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ASIA STANDARD INTERNATIONAL GROUP LIMITED

(泛海國際集團有限公司)*

(incorporated in Bermuda with limited liability)

(Stock code: 129)

DISCLOSEABLE TRANSACTION

**ACQUISITION OF INTERESTS IN A RESIDENTIAL AND
COMMERCIAL DEVELOPMENT PROJECT IN BEIJING**

Financial adviser

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

On 8 October, 2007, the Group entered into an agreement to acquire Whole Mix Profits which indirectly holds 44% of a plot of Land, located at No.72 Yong Shun Street West, Yong Shun Township, Tongzhou District, Beijing, PRC, at a total consideration of HK\$153,300,000 in cash, subject to adjustment. The Land will be developed into a large residential and commercial complex with ancillary facilities.

The Sale and Purchase Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing the information required to be given to Shareholders under the Listing Rules is being prepared and will be despatched to the Shareholders as soon as practicable.

SALE AND PURCHASE AGREEMENT

Date

8 October, 2007

Parties

Purchaser: Prime Source, a wholly owned company of the Company

Vendor: Super Fast Investments, an investment holding company

Guarantor: Mr. Yu

To the best knowledge, information and belief of the Directors having made all reasonable enquires, both the Vendor and the Guarantor are third parties independent of the Group and connected persons of the Group.

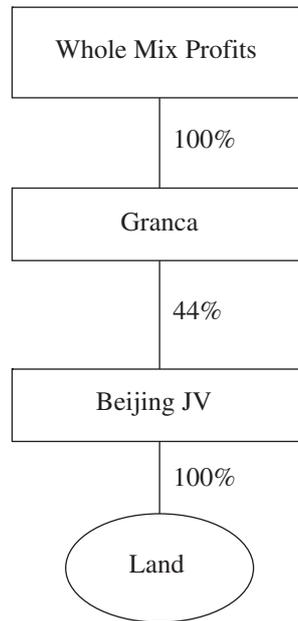
Principal terms of the agreement

The Purchaser has agreed to purchase from the Vendor the entire share capital and outstanding shareholder's loan of Whole Mix Profits for a aggregate consideration of HK\$153,300,000, in cash, which is subject to adjustment according to the approved final gross floor area of the Land.

The sole asset and business of Whole Mix Profits is its holding of the entire issued share capital of Granca. The sole asset and business of the Beijing Company is the Land and development of the Land. The Land is located in No.72 Yong Shun Street West, Yong Shun Township, Tongzhou District, Beijing with a site area of approximately 52,000 square metres. The Land is preliminarily planned to be developed into high and low rise residential buildings along the riverside with ancillary facilities including shopping malls and carpark. 北京市發展和改革委員會 (Beijing Municipal Commission of Development and Reform*) has approved change the Beijing Company into a sino-foreign equity joint venture under the PRC laws (the "Beijing JV"), by bringing in Granca as a foreign party to subscribe for 44% of the enlarged registered capital of the Beijing JV. Further application is being made to other relevant government authorities to complete the change of the status of the Beijing Company into the Beijing JV.

The Vendor and the Guarantor have jointly and severally undertaken certain representations and warranties to the Purchaser in relation to each of Granca and the Beijing Company and following the conversion, the Beijing JV.

The chart below illustrates the shareholding structure in the Beijing JV upon completion of the Sale and Purchase Agreement:



Upon completion of the Sale and Purchase Agreement, Granca and the PRC Party will be shareholders of the Beijing JV. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the PRC Party and its ultimate beneficial owners are independent third parties and are not associated with the Company, its chief executive, its Directors, substantial shareholders or any party associated with any of them, as defined by the Listing Rules.

Consideration

The consideration of HK\$153,300,000, was determined after arm's length negotiation by taking consideration of, among other things, the property valuation and the gross area for the planned residential and commercial complex which the Land will be developed into. An initial deposit of HK\$20,000,000 has been paid upon signing of the Sale and Purchase Agreement. A further deposit of HK\$30,000,000 shall be paid within 30 days from the date of the Sale and Purchase Agreement. The balance of the consideration of HK\$103,300,000, will be settled in cash upon completion of the Sale and Purchase Agreement. The payments will be funded by internal resources of the Group.

Upon conversion of the Beijing Company into the Beijing JV, the Group will, through Granca as the foreign party, subscribe for 44% of the enlarged registered capital of the Beijing JV, amounting to RMB105,600,000 (approximately HK\$109,181,000) which would be funded by internal resources of the Group.

The present approved gross floor area of the residential and commercial complex to be developed on the Land is approximately 91,302 square metres. Application is being made to increase such gross floor area to approximately 187,949 square metres. In the event that the eventual gross floor area approved by the relevant PRC authorities is less than 172,900 square metres (representing 92% of the target floor area being applied) within 180 days (or such longer period as the parties may mutually agree) after completion of the Sale and Purchase Agreement, the consideration shall be reduced accordingly on a pro rata basis and the reduced amount together with the interest thereon shall be refunded from the Vendor. No adjustment to the consideration is required if the approved enlarged gross floor area is more than 172,900 square metres.

A valuation has been carried out by an independent valuer using the direct comparison and residual approach. The valuation report dated 3 October, 2007 valued the Land at approximately RMB559,000,000 (approximately HK\$577,957,000), on the assumption that, amongst other things, the enlarged gross floor area of 187,949 square metres is approved by the relevant authorities, the land premium and other related costs are fully settled. The total development expenses and costs for the Land, including amongst other things, the land premium, are estimated to be approximately RMB733 million (approximately HK\$758 million). The proceeds from the subscription of the enlarged registered capital in the Beijing JV by the Group, through Granca, and the PRC Party of RMB105,600,000 and RMB134,400,000, respectively, will be used towards the funding of the development costs. In addition to the proceeds from the aforesaid subscription, the remaining development costs may be financed through borrowings, pre-sales and/or other sources of financing. In the event the Beijing JV was to seek further financing from its shareholders, such financing would be given in proportion to the shareholding interests of the PRC Party and the Group in the Beijing JV.

Conditions

Completion of the transaction is conditional upon:

- (a) the Purchaser being satisfied upon its due diligence investigation on the financial, business and asset position of Whole Mix Profits, Granca and the Beijing Company and following the conversion, the Beijing JV;
- (b) the Beijing Company having been duly converted into the Beijing JV under the PRC laws;
- (c) the due establishment and subsistence of the Beijing JV under the PRC laws and that there is no petition for winding up the same;

- (d) the validity and subsistence of the sino-foreign equity joint venture agreement for the establishment of the Beijing JV and that the same is binding on the parties thereto in accordance with its terms;
- (e) the issue of a legal opinion by a firm of PRC lawyers acceptable to the Purchaser confirming that the Beijing JV has a good title to the Land free from all encumbrances;
- (f) the issue of a legal opinion by a firm of lawyers practicing the laws of the Samoa confirming the due establishment and subsistence of the Vendor and that the Vendor is legally permitted under the laws of the Samoa to own the entire issued share capital of Whole Mix Profits and the shareholder loan of the Vendor to Whole Mix Profits; and
- (g) the issue of a legal opinion by a firm of lawyers practicing the law of the British Virgin Islands confirming the due establishment and subsistence of the Whole Mix Profits and that Whole Mix Profits is legally permitted under the laws of the British Virgin Islands to own the entire issued share capital of Granca and the shareholder loan of Whole Mix Profits to Granca and through Granca enter into any legally binding agreement to subscribe for 44% of the enlarged registered capital of the Beijing JV.

Completion

Completion will take place on the third Business Day after all of the conditions of the Sale and Purchase Agreement are fulfilled, or waived by the Purchaser, but in any event not later than 120 days from the date of the Sale and Purchase Agreement or such other date as the parties may mutually agree.

REASONS FOR THE ACQUISITION

The Group is principally engaged in property development and investment. The Land is located in a prime location in Tongzhou District, Beijing, the capital city of the PRC. The acquisition of the effective interests in the Land is in alignment with a principal activity of the Group. With rapid increase in residents' income and urbanisation process, the Directors expect that the demand for commercial and residential property development in the PRC will continue to grow. The Directors consider the Land is a good investment opportunity for the Company in Beijing, and that the terms of the Sale and Purchase Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

FINANCIAL EFFECT OF THE ACQUISITION

As a result of the acquisition, the Group will acquire a 44% effective interest in the Land through its indirect investment in Granca which will be treated as a wholly owned subsidiary of the Group. Accordingly, the Company will equity account for the share of the financial results of Granca which effectively means a share of 44% of the financial results of the Beijing JV, which holds the Land. As the Land is still under development, there was no profit attributable to the Beijing JV yet, and nor is there any profit generated by Granca since their establishment.

It is expected that the acquisition will not have any significant impact on the Group's net asset value as any increase in non-current assets will be offset by a corresponding decrease in bank balances and cash of the Group.

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 Group Limited, the Company is also involved in hotel operation, travel agency and restaurant businesses.

GENERAL

Under Chapter 14 of the Listing Rules, the Sale and Purchase Agreement constitutes a discloseable transaction of the Company. A circular containing the information required to be given to Shareholders under the Listing Rules, is being prepared and will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Asia Standard International” or “Company”	Asia Standard International Group Limited (泛海國際集團有限公司*) (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
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“Beijing Company” or “Beijing JV”	北京黃海房地產開發有限公司 (Beijing Huang Hai Real Estate Development Company Limited*), a limited liability company established under the PRC laws, and to be converted into a sino-foreign equity joint venture under the PRC laws upon approval from relevant government authorities
“Business Day”	means a day (excluding Saturday) on which banks are open for business in Hong Kong;
“Director(s)”	director(s) of the Company
“Guarantor” or “Mr. Yu”	Mr. Yu Nai Chu, a director and beneficial owner of the Vendor
“Granca”	Granca Development Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Whole Mix Profits
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Land”	a plot of land, located at No.72 Yong Shun Street West, Yong Shun Township, Tongzhou District, in Beijing, PRC, with a site area of approximately 52,000 square metres
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding for the purpose of this announcement Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Party”	北京俊星房地產開發有限公司 (Beijing Junxin Property Development Company Limited*), a company duly incorporated under the PRC laws and engaged in property development projects in Beijing
“Prime Source” or “Purchaser”	Prime Source Holdings Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company

“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement between Prime Source and Super Fast Investments, the vendor, dated 8 October, 2007
“Share(s)”	ordinary share(s) 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
“Super Fast Investments” or “Vendor”	Super Fast Investments Limited, a company incorporated under the laws of Samoa
“Whole Mix Profits”	Whole Mix Profits Limited, a company incorporated in the British Virgin Islands with limited liability

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

Hong Kong, 9 October, 2007

As at the date of this announcement, 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. Loup, Nicholas James; 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.

Unless otherwise specified in this announcement, amounts denominated in Renminbi have been converted into Hong Kong dollars at the rate of HK\$1 = RMB0.9672. This exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts has been, could have been or may be converted at the above rate or any other rates.

** For identification purposes only*