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If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

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
THE EXCHANGE OF KAISA NOTES**

A letter from the Board of Asia Standard Hotel Group Limited (the “**Company**”) is set out on pages 4 to 9 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:

| | |
|---------------------------------|--|
| “16 December 2020 Announcement” | the joint announcement of AO, ASI and the Company dated 16 December 2020 in relation to the Major Transaction |
| “29 January 2021 Circular” | the circular dated 29 January 2021 issued by the Company in relation to the Major Transaction |
| “9.375% Kaisa Notes” | the 9.375% US\$-denominated senior notes due 2024 issued by Kaisa, details of which are disclosed in the Kaisa Announcements |
| “Announcement” | the joint announcement made by AO, ASI and the Company dated 14 May 2021 in relation to the Exchange of Kaisa Notes |
| “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 Noteholder” | 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 |
| “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(s)” | 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) |

DEFINITIONS

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| “Exchange of Kaisa Notes” | the 9.375% Kaisa Notes tendered by ASH Noteholder and accepted by Kaisa in exchange for the New Kaisa Notes under the Exchange Offer on 11 May 2021, details of which please refer to the paragraph headed “THE EXCHANGE OF KAISA NOTES” of this circular |
| “Exchange Offer” | the exchange offer from Kaisa to the noteholders of 9.375% Kaisa Notes, such that each of the noteholders whose 9.375% Kaisa Notes are accepted for exchange by Kaisa will receive on settlement: (a) US\$1,000 in notional amount of the New Kaisa Notes for each US\$1,000 in notional amount of the 9.375% Kaisa Notes validly tendered and accepted for exchange by Kaisa, (b) a cash amount representing the accrued and unpaid interest on the 9.375% Kaisa Notes validly tendered and accepted for exchange up to but not including the settlement date (rounded to the nearest US\$0.01, with US\$0.005 rounded upwards), and (c) cash (rounded to the nearest US\$0.01, with US\$0.005 rounded upwards) in lieu of any fractional amount of the New Kaisa Notes equal to the notional amount of the New Kaisa Notes not issued (after rounding downward the amount of the New Kaisa Notes to the nearest multiple of US\$1,000) |
| “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 |
| “Kaisa Announcements” | the announcements of Kaisa dated 23 June 2017, 4 August 2017, 20 September 2017, 2 November 2017, 27 April 2021 and 28 April 2021 (as the case may be) |
| “Latest Practicable Date” | 21 June 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Main Board” | the Main Board of the Stock Exchange |

DEFINITIONS

| | |
|------------------------------|--|
| “Major Transaction” | the previous disposals between 15 and 16 December 2020 of the 9.375% Kaisa Notes by the Group, details of which are disclosed in the 16 December 2020 Announcement and 29 January 2021 Circular |
| “New Kaisa Notes” | the 11.7% senior notes due 2025 in denominations of US\$200,000 each and integral multiples of US\$1,000 in excess thereof, issued by Kaisa in an aggregate notional amount of US\$500 million to noteholders whose 9.375% Kaisa Notes have been validly tendered and accepted under the Exchange Offer |
| “percentage ratio(s)” | has the same meaning ascribed to it under the Listing Rules |
| “PRC” or “China” | the People’s Republic of China |
| “Previous Disposals” | the previous disposals of the 9.375% Kaisa Notes by the Group over the 12-month period prior to the date of the Exchange of Kaisa Notes 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 |
| “SFO” | the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) |
| “SGX-ST” | the Singapore Exchange Securities Trading Limited |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Share(s)” | the ordinary share(s) of HK\$0.02 each in the issued share capital of the Company |
| “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 |
| “%” | per cent |

This circular contains translations of certain US\$ amounts into HK\$ at the approximate exchange rates at the time of the relevant transactions to which they apply. Such conversion rate is for illustration purpose only and should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.

LETTER FROM THE BOARD



ASIA STANDARD 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 June 2021

To the Shareholders

Dear Sirs/Madams,

MAJOR TRANSACTION IN RELATION TO THE EXCHANGE OF KAISA NOTES

INTRODUCTION

Reference is made to the Announcement.

On 11 May 2021, ASH Noteholder exchanged its 9.375% Kaisa Notes in the notional amount of approximately US\$10.2 million (equivalent to approximately HK\$79.2 million) for the New Kaisa Notes in the same notional amount.

The Exchange of Kaisa Notes, 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 Exchange of Kaisa Notes; and (ii) other information as required under the Listing Rules.

* *For identification purposes only*

LETTER FROM THE BOARD

THE EXCHANGE OF KAISA NOTES

On 11 May 2021, ASH Noteholder exchanged its 9.375% Kaisa Notes in the notional amount of approximately US\$10.2 million (equivalent to approximately HK\$79.2 million) for the New Kaisa Notes in the same notional amount.

Given that ASH Noteholder used its 9.375% Kaisa Notes in the notional amount of approximately US\$10.2 million to exchange for the New Kaisa Notes in the same notional amounts, no cash consideration was paid by it under the Exchange of Kaisa Notes.

INFORMATION ON THE NEW KAISA NOTES

The principal terms of the New Kaisa Notes are summarised as follows:

- | | | |
|---|---|--|
| Interest rate, interest payment dates and maturity date | : | The New Kaisa Notes will bear interest from and including 11 May 2021 at the rate of 11.7% per annum, payable semi-annually in arrears on 11 May and 11 November each year, commencing on 11 November 2021. The New Kaisa Notes will mature on 11 November 2025. |
| Ranking | : | The New Kaisa Notes will be (i) general obligations of Kaisa; (ii) senior in right of payment to any existing and future obligations of Kaisa expressly subordinated in right of payment to the New Kaisa Notes; (iii) at least <i>pari passu</i> in right of payment with all other unsecured, unsubordinated indebtedness of Kaisa (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law); (iv) guaranteed by the subsidiary guarantors and the JV subsidiary guarantors (if any) on a senior basis, subject to certain limitations; (v) effectively subordinated to the secured obligations of Kaisa, the subsidiary guarantors and the JV subsidiary guarantors (if any) to the extent of the value of the assets serving as security therefor; and (vi) effectively subordinated to all existing and future obligations of the subsidiaries of Kaisa which are not subsidiary guarantors or JV subsidiary guarantors (if any). |
| Redemption/ repurchase | : | At any time and from time to time on or after 11 November 2023, Kaisa may at its option redeem the New Kaisa Notes, in whole or in part, at a redemption price equal to the percentage of notional amount set forth below, plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the 12-month period commencing on 11 November of any year set forth below: |

LETTER FROM THE BOARD

| Period | Redemption Price |
|--------|------------------|
| 2023 | 104% |
| 2024 | 102% |

At any time prior to 11 November 2023, Kaisa may at its option redeem the New Kaisa Notes, in whole but not in part, at a redemption price equal to 100% of the notional amount of the New Kaisa Notes, plus the applicable premium as of, and accrued and unpaid interest (if any), to the redemption date.

In addition, at any time prior to 11 November 2023, Kaisa may redeem up to 35% of the aggregate notional amount of the New Kaisa Notes with the net cash proceeds of one or more sales of common stock of Kaisa in an equity offering at a redemption price of 111.7% of the notional amount of the New Kaisa Notes, plus accrued and unpaid interest (if any) to the redemption date; provided that at least 65% of the aggregate notional amount of the New Kaisa Notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Not later than 30 days following a change of control triggering event, Kaisa will make an offer to purchase all outstanding New Kaisa Notes at a purchase price equal to 101% of their notional amount plus accrued and unpaid interest, if any, to the date of repurchase.

Listing : The New Kaisa Notes are listed and quoted on the SGX-ST.

Further information on the New Kaisa Notes is disclosed in the Kaisa Announcements.

INFORMATION ON THE 9.375% KAISA NOTES EXCHANGED FOR THE NEW KAISA NOTES UNDER THE EXCHANGE OFFER

Under the Exchange Offer, ASH Noteholder will, in addition to the New Kaisa Notes issued to it, receive the accrued and unpaid interest on the 9.375% Kaisa Notes validly tendered and accepted under the Exchange Offer up to but excluding the settlement date.

As at 31 March 2021, the carrying value of the 9.375% Kaisa Notes exchanged for the New Kaisa Notes by ASH Noteholder under the Exchange Offer was approximately HK\$75.1 million. The net profits (both before and after taxation) attributable to the 9.375% Kaisa Notes exchanged for the New Kaisa Notes by the Group under the Exchange Offer were approximately HK\$7.2 million and HK\$7.2 million for the financial years ended 31 March 2019 and 2020 respectively.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE EXCHANGE OF KAISA NOTES

As a result of the Exchange of Kaisa Notes, it is expected that the Group will record a gain before tax and before non-controlling interest of approximately HK\$2.5 million in the current financial year. The estimated gain represents the difference between the consideration (being the notional amount of New Kaisa Notes held by ASH Noteholder as a result of the Exchange of Kaisa Notes) of approximately HK\$78.9 million and the cost of the 9.375% Kaisa Notes exchanged for the New Kaisa Notes by ASH Noteholder under the Exchange Offer of approximately HK\$75.8 million, less the incremental interest income from the difference between the yield and the coupon amortised to profit or loss in prior years of approximately HK\$1.3 million, plus the written back of expected credit loss and the reversal of unrealised exchange loss of approximately HK\$0.7 million recognised in prior years. For avoidance of doubt, no cash consideration was paid to ASH Noteholder under the Exchange of Kaisa Notes.

Having taken into account of the total assets of the Group, it is estimated that, except the estimated gains as mentioned above, the Exchange of Kaisa Notes would not have any significant impact on the overall financial position of the Group.

REASONS FOR AND BENEFITS OF THE EXCHANGE OF KAISA NOTES

The Exchange of Kaisa Notes provides the Group with investment opportunity which enables the Group to enhance its income stream and providing a stable investment return given the New Kaisa Notes offer a higher yield.

Having considered the terms of the Exchange Offer and the New Kaisa Notes, the Directors believe that such terms are fair and reasonable and the Exchange of Kaisa Notes are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE COMPANY AND ASH NOTEHOLDER

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 Noteholder 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 investments.

INFORMATION ON KAISA

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

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

LETTER FROM THE BOARD

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Exchange of Kaisa Notes, when aggregated with the Previous Disposals, exceeds 25% but is or are less than 75%, the Exchange of Kaisa Notes 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.

As all of the applicable percentage ratios in respect of the Exchange of Kaisa Notes, when aggregated with the Previous Disposals and any other previous disposals over the past 12 months of the notes issued by Kaisa by the Group, would still be classified as a major disposal transaction for the Company under Chapter 14 of the Listing Rules, and since the Company has complied with the major disposal transaction requirements in respect of the Major Transaction as set out in 16 December 2020 Announcement and 29 January 2021 Circular, the Company is not required to reclassify the Exchange of Kaisa Notes and the Previous Disposals by aggregating them with any other previous disposals over the past 12 months of the notes issued by Kaisa by the Group, and the implications of the applicable percentage ratios in respect of the Exchange of Kaisa Notes, when aggregated with the Previous Disposals are determined on a standalone basis. Details of the Previous Disposals are set out below:

| Transaction dates | Notional amount of Kaisa Notes disposed of | Consideration (including unpaid interests accrued) |
|---------------------------------|--|--|
| Between 17 and 18 December 2020 | approximately US\$20.6 million (equivalent to approximately HK\$160.7 million) | approximately US\$20.1 million (equivalent to approximately HK\$156.8 million) |
| 4 January 2021 | approximately US\$10.6 million (equivalent to approximately HK\$82.7 million) | approximately US\$10.3 million (equivalent to approximately HK\$80.3 million) |
| Between 18 and 19 March 2021 | US\$45.0 million (equivalent to approximately HK\$349.4 million) | approximately US\$44.6 million (equivalent to approximately HK\$346.3 million) |
| Between 22 and 23 March 2021 | approximately US\$17.3 million (equivalent to approximately HK\$134.3 million) | approximately US\$17.2 million (equivalent to approximately HK\$133.6 million) |
| 25 March 2021 | US\$20.0 million (equivalent to approximately HK\$155.4 million) | approximately US\$19.9 million (equivalent to approximately HK\$154.6 million) |
| Between 22 and 23 April 2021 | approximately US\$7.0 million (equivalent to approximately HK\$54.3 million) | approximately US\$7.0 million (equivalent to approximately HK\$54.3 million) |

LETTER FROM THE BOARD

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

RECOMMENDATION

Having considered the terms of the Exchange of Kaisa Notes and the New Kaisa Notes, the Directors are of the view that the terms thereof are fair and reasonable, and the Exchange of Kaisa Notes 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 Exchange of Kaisa Notes.

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

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 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 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 30 April 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had approximately HK\$6,006 million outstanding indebtedness comprising the following debts:

- (i) Approximately HK\$4,650 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\$227 million convertible notes liabilities were unguaranteed and unsecured; and
- (iv) lease liabilities of approximately HK\$9 million relating to premises leased by the Group as lessee.

The carrying values of the Group's assets pledged amounted to approximately HK\$4,827 million as at 30 April 2021.

As at the close of business on 30 April 2021, the Group had contingent liabilities of approximately HK\$402 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 30 April 2021, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, hire purchase commitments or other borrowings, mortgages, charges, guarantees or contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the effects of the Exchange of Kaisa Notes, 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

For the year ended 31 March 2021, the hospitality industry in Hong Kong continued to suffer from intense adverse effects from the COVID-19 pandemic. The cumulative arrivals during the period under review for all visitors to Hong Kong and those who stayed overnight were 96,000 and 95,000, 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 99.6% decrease from the same period last year. The total hotel room supply in Hong Kong as of 31 March 2021 was approximately 86,900 rooms, increased by 3% from the same period last year.

The occupancy rate and average room rate had dropped by 43% and 56%, respectively, when compared with the same period last year, which resulted in a significant decrease of about 90% of revenues from hotel operations. 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 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 rolling out the vaccination programme to 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 31 March 2021, 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 31 March 2021, the increase in value of the Group's financial investment portfolio was mainly attributable to a mark-to-market fair value gain. Income from this investment portfolio continue to be a strong pillar in providing the Group with a stable income steam and liquidity.

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 drive our growth.

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) | 359,139,472 | 5,318,799 | 145,213,900 | 509,672,171 | 60.61 |
| | 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 & 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 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 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 circulars of the Company dated 22 May 2020, 29 January 2021, 24 February 2021 and this circular.