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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(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)**

**MAJOR TRANSACTION  
IN RELATION TO  
INVESTMENT IN THE GUANGZHOU R&F NOTES**

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A letter from the Board of Asia Standard International Group Limited (the “**Company**”) is set out on pages 5 to 11 of this circular.

\* *For identification purposes only*

24 February 2021

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## DEFINITIONS

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*In this circular (including in the appendices), unless the context otherwise requires, the following expressions have the following meanings:*

“6.58% Guangzhou R&F Notes”	the 6.58% notes due 2022 in the aggregate notional amount of RMB4,000.0 million issued by Guangzhou R&F on 3 December 2018 with a maturity date of 4 December 2022
“Announcement”	the joint announcement dated 15 January 2021 made by the Company, AO and ASH in relation to the Investment
“AO”	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
“ASH”	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
“ASH Group”	ASH and its subsidiaries
“ASH Investor”	Greatime Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of ASH
“ASI Closely Allied Group”	a closely allied group of the Shareholders, comprising AO, Mr. Poon Jing and their respective associates who together held 684,865,276 Shares, representing approximately 51.892% of the issued share capital of the Company, as at the date of the Announcement
“ASI Investor”	Techfull Properties Corp., a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“close associate(s)”	has the same meaning ascribed to it under the Listing Rules
“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
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules

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## DEFINITIONS

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“Director(s)”	the director(s) of the Company, including the independent non-executive director(s)
“Emerald Bay”	Emerald Bay S.A., the issuer under the TRS Arrangements, which according to the base prospectus is a public limited liability company incorporated under the laws of the Grand Duchy of Luxembourg, a special purpose vehicle incorporated for the purpose of issuing asset backed securities and held by Stitching Emerald Bay, a foundation not owned or controlled by any person, and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, both of which are Independent Third Parties
“Group”	the Company and its subsidiaries, including ASH Group
“Guangzhou R&F”	Guangzhou R&F Properties Co., Ltd.* (廣州富力地產股份有限公司) (Stock Code: 2777), a joint stock limited company incorporated in the PRC with limited liability, the shares of which are listed on the Main Board
“Guangzhou R&F Notes”	the notes issued by Guangzhou R&F and/or its subsidiaries, including but not limited to the 6.58% Guangzhou R&F Notes
“HK\$”	Hong Kong Dollars
“Independent Third Party(ies)”	person(s) or company(ies) which is/are third party(ies) independent of the Company and its connected persons
“Investment”	the investments in the 6.58% Guangzhou R&F Notes by ASI Investor and ASH Investor under the respective TRS Arrangements, details of which please refer to the paragraph headed “THE INVESTMENT” under the section “LETTER FROM THE BOARD” of this circular
“Latest Practicable Date”	16 February 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange

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## DEFINITIONS

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“Morgan Stanley”	Morgan Stanley & Co. International plc, the arranger, dealer and swap counterparty under the TRS Arrangements, which according to the base prospectus is a public limited company incorporated in England and Wales, and together with its subsidiaries and associated undertakings are principally engaged in the provision of financial services, and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, which and the ultimate beneficial owners of which are Independent Third Parties
“percentage ratio(s)”	has the same meaning ascribed to it under the Listing Rules
“PRC” or “China”	the People’s Republic of China
“Previous Investments”	the previous acquisition of and investments in the Guangzhou R&F Notes by the Group over the 12-month period prior to the date of the Investment which shall be aggregated for the purpose of calculating the applicable percentage ratios pursuant to Rule 14.22 of the Listing Rules, details of which please refer to the paragraph headed “IMPLICATIONS UNDER THE LISTING RULES” under the section “LETTER FROM THE BOARD” of this circular
“RMB”	Renminbi
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“TRS Arrangements”	the total return swap arrangements arranged by Morgan Stanley for ASI Investor and ASH Investor respectively on 12 January 2021 in relation to the investments in the 6.58% Guangzhou R&F Notes, details of which please refer to the paragraph headed “THE INVESTMENT” under the section “LETTER FROM THE BOARD” of this circular
“%”	per cent

*In this circular, amounts denominated in RMB are converted into HK\$ at the rate of RMB1.00 = HK\$1.188. Such conversion rate is for illustration purpose only and should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.*

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Fung Siu To, Clement (*Chairman*)  
Mr. Poon Jing  
*(Managing Director and Chief Executive)*  
Mr. Poon Hai  
Mr. Poon Yeung, Roderick  
Mr. Lun Pui Kan  
Mr. Kwan Po Lam, Phileas

*Independent non-executive Directors:*

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

*Registered Office:*

Victoria Place  
5th Floor  
31 Victoria Street  
Hamilton HM 10  
Bermuda

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

30th Floor  
YF Life Tower  
33 Lockhart Road  
Wanchai  
Hong Kong

24 February 2021

*To the Shareholders*

Dear Sirs/Madams,

**MAJOR TRANSACTION  
IN RELATION TO  
INVESTMENT IN THE GUANGZHOU R&F NOTES**

**INTRODUCTION**

Reference is made to the Announcement.

On 12 January 2021, ASI Investor and ASH Investor, via the TRS Arrangements arranged by Morgan Stanley, made investments in the 6.58% Guangzhou R&F Notes at an aggregate consideration (including unpaid interests accrued) of approximately RMB219.3 million (equivalent to approximately HK\$260.5 million) and approximately RMB92.8 million (equivalent to approximately HK\$110.2 million) respectively.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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The Investment, after aggregation with the Previous Investments, constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. The purpose of this circular is to provide you with, among other things, (i) information of the Investment; and (ii) other information as required under the Listing Rules.

### THE INVESTMENT

On 12 January 2021, ASI Investor and ASH Investor, via the TRS Arrangements arranged by Morgan Stanley, made investments in the 6.58% Guangzhou R&F Notes in an aggregate notional amount of RMB260.0 million (equivalent to approximately HK\$308.9 million) and RMB110.0 million (equivalent to approximately HK\$130.7 million) at an aggregate consideration (including unpaid interests accrued) of approximately RMB219.3 million (equivalent to approximately HK\$260.5 million) and approximately RMB92.8 million (equivalent to approximately HK\$110.2 million) respectively.

### INFORMATION ON THE 6.58% GUANGZHOU R&F NOTES AND DETAILS OF THE TRS ARRANGEMENTS

The 6.58% Guangzhou R&F Notes bear interest at a rate of 6.58% per annum, payable in arrears on each anniversary of the issue date until the maturity date of 4 December 2022, and are listed and quoted on the Shanghai Stock Exchange.

Guangzhou R&F and its subsidiaries are principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the PRC.

Given that the 6.58% Guangzhou R&F Notes are the underlying reference notes of the TRS Arrangements, the Group does not have actual ownership interest or any proprietary rights in such notes. Instead, the Group holds the notes issued by Emerald Bay under the TRS Arrangements which are structured based on the total return swap transactions between Emerald Bay and Morgan Stanley. The interest of the notes issued by Emerald Bay is mirrored whereas the interest payment date and maturity date of the notes issued by Emerald Bay are linked to that of the 6.58% Guangzhou R&F Notes. Emerald Bay shall, on the third business day following the relevant date on which it actually receives the interest or any distribution accrued on the 6.58% Guangzhou R&F Notes from Morgan Stanley under the TRS Arrangements, pay such interest or distribution to ASI Investor and ASH Investor. The notes issued by Emerald Bay will mature on 12 December 2022 or the third business day following the final return amount payment date (whichever is later), provided that the maturity date shall not be later than 4 January 2023. Save for the consideration paid by ASI Investor and ASH Investor for the Investment, there is no fee payable by the Group to Emerald Bay under the TRS Arrangements.

Under the TRS Arrangements, Emerald Bay's payment obligations to ASI Investor and ASH Investor, as holders of its notes, will primarily depend on receipt by it of the amounts due from Morgan Stanley under the total return swap transactions between Emerald Bay and Morgan Stanley. If Morgan Stanley defaults on its obligations under the total return swap transactions with Emerald Bay, it may result in termination of their total return swap transactions and early redemption of the notes issued by Emerald Bay, and the amount payable by Emerald Bay to ASI Investor and ASH Investor on such early redemption may be significantly less than the initial investment amount paid by ASI Investor and ASH Investor under the TRS Arrangements.

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## LETTER FROM THE BOARD

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Besides, given that the Group does not have actual ownership interest or any proprietary rights in the 6.58% Guangzhou R&F Notes, the Group has no direct claim to those notes or Guangzhou R&F but may only claim against Emerald Bay which will be limited to the net proceeds of the underlying reference 6.58% Guangzhou R&F Notes of the TRS Arrangements, subject to claims by creditors other than the parties to the transactions documents in relation to the issue of the notes of Emerald Bay. If the available cash sums or assets available for delivery are insufficient for the holders of the notes issued by Emerald Bay to receive payment in full of any redemption amount or other amount payable on the maturity date and, in each case, any interest accrued thereon, ASI Investor and ASH Investor, as holders of the notes issued by Emerald Bay, will receive an amount less than any such amount.

### FINANCIAL EFFECTS OF THE INVESTMENT

As a result of the Investment, the total assets of the Group will be increased by approximately HK\$370.7 million and the total liabilities of the Group will be increased by approximately HK\$370.7 million.

Assuming that the Group (including ASH Group) will not dispose of any notes acquired under the TRS Arrangements, it is expected that the Investment will generate an annual earnings of approximately HK\$65.6 million before any expected credit loss, finance costs and non-controlling interests.

Save as the aforesaid, it is estimated that the Investment would not have any significant impact on the overall financial position of the Group.

For further details, please refer to the unaudited pro forma financial information of the Group as set out in the Appendix II to this circular, prepared based on the published unaudited condensed consolidated balance sheet of the Group as at 30 September 2020 and the notes set out therein to illustrate the impact of the Investment on the financial position of the Group as at 30 September 2020 as if the Investment had taken place on 30 September 2020.

### REASONS FOR AND BENEFITS OF THE INVESTMENT

The Investment forms part of the investing activities of the Group and was conducted in its ordinary and usual course of business. As part of its principal business, the Group monitors the performance of its securities portfolio and makes adjustments to it (with regard to the types and/or amounts of the securities held) from time to time. The Group funded the Investment by its internal cash resources.

Given that the 6.58% Guangzhou R&F Notes are issued and listed in the PRC, they are only available for purchase by qualified foreign institutional investors approved by the China Securities Regulatory Commission. Therefore, the Group acquired interest in such notes through the institutions which have the quotas.



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## LETTER FROM THE BOARD

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The Board notes that there could be credit risks with Emerald Bay and Morgan Stanley arising from the TRS Arrangements. Nevertheless, taking into account that (i) the notes issued by Emerald Bay are secured by, among other things, a charge over the cash account maintained with the custodian bank in respect of the notes issued by it under the TRS Arrangements and assignments of Emerald Bay's rights, title and interest and all sums, money, securities or other property received or receivable by it under its total return swap transactions with Morgan Stanley in respect of the 6.58% Guangzhou R&F Notes, and (ii) Morgan Stanley is a public limited company and a multinational and global financial services firm, listed in the 2020 Fortune 500 and the 2020 Global 500, the Directors are of the view that the credit risks with Emerald Bay and Morgan Stanley arising from the TRS Arrangements are not high.

Having considered the terms of the Investment (including the consideration (which includes unpaid interests accrued on the 6.58% Guangzhou R&F Notes), interest rate and maturity date of the notes, etc.), the Directors are of the view that such terms are fair and reasonable and the Investment is in the interests of the Company and the Shareholders as a whole.

### **INFORMATION ON THE COMPANY, ASI INVESTOR AND ASH INVESTOR**

The Company is a limited liability company incorporated in Bermuda whose Shares are listed on the Main Board. The Group is principally engaged in investment and development of commercial, retail and residential properties and securities investments. Through ASH, the Group is also involved in hotel operations.

ASI Investor is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company. As at the Latest Practicable Date, it was principally engaged in securities investment.

ASH Investor is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of ASH. As at the Latest Practicable Date, it was principally engaged in securities investment.

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## LETTER FROM THE BOARD

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### IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Investment, after aggregation with the Previous Investments, exceeds 25% but is or are less than 100%, the Investment constitutes a major transaction for the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. Details of the Previous Investments, on a non-consolidated and standalone basis, are set out below:

<b>Transaction date</b>	<b>Notional amount of the Guangzhou R&amp;F Notes acquired/ invested</b>	<b>Consideration (including unpaid interests accrued)</b>
<i>Group</i>		
30 November – 29 December 2020	RMB438.5 million (equivalent to approximately HK\$520.9 million)	approximately RMB375.5 million (equivalent to approximately HK\$446.1 million)
<i>ASH Group</i>		
13 November and 23 December 2020	RMB410.0 million (equivalent to approximately HK\$487.1 million)	approximately RMB352.0 million (equivalent to approximately HK\$418.2 million)

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## LETTER FROM THE BOARD

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Given that none of the Shareholders has a material interest in the Investment, none of them would be required to abstain from voting if a general meeting of the Company were to be convened to approve the Investment. Pursuant to Rule 14.44 of the Listing Rules, the Company had obtained the written approval from the ASI Closely Allied Group (which together held 684,865,276 Shares, representing approximately 51.892% of the issued share capital of the Company, as at the date of the Announcement) to approve the Investment. Therefore, no general meeting of the Company will be convened to approve the Investment. The ASI Closely Allied Group comprised the following Shareholders:

Name of Shareholders	Number of Shares held	Approximate shareholding percentage in the Company <i>(Note)</i>
AO	51,705,509	3.918%
<i>Direct or indirect subsidiaries of AO:</i>		
Asia Orient Company Limited	304,361,730	23.062%
Bassindale Limited	23,785,154	1.802%
Hitako Limited	4,888	0.0004%
Impetus Holdings Limited	2,454,265	0.186%
Ocean Hand Investments Limited	50,074,030	3.794%
Pan Bright Investment Limited	33,382,675	2.529%
Pan Harbour Investment Limited	53,671,301	4.067%
Pan Inn Investment Limited	33,382,681	2.529%
Pan Kite Investment Limited	33,382,691	2.529%
Pan Pearl Investment Limited	33,382,675	2.529%
Pan Spring Investment Limited	46,783,314	3.545%
Persian Limited	8,962,211	0.679%
Phatom Investment Limited	7,905,986	0.599%
Union Home Development Limited	317,282	0.024%
Mr. Poon Jing	1,308,884	0.099%
<b>Total</b>	<b><u>684,865,276</u></b>	<b><u>51.892%</u></b>

*Note: Certain percentage figures included in this table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.*

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## LETTER FROM THE BOARD

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### RECOMMENDATION

As explained above, the Directors believe that the terms of the Investment are fair and reasonable and the Investment is in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders should vote in favour of the resolutions approving the Investment.

The above statement is for Shareholders' reference only given that the Company had already obtained the written approval from the ASI Closely Allied Group for the Investment and hence pursuant to Rule 14.44 of the Listing Rules, no general meeting of the Company will be convened to approve the Investment.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices I to III to this circular.

Yours faithfully,  
For and on behalf of  
**Asia Standard International Group Limited**  
**Fung Siu To, Clement**  
*Chairman*

**1. FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 MARCH 2020 AND THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

The audited consolidated financial statements of the Group:

- (i) for the year ended 31 March 2020 are set out from pages 57 to 148 in the annual report of the Company for the year ended 31 March 2020, which is published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0730/2020073000614.pdf>);
- (ii) for the year ended 31 March 2019 are set out from pages 61 to 160 in the annual report of the Company for the year ended 31 March 2019, which is published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0730/lt20190730135.pdf>); and
- (iii) for the year ended 31 March 2018 are set out from pages 57 to 152 in the annual report of the Company for the year ended 31 March 2018, which is published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0730/lt20180730584.pdf>).

The unaudited condensed consolidated interim financial information of the Group for the six months ended 30 September 2020 is set out from pages 11 to 42 in the interim report of the Company for the six months ended 30 September 2020, which is published on the website of the Stock Exchange (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1230/2020123000444.pdf>).

All of the abovementioned annual reports and the interim report have also been published on the website of the Company (<http://www.asiastandard.com/en/>).

**2. INDEBTEDNESS STATEMENT**

As at the close of business on 31 December 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had approximately HK\$16,975 million outstanding indebtedness comprising the following debts:

- (a) bank borrowings of approximately HK\$16,963 million were guaranteed of which:
  - (i) approximately HK\$12,406 million were secured by the Group's property, plant and equipment, investment properties, properties held/under development for sale, shares of associated companies and joint ventures, and financial investments; and
  - (ii) approximately HK\$4,557 million were unsecured;
- (b) lease liabilities of approximately HK\$4 million relating to premises leased by the Group as lessee; and
- (c) convertible notes of approximately HK\$8 million which were unguaranteed and unsecured.

The carrying value of the Group's assets pledged amounted to approximately HK\$22,780 million as at 31 December 2020.

As at the close of business on 31 December 2020, the Group had contingent liabilities of approximately HK\$2,890 million in respect of financial guarantees given for the banking and loan facilities extended to the Group's joint ventures.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, as at the close of business on 31 December 2020, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or other borrowings, mortgages, charges, guarantees or contingent liabilities.

### **3. WORKING CAPITAL**

The Directors are of the opinion that, after taking into account the effects of the Investment, in the absence of any unforeseen circumstances and after taking into account (i) the internal resources of the Group; and (ii) the Group's presently available banking facilities, the Group will have sufficient working capital for its present requirements and for at least the next twelve months from the date of this circular.

### **4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Group is principally engaged in developing and investing properties in prime locations in Hong Kong, first-tier cities in China and Vancouver, Canada, and has established a well diversified business model across four main operating segments, namely, property development, property leasing, hotel and travel, and financial investments.

The sales of the Group's joint venture residential projects were promising. As at the end of October 2020, over 98% of Queen's Gate in Shanghai was sold while that in Tongzhou, Beijing has exceeded RMB2.3 billion.

In Jardine's Lookout Hong Kong, the Group's joint venture development was met with encouraging enquiries and demand also. Up to the end of October 2020, half of the units comprising one third of the saleable area was sold, with sales amounted to approximately HK\$1.5 billion.

In Hung Shui Kiu, Yuen Long, the land exchange for the residential and commercial development has been completed in October 2020, at a land premium of approximately HK\$2.1 billion. The development will provide approximately 520,000 square feet of gross floor area, of which approximately 90% are residential apartments for sale, with the remaining approximately 10% being retail units all with street frontage.

Average occupancies of the Group's office towers, YF Life Tower in Wanchai and Asia Standard Tower in Central decreased slightly by approximately 2% to approximately 93% as at 30 September 2020. Leasing income from the Group's 33%-owned Goldmark in Causeway Bay decreased substantially with the lease expiry of a retail anchor tenant.

With the outbreak of COVID-19, the performance of hotel sector has been adversely affected by people's unwillingness to travel and the quarantine requirements towards incoming visitors instituted by local government to battle against the pandemic. During the six months ended 30 September 2020, incoming visitors to Hong Kong had dropped by over 99%. The Group's hotel operation revenue declined by approximately 87% and with management's immediate remedial action to reduce operating costs, the segment still resulted in a loss before depreciation.

The financial investment portfolio recorded a mark-to-market valuation net gain of approximately HK\$1,740 million during the six months ended 30 September 2020. The significant market sell-off in March 2020 following the COVID-19 pandemic outbreak was met with a strong rebound in April and May 2020, when the sell-off panic became stabilised and thus recouping substantially the fair value loss in last financial year. Income from this investment portfolio continues to be a strong pillar in providing a stable income stream and liquidity.

After nearly a year's quarantine arrangements, social distancing measures and with the gradual stabilisation of the pandemic in Hong Kong, the government is considering various measures to promote in-bound travel, to revitalise the tourism-related sectors and at the same time contain the virus from community spreading. The Group's hotel operation is dependent on the successful roll out of the policy and the effect is yet to be seen. The leasing segment, especially the retail portion, which is experiencing a down-swing but with a much reduced magnitude, is also looking upon such measures. On the contrary, Hong Kong's residential property market remains very strong, as seen in the encouraging sales of the Group's Jardine Lookout project, and new launches of first hand residential projects from other local developers lately.

China is among the first countries to re-open their economies after the pandemic lockdown. Sales of the Group's Beijing and Shanghai joint venture projects is performing well upon the release of purchasing power piled up during the lockdown. The Shanghai project is almost fully sold and the Beijing project is maintaining its favourable sales momentum.

Financial markets continue to be volatile, the low interest rates and stimulus packages rolled out by the United States of America and certain European countries to counteract the pandemic's negative economic impact helped to maintain the dynamic of securities market. The fixed income stream from debt securities investment continues to drive the Group's growth and finance the investment and development opportunities as they arise.

Management will continue to exert tremendous caution and prudence to alleviate and mitigate any negative impact in this restless environment.

## **5. MATERIAL ADVERSE CHANGE**

As disclosed above, the Group's hotel operation in Hong Kong has been negatively impacted by the outbreak of COVID-19. Nevertheless, the increase in income from the Group's investments in fixed income securities offsets the negative impacts imposed on the Group's hotel operation. Overall, to the best knowledge of the Directors, as at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group as a whole since 31 March 2020, being the date to which the latest published audited financial statements of the Group were made up.

## A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The unaudited pro forma statement of assets and liabilities of the Group (the “**Unaudited Pro Forma Financial Information**”) has been prepared based on the published unaudited condensed consolidated balance sheet of the Group as at 30 September 2020 and adjusted for the effects of the Investment to illustrate how the Investment might have affected the financial position of the Group as if the Investment took place on 30 September 2020, which is provided for illustrative purpose only. Because of its hypothetical nature, it may not give a true picture of the financial position of the Group that would have been attained had the Investment actually occurred on 30 September 2020 or any future dates. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Group’s future financial position.

	Statement of assets and liabilities of the Group as at 30 September 2020 <i>HK\$'000</i> <i>(Note 1)</i>	Pro forma adjustments <i>HK\$'000</i>	<i>Notes</i>	Unaudited pro forma statement of assets and liabilities of the Group after the Investment <i>HK\$'000</i>
<b>Non-current assets</b>				
Investment properties	9,555,505			9,555,505
Property, plant and equipment	4,619,580			4,619,580
Investment in joint ventures and associated companies	4,794,405			4,794,405
Amount due from joint ventures and associated companies	2,096,603			2,096,603
Loan receivables	1,144			1,144
Financial investments	425,654			425,654
Deferred income tax assets	142,849			142,849
	21,635,740			21,635,740
<b>Current assets</b>				
Properties under development for sale	1,322,508			1,322,508
Completed properties held for sale	3,481			3,481
Hotel and restaurant inventories	19,213			19,213
Trade and other receivables	889,588	4,517	(2)	894,105
Income tax recoverable	132			132
Financial investments	15,931,153	366,153	(2)	16,297,306
Bank balances and cash	1,002,292			1,002,292
	19,168,367			19,539,037



**APPENDIX II**
**UNAUDITED PRO FORMA  
FINANCIAL INFORMATION OF THE GROUP**

	Statement of assets and liabilities of the Group as at 30 September 2020 <i>HK\$'000</i> <i>(Note 1)</i>	Pro forma adjustments <i>HK\$'000</i>	<i>Notes</i>	Unaudited pro forma statement of assets and liabilities of the Group after the Investment <i>HK\$'000</i>
<b>Current liabilities</b>				
Trade and other payables	578,769	370,670	(3)	949,439
Contract liabilities	210,473			210,473
Amount due to joint ventures	328,961			328,961
Amount due to an associated company	224,400			224,400
Amount due to non-controlling interests	45,366			45,366
Income tax payable	104,345			104,345
Borrowings	<u>6,825,002</u>			<u>6,825,002</u>
	<u>8,317,316</u>			<u>8,687,986</u>
Net current assets	<u>10,851,051</u>			<u>10,851,051</u>
<b>Non-current liabilities</b>				
Long term borrowings	10,772,333			10,772,333
Convertible notes	7,772			7,772
Derivative financial instruments	203,609			203,609
Lease liabilities	1,329			1,329
Deferred income tax liabilities	<u>130,390</u>			<u>130,390</u>
	<u>11,115,433</u>			<u>11,115,433</u>
Net assets	<u>21,371,358</u>			<u>21,371,358</u>

*Notes:*

1. The figures are extracted from the published unaudited condensed consolidated balance sheet of the Group as at 30 September 2020, as set out in the interim report of the Company for the six months ended 30 September 2020.
2. The adjustment reflects the recognition of the Investment as financial assets at fair value through other comprehensive income of approximately RMB308.2 million (equivalent to approximately HK\$366.2 million) and accrued interest of approximately RMB3.8 million (equivalent to approximately HK\$4.5 million). For the purpose of this Unaudited Pro Forma Financial Information, the fair value of the Investment is assumed to be the cost of acquisition on the open market which approximated to the fair value of the relevant Guangzhou R&F Notes on 30 September 2020.
3. The consideration for the Investment payable to Emerald Bay was subsequently settled through the Group's internal cash resources.
4. Save as notes 2 and 3 above, no other adjustment has been made to reflect any operating results or other transactions of the Group entered into subsequent to 30 September 2020.

**B. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.*



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

*To the Directors of Asia Standard International Group Limited*

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Asia Standard International Group Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma condensed consolidated statement of assets and liabilities as at 30 September 2020 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages 15 to 17 of the Company’s circular dated 24 February 2021, (the “**Circular**”), in connection with the investments (the “**Transaction**”) of the 6.58% notes due 2022 issued by Guangzhou R&F Properties Co., Ltd. on 3 December 2018 in the aggregate notional amount of RMB370 million via the total return swap arrangements arranged by Morgan Stanley by the Group. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages 15 to 17 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Transaction on the Group’s financial position as at 30 September 2020 as if the Transaction had taken place at 30 September 2020. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s interim financial information for the period ended 30 September 2020 set out in the interim report, on which a review report has been published.

**Directors’ Responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Transaction at 30 September 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 24 February 2021

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### Directors' and chief executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 were taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

#### (I) Long positions in shares

##### (a) The Company

Director	Number of Shares held			Percentage of Shares in issue (%)
	Personal interest	Corporate interest	Total	
Poon Jing	1,308,884	683,556,392	684,865,276	51.89

*Note: By virtue of Mr. Poon Jing's controlling interest (50.44%) in AO, he is deemed to be interested in the Shares held by AO as disclosed under the sub-paragraph headed "Substantial shareholders' and other persons' interests and short positions in the Shares and underlying Shares" below.*

(b) *Associated corporations*

Director	Associated corporation	Number of shares held			Total	Percentage of shares in issue (%)
		Personal interest	Family interest	Corporate interest		
Poon Jing	AO	273,607,688	5,318,799	145,213,900 <i>(Notes)</i>	424,140,387	50.44
	ASH	152,490	-	1,346,158,049 <i>(Notes)</i>	1,346,310,539	66.71
Poon Hai	AO	10,444,319	-	-	10,444,319	1.24
Fung Siu To,	AO	15,440,225	-	-	15,440,225	1.83
Clement	Mark Honour Limited	9	-	-	9	0.01

*Notes:*

1. *By virtue of Mr. Poon Jing's controlling interest in AO, he is deemed to be interested in the shares of ASH held by AO and the Company.*
2. *By virtue of Mr. Poon Jing's controlling interest in the Company through AO, he is deemed to be interested in the shares of all the Company's subsidiaries and associated corporations.*

(II) *Long positions in underlying shares**Interests in share options*

## (a) The Company

<u>Director</u>	<u>Outstanding as at the Latest Practicable Date</u>
Poon Hai	3,500,000
Poon Yeung, Roderick	3,500,000

*Note: Options were granted on 11 December 2015 under a share option scheme adopted by the Company on 29 August 2014 and exercisable during the period from 11 December 2015 to 10 December 2025 at an exercise price of HK\$1.38 per Share.*

## (b) Associated corporation – AO

<u>Director</u>	<u>Outstanding as at the Latest Practicable Date</u>
Poon Hai	3,500,000
Poon Yeung, Roderick	3,500,000

*Note: Options were granted on 11 December 2015 under a share option scheme adopted by AO on 29 August 2014 and exercisable during the period from 11 December 2015 to 10 December 2025 at an exercise price of HK\$1.42 per share.*

(c) Associated corporation – ASH

<u>Director</u>	<u>Outstanding as at the Latest Practicable Date</u>
Poon Hai	14,400,000
Poon Yeung, Roderick	14,400,000

*Note: Options were granted on 11 December 2015 under a share option scheme adopted by ASH on 28 August 2006 and exercisable during the period from 11 December 2015 to 10 December 2025 at an exercise price of HK\$0.343 (as adjusted) per share.*

**(III) Long positions in underlying shares and debentures**

*Interests in convertible notes*

Associated corporation – ASH

<u>Director</u>	<u>Nature of interest</u>	<u>Amount of convertible note held (HK\$)</u>	<u>Number of underlying shares held</u>
Poon Jing	Corporate	1,219,619,192	2,692,316,098

*Note: By virtue of Mr. Poon Jing's controlling interest in AO, he is deemed to be interested in the convertible notes (the "ASH Convertible Notes") held by AO and its subsidiaries which are convertible into 2,692,316,098 shares of ASH. The ASH Convertible Notes are convertible during the period from 24 February 2017 and up to and including the date falling the 10th business day prior to 23 February 2047 at the conversion price/ redeemable at the redemption value of HK\$0.453 per convertible note.*

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) 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 were taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.



### Substantial shareholders' and other persons' interests and short positions in the Shares and underlying Shares

As at the Latest Practicable Date, so far as was known by or otherwise notified to the Directors and chief executive of the Company, the particulars of the corporations or individuals (other than one being a Director or the chief executive of the Company) who had 5% or more interests in the following long and short positions 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO (the “**Register of Shareholders**”) or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (the “**Voting Entitlement**”) (i.e. within the same meaning of “substantial shareholders” under the Listing Rules) were as follows:

#### *Long positions in Shares*

Shareholder	Capacity	Number of Shares held	Total	Percentage of Shares in issue (%)
AO (Note 1)	Beneficial owner Interests in controlled corporation	51,705,509 631,850,883	683,556,392	51.79
Asia Orient Holdings (BVI) Limited (“ <b>Asia Orient BVI</b> ”) (Note 1)	Interests in controlled corporation	631,850,883	631,850,883	47.87
Asia Orient Company Limited (“ <b>AOCL</b> ”) (Note 2)	Beneficial owner Interests in controlled corporation	304,361,730 2,459,153	306,820,883	23.24
Kingfisher Inc. and Lipton Investment Limited (“ <b>Kingfisher and Lipton</b> ”) (Note 2)	Interests in controlled corporation	284,376,649	284,376,649	21.54

#### Notes:

1. Asia Orient BVI is a wholly-owned subsidiary of AO. Accordingly, AO is deemed to be interested in and duplicate the interest in the same 631,850,883 Shares held by Asia Orient BVI.
2. AOCL, companies controlled by AOCL, Kingfisher and Lipton are wholly-owned subsidiaries of Asia Orient BVI. Accordingly, Asia Orient BVI is deemed to be interested in and duplicate the interest in the Shares held by AOCL.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other corporation or individual (other than a Director or the chief executive of the Company) who had the Voting Entitlement or 5% or more interests or short positions in the Shares or underlying Shares as recorded in the Register of Shareholders.

### **3. DIRECTORS' SERVICE CONTRACTS**

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

### **4. LITIGATION**

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, 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 against the members of the Group.

### **5. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in a business which competes or may compete with the businesses of the Group (which would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder of the Company).

### **6. INTEREST IN ASSETS AND CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 March 2020 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any of the Directors was materially interested and which was significant to the business of the Group.

### **7. MATERIAL CONTRACTS**

No contract (being contract entered into outside the ordinary course of business carried on by the Group) has been entered into by members of the Group within the two years immediately preceding the date of this circular.

## 8. QUALIFICATION AND CONSENT OF EXPERT

The following sets out the qualification of the expert who has given opinion or advice which is contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
PricewaterhouseCoopers (“PwC”)	Certified public accountants

PwC has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and references to its name and its report in the form and context in which it appears.

As at the Latest Practicable Date, PwC had no shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, PwC had no interest, direct or indirect, in any assets which have been, since 31 March 2020 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

## 9. GENERAL

- (a) The address of the registered office of the Company is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.
- (b) Mr. Tung Kwok Lui is the company secretary of the Company. He is a solicitor of the High Court of Hong Kong. He is also an attorney and counselor at law of Supreme Court of the State of California (U.S.A.) and a Certified Public Accountant in North Dakota (U.S.A.).
- (c) The Hong Kong 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, Wanchai, Hong Kong.
- (d) The head office and principal place of business of the Company in Hong Kong is 30th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong.
- (e) In case of inconsistency, the English text of this circular shall prevail over the Chinese text.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the principal office of the Company in Hong Kong at 30th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong for 14 days from the date of this circular:

- (a) the written consent of PwC;
- (b) the report on the Unaudited Pro Forma Financial Information of the Group, the text of which is set out in the Appendix II to this circular;
- (c) the Memorandum of Association and Bye-Laws of the Company;
- (d) the annual reports of the Company for the three financial years ended 31 March 2018, 2019 and 2020 respectively;
- (e) the interim report of the Company for the six months ended 30 September 2020; and
- (f) the circulars of the Company dated 22 May 2020, 29 January 2021 and this circular.