

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe securities.*



## **ASIA STANDARD HOTEL GROUP LIMITED**

**(泛海酒店集團有限公司)\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 292)**

### **PROPOSED BONUS ISSUE OF WARRANTS**

**Financial adviser**

**ANGLO CHINESE**  
CORPORATE FINANCE, LIMITED

On 18 July 2007, the Company announced the results of the Group for the year ended 31 March 2007 and on the same day, the Board proposed, subject to the satisfaction of the conditions below, the Bonus Issue of Warrants to Shareholders other than the Excluded Shareholders whose names appear on the register of members of the Company on the Record Date on the basis of one Warrant for every five Shares held on the Record Date. The Warrants will entitle the holders thereof to subscribe for new Shares at an initial Subscription Price of HK\$0.146 per Share in cash, subject to adjustment(s), at any time between the date of issue of the Warrants and a date falling on the third anniversary of the date of issue, both dates inclusive.

The Bonus Issue of Warrants is conditional upon (a) the passing of an ordinary resolution by the Shareholders at the SGM approving the issue of the Warrants and the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants in accordance with the requirements of the Listing Rules; and (b) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants.

A circular containing the information required to be given to Shareholders under the Listing Rules, including a notice of the SGM to approve the Bonus Issue of Warrants and the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants, are being prepared and will be despatched to the Shareholders as soon as practicable.

## **PROPOSED BONUS ISSUE OF WARRANTS**

On 18 July 2007, the Company announced the results of the Group for the year ended 31 March 2007 and on the same day, the Board proposed, subject to the satisfaction of the conditions below, the Bonus Issue of Warrants to Shareholders whose names appear on the register of members of the Company on the Record Date on the basis of one Warrant for every five Shares held on the Record Date.

### **THE SUBSCRIPTION PRICE**

The Warrants will entitle the holders thereof to subscribe for new Shares at an initial Subscription Price of HK\$0.146 per Share in cash, subject to adjustment(s), at any time between the date of issue of the Warrants and a date falling on the third anniversary of the date of issue, both dates inclusive. Fractional entitlements to the Warrants will not be issued to the Shareholders. The Subscription Price is subject to adjustment(s) upon occurrence of usual adjustment events arising as a result of changes in the share capital of the Company including consolidation or sub-division of Shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company. Apart from the adjustments upon occurrence of the usual adjustment events, at the end of each six month period from the date of issue of the Warrants, the Subscription Price is subject to the Reset Adjustment whereby the Subscription Price will be adjusted to become the lower of (a) the then effective Subscription Price immediately preceding such Reset Adjustment; and (b) 95% of the average of the closing prices of each Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of such Reset Adjustment. The Subscription Price will be subject to a final Reset Adjustment 10 Business Days before the date of expiration of the Warrants. Further announcements will be made upon adjustment of the Subscription Price.

The initial Subscription Price of HK\$0.146 represents:

- a discount of approximately 6% over the closing price of HK\$0.156 per Share as quoted on the Stock Exchange on 17 July 2007, the last trading day immediately prior to the date of approval of the proposed Bonus Issue of Warrants by the Board; and
- a discount of approximately 5% over the average closing price of HK\$0.153 per Share as quoted on the Stock Exchange for the 10 trading days ended on 17 July 2007 the last trading day immediately prior to the date of approval of the proposed Bonus Issue of Warrants by the Board.

On the basis of 12,508,806,156 Shares in issue on the date of this announcement, and assuming no further Shares will be issued or repurchased by the Company on or before the Record Date, 2,501,761,231 Warrants are proposed to be issued. In the event that the Subscription Price is adjusted by the Reset Adjustment, the maximum number of proposed Warrants to be issued will not change.

The following table illustrates the change in the shareholding structure of the Company following the exercise of the subscription rights attaching to the Warrants (a) by the Asia Standard International in full only; and (b) by all the holders of the Warrants in full:

	<b>As at the date of this announcement</b>		<b>Immediately after conversion of the Warrants by Asia Standard International in full only (note)</b>		<b>Immediately after full conversion of the Warrants</b>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Asia Standard International	8,384,216,946	67.03	10,061,060,335	70.92	10,061,060,335	67.03
Others	<u>4,124,589,210</u>	<u>32.97</u>	<u>4,124,589,210</u>	<u>29.08</u>	<u>4,949,507,052</u>	<u>32.97</u>
Total	<u>12,508,806,156</u>	<u>100</u>	<u>14,185,649,545</u>	<u>100</u>	<u>15,010,567,387</u>	<u>100</u>

*Note:* Immediately after conversion of the Warrants by Asia Standard International in full only, the public float of the Company will be approximately 26.65%.

## USE OF PROCEEDS

Upon full exercise of the 2,501,761,231 Warrants the Company will receive approximately HK\$365.3 million, before expenses and (assuming that the Subscription Price is not adjusted) issue 2,501,761,231 new Shares, representing approximately 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of such Shares. Assuming that the number of Shares in issue remains unchanged prior to the date of issue of the Warrants, the 2,501,761,231 new Shares will represent approximately 20% of the issued share capital of the Company at the time of issue of the Warrants. As at the date of this announcement, the Company has not planned for any specific use of the proceeds from the Bonus Issue of Warrants other than applying the proceeds for general working capital of the Group.

## **RANKING OF THE SHARES TO BE ISSUED UPON EXERCISE OF THE WARRANTS**

Shares which may fall to be issued upon exercise of the Warrants will rank for any dividends and other distributions and, or, offers of further securities made by the Company, the record date for which is on or after the relevant subscription date and subject thereto, *pari passu* in all respects with the then existing issued Shares on the relevant subscription date. The Warrants will be transferable in whole amounts or integral multiples of the Subscription Price for the time being. No application will be made for the listing of the Warrants on the Stock Exchange or any other exchange. Application will be made to the Stock Exchange for listing of, and permission to deal in, the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants.

## **OVERSEAS SHAREHOLDERS**

Pursuant to Rule 13.36(2) of the Listing Rules, enquiry will be made by the Board in respect of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body or stock exchange in those places for the Company to extend the Bonus Issue of Warrants to the Overseas Shareholders. If the Board is of the view that, after such enquiry, the exclusion of Overseas Shareholders is necessary or expedient on account of either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body or stock exchange in those places, the Warrants will not be granted to the Excluded Shareholders, if any. In such circumstances, arrangements will be made for the Warrants which would otherwise have been issued to such Excluded Shareholders, if any, to be sold through a private matching service provided by the Company or its agent as soon as practicable, if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Excluded Shareholders, if any, *pro rata* to their respective shareholdings and remittances therefore will be posted to them, at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100.00, in which case it will be retained for the benefit of the Company. Details in respect of any exclusion of Overseas Shareholders and the treatment for the Excluded Shareholders (if any) will be set out in the circular to be sent to the Shareholders. The Excluded Shareholders will be entitled to vote at the SGM on the resolution to approve the Bonus Issue of Warrants.

## **CONDITIONS TO THE BONUS ISSUE OF WARRANTS**

The Bonus Issue of Warrants is conditional upon:

- the passing of an ordinary resolution by the Shareholders at the SGM approving the issue of the Warrants and the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants, in accordance with the requirements of the Listing Rules; and
- the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants.

Save for the Bonus Issue of Warrants, the Company has no other outstanding equity securities which remain to be issued on exercise of any other subscription rights subject to Chapter 15 of the Listing Rules.

## **CLOSURE OF REGISTER**

The register of members of the Company will be closed from Wednesday, 29 August 2007 to Friday, 31 August 2007 (both dates inclusive) in order to establish entitlements of Shareholders to the Bonus Issue of Warrants, during which period no transfer of Shares will be registered. In order to qualify for the Warrants, Shareholders are reminded to ensure that all Share transfers, accompanied by the relevant certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investors Services Limited, situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 28 August 2007.

## **REASON FOR THE BONUS ISSUE OF WARRANTS**

The Board believes that the Warrants will provide the Shareholders with the opportunity to participate further in the future growth of the Group through a security which is expected to be highly dependent on the movements in the price of the Shares. The Bonus Issue of Warrants will also strengthen the equity base of the Company and increase the Company's working capital if and when the subscription rights attaching to the Warrants are exercised.

## **INFORMATION ON ASIA STANDARD HOTEL**

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

## **GENERAL**

A circular containing the information required to be given to Shareholders under the Listing Rules, including a notice of the SGM to approve the Bonus Issue of Warrants and the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants, are being prepared and will be despatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

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

“Asia Orient”	Asia Orient Holdings Limited (stock code: 214), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange, and the controlling shareholder of Asia Standard International
“Asia Standard Hotel” or “Company”	Asia Standard Hotel Group Limited (stock code: 292), an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange and a 67.03% subsidiary of Asia Standard International
“Asia Standard International”	Asia Standard International Group Limited (stock code: 129), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange, and the holding company of Asia Standard Hotel
“associate(s)”	has the meaning ascribed to it by the Listing Rules
“Board”	the board of the Directors
“Bonus Issue of Warrants”	the proposed issue of the Warrants on the basis of one Warrant for every five Shares held by the Shareholders, excluding the Excluded Shareholders, on the Record Date whose names appear on the register of members of the Company at the close of business on the Record Date

“Business Day”	a day (excluding Saturday, public holiday and any day which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business
“Director(s)”	director(s) of the Company
“Excluded Shareholder(s)”	Overseas Shareholder(s) who are excluded from the Bonus Issue of Warrants by the reason that the Directors, upon making enquiry, consider such exclusion to be necessary or expedient on account of either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body or stock exchange in those places
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding for the purpose of this announcement Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Overseas Shareholders”	Shareholder(s) whose address(es) as shown on the register of members of the Company at the close of business on the Record Date is(are) outside Hong Kong
“Record Date”	31 August 2007

“Reset Adjustment”	the adjustment to be made to the Subscription Price at the end of each six month period from the date of issue of the Warrants and 10 Business Days prior to the expiry of the Warrants whereby the Subscription Price will be adjusted to become the lower of (a) the then effective Subscription Price immediately preceding such Reset Adjustment; and (b) 95% of the average of the closing prices of each Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of such Reset Adjustment
“SGM”	the special general meeting of the Company to be convened by the Board for the purpose of approving by the Shareholders the Bonus Issue of Warrants and the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants
“Share(s)”	ordinary shares of HK\$0.02 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.146 per Share (subject to adjustments) in respect of each Warrant
“Warrants”	the warrant(s) to be issued by the Company entitling the holder(s) thereof to subscribe, at any time from the date of issue until the third anniversary of the date of issue, for fully paid Shares at an initial Subscription Price of HK\$0.146 per Share (subject to adjustment and reset)

By order of the board of  
**Asia Standard Hotel Group Limited**  
**Lim Yin Cheng**  
*Deputy Chairman*

Hong Kong, 19 July 2007

*As at the date of this announcement, the executive Directors are Mr. Poon Jing, Dr. Lim Yin Cheng, Mr. Fung Siu To Clement, Mr. Poon Tin Sau Robert, Mr. Wong Shu Pui and Mr. Woo Wei Chun Joseph; the non-executive Director is Mr. Liang Shangli; and the independent non-executive Directors are Mr. Ip Chi Wai, Mr. Leung Wai Keung Richard and Mr. Hung Yat Ming.*

*\* For identification purposes only*