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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
DISPOSAL OF THE KAISA SECURITIES**

A letter from the Board of Asia Standard International Group Limited (the “**Company**”) is set out on pages 4 to 10 of this circular.

* *For identification purposes only*

24 June 2021

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DEFINITIONS

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

“5 May 2021 Announcement”	the joint announcement made by the Company and AO dated 5 May 2021 in relation to the Disposal
“18 December 2020 Announcement”	the joint announcement of AO and the Company dated 18 December 2020
“29 January 2021 Circular”	the circular dated 29 January 2021 issued by the Company in relation to the Major Transaction
“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
“ASI Closely Allied Group”	a closely allied group of Shareholders comprising AO, Mr. Poon Jing and their respective associates who together are interested in 684,865,276 Shares (representing approximately 51.892% of the issued share capital of the Company as at the date of the 5 May 2021 Announcement)
“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
“Director(s)”	the director(s) of the Company, including the independent non-executive director(s)
“Disposal”	the disposal of the Kaisa Securities by the Seller between 4 and 5 May 2021
“Group”	the Company and its subsidiaries, including ASH Group

DEFINITIONS

“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
“Kaisa”	Kaisa Group Holdings Ltd. (Stock Code: 1638), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board
“Kaisa Announcements”	announcements of Kaisa dated 23 June 2017, 4 August 2017, 20 September 2017 and 2 November 2017
“Kaisa Notes”	the 9.375% US\$-denominated senior notes due 2024 issued by Kaisa, details of which are disclosed in the Kaisa Announcements
“Kaisa Securities”	the Kaisa Notes in the aggregate notional amount of US\$15.0 million (equivalent to approximately HK\$116.5 million) disposed of by the Seller under the Disposal
“Latest Practicable Date”	21 June 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
“Major Transaction”	the previous disposals of the Kaisa Notes, on a non-consolidated and standalone basis, between 17 and 18 December 2020 by the Group, details of which are disclosed in the 18 December 2020 Announcement and the 29 January 2021 Circular
“percentage ratio(s)”	has the same meaning ascribed to it under the Listing Rules
“PRC” or “China”	the People’s Republic of China
“Previous Disposals”	the previous disposals of Kaisa Notes by the Group over the 12-months period prior to the date of the Disposal 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

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Seller”	Techfull Properties Corp., a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“SGX-ST”	the Singapore Exchange Securities Trading Limited
“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 shareholders”	has the same meaning ascribed to it under the Listing Rules
“US\$”	United States Dollars
“%”	per cent

This circular contains translations of certain US\$ amounts into HK\$ at the approximate exchange rates at the time of the relevant transactions to which they apply. 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.

LETTER FROM THE BOARD



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 June 2021

To the Shareholders

Dear Sirs/Madams,

**MAJOR TRANSACTION
IN RELATION TO
DISPOSAL OF THE KAISA SECURITIES**

INTRODUCTION

Reference is made to the 5 May 2021 Announcement.

On 4 and 5 May 2021, there was a disposal of the Kaisa Securities on the open market in the aggregate notional amount of approximately US\$15.0 million (equivalent to approximately HK\$116.5 million) at an aggregate consideration (including unpaid interests accrued) of approximately US\$15.4 million (equivalent to approximately HK\$119.6 million) by the Seller (i.e. the Disposal).

* *For identification purposes only*

LETTER FROM THE BOARD

The Disposal, after aggregation with the Previous Disposals, constitute 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 on the Disposal; and (ii) other information as required under the Listing Rules.

THE DISPOSAL

On 4 and 5 May 2021, the Kaisa Securities were disposed of on the open market at an aggregate consideration (including unpaid interests accrued) of approximately US\$15.4 million (equivalent to approximately HK\$119.6 million) by the Seller.

In view that the Disposal was conducted through the open market, the Company is not aware of the identities of the purchasers of the Kaisa Securities. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the purchasers of the Kaisa Securities and where applicable, their respective ultimate beneficial owners are Independent Third Parties.

INFORMATION ON THE KAISA SECURITIES

The Kaisa Securities are listed and quoted on the SGX-ST.

As at 31 March 2021, the carrying value of the Kaisa Securities as disposed of by the Seller under the Disposal was approximately HK\$111.0 million. The net profits (both before and after taxation) attributable to the Kaisa Securities which were disposed of by the Seller under the Disposal were approximately HK\$10.9 million and approximately HK\$10.4 million for the financial years ended 31 March 2019 and 2020 respectively.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

As a result of the Disposal, it is expected that the Group will record a gain before tax and before non-controlling interest of approximately HK\$1.9 million in the current financial year. The gain represents the difference between the consideration (excluding unpaid interest accrued) of approximately HK\$115.9 million and the cost of the Kaisa Securities as disposed of by the Seller under the Disposal of approximately HK\$113.6 million, less the incremental interest income from the difference between the yield and the coupon amortised to profit and loss in prior years of approximately HK\$1.4 million, plus the written back of expected credit loss of approximately HK\$0.6 million and the reversal of unrealised exchange loss of approximately HK\$0.4 million recognised in prior years.

Having taken into account of the net proceeds from the Disposal and the total assets of the Group, it is estimated that, except the estimated gains as mentioned above, the Disposal would not have any significant impact on the overall financial position of the Group.

The Directors intend to apply the proceeds from the Disposal as general working capital and/or for other reinvestment opportunities (which do not necessarily limited to investments in financial assets but also include real estate projects and other business segments) when they arise. As the Disposal was a timely partial realization of the Group's investment in the Kaisa Securities, the Company did not envisage a particular reinvestment plan or a specific breakdown on the intended use of proceeds at the time of the Disposal, and the Company will utilise the proceeds for the above mentioned purpose depending on the prevailing circumstances.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal forms part of the investing activities of the Group, which was conducted in its ordinary and usual course of business. As part of its principal business, the Group monitors the performance of its securities portfolios and makes adjustments to them (with regard to the types and/or amounts of the securities held) from time to time.

The Disposal will provide the Group with an opportunity to realise its investments in the Kaisa Securities, and to re-allocate resources for other reinvestment opportunities when they arise.

Having considered the terms of the Disposal (including but not limited to the disposal prices), the Directors believe that such terms are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY, ASH AND THE SELLER

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.

ASH is a limited liability company incorporated in Bermuda whose shares are listed on the Main Board. The principal activity of ASH is investment holding. The principal activities of the subsidiaries of ASH consist of holding and operating hotels, property development and securities investments.

The Seller 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.

LETTER FROM THE BOARD

INFORMATION ON KAISA

Kaisa is an investment holding company, and its subsidiaries are principally engaged in property development, property investment, property management, hotel and catering operations, cinema, department store and cultural centre operations, water-way passenger and cargo transportation and healthcare business in the PRC.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries (based on the information available to the Company), Kaisa and its ultimate beneficial owners are Independent Third Parties.

IMPLICATIONS UNDER THE LISTING RULES

As all of the applicable percentage ratios in respect of the Disposal, when aggregated with the Previous Disposals and any other previous disposals over the past 12 months of the notes issued by Kaisa by the Group, would still be classified as a major disposal transaction for the Company under Chapter 14 of the Listing Rules, and since the Company has complied with the major disposal transaction requirements in respect of the Major Transaction as set out in the 18 December 2020 Announcement and the 29 January 2021 Circular, the Company is not required to reclassify the Disposal and the Previous Disposals by aggregating them with any other previous disposals over the past 12 months of the notes issued by Kaisa by the Group and the implications of the applicable percentage ratios in respect of the Disposal, when aggregated with the Previous Disposals are determined on a standalone basis.

As one or more of the applicable percentage ratios in respect of the Disposal, after aggregation with the Previous Disposals, exceeds 25% but is or are less than 75%, the Disposal 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.

LETTER FROM THE BOARD

Details of the Previous Disposals, on a non-consolidated and standalone basis, are set out below:

Transaction dates	Vendor	Notional amount of Kaisa Notes disposed of	Consideration (including unpaid interests accrued)
Between 21 December 2020 and 4 January 2021	The Group	approximately US\$38.4 million (equivalent to approximately HK\$299.5 million)	approximately US\$37.8 million (equivalent to approximately HK\$294.8 million)
4 January 2021	ASH Group	approximately US\$10.6 million (equivalent to approximately HK\$82.7 million)	approximately US\$10.3 million (equivalent to approximately HK\$80.3 million)
On 18 and 22 February 2021	The Group	US\$10.0 million (equivalent to approximately HK\$77.5 million)	approximately US\$9.8 million (equivalent to approximately HK\$76.0 million)
25 February 2021	The Group	US\$15.0 million (equivalent to approximately HK\$116.4 million)	approximately US\$14.7 million (equivalent to approximately HK\$114.0 million)
Between 18 and 19 March 2021	The Group	US\$20.0 million (equivalent to approximately HK\$155.3 million)	approximately US\$19.8 million (equivalent to approximately HK\$153.8 million)
Between 18 and 19 March 2021	ASH Group	US\$45.0 million (equivalent to approximately HK\$349.4 million)	approximately US\$44.6 million (equivalent to approximately HK\$346.3 million)
Between 22 and 23 March 2021	ASH Group	approximately US\$17.3 million (equivalent to approximately HK\$134.3 million)	approximately US\$17.2 million (equivalent to approximately HK\$133.6 million)
25 March 2021	ASH Group	US\$20.0 million (equivalent to approximately HK\$155.4 million)	approximately US\$19.9 million (equivalent to approximately HK\$154.6 million)
Between 22 and 23 April 2021	The Group	approximately US\$4.2 million (equivalent to approximately HK\$32.6 million)	approximately US\$4.2 million (equivalent to approximately HK\$32.6 million)
Between 22 and 23 April 2021	ASH Group	approximately US\$7.0 million (equivalent to approximately HK\$54.3 million)	approximately US\$7.0 million (equivalent to approximately HK\$54.3 million)
Between 27 and 29 April 2021	The Group	US\$83.0 million (equivalent to approximately HK\$644.2 million)	approximately US\$84.5 million (equivalent to approximately HK\$655.8 million)

LETTER FROM THE BOARD

Given that none of the Shareholders has a material interest in the Disposal, none of them would be required to abstain from voting if a general meeting of the Company were to be convened to approve the Disposal. Pursuant to Rule 14.44 of the Listing Rules, the Company had obtained a 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 5 May 2021 Announcement) to approve the Disposal. Therefore, no general meeting of the Company will be convened to approve the Disposal. The ASI Closely Allied Group comprised the following Shareholders:

Name of the 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	<u>1,308,884</u>	<u>0.099%</u>
Total	<u><u>684,865,276</u></u>	<u><u>51.892%</u></u>

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.

LETTER FROM THE BOARD

RECOMMENDATION

Given that the Disposal were conducted through the open market, the Directors believe that the terms of the Disposal are fair and reasonable and the Disposal 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 Disposal.

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 Disposal and hence pursuant to Rule 14.44 of the Listing Rules, no general meeting of the Company will be convened to approve the Disposal.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices I to II to this circular.

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

1. FINANCIAL INFORMATION ON 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/ltn20190730135.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/ltn20180730584.pdf>).

The unaudited condensed consolidated interim financial information on the Group for the six months ended 30 September 2020 are 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 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 30 April 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had approximately HK\$17,397 million outstanding indebtedness comprising the following debts:

- (a) bank borrowings of approximately HK\$17,386 million were guaranteed of which:
 - (i) approximately HK\$12,890 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\$4,496 million were unsecured;
- (b) lease liabilities of approximately HK\$3 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 values of the Group's assets pledged amounted to approximately HK\$23,915 million as at 30 April 2021.

As at the close of business on 30 April 2021, the Group had contingent liabilities of approximately HK\$3,004 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 30 April 2021, 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

For the working capital sufficiency of the Group's present requirement for at least the next 12 months from the date of this circular, the Directors have made the assumptions that the loan balances of the Group of approximately HK\$1,729 million, which are due for repayment within the next 12 months from the date of this circular, will be duly renewed or otherwise replaced by new financing arrangements of equivalent or larger amounts.

As at the Latest Practicable Date, the above mentioned loan balances renewal have been committed. Written confirmation from a bank for HK\$210 million balance renewal has been obtained, while a letter from underwriting banks for a new HK\$3,000 million 5-year loan facility has also been obtained, part of which will be used to refinance the remaining HK\$1,519 million loan balance of an existing loan facility.

As at 31 March 2021, the Group has available unrestricted bank balances of HK\$1,815 million and unused banking facilities from various banks which are available for at least the next 12 months from the date of this circular of approximately HK\$2,950 million. In addition, the Group has various internal sources of finance (such as rescheduling the debt securities reinvestment plan or disposal of debt securities). Therefore, the Directors are of the opinion that the Company has sufficient financial capacity to meet the aforesaid renewal or new financing arrangement.

As such, the Directors are of the opinion that, after taking into account the effects of the Disposal, 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 our joint venture residential projects were promising. As at end of March 2021, all units of Queen's Gate in Shanghai was sold while that in Tongzhou Beijing has reached approximately RMB3 billion.

In Jardine's Lookout Hong Kong, the Group's joint venture development was met with encouraging enquiries and demand also. Up to end of March 2021, 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 HK\$2.1 billion. The development will provide approximately 520,000 square feet of gross floor area, of which approximately 90% are of residential apartments for sale, with the remaining 10% being retail units all with street frontage.

Average occupancies of our office towers, YF Life Tower in Wanchai and Asia Standard Tower in Central decrease by approximately 9%. Leasing income from our 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 year ended 31 March 2021, incoming visitors to Hong Kong has dropped by over 99%. Our hotel operation revenue declined by approximately 87% and with management's immediate remedial action to reduce operating costs, the segment still results in a loss before depreciation.

The financial investment portfolio recorded a mark-to-market valuation net gain during the year ended 31 March 2021. Income from this investment portfolio continue to be a strong pillar in providing a stable income stream and liquidity.

After a year's quarantine arrangements, social distancing measures and with the gradual stabilization 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 rolling out the vaccination programme to contain the virus from community spreading. Our 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 our 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 our Beijing and Shanghai joint venture projects is performing well upon the release of purchasing power piled up during the lockdown. The Shanghai project is 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 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 our 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.

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 (60.61%) 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	359,139,472	5,318,799	145,213,900	509,672,171	60.61	
	ASH	152,490	–	1,346,158,049	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

Director	Outstanding as at the Latest Practicable Date
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	51,705,509	683,556,392	51.79
	Interests in controlled corporation	631,850,883		
Asia Orient Holdings (BVI) Limited (“ Asia Orient BVI ”) (Note 1)	Interests in controlled corporation	631,850,883	631,850,883	47.87
Asia Orient Company Limited (“ AOCL ”) (Note 2)	Beneficial owner	304,361,730	306,820,883	23.24
	Interests in controlled corporation	2,459,153		
Kingfisher Inc. and Lipton Investment Limited (“ Kingfisher and Lipton ”) (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, Kingfisher and Lipton.*

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other corporation or individual (other than the Directors 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. 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.

9. 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 Memorandum of Association and Bye-Laws of the Company;
- (b) the annual reports of the Company for the three financial years ended 31 March 2018, 2019 and 2020 respectively;
- (c) the interim report of the Company for the six months ended 30 September 2020; and
- (d) the circulars of the Company dated 29 January 2021, 24 February 2021 and this circular.