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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
INVESTMENT IN THE GUANGZHOU R&F NOTES**

A letter from the Board of Asia Standard Hotel Group Limited (the “**Company**”) is set out on pages 4 to 8 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:

“6.58% Guangzhou R&F Notes”	the 6.58% notes due 2022 in the aggregate notional amount of RMB4,000.0 million issued by Guangzhou R&F on 3 December 2018 with a maturity date of 4 December 2022
“Announcement”	the joint announcement dated 15 January 2021 made by the Company, AO and ASI in relation to the Investment
“AO”	Asia Orient Holdings Limited (Stock Code: 214), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board
“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
“Board”	the board of Directors
“CAD\$”	Canadian dollars
“close associate(s)”	has the same meaning ascribed to it under the Listing Rules
“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)
“Emerald Bay”	Emerald Bay S.A., the issuer under the TRS Arrangement, which according to the base prospectus is a public limited liability company incorporated under the laws of the Grand Duchy of Luxembourg, a special purpose vehicle incorporated for the purpose of issuing asset backed securities and held by Stitching Emerald Bay, a foundation not owned or controlled by any person, and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, both of which are Independent Third Parties
“Group”	the Company and its subsidiaries

DEFINITIONS

“Guangzhou R&F”	Guangzhou R&F Properties Co., Ltd.* (廣州富力地產股份有限公司) (Stock Code: 2777), a joint stock limited company incorporated in the PRC with limited liability, the shares of which are listed on the Main Board
“Guangzhou R&F Notes”	the notes issued by Guangzhou R&F and/or its subsidiaries, including but not limited to the 6.58% Guangzhou R&F Notes
“HK\$”	Hong Kong Dollars
“Independent Third Party(ies)”	person(s) or company(ies) which is/are third party(ies) independent of the Company and its connected persons
“Investment”	the investment in the 6.58% Guangzhou R&F Notes by the Investor under the TRS Arrangement, details of which please refer to the paragraph headed “THE INVESTMENT” under the section “LETTER FROM THE BOARD” of this circular
“Investor”	Greatime Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Latest Practicable Date”	16 February 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the Main Board of the Stock Exchange
“Morgan Stanley”	Morgan Stanley & Co. International plc, the arranger, dealer and swap counterparty under the TRS Arrangement, which according to the base prospectus is a public limited company incorporated in England and Wales, and together with its subsidiaries and associated undertakings are principally engaged in the provision of financial services, and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, which and the ultimate beneficial owners of which are Independent Third Parties
“percentage ratio(s)”	has the same meaning ascribed to it under the Listing Rules
“PRC” or “China”	the People’s Republic of China

DEFINITIONS

“Previous Investments”	the previous acquisition of and investments in the Guangzhou R&F Notes by the Group over the 12-month period prior to the date of the Investment which shall be aggregated for the purpose of calculating the applicable percentage ratios pursuant to Rule 14.22 of the Listing Rules, details of which please refer to the paragraph headed “IMPLICATIONS UNDER THE LISTING RULES” under the section “LETTER FROM THE BOARD” of this circular
“RMB”	Renminbi
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.02 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“The Sai Group”	The Sai Group Limited, a wholly-owned subsidiary of ASI
“TRS Arrangement”	the total return swap arrangement arranged by Morgan Stanley for the Investor on 12 January 2021 in relation to the investment in the 6.58% Guangzhou R&F Notes, details of which please refer to the paragraph headed “THE INVESTMENT” under the section “LETTER FROM THE BOARD” of this circular
“%”	per cent

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

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

24 February 2021

To the Shareholders

Dear Sirs/Madams,

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

INTRODUCTION

Reference is made to the Announcement.

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

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

* *For identification purposes only*

LETTER FROM THE BOARD

THE INVESTMENT

On 12 January 2021, the Investor, via the TRS Arrangement arranged by Morgan Stanley, made investment in the 6.58% Guangzhou R&F Notes in an aggregate notional amount of RMB110.0 million (equivalent to approximately HK\$130.7 million) at an aggregate consideration (including unpaid interests accrued) of approximately RMB92.8 million (equivalent to approximately HK\$110.2 million).

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

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

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

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

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

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

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE INVESTMENT

As a result of the Investment, the total assets of the Group will be increased by approximately HK\$110.2 million and the total liabilities of the Group will be increased by approximately HK\$110.2 million.

Assuming that the Group will not dispose of any notes acquired under the TRS Arrangement, it is expected that the Investment will generate an annual earnings of approximately HK\$19.5 million before any expected credit loss, finance costs and non-controlling interests.

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

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

REASONS FOR AND BENEFITS OF THE INVESTMENT

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

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

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

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

LETTER FROM THE BOARD

INFORMATION ON THE COMPANY AND THE INVESTOR

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.

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

IMPLICATIONS UNDER THE LISTING RULES

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

<u>Transaction date</u>	<u>Notional amount of the Guangzhou R&F Notes acquired/invested</u>	<u>Consideration (including unpaid interests accrued)</u>
13 November 2020	RMB80.0 million (equivalent to approximately HK\$95.0 million)	approximately RMB71.5 million (equivalent to approximately HK\$84.9 million)
23 December 2020	RMB330.0 million (equivalent to approximately HK\$392.0 million)	approximately RMB280.6 million (equivalent to approximately HK\$333.4 million)

Given that none of the Shareholders has a material interest in the Investment, none of them would be required to abstain from voting if a general meeting of the Company were to be convened to approve the Investment. Pursuant to Rule 14.44 of the Listing Rules, the Company had obtained the written approval from The 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 Investment. Therefore, no general meeting of the Company will be convened to approve the Investment.

LETTER FROM THE BOARD

RECOMMENDATION

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

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

ADDITIONAL INFORMATION

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

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

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

The audited consolidated financial statements of the Group:

- (i) for the year ended 31 March 2020 are set out from pages 57 to 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 of the Group for the six months ended 30 September 2020 is 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 the 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:

- (a) 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;
- (b) HK\$1,120 million bank borrowings were guaranteed and unsecured;
- (c) approximately HK\$222 million convertible notes liabilities were unguaranteed and unsecured; and
- (d) lease liabilities of approximately HK\$11 million relating to premises leased by the Group as lessee.

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

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

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 approximately 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 approximately 3% from the same period last year.

The occupancy rate and average room rate had dropped by approximately 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 revitalise the tourism-related sectors and at the same time contain the virus from community spreading. The Group's hotel operation is dependent on the successful roll out of the policy and the effect is yet to be seen. 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, 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.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

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

	Statement of assets and liabilities of the Group as at 30 September 2020 <i>HK\$'000</i> <i>(Note 1)</i>	Pro forma adjustments <i>HK\$'000</i>	Notes	Unaudited pro forma statement of assets and liabilities of the Group after the Investment <i>HK\$'000</i>
Non-current assets				
Property, plant and equipment	2,922,924			2,922,924
Investment in joint ventures	155,286			155,286
Amount due from joint ventures	354,932			354,932
Financial investments	125,013			125,013
Deferred income tax assets	36,232			36,232
	<u>3,594,387</u>			<u>3,594,387</u>
Current assets				
Properties under development for sale	670,057			670,057
Inventories	19,213			19,213
Trade and other receivables	285,237	1,343	(2)	286,580
Income tax recoverable	55			55
Financial investments	7,036,855	108,856	(2)	7,145,711
Bank balances and cash	307,860			307,860
	<u>8,319,277</u>			<u>8,429,476</u>
Current liabilities				
Trade and other payables	166,312	110,199	(3)	276,511
Contract liabilities	210,473			210,473
Amount due to non-controlling interests	45,366			45,366
Borrowings	2,920,564			2,920,564
Income tax payable	40,824			40,824
	<u>3,383,539</u>			<u>3,493,738</u>
Net current assets	<u>4,935,738</u>			<u>4,935,738</u>

	Statement of assets and liabilities of the Group as at 30 September 2020 <i>HK\$'000</i> <i>(Note 1)</i>	Pro forma adjustments <i>HK\$'000</i>	Notes	Unaudited pro forma statement of assets and liabilities of the Group after the Investment <i>HK\$'000</i>
Non-current liabilities				
Long term borrowings	3,709,958			3,709,958
Lease liabilities	5,425			5,425
Convertible notes	218,628			218,628
Derivative financial instruments	63,649			63,649
Deferred income tax liabilities	<u>12,391</u>			<u>12,391</u>
	<u>4,010,051</u>			<u>4,010,051</u>
Net assets	<u>4,520,074</u>			<u>4,520,074</u>

Notes:

1. The figures are extracted from the published unaudited condensed consolidated balance sheet of the Group as at 30 September 2020, as set out in the interim report of the Company for the six months ended 30 September 2020.
2. The adjustment reflects the recognition of the Investment as financial assets at fair value through other comprehensive income of approximately RMB91.63 million (equivalent to approximately HK\$108.86 million) and accrued interest of approximately RMB1.13 million (equivalent to approximately HK\$1.34 million). For the purpose of this Unaudited Pro Forma Financial Information, the fair value of the Investment is assumed to be the cost of acquisition on the open market which approximated to the fair value of the relevant Guangzhou R&F Notes on 30 September 2020.
3. The consideration for the Investment payable to Emerald Bay was subsequently settled through the Group's internal cash resources.
4. Save as notes 2 and 3 above, no other adjustment has been made to reflect any operating results or other transactions of the Group entered into subsequent to 30 September 2020.

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

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



羅兵咸永道

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

To the Directors of Asia Standard Hotel Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Asia Standard Hotel Group Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma condensed consolidated statement of assets and liabilities as at 30 September 2020 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages 13 to 14 of the Company’s circular dated 24 February 2021, (the “**Circular**”), in connection with the investments (the “**Transaction**”) of the 6.58% notes due 2022 issued by Guangzhou R&F Properties Co., Ltd. on 3 December 2018 in the aggregate notional amount of RMB110 million via the total return swap arrangements arranged by Morgan Stanley by the Group. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages 13 to 14 of the Circular.

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

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Control

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

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

Reporting Accountant's Responsibilities

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

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

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

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

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

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

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

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

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

Opinion

In our opinion:

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 24 February 2021

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

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

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO); or (ii) were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules were as follows:

(I) Long positions in shares

(a) The Company

Director	Number of Shares held			Percentage of Shares in issue (%)
	Personal interest	Corporate interest	Total	
Poon Jing	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

<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 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

<u>Director</u>	<u>Number of convertible notes held</u>		
	<u>Personal interest</u>	<u>Corporate interest</u>	<u>Total</u>
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 and 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:

- 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.
- 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.
- 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 the above companies which has an interest in the Shares and/or underlying Shares as disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO are set out below:
 - (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. QUALIFICATION AND CONSENT OF EXPERT

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

Name	Qualification
PricewaterhouseCoopers (“PwC”)	Certified public accountants

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

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

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

9. GENERAL

- (a) The address of the registered office of the Company is Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda.
- (b) Mr. 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.

10. DOCUMENTS AVAILABLE FOR INSPECTION

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

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