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If you have sold or transferred all your shares in Asia Standard Hotel 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 HOTEL GROUP LIMITED

泛海酒店集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 292)

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

A letter from the Board of Asia Standard Hotel Group Limited (the “**Company**”) is set out on pages 4 to 7 of this circular.

* *For identification purposes only*

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DEFINITIONS

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

“Announcement”	The joint announcement made by AO, ASI and the Company dated 16 December 2020 in relation to the Disposals
“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 Seller”	Greatime Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“ASI”	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
“close associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CAD\$”	Canadian dollars
“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
“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)
“Disposals”	the disposals of the Kaisa Securities by ASH Seller between 15 and 16 December 2020
“Group”	the Company and its subsidiaries
“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

DEFINITIONS

“Kaisa Announcements”	announcements of Kaisa dated 23 June 2017, 4 August 2017, 20 September 2017 and 2 November 2017
“Kaisa Notes due 2022”	the 8.5% US\$-denominated senior notes due 2022 issued by Kaisa, details of which are disclosed in the Kaisa Announcements
“Kaisa Notes due 2024”	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 due 2024 in the aggregate notional amount of US\$15.0 million (equivalent to HK\$117.0 million) disposed of by ASH Seller under the Disposals
“Latest Practicable Date”	26 January 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
“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”	has the meaning as defined in the paragraph headed “INTRODUCTION” under the section “LETTER FROM THE BOARD” of this circular
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“SGX-ST”	the Singapore Exchange Securities Trading Limited
“Share(s)”	the ordinary share(s) of HK\$0.02 each in the issued share capital of the Company
“Shareholders”	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
“The Sai Group”	The Sai Group Limited, a wholly-owned subsidiary of ASI
“US\$”	United States Dollars

DEFINITIONS

“%”

per cent

In this circular, amounts denominated in US\$ are converted into HK\$ at the rate of US\$1.00 = HK\$7.80. 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 HOTEL GROUP LIMITED

泛海酒店集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 292)

Executive Directors:

Mr. Poon Jing (*Chairman*)

Dr. Lim Yin Cheng

(Deputy Chairman and Chief Executive)

Mr. Poon Hai

Mr. Poon Yeung, Roderick

Mr. Fung Siu To, Clement

Mr. Woo Wei Chun, Joseph

Independent non-executive Directors:

Mr. Ip Chi Wai

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

29 January 2021

To the Shareholders

Dear Sirs/Madams,

MAJOR TRANSACTION IN RELATION TO DISPOSALS OF THE KAISA SECURITIES

INTRODUCTION

Reference is made to the Announcement.

The Group disposed of (i) the Kaisa Notes due 2022 in the aggregate notional amounts of US\$21.8 million (equivalent to approximately HK\$170.0 million) between 15 and 21 April 2020; and (ii) the Kaisa Notes due 2024 in the aggregate notional amount of approximately US\$87.0 million (equivalent to HK\$678.6 million) between 30 November and 14 December 2020 on the open market (the “**Previous Disposals**”).

* *For identification purposes only*

LETTER FROM THE BOARD

Between 15 and 16 December 2020, the Group, via ASH Seller, disposed of the Kaisa Securities in the aggregate notional amount of US\$15.0 million (equivalent to HK\$117.0 million) at an aggregate consideration of approximately US\$14.56 million (equivalent to approximately HK\$113.57 million) on the open market (i.e. the Disposals).

The Disposals, 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 Disposals; and (ii) other information as required under the Listing Rules.

THE DISPOSALS

Between 15 and 16 December 2020, the Group, via ASH Seller, disposed of the Kaisa Securities in the aggregate notional amount of US\$15.0 million (equivalent to HK\$117.0 million) at an aggregate consideration of approximately US\$14.56 million (equivalent to approximately HK\$113.57 million) on the open market.

In view that the Disposals were 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 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 30 September 2020, the carrying value of the Kaisa Securities held by the Group under the Disposals was approximately HK\$108.8 million. The net profits (both before and after taxation) attributable to the Kaisa Securities which were disposed of by the Group under the Disposals were approximately HK\$10.7 million and HK\$10.7 million for the financial years ended 31 March 2019 and 2020 respectively.

FINANCIAL EFFECTS OF THE DISPOSALS AND USE OF PROCEEDS

As a result of the Disposals, it is expected that, on a consolidated basis, the Group will record a gain before tax and before non-controlling interest of approximately HK\$1.24 million in the current financial year. The gain represents the difference between the consideration of approximately HK\$113.57 million and the cost of the Kaisa Securities as disposed of by the Group under the Disposals of approximately HK\$111.97 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\$1.69 million, plus the written back of expected credit loss of approximately HK\$0.7 million and the reversal of unrealised exchange loss of approximately HK\$0.63 million recognised in prior years.

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

LETTER FROM THE BOARD

The Directors intend to apply the proceeds from the Disposals as general working capital and/or for other reinvestment opportunities when they arise.

REASONS FOR AND BENEFITS OF THE DISPOSALS

The Disposals form part of the investing activities of the Group and were 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 Disposals 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 Disposals (including but not limited to the disposal prices), the Directors believe that such terms are fair and reasonable and the Disposals are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY AND ASH SELLER

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

ASH 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.

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.

IMPLICATIONS UNDER THE LISTING RULES

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

Given that none of the Shareholders has a material interest in the Disposals, none of them would be required to abstain from voting if a general meeting of the Company were to be convened to approve the Disposals. Pursuant to Rule 14.44 of the Listing Rules, the Company had obtained a written approval from The Sai Group (which held 1,298,709,227 Shares, representing approximately 64.35% of the issued share capital of the Company, as at the date of the Announcement), to approve the Disposals. Therefore, no general meeting of the Company will be convened to approve the Disposals.

RECOMMENDATION

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

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

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of
Asia Standard Hotel Group Limited
Lim Yin Cheng
*Deputy Chairman and
Chief Executive*

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 140 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/2020/0730/2020073000624.pdf>);
- (ii) for the year ended 31 March 2019 are set out from pages 60 to 144 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/ltn20190730169.pdf>); and
- (iii) for the year ended 31 March 2018 are set out from pages 54 to 132 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/ltn20180730604.pdf>).

The unaudited condensed consolidated interim financial information on the Group for the six months ended 30 September 2020 are set out from pages 10 to 39 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/2020/1230/2020123000452.pdf>).

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

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\$5,687 million outstanding indebtedness comprising the following debts:

- (i) Approximately HK\$4,334 million bank borrowings were guaranteed, and were secured by the Group's certain property, plant and equipment, properties under development for sale and financial investments;
- (ii) HK\$1,120 million bank borrowings were guaranteed and unsecured;
- (iii) Approximately HK\$222 million convertible notes liabilities were unguaranteed and unsecured; and
- (iv) lease liabilities of approximately HK\$11 million relating to premises leased by the Group as lessee.

The carrying values of the Group's assets pledged amounted to approximately HK\$4,626 million as at 31 December 2020.

As at the close of business on 31 December 2020, the Group had contingent liabilities of approximately HK\$386 million in respect of financial guarantees given to the financial institutions 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 Disposals, 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

Hotel business

During the six months ended 30 September 2020, the hospitality industry in Hong Kong continued to suffer from intense adverse effects from the COVID-19 pandemic. The cumulative arrivals between April 2020 and September 2020 for all visitors to Hong Kong and those who stayed overnight were 61,000 and 60,000, respectively, whereby the former had a 99.8% decrease and the latter had a 99.5% decrease compared to the same period last year. Overnight visitor arrivals from Mainland China recorded a 99.7% decrease from the same period last year. The total hotel room supply in Hong Kong as of 30 September 2020 was approximately 85,200 rooms, increased by 3% from the same period last year.

The occupancy rate and average room rate had dropped by 82% and 66%, respectively, when compared with the same period last year, which resulted in a significant decrease of about 92% of revenues from hotel operations, with net losses recorded. In order to manage the challenges in these difficult times, hotel management continues to pursue sensitive and swift business strategies to improve operational efficiency and to take decisive decisions to achieve cost savings across hotel operations.

The negative performance from this sector, however, was more than offset by the recurrent earnings and cash flow generated from the Group's fixed income financial investment portfolio.

The pandemic outbreak was unprecedented and overwhelming for the global hospitality industry. While uncertainty persists as to the length of the pandemic and its effect on economies, management is aggressively preparing and implementing impact reduction measures for the hotel operations in Hong Kong. Besides, 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 revitalize 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. Once the

pandemic is well under control and travel restrictions and health security initiatives are relaxed, the hospitality sector is expected to see an imminent turnaround as the suppressed demand for recreation and pent-up appetite will be triggered. On the supply side, a reduction in overall hotel rooms is anticipated as COVID-19's effect has resulted in cautious supply plans for hotel-related businesses, the prospect of restructuring and consolidation, and the closing of several existing hotels; new hotel investment ventures would be discouraged with delays and potential cancellations. Management continues to take actions, both in the short and longer term, to manage costs and drive efficiency to cope with the expected recovery of tourism.

Development projects

In Vancouver, Canada, the excavation and shoring works of Landmark on Robson located close to the downtown commercial core on Robson Street were completed. The parkade structure has been completed in November 2020, and the above-ground structural construction has commenced afterwards. As at 30 September 2020, a total of approximately CAD\$140 million contracted sales of residential units in this development has been achieved from the project sales launched at the beginning of 2018.

The other developable property located to the east of Landmark on Robson is still in the planning stage for development.

The Group's joint venture residential development on Alberni Street obtained the Prior to Letter outlining the requirements for local city council approval to grant a development permit, and is on course to obtain the development and building permits from the local authority.

Another joint venture development that is also located at Alberni Street in downtown Vancouver passed the Urban Design Panel in October 2020 in the ongoing application for the rezoning approval for development into premium residential units for sale.

The solid economic performance of Vancouver, Canada over the past decade has suffered a temporary setback in 2020 due to disruptions caused by the pandemic, but when Canada emerges from the COVID-19 scare, Vancouver will remain a desirable place to live, and home buyers and real estate investors would favor the premier residential development projects in downtown Vancouver.

Financial investments

As at 30 September 2020, the Group's financial investment portfolio, which consisted almost entirely of listed securities, amounted to approximately HK\$7,162 million (31 March 2020: approximately HK\$6,052 million). The increase in value of the portfolio during the period was mainly attributable to a mark-to-market fair value gain together with a net purchase of securities during the period. Approximately 97% of the investment portfolio comprised of listed debt securities that were issued mostly by companies operating real estate business in China, approximately 1% comprised listed equity securities and approximately 2% comprised unlisted funds, of which approximately 99% and 1% were denominated in United States dollars and Hong Kong dollars, respectively. During the six months ended 30 September 2020, a total of approximately HK\$474 million (2019: approximately HK\$422 million) in interest income were

generated from the investment portfolio. The increase in interest income was due to an enlarged debt portfolio from additional investments. A net investment gain of approximately HK\$18 million (2019: a net investment gain of approximately HK\$18 million) was credited to profit and loss account while the mark-to-market valuation gain on listed debt securities of approximately HK\$684 million was recognised in the investment reserve account.

Although the global economic recovery is projected to continue, the pace will vary from nation to nation. With China's effective pandemic prevention and control, China's GDP increased by 3.2% and 4.9% in the second and third quarter of 2020, respectively, compared to the same periods last year, spearheading recovery. China's property market was among the first to recover, and the investment in fixed income securities issued mostly by companies operating real estate business in China continues to be a strong pillar in providing the Group with a stable income stream and liquidity.

The management, while continuously monitoring macroeconomic developments and risks to the outlook, remains cautiously optimistic towards the performance of the Group in the rapidly changing 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	152,490	1,346,158,049	1,346,310,539	66.71

Note: By virtue of Mr. Poon Jing's interest in the Company through AO and its subsidiaries as disclosed under the sub-paragraph headed "Substantial shareholders' and other persons' interests and short positions in the Shares and underlying Shares" below, Mr. Poon is deemed to be interested in the shares of all of the Company's subsidiaries.

(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 (Note 1)	273,607,688	5,318,799	145,213,900	424,140,387	50.44
	ASI (Note 2)	1,308,884	-	683,556,392	684,865,276	51.89
Poon Hai	AO	10,444,319	-	-	10,444,319	1.24
Fung Siu To, Clement	AO	15,440,225	-	-	15,440,225	1.83
	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 held by AO.
2. By virtue of Mr. Poon Jing's controlling interest in AO, he is deemed to be interested in the shares of ASI held by subsidiaries of AO.

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

Director	Outstanding as at the Latest Practicable Date
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 the Company 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.

(b) Associated corporation – AO

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 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 – ASI

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 ASI 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.

(III) Long positions in underlying shares and debentures

Interests in convertible notes – the Company

Director	Number of convertible notes held		
	Personal interest	Corporate interest	Total
Poon Jing	–	2,692,316,098	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 held by AO and its subsidiaries which are convertible into 2,692,316,098 Shares. The 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 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:

(I) Long positions in Shares

Shareholder	Capacity	Number of Shares held	Total	Percentage of Shares in issue (%)
The Sai Group	Beneficial owner	1,298,709,227	1,298,709,227	64.35
ASI (Note 1)	Interests in controlled corporation	1,298,709,227	1,298,709,227	64.35
Persian Limited (“Persian”)	Beneficial owner	47,448,822	47,448,822	2.35
Asia Orient Holdings (BVI) Limited (“AOH(BVI)”) (Notes 2 & 3)	Interests in controlled corporation	1,346,158,049	1,346,158,049	66.70
AO (Note 4)	Interests in controlled corporation	1,346,158,049	1,346,158,049	66.70
Wong Kwok Fong	Beneficial owner	183,088,366	183,148,366	9.07
	Family interest	60,000		

*(II) Long positions in underlying Shares**Interests in convertible notes*

Holder of convertible notes	Capacity	Number of convertible notes held
The Sai Group (Note 5)	Beneficial owner	2,597,418,454
ASI (Notes 1 and 5)	Interests in controlled corporation	2,597,418,454
Persian (Note 5)	Beneficial owner	94,897,644
AOH(BVI) (Notes 2, 3 and 5)	Interests in controlled corporation	2,692,316,098
AO (Notes 4 and 5)	Interests in controlled corporation	2,692,316,098

Notes:

1. The Sai Group is a wholly-owned subsidiary of ASI. ASI is deemed to be interested in and duplicate the interest in the Shares and underlying Shares held by The Sai Group.
2. AOH(BVI) and its subsidiaries together hold more than one-third of the issued shares of ASI and are deemed to be interested in and duplicate the interest in the Shares and underlying Shares held by ASI.
3. Persian is a wholly-owned subsidiary of AOH(BVI). AOH(BVI) is deemed to be interested in and duplicate the interest in the Shares and underlying Shares held by Persian.
4. AOH(BVI) is a wholly-owned subsidiary of AO. AO is deemed to be interested in and duplicate the interest in the Shares and underlying Shares held by AOH(BVI) and its subsidiaries.
5. The 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.
6. Details of directorships of the Directors in each of those companies which has an interest in the Shares and underlying Shares as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO are set out as follows:
 - (a) Mr. Poon Jing, Dr. Lim Yin Cheng, Mr. Poon Hai and Mr. Fung Siu To, Clement are directors of The Sai Group;
 - (b) Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement, Mr. Leung Wai Keung and Mr. Wong Chi Keung are directors of ASI;
 - (c) Mr. Poon Jing, Mr. Poon Hai and Mr. Fung Siu To, Clement are directors of Persian;
 - (d) Mr. Poon Jing, Dr. Lim Yin Cheng and Mr. Fung Siu To, Clement are directors of AOH(BVI); and
 - (e) Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement, Mr. Leung Wai Keung and Mr. Wong Chi Keung are directors of AO.

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. 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. Lee Tai Hay, Dominic is the company secretary of the Company. He is a fellow member of the Hong Kong Institute of Chartered Secretaries.
- (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 circular of the Company dated 22 May 2020 and this circular.