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**ASIA ORIENT HOLDINGS LIMITED**

**(滙漢控股有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**Stock code: 214**



**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 AND CONNECTED TRANSACTIONS  
DISPOSAL OF A 50% INTEREST IN PARAMOUNT SHINE LIMITED  
TO GROSVENOR ASSET MANAGEMENT LIMITED  
ENTERING INTO A JOINT VENTURE ARRANGEMENT  
AND  
FINANCIAL ASSISTANCE TO THE JOINT VENTURE**

**Financial adviser**

**ANGLO CHINESE**  
CORPORATE FINANCE, LIMITED

The directors of Asia Standard are pleased to announce that following the acquisition of the Site by the Asia Standard Group, it has been agreed that GAML will participate in the development of the property by acquiring a 50% interest in Paramount Shine which indirectly holds the Site.

The Site comprises approximately 73,969 square feet on which it is proposed to build a residential development. As an initial step in the development of the Site, it has been decided to make an application to the Hong Kong Government to increase the plot ratio of the Site which currently is 1.33. The current zoning of the Site allows for a maximum plot ratio of 2.1 times. Each of the Asia Standard Group and GAML shall make proportional shareholder's loans to Paramount Shine for the design and development of the Site and will guarantee, on a several basis, the banking facilities to be obtained by Paramount Shine. Until the result of the application is known, it is not possible to estimate with any accuracy the total cost of the development.

GAML is a subsidiary of Grosvenor Group Limited, an international property group based in the United Kingdom. GAML is a substantial shareholder of Asia Standard holding approximately 14.93% of its issued share capital. Consequently its proposed disposal of a 50% interest in Paramount Shine to GAML, the entering into a joint venture arrangement to redevelop the Site and the proposed provision of shareholder's loans to and guarantee to secure the obligations of Paramount Shine are connected transactions for Asia Orient and Asia Standard under the Listing Rules and are subject to the approval of independent shareholders of Asia Orient and Asia Standard, respectively. The transactions also represent major transactions for both Asia Orient and Asia Standard.

Anglo Chinese Corporate Finance, Limited has been appointed as the financial adviser to Asia Orient and Asia Standard in connection with the proposed acquisition.

## **SALE AND PURCHASE AGREEMENT DATED 18TH OCTOBER, 2004**

### **Principal parties:**

Asia Standard as warrantor of the representations and warranties given in respect of Viewell Investments and its subsidiaries and associated companies under the sale and purchase agreement

Asia Standard Development, a wholly-owned subsidiary of Asia Standard, as the vendor for the sale of its entire interests in Viewell Investments

GAML as purchaser of the entire interests in Viewell Investments

### **Principal terms of the agreement:**

Subject to satisfaction of certain conditions as mentioned below, Asia Standard Development has agreed to sell and GAML has agreed to acquire the entire issued share capital of Viewell Investments whose sole asset consists of indirect interests of 50% of the issued share capital of Paramount Shine for a nominal consideration and to acquire all the outstanding shareholder's loans advanced by the vendor to Viewell Investments as at completion. The remaining 50% interests of Paramount Shine is held by Asia Standard Development. The total amount to be paid by GAML for the acquisition of the shareholder's loans is expected to be approximately HK\$75 million, being 50% of the agreed purchase price for the acquisition of the Site by the Asia Standard Group plus interest accrued at prime rate less the related bank loan plus expenses. On or before 4th November, 2004, GAML will pay an aggregate of refundable deposit of HK\$30 million to the Asia Standard Group. The Site measures approximately 73,969 square feet with a current plot ratio of 1.33. Asia Standard's wholly-owned subsidiary, Lucky New Investment, has paid 10% of the purchase price of the Site, being approximately HK\$26.1 million, and is required to pay the balance of the purchase consideration, being approximately HK\$234.9 million, on or before 6th November, 2004, making a total purchase consideration of approximately HK\$261.0 million for the Site. The balance of the purchase consideration of the Site is intended to be paid by shareholder's loans and bank loan of Paramount Shine and its subsidiaries in the approximately amount of HK\$104.9 million and HK\$130.0 million, respectively.

Paramount Shine is currently a subsidiary of Asia Standard and will be equity accounted for as a jointly controlled entity upon completion of the sale and purchase agreement. Paramount Shine was formed in 1997 for the purpose of property development.

### **Conditions of the agreement:**

The agreement is conditional, amongst other things, upon:

- the completion of the acquisition of the Site by Lucky New Investment, an indirect wholly-owned subsidiary of Paramount Shine;
- the execution of the shareholders' agreement (see below) by Asia Standard, Asia Standard Development, GAML, Unity Asian Development Limited and Paramount Shine;

- the approval of independent shareholders of both Asia Orient and Asia Standard; and
- any other approvals which may be required under the Listing Rules.

The agreement is expected to be completed within three business days of the fulfillment of the conditions of the agreement.

## **SHAREHOLDERS' AGREEMENT IN RESPECT OF PARAMOUNT SHINE**

### **Principal parties:**

Asia Standard

Asia Standard Development

GAML

Unity Asian Development Limited, a company which holds 50% of the shares in Paramount Shine, which is presently wholly-owned by Viewell Investments

Paramount Shine, currently an indirect wholly-owned subsidiary of Asia Standard which through its wholly-owned subsidiary, Lucky New Investment, has agreed to acquire the Site and which will become a 50:50 owned joint venture company by the Asia Standard Group and GAML

### **Principal terms of the agreement:**

Upon completion of the sale and purchase agreement, the above parties will enter into a shareholders' agreement. Through their interests in Paramount Shine, the Asia Standard Group and GAML have agreed to jointly redevelop the Site as a residential property. The board of Paramount Shine shall consist of six directors, of whom each of the Asia Standard Group and GAML shall nominate three directors. Apart from the Site and deferred tax assets amounting to approximately HK\$7.9 million, resulting from a loss on a prior development and sale of a residential development, neither Paramount Shine nor any of its subsidiaries has any material assets. Each of the Asia Standard Group and GAML shall make proportional shareholder's loans to Paramount Shine for the redevelopment of the Site, and will act as guarantors to banking facilities in proportion to their shareholding interests. The directors of Asia Standard and GAML estimate that financial assistance in the form of banking facilities in the aggregate amount of approximately HK\$580 million will be guaranteed, on a several basis, by the Asia Standard Group and GAML.

Application will be made to the Hong Kong Government to increase the permitted plot ratio from its present 1.33. The current zoning of the Site allows for a maximum plot ratio of 2.1 times. Until this approval is obtained, it is not possible to estimate with any accuracy the total cost of the development.

## **PROJECT MANAGEMENT AGREEMENT**

Upon the signing of the shareholders' agreement, Lucky New Investment, an indirect wholly-owned subsidiary of Paramount Shine which directly owns the Site, and Asia Standard Project Management Company Limited, an indirect wholly-owned subsidiary of Asia Standard, will enter into a project management agreement. The directors of Asia Standard estimate the annual management fees to be paid to Asia Standard Project Management Company Limited will not exceed HK\$660,000. Under rule 14A.33(3)(b) of the Listing Rules, the project management agreement, although a continuing connected transaction for Asia Standard, will be exempt from reporting, announcement and independent shareholders' approval requirements.

## **REASONS FOR, AND BENEFITS OF, THE ACQUISITION AND JOINT VENTURE**

The transaction will provide an opportunity for the Asia Standard Group to undertake a further development project jointly with its strategic partner, GAML. This follows the successful luxury apartment joint venture development with GAML in Repulse Bay announced on 16th May, 2000 and completed earlier this year.

## **BASIS ON WHICH GAML'S PARTICIPATION IN THE JOINT VENTURE HAS BEEN NEGOTIATED**

The basis on which GAML will acquire an indirect interest in the Site has been agreed as being 50% of the acquisition costs of the Site of HK\$261.0 million (together with related transaction costs) which the Asia Standard Group has agreed to acquire from the vendors of Lot 1 and Lot 2 by way of tenders. The vendors of Lot 1 who together own five-sixth of the interest in Lot 1 are certain individuals who are independent third parties and who are not connected persons of Asia Orient or Asia Standard, as defined by the Listing Rules. The remaining one-sixth of the interest of Lot 1 is held by Master Venture Limited, which is a limited liability company incorporated under the laws of British Virgin Islands and an indirect wholly-owned subsidiary of Asia Standard. The vendors of Lot 2 are certain individuals who are independent third parties and who are not connected persons of Asia Orient or Asia Standard, as defined by the Listing Rules. The acquisition will be completed on 6th November, 2004. As the Site was acquired by the Asia Standard Group by way of tenders, the cost of the participation of GAML has, therefore, been determined by a price arrived at on a completely arm's length basis.

## **IMPLICATIONS UNDER THE LISTING RULES**

As GAML is a substantial shareholder of Asia Standard by virtue of its approximately 14.93% shareholding interest in Asia Standard, the proposed disposal by Asia Standard of an indirect interest in Paramount Shine, the entering into and performance by the Asia Standard Group and GAML of the shareholders' agreement involving the redevelopment of the Site and the provision by the Asia Standard Group of shareholder's loans to and of guarantee to secure the banking facilities to be obtained by Paramount Shine constitute connected transactions of Asia Standard and Asia Orient under the Listing Rules, and are therefore subject to the approval of the independent shareholders of Asia Orient and Asia Standard, respectively, on poll. GAML and its associates, as defined in the Listing Rules, are required

to abstain from voting on the resolution regarding the acquisition to be considered at a special general meeting of Asia Standard. No shareholders will be required to abstain from voting on the resolution regarding the acquisition to be considered at a special general meeting of Asia Orient.

Under the Listing Rules, these proposed transactions also constitute major transactions of both Asia Orient and Asia Standard, and are subject to the approval of independent shareholders of Asia Orient and Asia Standard, respectively. Asia Orient holds approximately 52.82% of the issued share capital of Asia Standard. Independent financial advisers will be appointed by each of Asia Orient and Asia Standard in connection with these transactions, as set out below.

### **INFORMATION ON GAML**

GAML is a subsidiary of Grosvenor Group Limited, an international property group based in the United Kingdom, and is owned by trusts of the Grosvenor family. GAML is the principal investment holding company of Grosvenor Group Limited in Asia.

### **INFORMATION ON ASIA ORIENT**

Asia Orient is an investment holding company. Its main activities are property investment, investment holding and property development. Through listed subsidiaries, Asia Standard and Asia Standard Hotel Group Limited, Asia Orient also is involved in hotel operation, travel agency and catering business.

### **INFORMATION ON ASIA STANDARD**

Asia Standard is engaged in investment and development of commercial, retail and residential properties in Hong Kong and the PRC. Through its listed subsidiary, Asia Standard Hotel Group Limited in which it holds a 70% shareholding interest, Asia Standard also indirectly owns and operates three hotels, of which two are in Hong Kong and one in Canada; a travel agency in Hong Kong; and two franchise restaurants in Hong Kong and Shanghai.

### **GENERAL**

Circulars will be despatched to the shareholders of Asia Orient and Asia Standard, respectively, containing, among other things, details of the transactions and notices convening special general meetings of Asia Orient and Asia Standard.

Anglo Chinese Corporate Finance, Limited has been appointed to act as financial adviser to Asia Orient and Asia Standard in connection with these transactions. An independent financial adviser will be appointed to advise an independent committee of the board of each of Asia Orient and Asia Standard, comprising its independent non-executive directors, who will advise independent shareholders in connection with these transactions.

As at the date of this announcement, the directors of Asia Orient are: Mr. Fung Siu To, Clement, Mr. Lim Yin Cheng, Mr. Poon Jing, Mr. Lun Pui Kan, Mr. Kwan Po Lam, Phileas, Mr. Chan Sze Hung; and the independent non-executive directors are Mr. Cheung Kwok Wah, Ken, Mr. Wong Chi Keung, Mr. Hung Yat Ming.

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

## **DEFINITIONS**

Asia Orient	Asia Orient Holdings Limited, a company whose shares are listed on the Stock Exchange and which holds approximately 52.82% of Asia Standard
Asia Standard	Asia Standard International Group Limited, a company whose shares are listed on the Stock Exchange
Asia Standard Development	Asia Standard Development (Holdings) Limited, an indirect wholly-owned subsidiary of Asia Standard
Asia Standard Group	Asia Standard and its subsidiaries
GAML	Grosvenor Asset Management Limited
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
Lot 1	the site at the remaining portion of Lot No. 259 in Demarcation District No. 354 registered in the Tsuen Wan New Territories Land Registry, Yau Kam Tau, New Territories, Hong Kong
Lot 2	the site at Lot No. 262 in Demarcation District No. 354 registered in the Tsuen Wan New Territories Land Registry, Yau Kam Tau, New Territories, Hong Kong
Lucky New Investment	Lucky New Investment Limited, an indirect wholly-owned subsidiary of the Paramount Shine and holds the entire interests of the Site
Paramount Shine	Paramount Shine Limited, an indirect wholly-owned subsidiary of Asia Standard, and indirectly holds the entire interests of Lucky New Investment
Site	Lot 1 and Lot 2 together which have been agreed to be acquired by the Asia Standard Group
Stock Exchange	The Stock Exchange of Hong Kong Limited
Viewell Investments	Viewell Investments Limited, an indirect wholly-owned subsidiary of Asia Standard and indirectly holds 50% interests in Paramount Shine
HK\$	Hong Kong dollars

By order of the board  
**Asia Orient Holdings Limited**  
**Fung Siu To, Clement**  
*Chairman*

Hong Kong, 28th October, 2004

\* *for identification purpose only*

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