

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**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 to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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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**

### **DISPOSAL OF A PROPERTY**

**Financial Adviser**

**ANGLO CHINESE**  
CORPORATE FINANCE, LIMITED

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\* For identification purposes only

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# CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	4
Introduction .....	4
The Sale and Purchase Agreement .....	5
Information about the Property .....	6
Information about Maxi-Win, Good Choice and Master Asia .....	6
The Convertible Bonds .....	8
Reasons for and Benefits of, the Transaction .....	10
Information on Asia Standard International and Asia Standard Hotel .....	11
Listing Rules implication .....	11
Additional information .....	11
<b>Appendix — General information</b> .....	12

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## DEFINITIONS

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

“Announcement”	the joint announcement dated 19 December, 2006 made by Asia Standard Hotel and Asia Standard International
“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 Development”	Asia Standard Development (Holdings) Limited, a limited liability company incorporated in Hong Kong and an indirect wholly owned subsidiary of Asia Standard International
“Asia Standard Finance”	Asia Standard Finance Company Limited, a limited liability company incorporated in Hong Kong and an indirect wholly owned subsidiary 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 56.88% subsidiary of Asia Standard International
“Asia Standard Hotel Holdings”	Asia Standard Hotel (Holdings) Limited, a limited liability company incorporated in Hong Kong and an indirect wholly owned subsidiary of Asia Standard Hotel
“Asia Standard Hotel Resolution	the shareholders’ resolution of Asia Standard Hotel to ratify, confirm and approve the Sale and Purchase Agreement and the issue of Convertible Bonds in the aggregate principal amount equivalent to the Share Consideration and the Loan Consideration to Asia Standard Development and Asia Standard Finance, respectively, and the transactions contemplated thereunder to be passed by the independent shareholders of Asia Standard Hotel at the special general meeting of Asia Standard Hotel
“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

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## DEFINITIONS

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“Assigned Loans”	the outstanding loans advanced by Asia Standard Finance to Master Asia up to the date of, and immediately prior to, completion of the Sale and Purchase Agreement
“associate”	has the meaning ascribed to it by the Listing Rules
“controlling shareholder”	has the meaning ascribed to it by the Listing Rules
“Consideration”	the Loan Consideration and the Share Consideration
“Convertible Bonds”	the zero coupon convertible bonds due 2011 in the aggregate principal amount of HK\$300 million to be issued by Asia Standard Hotel
“Director(s)”	the director(s) of the Company
“Deed Poll”	the deed poll constituting the Convertible Bonds to be executed by Asia Standard Hotel
“Good Choice”	Good Choice Limited, a limited liability company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of Asia Standard International holding a 30% interest in Master Asia
“Group”	Asia Standard International together with its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	5 January, 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Loan Consideration”	the face value of the Assigned Loans
“Master Asia”	Master Asia Enterprises Limited, a limited liability company incorporated in Hong Kong and an indirect wholly owned subsidiary of Asia Standard International
“Maxi-Win”	Maxi-Win Limited, a limited liability company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of Asia Standard International holding a 70% interest in Master Asia

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## DEFINITIONS

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“PRC”	the People’s Republic of China, excluding for the purpose of this circular Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property”	the property located at No. 8 Wing Hing Street, Causeway Bay, Hong Kong
“Sale and Purchase Agreement”	the sale and purchase agreement dated 18 December, 2006 entered into between Asia Standard Development, Asia Standard Finance and Asia Standard Hotel Holdings in connection with the sale by Asia Standard Development of the entire issued share capital of Maxi-Win and Good Choice, and the assignment of the Assigned Loans by Asia Standard Finance to Asia Standard Hotel Holdings
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Consideration”	the consideration of approximately HK\$130.8 million for the transfer of the entire issued share capital of Maxi-Win and Good Choice from Asia Standard Development to Asia Standard Hotel Holdings under the Sale and Purchase Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transactions contemplated under the Sale and Purchase Agreement and the issue of the Convertible Bonds by Asia Standard Hotel to Asia Standard Development and Asia Standard Finance



**ASIA STANDARD INTERNATIONAL GROUP LIMITED**

**(泛海國際集團有限公司)\***

*(incorporated in Bermuda with limited liability)*

**(Stock code: 129)**

*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

*Principal place of business in  
Hong Kong:*

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

10 January, 2007

*To the Shareholders*

Dear Sirs,

**DISCLOSEABLE TRANSACTION  
DISPOSAL OF A PROPERTY**

**INTRODUCTION**

On 19 December, 2006, the directors of Asia Standard International and Asia Standard Hotel announced that, on 18 December, 2006, Asia Standard Hotel Holdings entered into the Sale and Purchase Agreement with Asia Standard Development and Asia Standard Finance pursuant to which Asia Standard Hotel Holdings agreed to acquire the entire issued share capital of Maxi-Win and Good Choice from Asia Standard Development and the Assigned Loans from Asia Standard Finance.

Maxi-Win and Good Choice own a 70% and a 30%, respectively, of the issued share capital of Master Asia. Master Asia owns the entire beneficial interest in the Property. The Property is located at No. 8 Wing Hing Street, Causeway Bay, Hong Kong and it has been decided that the Property should be converted into a hotel. The Consideration of HK\$300 million is to be satisfied by the issue of the Convertible Bonds by Asia Standard Hotel.

\* For identification purposes only

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## LETTER FROM THE BOARD

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### THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:-

- Date: 18 December, 2006
- Parties:
- (1) Asia Standard Development as vendor for the entire issued share capital of Maxi-Win and Good Choice;
  - (2) Asia Standard Finance as vendor and assignor of the Assigned Loans; and
  - (3) Asia Standard Hotel Holdings as purchaser.
- Consideration:
- Asia Standard Development agreed to transfer the entire issued share capital of Maxi-Win and Good Choice to Asia Standard Hotel Holdings for the Share Consideration of approximately HK\$130.8 million which is to be satisfied by the issue of Convertible Bonds by Asia Standard Hotel in the aggregate principal amount equivalent to the Share Consideration.
- Asia Standard Finance agreed to assign the Assigned Loans of approximately HK\$169.2 million to Asia Standard Hotel Holdings for the Loan Consideration of the same amount which is to be satisfied by the issue of Convertible Bonds by Asia Standard Hotel in the aggregate principal amount equivalent to the Loan Consideration.
- Conditions:
- Completion of the Sale and Purchase Agreement is conditional upon, among other things,
- (a) the passing of the Asia Standard Hotel Resolution;
  - (b) the Deed Poll having been executed by Asia Standard Hotel on or before the completion date of the Sale and Purchase Agreement, being the date which is any business day after the satisfaction or waiver of the conditions of the Sale and Purchase Agreement; and
  - (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the shares in Asia Standard Hotel falling to be issued upon the exercise of the conversion right under the Convertible Bonds.

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## LETTER FROM THE BOARD

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If the above conditions are not fulfilled or waived within 90 days from the date of the Sale and Purchase Agreement or such later date as agreed by the parties to the Sale and Purchase Agreement, the Sale and Purchase Agreement shall terminate and no party shall have any claims whatsoever against the other party other than antecedent breaches.

### INFORMATION ABOUT THE PROPERTY

The Property is located at No. 8 Wing Hing Street, Causeway Bay, Hong Kong, comprising a 28-storey office building with a gross floor area, excluding parking, of approximately 108,000 square feet. The ground and first floors of the Property are for retail use; portions of the ground floor and second and third floors are designed for parking and accommodate 24 parking spaces; and the remaining upper floors are used for offices. The Property has been let out for rental income since completion in 1999 and is held as an investment property of Asia Standard International. For the two years ended 31 March, 2006, Master Asia recorded restated net loss before and after tax of approximately HK\$0.07 million and HK\$0.4 million and audited profit before and after tax of approximately HK\$156.2 million and HK\$122.7 million (after taking into account revaluation surplus of HK\$169.4 million and the deferred tax of HK\$33.6 million), respectively. The unaudited net asset value of Master Asia as at 30 September, 2006 was approximately HK\$80.7 million.

Planning applications to convert the Property to a hotel have been made and have been approved by the Buildings Department in November 2004, and the hotel plans have also received the support of the Hong Kong Tourist Association as an accepted hotel project. The hotel plans include 280 rooms, a restaurant and, or, retail outlets. Leases for premises in the Property will not be renewed when they expire in preparation for vacating the Property for the conversion work. As soon as the Property is vacated, the conversion work will commence. It is currently anticipated that the conversion work will be completed within approximately 9 to 12 months from the commencement of work and will cost approximately HK\$81 million. The cost for conversion will be funded from bank borrowings.

The Property has been valued on an open market basis as at 30 November, 2006 at HK\$480 million.

### INFORMATION ABOUT MAXI-WIN, GOOD CHOICE AND MASTER ASIA

Maxi-Win and Good Choice are investment holding companies. The sole assets of Maxi-Win and Good Choice comprise a 70% and a 30% interest, respectively, in Master Asia.

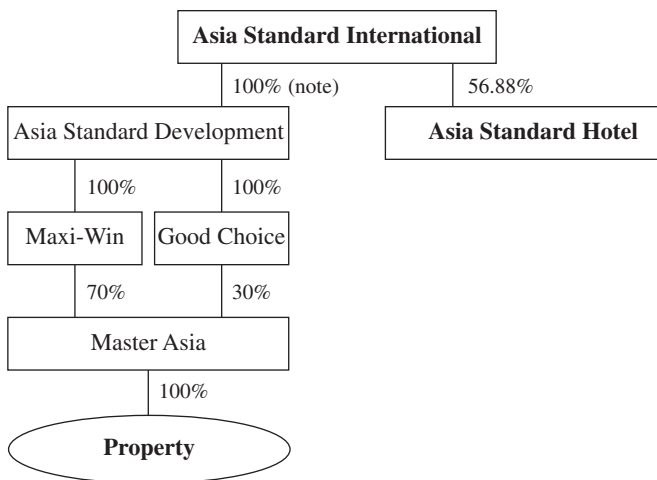
Master Asia is a property holding company, the sole assets of which comprise the entire beneficial interest in the Property.



# LETTER FROM THE BOARD

## Ownership structure of Master Asia before the sale by Asia Standard Development

The chart set out below shows in summary form the ownership structure of Master Asia as at the date of the Announcement:



*Note: Interests are held indirectly through a wholly owned subsidiary of Asia Standard International.*

## Ownership structure of Master Asia immediately after the sale to Asia Standard Hotel Holdings

The chart set out below shows in summary form the ownership structure of Master Asia immediately after the completion of the Transaction and on the basis that, apart from the issue of Convertible Bonds under the Sale and Purchase Agreement convertible into shares in Asia Standard Hotel, there will be no changes in the shareholdings of the parties shown or of the issued share capital of the companies shown:



*Note: Interests are held indirectly through a wholly owned subsidiary of Asia Standard Hotel.*

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## LETTER FROM THE BOARD

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The Consideration of HK\$300 million was arrived at after arm's length negotiations. It represents an approximate 8% discount to the aggregate face value of the Assigned Loans and the net asset value of Master Asia as shown in its unaudited balance sheet as at 30 September, 2006 and adjusted by the independent valuation of the Property as at 30 November, 2006, excluding the deferred taxation on revaluation surplus of the investment property. The Loan Consideration is the face value of the Assigned Loan and the Share Consideration is the total consideration less the Loan Consideration.

### THE CONVERTIBLE BONDS

#### Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds are as follows:

Issuer:	Asia Standard Hotel.
Issue size:	An aggregate principal amount of HK\$300 million.
Denomination:	In the principal amount of HK\$100,000 each.
Subscription price:	100% of the principal amount.
Redemption price:	100% of the principal amount plus a premium equal to 3% of the principal amount, pro-rated as to the duration of the Convertible Bonds outstanding.
Interest:	The Convertible Bonds do not bear interest.
Conversion:	Holder of the Convertible Bonds have the right at any time after the first business day after the date of issue of the Convertible Bonds up to 30 days before the maturity of the Convertible Bonds to convert all or any part of their Convertible Bonds into shares in Asia Standard Hotel at an initial conversion price of HK\$0.105 per share in Asia Standard Hotel, subject to adjustment.
Maturity date:	The fourth anniversary of the date of issue.
Right to purchase:	Asia Standard Hotel or any of its subsidiaries shall have the right at any time and from time to time purchase any of the Convertible Bonds at any price as shall be agreed between the buyer and the holder of the Convertible Bonds (whether by way of private agreement or in the open market or by any other means).

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## LETTER FROM THE BOARD

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- Early redemption: Asia Standard Hotel has the option at its discretion to repay the Convertible Bonds in whole or in part at any time commencing twelve months after the date of issue of the Convertible Bonds. The early redemption price will be the principal amount of the Convertible Bonds to be redeemed plus a pro rated redemption premium.
- Transfer: The Convertible Bonds are freely transferable in denominations of the principal amount of HK\$100,000.
- Listing: The Convertible Bonds will not be listed or traded on any exchange.

### Conversion

The initial conversion price of the Convertible Bonds of HK\$0.105 per share in Asia Standard Hotel represents:

- a premium of 10.5% to the closing price of HK\$0.095 per share in Asia Standard Hotel on 15 December, 2006, being the last trading day before trading of the shares in Asia Standard Hotel was suspended pending the publication of the Announcement;
- a premium of 7.7% to the average closing price of HK\$0.0975 per share in Asia Standard Hotel for the thirty consecutive trading days ended on 15 December, 2006; and
- A premium of 8.2% to the closing price of HK\$0.097 per share in Asia Standard Hotel on the Latest Practicable Date.

Based on the initial conversion price of the Convertible Bonds of HK\$0.105 per share in Asia Standard Hotel, the number of shares in Asia Standard Hotel falling to be issued upon exercise in full of the conversion rights under the Convertible Bonds is 2,857,142,857.

The shares in Asia Standard Hotel falling to be issued upon conversion of the Convertible Bonds will, when issued, rank pari passu in all respects with the then existing issued shares in Asia Standard Hotel. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the shares in Asia Standard Hotel falling to be issued upon exercise of the conversion rights under the Convertible Bonds.

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## LETTER FROM THE BOARD

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The tabulation below shows the present shareholding structure of Asia Standard Hotel and the shareholding structure of Asia Standard Hotel on the basis that the conversion rights under the Convertible Bonds are exercised in full.

	<b>Present shareholding in Asia Standard Hotel</b>	<b>Approximate % of issued share capital</b>	<b>Shareholding in Asia Standard Hotel if the conversion rights under the Convertible Bonds are exercised in full</b>	<b>Approximate % of the enlarged issued share capital</b>
Asia Standard International	5,382,502,737	56.88%	8,239,645,594	66.88%
Asia Orient ( <i>note 1</i> )	280,060,419	2.96%	280,060,419	2.27%
Mr. Poon Jing ( <i>note 2</i> )	373,405	0.004%	373,405	0.003%
Other shareholders	<u>3,799,226,460</u>	<u>40.15%</u>	<u>3,799,226,460</u>	<u>30.84%</u>
Total	<u>9,462,163,021</u>	<u>100%</u>	<u>12,319,305,878</u>	<u>100%</u>

*Note:*

1. Asia Orient is the controlling shareholder of Asia Standard International.
2. Mr. Poon Jing is the controlling shareholder of Asia Orient and is also a director of both Asia Standard International and Asia Standard Hotel.

### REASONS FOR, AND BENEFITS OF, THE TRANSACTION

The Property was developed as a commercial property comprising office, parking and retail space. The Directors have considered how to maximise the value of this property and have decided to convert it to a hotel, believing that this will substantively increase the revenues earned from the Property, net of the costs incurred in generating such revenues. The Directors also consider that the attraction of Hong Kong as a tourist destination for international as well as PRC visitors will continue to grow and that this will benefit competitively priced hotels located in or near popular shopping and entertainment districts in Hong Kong. In this regard, the Property, situated in Causeway Bay, is in a prime location and within a short distance from its shops, cinemas, clubs and restaurants. Asia Standard Hotel is the member of the Group which owns and manages its hotel interests, currently owning and managing two hotels in Hong Kong and one in Canada. In view of the management and administrative expertise and resources to operate hotel properties, the directors of both Asia Standard International and Asia Standard Hotel believe that it is logical that the Property be transferred to Asia Standard Hotel and, in doing so, it will avoid any duplication of management and administrative resources within the Group. They also believe that the terms of the Transaction, as they relate to their respective companies, are fair and reasonable and in the interests of their respective shareholders as a whole.

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## LETTER FROM THE BOARD

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### *Asia Standard International*

The Transaction will result in Asia Standard International holding its interest in Master Asia indirectly through Asia Standard Hotel and, as a consequence, its effective interest in Master Asia (on a look through basis) will be diluted from 100% to 56.88%. However Master Asia will still remain an indirect subsidiary of Asia Standard International. Upon conversion of the Convertible Bonds in full, the Transaction will also increase the shareholding interest of Asia Standard International in Asia Standard Hotel from 56.88% to 66.88%. By transferring the Property to Asia Standard Hotel, and thereby using its expertise and resources in the hotel business, Asia Standard International can also enjoy the benefit of the enhanced earnings potential and future capital appreciation of the converted hotel property.

The Transaction will give rise to a gain before taxation of approximately HK\$18 million (excluding a deferred tax credit in the amount of approximately HK\$20 million) in the accounts of Asia Standard International for the year ending 31st March, 2007.

### **INFORMATION ON ASIA STANDARD INTERNATIONAL AND ASIA STANDARD HOTEL**

In addition to its interest in Asia Standard Hotel, Asia Standard International is engaged in investment and development of commercial, retail and residential properties in Hong Kong and the PRC.

The principal activity of Asia Standard Hotel is investment holding. The principal activities of its subsidiaries consist of holding and operating three hotels, two located in Hong Kong and one in Canada; a travel agency in Hong Kong; and a restaurant in Hong Kong and another in Shanghai.

### **LISTING RULES IMPLICATION**

The Transaction constitutes a discloseable transaction for Asia Standard International under Chapter 14 of the Listing Rules.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the general information on Asia Standard International as set out in the appendix to this circular.

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

Hong Kong, 10 January, 2007

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules 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 the circular and confirm having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange, were as follows:—

### (I) Long position in the Shares

#### (a) *The Company*

Director	Capacity	Number of Shares held	Total	Approximate percentage shareholding (%)
Mr. Poon Jing ("Mr. Poon")	Beneficial owner Interest of controlled corporations	6,136,522 2,899,954,906 (Note)	2,906,091,428	42.47

*Note:* By virtue of his controlling interest in Asia Orient, Mr. Poon is deemed to be interested in the Shares held by subsidiaries of Asia Orient as disclosed under the heading "Disclosure of Interests by Substantial Shareholders" below.

(b) *Associated corporations*

Name of Director	Associated corporation	Capacity	Number of shares held	Approximate percentage	
				Total	shareholding (%)
Mr. Poon	Asia Standard Hotel	Beneficial owner Interest of controlled corporations	373,405 5,662,563,156	5,662,936,561	59.84
Mr. Poon and Fung Siu To, Clement ("Mr. Fung")	Centop Investment Limited ("Centop")	Interest of controlled corporations	20 (Note 1)	20	20
Mr. Poon	Centop	Interest of controlled corporations	80 (Note 2)	80	80
Mr. Fung	Mark Honour Limited	Beneficial owner	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 and Mr. Fung 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 the interest of each of them duplicates the interest of the other.

*Note 2.* By virtue of his interest in the Company through Asia Orient, Mr. Poon is deemed to be interested in the shares of all the Company's subsidiaries and associated corporations, including the 80 shares of Centop held by the Company.

## (II) Long position in underlying Shares and debentures

*Interests in underlying Shares*(a) *The Company*

Director	Capacity	Number of underlying Shares held <i>(Note)</i>	Total	Approximate percentage shareholding <i>(%)</i>
Mr. Fung	Beneficial owner	20,621,761	20,621,761	0.30
Lim Yin Cheng	Beneficial owner	20,621,761	20,621,761	0.30
Mr. Poon	Beneficial owner	5,155,440	5,155,440	0.08
Lun Pui Kan	Beneficial owner	20,621,761	20,621,761	0.30
Kwan Po Lam, Phileas	Beneficial owner	20,621,761	20,621,761	0.30
Nicholas James Loup	Beneficial owner	20,621,761	20,621,761	0.30

*Note:* These represent the Shares falling to be issued by the Company upon exercise of the share options granted to such Directors under the share option scheme adopted by the Company on 27 August 2004. The share options are exercisable during the period from 30 March 2005 to 29 March 2015 at the exercise price of HK\$0.315 per Share.

(b) *Associated corporations*

Name of Director	Associated corporation	Capacity	Number of underlying shares held <i>(Note)</i>	Total	Approximate percentage shareholding <i>(%)</i>
Mr. Poon	Asia Standard Hotel	Interest of controlled corporations	2,857,142,857	2,857,142,857	30.20

*Note:* These represent the 2,857,142,857 shares in Asia Standard Hotel falling to be issued to Asia Standard Development and Asia Standard Finance upon exercise in full of the conversion rights under the Convertible Bonds. By virtue of his controlling interest in Asia Orient, Mr. Poon is deemed to be interested in the underlying shares in Asia Standard Hotel held by Asia Standard Development and Asia Standard Finance.

*Interest in debentures**Associated Corporation — Asia Standard Hotel*

By virtue of his controlling interest in Asia Orient, Mr. Poon is deemed to be interested in the Convertible Bonds to be issued to Asia Standard Development and Asia Standard Finance in the aggregate principal amount of HK\$300 million and convertible into an aggregate of 2,857,142,857 shares in Asia Standard Hotel at an initial conversion price of HK\$0.105 per share in Asia Standard Hotel.



Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

#### 4. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had the following interests or short positions in the Shares and/or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

##### Long position in the Shares

Name	Number of Shares	Percentage shareholding
Asia Orient ( <i>Note 1</i> )	2,899,954,906	42.38%
Asia Orient Holdings (BVI) Limited (“Asia Orient BVI”) ( <i>Note 1</i> )	2,899,954,906	42.38%
Asia Orient Company Limited (“AOCL”) ( <i>Note 1</i> )	2,899,954,906	42.38%
Impetus Holdings Limited (“Impetus”) ( <i>Note 2</i> )	1,492,894,213	21.81%
Kingfisher Inc. and Lipton Investment Limited (“Kingfisher and Lipton”) ( <i>Note 3</i> )	1,332,856,638	19.48%
Grosvenor Asset Management Limited (“Grosvenor”) ( <i>Note 4</i> )	1,011,373,333	14.78%
Grosvenor Australia Asia Pacific General Partner Limited (formerly Stargreen Limited) ( <i>Note 4</i> )	1,011,373,333	14.78%
Grosvenor International S.A. ( <i>Note 4</i> )	1,011,373,333	14.78%
Grosvenor Group Limited ( <i>Note 4</i> )	1,011,373,333	14.78%
Jeremy Henry Moore Newsum ( <i>Note 4</i> )	1,011,373,333	14.78%
Robin Shedden Broadhurst ( <i>Note 4</i> )	1,011,373,333	14.78%
Mark Antony Loveday ( <i>Note 4</i> )	1,011,373,333	14.78%
Gillian Lucy Newsum ( <i>Note 4</i> )	1,011,373,333	14.78%
Penelope Alison Broadhurst ( <i>Note 4</i> )	1,011,373,333	14.78%
Mary Elizabeth Loveday ( <i>Note 4</i> )	1,011,373,333	14.78%

## Interests in other members of the Group

Name of non-wholly owned subsidiary of the Company	Name of registered substantial shareholders (other than members of the Group)	Number of shares held	Percentage of interest
Linkforce Investment Limited	Furlan Limited	20	20%
Honest Engineering Limited	Leung Ping	20	20%

*Note 1.* AOCL is a wholly-owned subsidiary of Asia Orient BVI which in turn is a wholly-owned subsidiary of Asia Orient. In addition, as disclosed under the heading “Disclosure of Interests by Directors” above, Mr. Poon is deemed to be interested in the Shares held by subsidiaries of Asia Orient by virtue of his controlling interest in Asia Orient. Accordingly, Mr. Poon, Asia Orient BVI and Asia Orient are deemed to have interest and duplicate the interest in the same 2,899,954,906 Shares.

*Note 2.* Impetus is a wholly-owned subsidiary of AOCL, the interests of Impetus are deemed to be, and have therefore been included in, the interest of AOCL.

*Note 3.* Both Kingfisher and Lipton are wholly-owned subsidiaries of Impetus and jointly hold 1,332,856,638 Shares. The joint interests of Kingfisher and Lipton are deemed to be, and have therefore been included in, the interests of Impetus.

*Note 4.* Grosvenor is a wholly-owned subsidiary of Grosvenor International S.A.. Grosvenor International S.A. is a company listed in Luxemburg and is majority owned (64.04%) by Grosvenor Continental Europe Holdings Limited. Grosvenor Continental Europe Holdings Limited is an indirect wholly-owned subsidiary of Grosvenor Group Limited which is controlled (43.56%) by The Fourth Duke of Westminster 1964 Settlement. The Company has been advised that on 17 November 2005, Grosvenor Australia Asia Pacific General Partner Limited (formerly Stargreen Limited) signed a conditional share purchase agreement with Grosvenor International S.A. to acquire the entire issued share capital of Grosvenor from Grosvenor International S.A.. Grosvenor Australia Asia Pacific General Partner Limited is a wholly-owned subsidiary of Grosvenor International S.A.. As at the Latest Practicable Date, the share purchase agreement has not been completed.

Grosvenor owned 1,011,373,333 Shares. Each of Grosvenor Australia Asia Pacific General Partner Limited, Grosvenor International S.A., Grosvenor Continental Europe Holdings Limited and Grosvenor Group Limited is deemed to be interested in and duplicate the interest in the 1,011,373,333 Shares held by Grosvenor.

Jeremy Henry Moore Newsum, Robin Shedden Broadhurst and Mark Antony Loveday are the trustees of The Fourth Duke of Westminster 1964 Settlement. Each of Jeremy Henry Moore Newsum, Robin Shedden Broadhurst, Mark Antony Loveday is deemed to be interested in the same 1,011,373,333 Shares held by Grosvenor. Gillian Lucy Newsum, Penelope Alison Broadhurst and Mary Elizabeth Loveday are the spouse of Jeremy Henry Moore Newsum, Robin Shedden Broadhurst and Mark Antony Loveday respectively. Each of Gillian Lucy Newsum, Penelope Alison Broadhurst and Mary Elizabeth Loveday is deemed to have family interest in the aforesaid 1,011,373,333 Shares held by Grosvenor.

As at the Latest Practicable Date, save as disclosed above, so far as was known to the Directors and chief executive of the Company, no other person had, or was deemed or taken to have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

## 5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

## 6. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## 7. DIRECTORS INTEREST IN COMPETING BUSINESS

The Directors confirm that they and their associates have no interests in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

## 8. GENERAL

- The secretary of the Company is Chiu Yuk Ching, associate member of Hong Kong Institute of Chartered Secretaries.
- The qualified accountant of the Company is Lun Pui Kan, associate member of Hong Kong Institute of Certified Public Accountants.
- The principal share registrars and transfer office of the Company is Butterfield Fund Services (Bermuda) Ltd, Rosebank Centre 11 Bermudiana Road, Pembroke, Bermuda and the Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712 - 1716, 17/F, Hopewell Centre, 183 Queen's Road Central, Hong Kong.
- The Company has its registered office at Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda and its principal office in Hong Kong at 30/F, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.
- The English text of this circular prevails over the Chinese text.