on page 14 of this circular;
- (f) the letter from VC Capital, the text of which is set out on pages 15 to 22 of this circular;
- (g) the letter with the summary of valuation and valuation certificates issued by Vigers Appraisal & Consulting Limited set out in Appendix II to this circular;
- (h) the letter with the summary of valuation and valuation certificates issued by Knight Frank Hong Kong Limited set out in Appendix II to this circular; and
- (i) the letter with the summary of valuation and valuation certificates issued by Grant Thornton LLP set out in Appendix II to this circular.

APPENDIX IV SUMMARY OF THE TERMS AND CONDITIONS OF THE WARRANTS

In this Appendix, the following words and expressions shall have the following meaning unless the context otherwise requires:

- “Bye-laws”** the bye-laws of the Company;
- “Exercise Moneys”** in relation to any Warrant, the amount stated on the face of the Warrant certificate issued in respect of such Warrant as the amount in cash which the Warranholder of such Warrant is entitled to subscribe upon the exercise of the Subscription Rights represented thereby, as adjusted from time to time in accordance with the terms of the Instrument;
- “Instrument”** the instrument constituting the Warrants (as from time to time modified in accordance with the terms thereof) and includes any instrument supplemental thereto which is executed in accordance with the provisions of such Instrument (as from time to time modified as aforesaid);
- “Registrars”** in the case of the register of Warranholders maintained in the Bermuda, Butterfield Fund Services (Bermuda) Limited and, in the case of the branch register of Warranholders maintained in Hong Kong, Computershare Hong Kong Investor Services Limited, or such other person, firm or company as for the time being maintains in Bermuda the register of members of the Company or maintains in Hong Kong the branch register of the members of the Company, as the case may be (and/or such of the place as may be determined by the Directors);
- “Subscription Period”** the period from the date of issue of the Warrants to 4:00 p.m. on the date immediately preceding the date falling on the first anniversary of the date of issue of the Warrants (or the last business day before such date if such date is not a business day) (both dates inclusive);
- “Subscription Rights”** the rights of the Warranholders represented by the Warrants to subscribe in aggregate up to an aggregate maximum amount of HK\$416,738,464.23 for Shares pursuant to the Warrants and, in relation to each Warrant, means the right of the relevant Warranholder to subscribe the Exercise Moneys at the Subscription Price, being the initial sum of HK\$0.29, for Shares upon and subject to the terms and conditions of the Warrants; and
- “Warranholder(s)”** in relation to any Warrant, the person or persons who is or are for the time being registered in the register of Warranholders required to be maintained pursuant to the terms and conditions of the Warrants as the holder or joint holders of that Warrant.

APPENDIX IV SUMMARY OF THE TERMS AND CONDITIONS OF THE WARRANTS

The Warrants will be issued in registered form subject to and with the benefit of a separate Instrument by way of deed poll.

The Warrants will confer rights to subscribe up to an aggregate maximum amount of HK\$416,738,464.23 (subject to adjustment) for Shares, at an initial Subscription Price of HK\$0.29 per Share (subject to adjustment).

Upon the Bonus Issue of Warrants becoming unconditional, the Warrants represent direct obligations of the Company to Warrantheolders as described in the Instrument. The following is a summary of the major provisions of the Instrument and the principal terms and conditions of the Warrants as set out on the Warrant certificates. Warrantheolders will be entitled to the benefit of, be bound by, and be deemed to have notice of all such terms and conditions and the provisions of the Instrument, copies of which will be available at the head office and principal place of business of the Company in Hong Kong.

1. SUBSCRIPTION RIGHTS

- (a) The Warrantheolder will have the right to subscribe up to an aggregate maximum amount of HK\$416,738,464.23 for Shares at an initial Subscription Price (subject to the adjustments referred to below) of HK\$0.29 per Share. The Subscription Rights attaching to the Warrants may be exercised in whole or in part at any time during the Subscription Period. After the Subscription Period, any Subscription Rights which have not been exercised shall lapse and the Warrants will cease to be valid for any purpose.
- (b) Each Warrant certificate contains a subscription form. In order to exercise his Subscription Rights, the Warrantheolder must complete and sign the subscription form (which will be irrevocable) and deliver the Warrant certificate (and, if the subscription form used is not the form endorsed on the Warrant certificate, a separate subscription form) to the Registrars, together with a remittance for the Exercise Moneys (or, in the case of partial exercise, the relevant portion of the Exercise Moneys). In each case compliance must also be made with any exchange control, fiscal or other laws or regulations for the time being applicable. Unless otherwise agreed by the Directors, subscription forms must be submitted to the Registrars in Hong Kong.
- (c) No fraction of a Share will be allotted and any balance of the Exercise Moneys paid on exercise of the Subscription Rights represented by the Warrant certificate will be retained by the Company for its benefit.
- (d) The Shares to be issued upon the exercise of the Subscription Rights represented by the Warrant will rank pari passu with the fully-paid Shares in issue on the relevant subscription date and accordingly will entitle the Warrantheolders to participate in all dividends or other distributions declared, paid or made on or after the relevant subscription date, unless adjustment therefor has been made as provided in the terms and conditions of the Warrants

APPENDIX IV SUMMARY OF THE TERMS AND CONDITIONS OF THE WARRANTS

and other than any dividend or other distribution previously declared, recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant subscription date and notice of the amount and record date therefor shall have been given to the Stock Exchange prior to the relevant subscription date.

- (e) As soon as practicable after the relevant allotment and issue of Shares (and not later than 21 days after the subscription date or, if the subscription date falls at a time when an adjustment to the Subscription Price and/or the Exercise Moneys is to be made (in accordance with the terms and conditions of the Instrument) which has not become unconditional within such 21 day period, within 14 days of such adjustment becoming unconditional), there will be issued free of charge to the Warrantholders:
 - (i) a certificate (or certificates) for the relevant Shares in the name(s) of such Warrantholder(s); and
 - (ii) (if applicable) a balancing Warrant certificate in registered form in the name(s) of such Warrantholder(s) in respect of any Subscription Rights remaining unexercised.

The certificate(s) for Shares arising on the exercise of Subscription Rights and the balancing Warrant certificate (if any) will be sent by post at the risk of such Warrantholder(s) to the address of such Warrantholder(s) or (in the case of a joint holding) to that one of them whose name stands first in the register of Warrantholders. If the Company agrees, such certificates may by prior arrangement be retained by the Registrars to await collection by the relevant Warrantholder(s).

2. ADJUSTMENTS OF SUBSCRIPTION PRICE AND EXERCISE MONEYS

The Instrument contains detailed provisions relating to the adjustment of the Subscription Price and the Exercise Moneys. The following is a summary of and is subject to, the adjustment provisions of the Instrument:

- (a) The Subscription Price will (except as mentioned in sub-paragraphs (b) and (c) below) in each of the following cases, and the Exercise Moneys will in the case of sub-paragraph (a)(viii) below, be adjusted as provided in the Instrument (but the Subscription Price shall however not be adjusted below the nominal value of the Shares until the Subscription Right Reserve (as defined in the Instrument) is maintained pursuant to the terms and conditions of the Instrument):
 - (i) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;
 - (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully-paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);

APPENDIX IV SUMMARY OF THE TERMS AND CONDITIONS OF THE WARRANTS

- (iii) a Capital Distribution (as defined in the Instrument) being made by the Company, whether on a reduction of capital or otherwise except pursuant to any purchase by the Company of its own Shares which is permitted by the Listing Rules and is in accordance with the provisions of the laws of Bermuda and the Company's memorandum of association and the Bye-laws, to Shareholders in their capacity as such;
- (iv) an offer or grant being made by the Company to Shareholders of any new Shares by way of rights or options, or warrants to subscribe for Shares at a price which is less than 90% of the market price (calculated as provided in the Instrument); provided however that no adjustment shall be made if the Company shall make a like offer or grant (as the case may be) at the same time to each Warrantholder (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws or requirements of any recognised regulatory body or any stock exchange) as if he had exercised the Subscription Right represented by his Warrant certificate(s) in full on the day immediately preceding the record date for such offer or grant;
- (v) an issue wholly for cash being made by the Company or any other company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total Effective Consideration (as defined in the Instrument) per Share is less than 90% of the market price (calculated as provided in the Instrument), or the terms of any such issue being altered so that the said total Effective Consideration is less than 90% of the market price;
- (vi) an issue being made wholly for cash of Shares other than pursuant to an Employee Share Scheme (as defined in the Instrument) at a price less than 90% of the market price (calculated as provided in the Instrument);
- (vii) a purchase by the Company of any of its Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange or any stock exchange recognized by the SFC and the Stock Exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price; and
- (viii) at the end of each six month period from the date of issue of the Warrants and on the 10th business day immediately before the end of the Subscription Period.

APPENDIX IV SUMMARY OF THE TERMS AND CONDITIONS OF THE WARRANTS

- (b) Except as mentioned in sub-paragraph (c) below, no such adjustment as is referred to in sub-paragraph (a) above will be made in respect of:
- (i) an issue of fully-paid Shares upon the exercise of any conversion rights attached to securities wholly or partly convertible into Shares or upon the exercise of any rights (including the subscription rights) to acquire Shares;
 - (ii) an issue of Shares or other securities of the Company or any subsidiary wholly or partly convertible into or carrying rights to acquire Shares pursuant to an Employee Share Scheme;
 - (iii) an issue by the Company of Shares or by the Company or any subsidiary of securities wholly or partly convertible into or carrying rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
 - (iv) an issue of fully-paid Shares by way of capitalisation of all or part of the Subscription Right Reserve to be established in certain circumstances pursuant to the terms and conditions contained in the Instrument (or any similar reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into or carrying rights to acquire Shares); or
 - (v) an issue of Shares pursuant to a scrip dividend scheme in lieu of a cash dividend where an amount not less than the nominal amount of the Shares so issued is capitalised.
- (c) Notwithstanding the provisions referred to in sub-paragraphs (a) and (b) above, in any circumstances where the Directors consider that an adjustment to the Subscription Price provided for under the said provisions should not be made, or should be calculated on a different basis, or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions, or that an adjustment should take effect on a different time or at a different date from that provided for, the Company may appoint the Auditors (as defined in the Instrument) or an approved merchant bank (as defined in the Instrument) or an approved financial adviser (as defined in the Instrument) to consider whether for any reason whatever the adjustment to be made (or in the absence of adjustment) would not or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such Auditors or such approved merchant bank or such approved financial adviser shall consider this to be the case, the adjustment will be modified or nullified or an adjustment made instead of no adjustment in such manner (including, without limitation, making an adjustment calculated on a different basis and/or the adjustment shall take effect from such other time and/or date) as is certified by the Auditors or such approved merchant bank or such approved financial adviser to be in its option appropriate.

- (d) Any adjustment to the Subscription Price will be made to the nearest HK\$0.001 so that any amount under HK\$0.0005 will be rounded down and any amount of HK\$0.0005 or more will be rounded up. No adjustment will be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than HK\$0.001 and any adjustment which would otherwise then be required will not be carried forward. No adjustment may be made (except on a consolidation of shares) which would increase the Subscription Price.
- (e) Every adjustment to the Subscription Price (save for the adjustment referred to in sub-paragraph (2)(a)(viii) above) will be certified to be fair and appropriate by the Auditors or an approved merchant bank or an approved financial adviser. Notice of each adjustment to the Subscription Price (and in respect of the adjustment referred to in sub-paragraph 2(a)(viii) above, the Exercise Moneys) will be given to the Warrantheolders setting out the relevant particulars. Any such certificates of the Auditors and/or approved merchant bank and/or approved financial adviser will be available at the principal place of business of the Company in Hong Kong, where copies may be obtained. In giving any certificate or making any adjustments thereunder, the Auditors or the approved merchant bank or the approved financial adviser shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, the decision shall be conclusive and binding on the Company and the Warrantheolders and all persons claiming through or under them.

3. REGISTERED WARRANTS

The Warrants will be issued in registered form. The Company will be entitled to treat the registered Warrantheolder as the absolute owner thereof and accordingly will not, except as ordered by a court of competent jurisdiction or required by law, be bound to recognize any equitable right or other claim to or interest in such Warrant on the part of any other person, whether or not it shall have express or other notice thereof.

4. REGISTER, TRANSFER AND TRANSMISSION

The Subscription Rights represented by the Warrant certificate are transferable, in whole amounts or integral multiples of the Subscription Price (or such other sum as the Directors shall from time to time determine) of Subscription Rights, by instrument of transfer in any usual or common form or in any other form which may be approved by the Directors. Where the transferor or the transferee is HKSCC Nominees Limited or its successor thereto (or such other company as may be approved by the Directors for this purpose) the transfer may be executed on behalf of HKSCC Nominee Limited under the hands of authorised person(s) or by machine imprinted signature(s) on its behalf or of such person(s), as the case may be. For this purpose, the Company shall maintain a register of Warrantheolders and the provisions of the Bye-laws for the time being relating to the registration, transfer and transmission of Shares shall apply, mutatis mutandis, to the registration, transfer and transmission of the Warrants and shall have full effect as if the same had been incorporated herein. Unless the Directors otherwise agree all transfers and other documents of title to the Warrants must be lodged for registration with, and registered by, the Registrars in Hong Kong.

5. PURCHASE AND CANCELLATION

The Company or any of its subsidiaries may at any time purchase Warrants:

- (a) in the open market or by tender (available to all Warrantholders alike) at any price; or
- (b) by private treaty at any price,

but not otherwise. All Warrants purchased as aforesaid will be cancelled forthwith and may not be re-issued or re-sold.

6. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS

- (a) The Instrument contains provisions for convening meetings of Warrantholders to consider any matter affecting their interests, including the modification by Special Resolution (as defined in the Instrument) of the provisions of the Instrument and/or of the terms and conditions endorsed on the Warrant certificates. A Special Resolution duly passed at any such meeting will be binding on the Warrantholders, whether present or not.
- (b) All or any of the rights for the time being attached to the Warrants (including any of the provisions of the Instrument) may from time to time (whether or not the Company is being wound up) be altered or abrogated (including but without prejudice to that generality by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the provisions of the terms and conditions endorsed on the Warrant certificates and/or the Instrument) and the sanction of a Special Resolution shall be necessary and sufficient to effect such alteration or abrogation and any modification to the Instrument may be effected by deed poll executed by the Company and expressed to be supplemental to the Instrument.

Where the Warrantholder is a recognised clearing house (within the meaning of the SFO) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative (or representatives) or proxy (or proxies) at any Warrantholders' meeting provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of Warrants in respect of which each such person is so authorised. The person so authorised will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise as if such person were an individual Warrantholder.

7. REPLACEMENT OF WARRANT CERTIFICATES

If a Warrant certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Directors, be replaced at the principal office of the Registrars in Hong Kong (unless the Directors otherwise direct) on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Directors may require and on payment of such fee not exceeding HK\$2.50 (or such higher fee as may from time to time be permitted by the Stock Exchange) as the Directors may determine. Mutilated or defaced warrant certificates must be surrendered before replacements will be issued.

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In the case of lost warrant certificates, section 71A of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) shall apply as if “shares” referred to therein included Warrants.

8. PROTECTION OF SUBSCRIPTION RIGHTS

The Instrument contains certain undertakings by and restrictions on the Company designed to protect the Subscription Rights.

9. CALL

If at any time the aggregate amount of the Exercise Moneys attaching to the Warrants which have not been exercised is less than 10% of the amount of Exercise Moneys attached to all Warrants issued under the Instrument, the Company may, on giving not less than one month’s notice, require Warrantholders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Warrants will be cancelled automatically without compensation to the Warrantholders.

10. FURTHER ISSUES

The Company will be at liberty to issue further subscription warrants in such manner and on such terms as it sees fit.

11. UNDERTAKINGS BY THE COMPANY

In addition to the undertakings given by it in relation to the grant and exercise of the Subscription Rights and the protection thereof, the Company has undertaken in the Instrument that:

- (a) it will send to each Warrantholder, at the same time as the same are sent to the Shareholders, its audited accounts and all other notices, reports and communications despatched by it to the Shareholders generally;
- (b) it will pay all Bermuda and Hong Kong stamp duties, registration fees or similar charges (as applicable) in respect of the execution of the Instrument, the creation and initial issue of the Warrants in registered form, the exercise of the Subscription Rights and the issue of Shares upon exercise of the Subscription Rights;
- (c) it will use its best efforts to procure that all Shares allotted upon exercise of the Warrants may, upon allotment or as soon as reasonably practicable thereafter, be dealt in on the Stock Exchange (save that this obligation shall lapse in the event that the listing of the Shares on the Stock Exchange is withdrawn following an offer for all or any of the Shares where a like offer is extended to the Warrantholders);
- (d) it will ensure that all requisite consents which may be required in Bermuda and Hong Kong are in place in relation to the Warrants and the Shares to be issued pursuant to the Warrants as described in the Instrument; and

- (e) it will keep available for issue sufficient ordinary capital to satisfy in full all outstanding Subscriptions Rights.

12. NOTICES

The Instrument contains provisions relating to notices to be given to Warrantholders.

13. WINDING-UP OF THE COMPANY

If an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company, then if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders or some persons designated by them for such purpose by Special Resolution will be a party, or in conjunction with which a proposal is made to the Warrantholders and is approved by Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal will be binding on all the Warrantholders.

In the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purposes of considering and if thought fit approving a resolution for the voluntary winding up of the Company, the Company shall forthwith give notice thereof to each Warrantholder and thereupon, every Warrantholder shall be entitled by irrevocable surrender of his Warrant certificate(s) to the Company (such surrender to occur not later than 2 business days prior to the proposed Shareholders' meeting referred to above) with the subscription form(s) duly completed together with payment of the Exercise Moneys or the relative portion thereof, to exercise the Subscription Rights represented by such Warrants, and the company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed Shareholders' meeting allot to the Warrantholders such number of Shares which fall to be issued upon the exercise of Subscription Rights attaching to the Warrants. The Company shall give notice to the Warrantholders of the passing of such resolution within 7 business days of the passing thereof.

Subject to the foregoing, if the Company is wound up, all Subscription Rights which have not been exercised at the commencement of the winding up shall lapse and each Warrant certificate will cease to be valid for any purpose.

14. OVERSEAS WARRANTHOLDERS

If a Warrantholder has a registered address in any territory (other than Hong Kong) where, in the opinion of the Directors, the allotment of Shares to such Warrantholder upon exercise of any Subscription Rights would or might, in the absence of compliance with registration or any other special formalities in such territory, be unlawful or impracticable under the laws of such territory, then the Company shall, acting as agent for such Warrantholder, as soon as practicable after an exercise by such Warrantholder of any Subscription Rights, either:

- (a) allot the Shares which would otherwise have been allotted to such Warrantholder to one or more third parties selected by the Company; or

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- (b) allot such Shares to such Warrantholder and then, on his behalf, sell them to one or more third parties selected by the Company,

in each case for the best consideration then reasonably obtainable by the Company. As soon as reasonably practicable following any such allotment or (as the case may be) allotment and sale, the Company shall pay to the relevant Warrantholder an amount equal to the consideration received by the Company therefor (but having deducted therefrom any brokerage, commission, stamp duty, withholding tax and any other payments, charges or taxes incurred by the Company in respect of such payment and, in the case of an allotment and sale as aforesaid, such sale) by posting the relevant remittance, by way of a Hong Kong dollar cheque, to him at his risk. The Company is hereby deemed to be authorised to effect any of the aforesaid transactions pursuant to this condition as agent for such Warrantholder and for this purpose the Company may appoint one or more persons to execute such transfers, renunciations or other documents on behalf of the relevant Warrantholder as may be required to be executed and generally may make all such arrangements as may appear to the Directors to be necessary or appropriate in connection therewith.

15. GOVERNING LAW

The Instrument and the Warrants are governed by and will be construed in accordance with the laws of Hong Kong.

NOTICE OF SGM



ASIA STANDARD INTERNATIONAL GROUP LIMITED

(泛海國際集團有限公司)*

(incorporated in the Bermuda with limited liability)

(Stock Code: 129)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders (“Shareholders”) of Asia Standard International Group Limited (“Company”) will be held at Basement 1, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong on Friday, 31 August 2007 at 10:15 a.m. (or, if later, immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at the same place at 10:00 a.m. on 31 August 2007) for the purpose of considering and, if thought fit, passing the following Resolutions:-

ORDINARY RESOLUTIONS

1. **“THAT** conditional upon (a) the passing of Resolution 2 by the Independent Shareholders (as defined in the circular (the **“Circular”**) of the Company to the shareholders of the Company (the **“Shareholders”**) dated 9 August 2007 of which this notice forms part, a copy of which is marked **“A”** and signed by the Chairman of this meeting for the purpose of identification) as set out in the notice convening this meeting of which this Resolution forms part; and (b) the Listing Committee of The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) granting approval for the listing of, and permission to deal in, the shares of HK\$0.01 each (the **“Shares”**) in the capital of the Company which may fall to be issued upon exercise of the subscription rights attaching to the Warrants (as defined below), the Directors be and are hereby authorised:
 - (A) to create and issue warrants (the **“Warrants”**) to subscribe for new Shares at any time during the period from the date of issue thereof to the date immediately preceding the date falling on the first anniversary of the date of issue of the Warrants (both dates inclusive) at the initial subscription price of HK\$0.29 per Share, subject to adjustment, upon the terms and conditions of the instrument by way of deed poll constituting the Warrants (the **“Warrant Instrument”**) (a copy of the draft Warrant Instrument, subject to further modifications, is marked **“B”** and signed by the Chairman of this meeting for the purpose of identification) by way of bonus issue to the Shareholders whose names appear on the register of members of the Company on 31 August 2007 (the **“Record Date”**) in the proportion of one Warrant for every five Shares then held **PROVIDED THAT** (a) the Warrants shall not be issued to the Excluded Shareholders (as defined in the Circular) but shall be sold through a private matching service to be provided by the Company or its agent and the net proceeds of sale, after deduction of expenses, shall be distributed in Hong Kong dollars to the Excluded Shareholders, if any, pro rata to their respective shareholdings

* For identification purposes only

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unless the amount falling to be distributed to any such Excluded Shareholder is less than HK\$100.00, in which case it shall be retained for the benefit of the Company; and (b) fractional entitlements shall not be allotted but shall be aggregated and sold for the benefit of the Company;

(B) to issue and allot to the holders of the Warrants the appropriate number of new Shares upon due exercise of the subscription rights attaching thereto; and

(C) do all things and acts and sign all documents which they consider desirable or expedient to implement and/or give effect to any or all of the transactions contemplated in this Resolution.”

2. “**THAT** conditional upon (a) the passing of Resolution 1 as set out in the notice convening this meeting of which this Resolution forms part; and (b) the Executive (as defined in the Circular) granting the Whitewash Waiver (as defined in the Circular) to Asia Orient (as defined in the Circular) and parties acting in concert with it and the satisfaction of any conditions attached to the Whitewash Waiver imposed by the Executive, the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code (as defined in the Circular) waiving any obligations on the part of Asia Orient and parties acting in concert with it to make a mandatory offer to Shareholders to acquire Shares and other convertible securities of the Company other than those already owned by Asia Orient and parties acting in concert with it which would otherwise arise under Rule 26.1 of the Takeovers Code as a result of any allotment or issue of Shares to Asia Orient and/or parties acting in concert with it pursuant to the exercise by Asia Orient and/or parties acting in concert with it of the subscription rights attaching to the Warrants be and is hereby approved by the Independent Shareholders and **THAT** the Directors be and are hereby authorised to do all things and acts and sign all documents which they consider desirable or expedient to implement and/or give effect to any matter relating to or in connection with the Whitewash Waiver.”

By Order of the Board
Chiu Yuk Ching
Secretary

Hong Kong, 9 August 2007

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

*Head office and principal place of
business in Hong Kong:*
30th Floor
Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

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Notes:

1. Every Shareholder entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a Shareholder of the Company.
2. A form of proxy for use at the above meeting is enclosed herewith.
3. Where there are joint holders of any Shares, any one of such persons may vote at the meeting, personally or by proxy or by a duly authorized corporate representative (as defined in the Bye-Laws), in respect of such Shares as if he was solely entitled thereto provided that if more than one of such joint holders be present at the meeting personally or by proxy or by a duly authorized corporate representative, the person whose name stands first on the register of Shareholders in respect of such Shares shall alone be entitled to vote in respect thereof.
4. To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the head office and principal place of business of the Company in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting (or any adjournment thereof).
5. Members are recommended to read the circular of the Company containing information concerning the Resolutions proposed in this notice.

As at the date hereof, the executive Directors are Mr. Fung Siu To Clement, Dr. Lim Yin Cheng, Mr. Poon Jing, Mr. Lun Pui Kan, Mr. Kwan Po Lam Phileas and Mr. Nicholas James Loup; the non-executive Directors are Mr. Liang Shangli and Mr. Au Yat Chuen Raymond and the independent non-executive Directors are Mr. Koon Bok Ming Alan, Mr. Leung Wai Keung Richard and Mr. Wong Chi Keung.