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**ASIA ORIENT HOLDINGS
LIMITED**

滙漢控股有限公司 *
(Incorporated in Bermuda with limited liability)
(Stock Code : 214)



**ASIA STANDARD INTERNATIONAL
GROUP LIMITED**

泛海國際集團有限公司 *
(Incorporated in Bermuda with limited liability)
(Stock Code : 129)

The Sai Group Limited

(Incorporated in the British Virgin Islands with limited liability)



ASIA STANDARD HOTEL GROUP LIMITED

泛海酒店集團有限公司 *
(Incorporated in Bermuda with limited liability)
(Stock Code: 292)

JOINT ANNOUNCEMENT

(I) PROPOSED GROUP REORGANISATION OF ASI AND ASH BY THE OFFEROR INVOLVING A SHARE EXCHANGE OFFER WITH CASH PAYMENT TO THE SCHEME SHAREHOLDERS FOR THE CANCELLATION OF ALL THE SCHEME SHARES BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA;

(II) PROPOSED WITHDRAWAL OF LISTING OF THE SHARES;

(III) POSSIBLE DISCLOSEABLE TRANSACTION OF ASI;

(IV) POSSIBLE DISCLOSEABLE TRANSACTION OF AO;

(V) PROPOSED ISSUE OF NEW ASI SHARES BY ASI

UNDER GENERAL MANDATE

AS CONSIDERATION FOR THE CANCELLATION AND EXTINGUISHMENT OF THE SCHEME SHARES UNDER THE SCHEME; AND

(VI) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

Financial Adviser to ASI and the Offeror

ANGLO CHINESE 英高
CORPORATE FINANCE, LIMITED

Anglo Chinese Corporate Finance, Limited

1. INTRODUCTION

The ASI Board, the Offeror Board, the Board, and the AO Board jointly announce that on 19 June, 2024, the ASI Board and the Offeror Board requested the Board to put forward the Proposed Group Reorganisation to the Scheme Shareholders.

2. TERMS OF THE PROPOSAL

If the Proposal is approved and implemented:

- (a) all Scheme Shares (being all Shares other than those held by the Offeror and the Offeror Concert Parties) will be cancelled and extinguished on the Scheme Effective Date in exchange for the Scheme Consideration for each Scheme Share;
- (b) immediately after the cancellation and extinguishment of the Scheme Shares, the issued share capital of ASH will be increased to the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by applying the credit amount arising in the books of account of ASH as a result of the capital reduction to pay up in full at par such number of new Shares as is equal to the number of the Scheme Shares cancelled and extinguished as aforesaid, to be allotted and issued, credited as fully paid, to the Offeror. ASH will accordingly become a non-listed company and an indirect non-wholly-owned subsidiary of ASI on the Scheme Effective Date; and
- (c) ASH will make an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Main Board of the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules with effect immediately following the Scheme Effective Date.

ASH will become a non-listed company and an indirect non-wholly-owned subsidiary of ASI upon the Scheme becoming effective and the listing of Shares on the Main Board of the Stock Exchange will be withdrawn.

Upon the fulfilment of the Scheme Conditions and the Scheme becoming effective, all Scheme Shares will be cancelled and the Scheme Shareholders will be entitled to receive from ASI the new ASI Shares and the Cash Payment:

**For every 20 Scheme Shares cancelled 3 new ASI Shares and
the Cash Payment of
HK\$0.700***

* *For the purpose of determining the entitlement for every Scheme Share held, holders of number of Scheme Shares not in multiples of 20 will be entitled to 0.15 ASI Shares and HK\$0.035 for every Scheme Share held. However, as stated in the section headed “C. THE TERMS OF THE PROPOSED GROUP REORGANISATION – 7. Fractional shares”, fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number*

In compliance with Rule 13 of the Takeovers Code, to the extent the outstanding Convertible Notes have not otherwise been redeemed and/or the conversion rights of which have not been exercised, the Offeror will make (or procure to be made on its behalf) the Convertible Note Offer, which is conditional upon the Scheme becoming effective, on the following terms:

**For every 20 Convertible Notes 3 new ASI Shares and
the Cash Payment of
HK\$0.700***

* *For the purpose of determining the entitlement for every Convertible Note held, holders of number of Convertible Notes not in multiples of 20 will be entitled to 0.15 ASI Shares and HK\$0.035 for every Convertible Note held. However, as stated in the section headed “C. THE TERMS OF THE PROPOSED GROUP REORGANISATION – 7. Fractional shares”, fractions of an ASI Share will not be issued to any holder of Convertible Notes and fractional entitlements to an ASI Share will be rounded down to the nearest whole number*

The Convertible Note Offer Price represents a “see-through” price, which is equivalent to the value of the Scheme Consideration for every Scheme Share. The Convertible Note Offer is extended to all outstanding Convertible Notes except for the Convertible Notes held by the Offeror and the Offeror Concert Parties as at the Last Trading Day and they have no objections to an offer not being made for the Convertible Notes held by them.

3. FINANCIAL RESOURCES

The total maximum amount of cash payable under the Scheme Consideration and the Convertible Note Offer on the basis described in this joint announcement is approximately HK\$23.54 million and the Offeror intends to finance the cash required for the Proposal with the internal cash resources of ASI.

Anglo Chinese, as the financial adviser of the Offeror and ASI, is satisfied that sufficient financial resources are available to the Offeror to satisfy its obligations in respect of the full implementation of the Proposal in accordance with its terms.

4. WITHDRAWAL OF LISTING

Upon Completion, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. ASH will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules, with effect immediately following the Scheme Effective Date. The Shareholders will be notified by way of an announcement of the exact dates of the Court Meeting and the SGM to approve and give effect to the Scheme, the exact dates of the last day of dealing in Shares, and on which the Scheme and the withdrawal of the listing of the Shares will become effective. A detailed expected timetable will be set out in the Scheme Document, which will also contain, among other things, further details of the Scheme and the Convertible Note Offer. The Board intends that the listing of the Shares on the Stock Exchange shall be maintained in the event that the Scheme does not become effective.

The Scheme will lapse if it does not become effective on or before the Long Stop Date, and the Scheme Shareholders will be notified by way of announcement accordingly. The listing of Shares will not be withdrawn if the Proposal is not approved or lapses.

5. DESPATCH OF SCHEME DOCUMENT

The Scheme Document including, among other things, (i) further details of the Proposal; (ii) the expected timetable; (iii) an explanatory statement as required under the Companies Act; (iv) information regarding ASH and ASI; (v) the recommendations of the Independent Board Committee with respect to the Proposal, the Scheme, and the Convertible Note Offer; (vi) a letter of advice from an independent financial adviser to be appointed to advise the Independent Board Committee, the Scheme Shareholders and the holders of Convertible Notes; (vii) the valuation reports in respect to the property interests of ASI and ASH; and (viii) notices of the Court Meeting and the SGM will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and the applicable laws and regulations.

The Scheme Document will contain important information on the Proposal. The Scheme Shareholders and the holders of Convertible Notes are urged to read the Scheme Document carefully before casting any vote (or appointing any proxy to vote on their behalf) at the Court Meeting or the SGM.

6. LISTING RULES IMPLICATIONS

For both ASI and AO, as the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposal for both ASI and AO, and the deemed disposal of ASI Shares for AO are more than 5% but all of the applicable percentage ratios are less than 25%, the Proposal and the deemed disposal constitute discloseable transactions for ASI and AO under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements (but are not subject to the circular and shareholders' approval requirements) under the Listing Rules. The respective directors of ASI and AO are of the view that the terms of the Proposal are fair and reasonable and in the interests of the ASI Shareholders as a whole and AO Shareholders as a whole.

WARNINGS

Shareholders and potential investors of ASH, ASI and AO should be aware that the Proposal is subject to the Scheme Conditions being fulfilled or waived, as applicable, and therefore the Proposal may or may not be implemented. Shareholders and potential investors of ASH, ASI and AO should therefore exercise caution when dealing in securities of ASH, ASI and AO. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers. This joint announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of ASH, ASI and AO in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any approval or other response to the Proposal should be made only on the basis of information in the Scheme Document. The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Details in relation to overseas Scheme Shareholders will be contained in the Scheme Document.

A. INTRODUCTION

The ASI Board, the Offeror Board, the Board, and the AO Board jointly announce that on 19 June, 2024, the ASI Board and the Offeror Board requested the Board to put forward the Proposed Group Reorganisation to the Scheme Shareholders.

Under the Proposal, upon fulfilment of the Scheme Conditions and the Scheme becoming effective, all Scheme Shares will be cancelled and the Scheme Shareholders, whose names appear on the register of members of ASH at the Scheme Record Time, will be entitled to receive from ASI the new ASI Shares and the Cash Payment:

**For every 20 Scheme Shares cancelled 3 new ASI Shares and
the Cash Payment of
HK\$0.700***

* *For the purpose of determining the entitlement for every Scheme Share held, holders of number of Scheme Shares not in multiples of 20 will be entitled to 0.15 ASI Shares and HK\$0.035 for every Scheme Share held. However, as stated in the section headed “C. THE TERMS OF THE PROPOSED GROUP REORGANISATION – 7. Fractional shares”, fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number*

Subject to the satisfaction or waiver (as applicable) of the Scheme Conditions, ASH will become a non-listed company and an indirect non-wholly-owned subsidiary of ASI upon the Scheme becoming effective and the listing of Shares will be withdrawn from the Main Board of the Stock Exchange.

B. REASONS AND BENEFITS OF THE PROPOSED GROUP REORGANISATION

The board of the Offeror and the Board (other than the member of the Independent Board Committee) are of the view that the terms of the Proposal are attractive and beneficial to the Scheme Shareholders and ASI Shareholders. The reasons and benefits of the Proposal are elaborated in detail below:

For Scheme Shareholders:

- 1. Receive a cash payment equivalent to dividends of more than the aggregate of those distributed by ASH in the past 9 financial years*

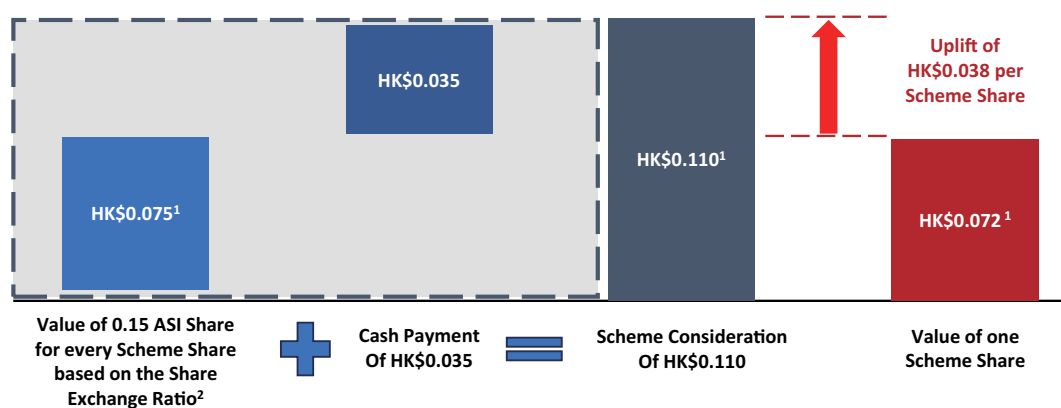
The Proposal offers Scheme Shareholders a unique opportunity to realise a portion of their investment in ASH by receiving a substantial cash payment.

The Cash Payment of HK\$0.035 for every Scheme Share held represents an amount more than the aggregate dividend per Share of HK\$0.033 distributed by ASH in the past 9 financial years ended 31 March, 2023 (adjusted for the bonus issue completed on 16 February, 2017), and enables the Scheme Shareholders to capitalise a part of their investment in ASH.

2. Preserving investment value while continuing to be invested in a broad range of property assets primarily located in Hong Kong, including ASH’s hotel portfolio and enjoying a stronger asset backing to their investment than they currently hold

By retaining an equity exposure to and participating in the ownership in ASI under the Proposal, together with the Cash Payment, Scheme Shareholders can largely retain the value of their investments in both market and net asset value.

- (a) In market terms, under the Proposal, Scheme Shareholders will receive 3 ASI Shares and a Cash Payment of HK\$0.700 for every 20 Scheme Shares held. The total value of the Scheme Consideration, comprising the share and cash portion, of approximately HK\$0.110 for every Scheme Share based on the closing price of ASI Share price as at the Last Trading Day, represents a premium of approximately 52.78% over the closing price of HK\$0.072 for every Share as quoted on the Stock Exchange on the Last Trading Day. This is illustrated in the following diagram:



Notes:

1. Based on the closing price of ASI Shares of HK\$0.500 and the Shares of HK\$0.072 as quoted on the Stock Exchange on the Last Trading Day
2. As stated in the section headed “C. THE TERMS OF THE PROPOSED GROUP REORGANISATION – 7. Fractional shares”, fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number

- (b) In terms of net asset value, currently ASH is mainly engaged in hotel operations in Hong Kong, and property development and sales in Canada. In contrast, ASI (excluding ASH) is engaged in a wider range of business activities mainly under two segments, being: (a) property sales segment which engages in the sales of residential and commercial properties in Hong Kong and the PRC; and (b) property investment segment which engages in the leasing of offices and commercial properties in Hong Kong. The Proposal enables Scheme Shareholders to maintain an interest in ASH's assets through holding of the new ASI Shares, while simultaneously providing exposure to the broader and more diversified portfolio of ASI.

To provide Scheme Shareholders with a clearer understanding of the respective net asset value of ASI and ASH, the Scheme Document will include property valuation reports prepared by independent valuers. These reports, prepared in accordance with Rule 11 of the Takeovers Code, will offer valuations of the respective properties of ASH and ASI as of a date no more than three months prior to the despatch of the Scheme Document.

3. *Opportunity to invest in a more substantial and diversified asset portfolio*

As discussed above, ASI holds a broader and more diversified property portfolio than ASH. As disclosed in the interim financial statements of ASI and ASH for the six months period ended 30 September, 2023, the unaudited revalued net asset value of ASH was approximately HK\$12,646 million. In comparison, the unaudited revalued net asset value of ASI stood at approximately HK\$28,093 million. Accordingly, the Proposal provides the opportunity for Scheme Shareholders to participate in the future growth of the Reorganised ASI Group's businesses with a substantially larger balance sheet and a more diversified property portfolio.

4. *Continual investment in ASH while being more directly supported by the stronger balance sheet and listing vehicle of ASI*

The Proposal will allow the Scheme Shareholders, as new shareholders of the Reorganised ASI Group, to remain invested in and continue to participate in the business and performance of ASH indirectly, where its operations will be supported by ASI more directly both from a financial and operational standpoint. In this regard, as ASH will be able to draw upon the full financial resources of the Reorganised ASI Group, this will help ASH in financing its operations.

5. *Enhancement of trading liquidity and operational agility*

As at the Announcement Date, the public float of ASH was approximately 33.29%. Upon Completion, Scheme Shareholders will hold approximately 7.09% of ASI Shares, and together with current public ASI Shareholders, will hold approximately 51.79% of ASI

Shares. Therefore, Scheme Shareholders are expected to benefit from the resulting larger public float of ASI Shares, in terms of percentage, number and value of shares with enhanced trading liquidity.

The market capitalisation of ASH was approximately HK\$145.30 million as at the Last Trading Day. The market capitalisation of ASI of approximately HK\$659.89 million as at the Last Trading Day is more than 4 times that of ASH. ASH will have more flexibility to develop its business, including but not limited to acquisitions in the future should the opportunity arise, by leveraging on the larger market capitalisation of the Reorganised ASI Group after taking into account the requirements of the Listing Rules.

For the Reorganised ASI Group:

The Proposed Group Reorganisation will facilitate integration between the ASI Group (excluding the Group) and the Group (as ASH will become a non-listed subsidiary of ASI upon the Scheme becoming effective). Consequently, current ASI Shareholders and Scheme Shareholders will jointly own the Reorganised ASI Group.

Compared to ASI and ASH under the current corporate structure, a larger asset portfolio, balance sheet and potential market capitalisation with the Reorganised ASI Group can be leveraged to facilitate (a) strategic investments, growth initiatives and fundraising with enhanced operational agility when complying with Listing Rule requirements on notifiable transactions and connected transactions such as reporting and shareholders' approval requirements, and (b) streamlining of the management hierarchy and achieving cost-savings through the reduction of administrative and financial costs for ASH as a separately listed company. Upon Completion, AO will remain as the controlling shareholder (within the meaning of the Listing Rules) of ASI, indirectly holding approximately 48.12% of the ASI Shares, with Mr. Poon Jing holding approximately 0.09% and approximately 51.79% of ASI Shares held by the public. The resulting larger public float of ASI Shares, as supported by a larger ASI Group, is expected to enhance the trading liquidity of the Reorganised ASI Group's shares. The above synergies are expected to benefit both the ASI Shareholders and Scheme Shareholders.

C. THE TERMS OF THE PROPOSED GROUP REORGANISATION

1. The Proposal

Pursuant to the Proposal, subject to the satisfaction or waiver (as applicable) of the Scheme Conditions, it is proposed that:

- (a) all Scheme Shares (being all Shares other than those held by the Offeror and the Offeror Concert Parties) will be cancelled and extinguished on the Scheme Effective Date in exchange for the Scheme Consideration for each Scheme Share;

- (b) immediately after the cancellation and extinguishment of the Scheme Shares, the issued share capital of ASH will be increased to the amount immediately prior to the cancellation and extinguishment of the Scheme Shares by applying the credit amount arising in the books of account of ASH as a result of the capital reduction to pay up in full at par such number of new Shares as is equal to the number of the Scheme Shares cancelled and extinguished as aforesaid, to be allotted and issued, credited as fully paid, to the Offeror. ASH will accordingly become a non-listed company and an indirect non-wholly-owned subsidiary of ASI on the Scheme Effective Date; and
- (c) ASH will make an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Main Board of the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules with effect immediately following the Scheme Effective Date.

ASH will become a non-listed company and an indirect non-wholly-owned subsidiary of ASI upon the Scheme becoming effective and the listing of Shares on the Main Board of the Stock Exchange will be withdrawn.

2. Approval by Scheme Shareholders

Only Scheme Shareholders may vote at the Court Meeting on the resolution to approve the Scheme. The Offeror and the Offeror Concert Parties will not vote at the Court Meeting on the resolution to approve the Scheme.

3. Scheme Consideration

As at the Announcement Date, there are 2,018,040,477 Shares in issue, of which (i) 1,298,709,227 Shares (representing approximately 64.35% of the total issued Shares) are held by the Offeror and, indirectly, by ASI; (ii) 47,448,822 Shares (representing approximately 2.35% of the total issued Shares) are held by AO, which is an Offeror Concert Party; (iii) 152,490 Shares (representing approximately 0.01% of the total issued Shares) are held by Mr. Poon Jing, who is an Offeror Concert Party; and (iv) the remaining 671,729,938 Shares (representing approximately 33.29% of the total issued Shares) are held by the Scheme Shareholders. All Shares other than those held by the Offeror and the Offeror Concert Parties will be subject to the Scheme and regarded as Scheme Shares.

Upon the fulfilment of the Scheme Conditions and the Scheme becoming effective, all Scheme Shares will be cancelled and the Scheme Shareholders will be entitled to receive from ASI the new ASI Shares and the Cash Payment:

**For every 20 Scheme Shares cancelled 3 new ASI Shares and
the Cash Payment of
HK\$0.700***

* *For the purpose of determining the entitlement for every Scheme Share held, holders of number of Scheme Shares not in multiples of 20 will be entitled to 0.15 ASI Shares and HK\$0.035 for every Scheme Share held. However, as stated in the section headed “C. THE TERMS OF THE PROPOSED GROUP REORGANISATION – 7. Fractional shares”, fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number*

The new ASI Shares and Cash Payment will be issued and paid to the Scheme Shareholders only if the Scheme becomes effective.

The Proposal will be implemented by way of the Scheme. Pursuant to the Proposal, if the Scheme becomes effective, the Scheme Shares will be cancelled whereby every 20 Scheme Shares will be exchanged into 3 new ASI Shares (which will rank *pari passu* with all other ASI Shares) to be issued, credited as fully paid.

Further, subject to fulfilment of the Scheme Conditions, ASI will pay a Cash Payment of HK\$0.700 for every 20 Scheme Shares held, which is equivalent to HK\$0.035 for every Scheme Share held (being more than the aggregate dividend per Share of HK\$0.033 which ASH distributed in the 9 financial years ended 31 March, 2023 (adjusted for the bonus issue completed on 16 February, 2017)). The Cash Payment will be distributed to the Scheme Shareholders whose names appear on the register of members of ASH at the Scheme Record Time.

The Scheme Document, which will be despatched to Shareholders in due course, will contain details of the Cash Payment, including the arrangements regarding the payment of the Cash Payment and the overseas Shareholders’ entitlements thereto and the expected timetable of the Cash Payment.

If, after the Announcement Date, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of Shares, the Offeror reserves the right to reduce the Scheme Consideration by all or any part of the amount or value of such dividend, distribution and/or as the case may be, return of capital after consultation with the Executive, in which case any reference in this joint announcement, the Scheme Document or any other announcement or document to the Scheme Consideration will be deemed to be a reference to the Scheme Consideration as so reduced.

As at the Announcement Date, (i) ASH and ASI have not announced or declared any dividend, distribution or other return of capital which remains unpaid; and (ii) ASH and ASI do not intend to announce, declare and, or pay any dividend, distribution or other return of capital before the Scheme Effective Date or the date on which the Scheme is not approved, or the Proposal otherwise lapses (as the case may be).

4. Basis for determining the Share Exchange Ratio and the Cash Payment

The Share Exchange Ratio of 3 new ASI Shares for every 20 Scheme Shares cancelled, together with the Cash Payment under the Scheme of HK\$0.700 (being an integral part of the Proposed Group Reorganisation), for every 20 Scheme Shares cancelled were determined on arm's length terms and on a commercial basis after taking into account, among other things:

- a. the aggregated underlying value of the Scheme Consideration, which consists (i) the adjusted net asset value attributable to the 0.15 ASI Share and (ii) the Cash Payment to which each Scheme Share will be entitled to receive under the Proposal, which is attractive for the Scheme Shareholders as it represents a premium to the adjusted net asset value for Scheme Share. Please refer to the sub-section headed "*III. Aggregated underlying value of the Scheme Consideration, which consists of (i) the adjusted net asset value attributable to the 0.15 ASI Share and (ii) the Cash Payment to which each Scheme Share will be entitled to receive under the Proposal*" under the section headed "*D. Comparison of Value*" for detailed illustration of the premium;
- b. the historical business and financial performance of ASI and ASH;
- c. the prevailing and historical market price levels of ASI and ASH;
- d. the business potential of the Reorganised ASI Group after the Proposal takes effect and the potential benefits of the Proposal for the ASI Shareholders and Shareholders;
- e. the fact that the ASI is a company listed on the Stock Exchange and that ASH will continue to be a non-wholly-owned subsidiary of ASI. Thus, Scheme Shareholders will be able to continue to participate in the performance of ASH indirectly; and
- f. the fact that the Cash Payment could provide a certain level of liquidity to the Scheme Shareholders, while the Reorganised ASI Group could retain sufficient resources to support its future operations and expansion after the Completion.

5. The Convertible Note Offer

ASH has 2,693,120,010 outstanding Convertible Notes in the principal amount of approximately HK\$1,220 million of which 2,597,418,454 Convertible Notes and 94,897,644 Convertible Notes are held by ASI and AO, respectively, as at the Last Trading Day. The outstanding Convertible Notes are unlisted and each Convertible Note is convertible into one Share and, if all outstanding Convertible Notes are converted, will result in an aggregate issue of 2,693,120,010 new Shares.

In compliance with Rule 13 of the Takeovers Code, to the extent the outstanding Convertible Notes have not otherwise been redeemed and/or the conversion rights of which have not been exercised, the Offeror will make (or procures to be made on its behalf) the Convertible Note Offer, which is conditional upon the Scheme becoming effective, on the following terms:

**For every 20 Convertible Notes 3 new ASI Shares and
the Cash Payment of
HK\$0.700***

** For the purpose of determining the entitlement for every Scheme Share held, holders of number of Convertible Notes not in multiples of 20 will be entitled to 0.15 ASI Shares and HK\$0.035 for every Convertible Note held. However, as stated in the section headed “C. THE TERMS OF THE PROPOSED GROUP REORGANISATION – 7. Fractional shares”, fractions of an ASI Share will not be issued to any holder of Convertible Notes and fractional entitlements to an ASI Share will be rounded down to the nearest whole number*

The Convertible Note Offer Price represents a “see-through” price, which is equivalent to the value of the Scheme Consideration for every Scheme Share. The Convertible Note Offer is extended to all outstanding Convertible Notes except for the Convertible Notes held by the Offeror and the Offeror Concert Parties as at the Last Trading Day and they have no objections to an offer not being made for the Convertible Notes held by them.

In the event that the outstanding Convertible Notes or part thereof are converted, thus resulting in the issue of new Shares prior to the Scheme Record Time, such new Shares will form part of the Scheme Shares and the holder of such new Shares will be eligible to receive the Scheme Consideration under the Scheme. In addition, any Shares issued on or prior to the Meeting Record Date will entitle their holders to attend and vote at the Court Meeting and at the SGM.

In accordance with the terms of the Deed Poll, ASH may redeem all outstanding Convertible Notes 10 business days prior to 23 February, 2047 (being the maturity date of the Convertible Notes), if at least 90% of the Convertible Notes originally issued have been converted. Upon the Scheme becoming effective, if any Convertible Notes other than those held by the Offeror and Offeror Concert Parties remain outstanding, it is the intention of the Offeror to convert all of its outstanding Convertible Notes held, which at the Announcement Date represents approximately 96.45% of the Convertible Notes originally issued, and in such event, it is the intention of ASH to compulsorily redeem the remaining outstanding Convertible Notes by paying cash to these holders of Convertible Notes at the redemption value, being HK\$0.453 for each Convertible Note.

As at the Announcement Date, the public float of ASH is approximately 33.29%. Assuming only ASI converts the Convertible Notes held by it, through the Offeror, prior to the Scheme becoming effective, the public float of ASH would decrease to approximately 14.55%. This would result in ASH not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules. Consequently, the conversion of Convertible Notes held by ASI through the Offeror would only be feasible after the completion of the Scheme, and therefore it is the intention of the Offeror to convert all of its outstanding Convertible Notes held upon (and not before) the Scheme becoming effective if any Convertible Notes other than those held by the Offeror and Offeror Concert Parties remain outstanding.

The Convertible Note holders are reminded that they have various available options to realise their respective investment in the Convertible Notes, including:

- a. Dispose of Convertible Notes to ASI through accepting the Convertible Note Offer, in exchange for 3 new ASI Shares and the Cash Payment of HK\$0.700 for every 20 Convertible Notes held;
- b. Convert the Convertible Notes into new Shares and becoming Shareholders to participate in the Scheme in the following ways:
 - (i) Holders of Convertible Notes may exercise their conversion right and become Shareholders, where upon any Shares issued on or prior to the Meeting Record Date will form part of the Scheme Shares and entitle their holders to attend and vote at the Court Meeting and at the SGM; or
 - (ii) Holders of Convertible Notes may exercise their conversion right and become Shareholders on or before the Scheme Record Time (but after the Meeting Record Date specified in sub-paragraph (i) above), where upon any Shares issued on or before the Scheme Record Time will form part of the Scheme Shares (but such Convertible Note holders will not be entitled to vote at the Court Meeting or the SGM).

Subject to the Scheme becoming effective, as part of the Scheme, ASI will issue such number of new ASI Shares in accordance with the Share Exchange Ratio and pay the Cash Payment based on the number of Scheme Shares held by such Convertible Notes holders who have exercised their conversion right and become Scheme Shareholders as at the Scheme Record Time, being 3 new ASI Shares and the Cash Payment of HK\$0.700 for every 20 Convertible Notes.

- c. Hold their Convertible Notes until the date when ASH exercises the early redemption right to redeem the remaining outstanding Convertible Notes and receive a cash payment of HK\$0.453 for each Convertible Note held which is higher than the consideration receivable under the Convertible Note Offer (of a value equivalent to approximately HK\$0.110), subject to the Scheme becoming effective.

The Board acknowledges that ASI's proposal for the Convertible Note Offer is made in compliance of Rule 13 of the Takeovers Code, with the see-through price being determined with reference to Practice Note 6 of the Takeovers Code.

The recommendations from the Independent Board Committee to the Convertible Note holder will be included in the Scheme Document to be dispatched. Please refer to the section "*Q. GENERAL INFORMATION*" in this joint announcement for details on the arrangement.

Holders of and potential investors in the Convertible Notes should exercise caution when dealing in (or exercising the conversion rights of) the Convertible Note. Any person who is in doubt about his or, her or, its position or any action to be taken is recommended to consult his or, her or, its own professional adviser(s).

6. Fractional shares

It is proposed that, under the Scheme, fractions of an ASI Share will not be issued to any Scheme Shareholder and fractional entitlements to an ASI Share will be rounded down to the nearest whole number. Fractional entitlements of Scheme Shareholders to ASI Shares will be aggregated (and, if necessary, rounded down to the nearest whole number of an ASI Share) and sold on the open market with the proceeds (net of expenses and taxes) to be paid to and retained for the benefit of the Reorganised ASI Group.

In compliance with Rule 20.1(a) of the Takeovers Code, upon the Scheme becoming effective, the new ASI Shares will be issued by ASI, and the Cash Payment will be paid by ASI, to the Scheme Shareholders as soon as possible but in any event no later than seven business days after the Scheme Effective Date.

7. Odd lot arrangements and matching services

ASH will appoint an odd lot matching agent as the designated broker to match the purchase and sale of odd lots of new ASI Shares at the relevant market price for every ASI Share. Further details on this arrangement will be provided in the Scheme Document.

Holders of odd lots of the new ASI Shares should note that successful matching of the sale and purchase of odd lots of the new ASI Shares is not guaranteed. Any Shareholder who is in any doubt of the odd lot arrangement is recommended to consult his, or her, or its own professional advisers.

D. COMPARISON OF VALUE

I. Market value of the Scheme Consideration against the market price of the Share

Based on the closing price of HK\$0.50 for every ASI Share as quoted on the Stock Exchange on the Last Trading Day, the value of the Scheme Consideration is equivalent to approximately HK\$0.110 for every Scheme Share, which represents:

- (a) a premium of approximately 52.78% over the closing price of HK\$0.072 for every Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 41.03% over the average closing price of approximately HK\$0.078 for every Share as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- (c) a premium of approximately 57.14% over the average closing price of approximately HK\$0.070 for every Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- (d) a premium of approximately 71.88% over the average closing price of approximately HK\$0.064 for every Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day; and
- (e) a premium of approximately 48.65% over the average closing price of approximately HK\$0.074 for every Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Day.

II. Market value of the Scheme Consideration against the net asset value of ASH

The following sets out the comparison of value of the market value of the Scheme Consideration against the adjusted and reported net assets value attributable to owners of ASH respectively:

Categorisation of the net asset values of ASH <i>(Note 1)</i>	Discount	Market value of the Scheme Consideration (Per Scheme Share)	Net asset value attributable to owners of ASH (Per Share)
<i>(a) On a diluted basis (full conversion of the Convertible Notes):</i>			
Adjusted based on unaudited figures as at 30 September, 2023	95.99%	HK\$0.110 <i>(Note 2)</i>	HK\$2.74 <i>(Note 3)</i>
Adjusted based on audited figures as at 31 March, 2023	96.07%		HK\$2.80 <i>(Note 4)</i>
Based on reported unaudited figures as at 30 September, 2023	76.60%		HK\$0.47 <i>(Note 5)</i>
Based on reported audited figures as at 31 March, 2023	84.06%		HK\$0.69 <i>(Note 6)</i>
<i>(b) On an undiluted basis:</i>			
Adjusted based on unaudited figures as at 30 September, 2023	98.25%	HK\$0.110 <i>(Note 2)</i>	HK\$6.27 <i>(Note 7)</i>
Adjusted based on audited figures as at 31 March, 2023	98.28%		HK\$6.41 <i>(Note 8)</i>
Based on reported unaudited figures as at 30 September, 2023	88.66%		HK\$0.97 <i>(Note 9)</i>
Based on reported audited figures as at 31 March, 2023	92.62%		HK\$1.49 <i>(Note 10)</i>

Notes:

- All figures in the table above are approximations.
- Based on (i) the Cash Payment of HK\$0.035 per Scheme Share; and (ii) the closing price of HK\$0.50 per ASI Share as quoted on the Stock Exchange on the Last Trading Day and the Share Exchange Ratio, the value of the Scheme Consideration is equivalent to approximately HK\$0.110 per Scheme Share.
- Calculated based on the aggregate of (i) the revalued unaudited net assets of ASH of approximately HK\$12,646.00 million to reflect the fair market value of ASH's hotel properties (excluding the corresponding deferred income tax on Hong Kong properties), and the non-controlling interests of HK\$1.93 million, and (ii) the convertible notes liability of HK\$264.52 million as disclosed in the interim report of ASH as at 30 September, 2023 which would be written back upon full conversion of outstanding Convertible Notes, and divided by the aggregate of approximately 2,018.04 million Shares and 2,693.12 million Convertible Notes in issue (which can be converted to an equivalent number of Shares) as at the Last Trading Day.

4. Calculated based on the aggregate of (i) the revalued audited net assets of ASH of approximately HK\$12,950.00 million to reflect the fair market value of ASH's hotel properties (excluding the corresponding deferred income tax on Hong Kong properties), (ii) the non-controlling interests of HK\$1.33 million, and (iii) the convertible notes liability of HK\$256.82 million as disclosed in the audited report of ASH as at 31 March, 2023 which would be written back upon full conversion of outstanding Convertible Notes, and divided by the aggregate of approximately 2,018.04 million Shares and 2,693.12 million Convertible Notes in issue (which can be converted to an equivalent number of Shares) as at the Last Trading Day.
5. Calculated based on the aggregate of (i) the unaudited consolidated total equity attributable to owners of ASH of approximately HK\$1,961.30 million as at 30 September, 2023 and (ii) the convertible notes liability of HK\$264.52 million as disclosed in the interim report of ASH as at 30 September, 2023, and divided by the aggregate of approximately 2,018.04 million Shares and 2,693.12 million Convertible Notes in issue (which can be converted to an equivalent number of Shares) as at the Last Trading Day.
6. Calculated based on the aggregate of (i) the audited consolidated total equity attributable to owners of ASH of approximately HK\$3,007.10 million as at 31 March, 2023 and (ii) the convertible notes liability of HK\$256.82 million as disclosed in the audited report of ASH as at 31 March, 2023, and divided by the aggregate of approximately 2,018.04 million Shares and 2,693.12 million Convertible Notes in issue (which can be converted to an equivalent number of Shares) as at the Last Trading Day.
7. Calculated based on the aggregate of (i) the revalued unaudited net assets of ASH of approximately HK\$12,646.00 million to reflect the fair market value of ASH's hotel properties (excluding the corresponding deferred income tax on Hong Kong properties), and (ii) the non-controlling interests of HK\$1.93 million as disclosed in the interim report of ASH as at 30 September, 2023, and divided by approximately 2,018.04 million Shares in issue as at the Last Trading Day.
8. Calculated based on the aggregate of (i) the revalued audited net assets of ASH of approximately HK\$12,950.00 million to reflect the fair market value of ASH's hotel properties (excluding the corresponding deferred income tax on Hong Kong properties), and (ii) the non-controlling interests of HK\$1.33 million as disclosed in the audited report of ASH as at 31 March, 2023, and divided by approximately 2,018.04 million Shares in issue as at the Last Trading Day.
9. Calculated based on the unaudited consolidated total equity attributable to owners of ASH of approximately HK\$1,961.30 million as at 30 September, 2023 and divided by approximately 2,018.04 million Shares in issue as at the Last Trading Day.
10. Calculated based on the audited consolidated total equity attributable to owners of ASH of approximately HK\$3,007.10 million as at 31 March, 2023 and divided by approximately 2,018.04 million Shares in issue as at the Last Trading Day.

III. Aggregated underlying value of the Scheme Consideration, which consists of (i) the adjusted net asset value attributable to the 0.15 ASI Share and (ii) the Cash Payment to which each Scheme Share will be entitled to receive under the Proposal

The following table sets out a comparison of the aggregated underlying value of the Scheme Consideration, which consists of (i) the adjusted net asset value attributable to the 0.15 ASI Share and (ii) the Cash Payment to which holder of each Scheme Share will be entitled to receive under the Proposal, against the adjusted net assets attributable to owners of ASH:

Categorisation of the underlying value of the share portion of the Scheme Consideration and the net asset value of ASH <i>(Note 1)</i>	Premium (Discount) $((A) - (D))/(D)$	Aggregate of the underlying value of the share portion of the Scheme Consideration and the Cash Payment $(A) = (B) + (C)$	Cash Payment (per Scheme Share) (B)	Underlying value of the share portion of the Scheme Consideration (the adjusted net assets) attributable to the 0.15 ASI Share to which holder of each Scheme Share will receive (C)	Adjusted net asset value per share attributable to owners of ASH (D)
<i>(a) On a diluted basis (full conversion of the Convertible Note):</i>					
Based on unaudited figures as at 30 September, 2023	8.58%	HK\$2.975	HK\$0.035	HK\$2.94 <i>(Note 2)</i>	HK\$2.74 <i>(Note 4)</i>
Based on audited figures as at 31 March, 2023	13.75%	HK\$3.185		HK\$3.15 <i>(Note 3)</i>	HK\$2.80 <i>(Note 5)</i>
<i>(b) On an undiluted basis:</i>					
Based on unaudited figures as at 30 September, 2023	(52.55%)	HK\$2.975	HK\$0.035	HK\$2.94 <i>(Note 2)</i>	HK\$6.27 <i>(Note 6)</i>
Based on audited figures as at 31 March, 2023	(50.31%)	HK\$3.185		HK\$3.15 <i>(Note 3)</i>	HK\$6.41 <i>(Note 7)</i>

Notes:

1. All figures in the table above are approximations.
2. Based on the adjusted unaudited net asset value per ASI Share of HK\$19.61, calculated by the revalued unaudited net asset value attributable to the ASI Shareholders of approximately HK\$25,884.00 million to reflect the fair market value of the ASI Group's hotel properties holdings (excluding the corresponding deferred income tax on Hong Kong properties) as disclosed in the interim report of ASI as at 30 September, 2023, divided by approximately 1,319.78 million ASI Shares in issue as at the Last Trading Day, and taking into account the Share Exchange Ratio, the underlying unaudited net asset value of the Scheme Consideration is equivalent to approximately HK\$2.94 per for every Scheme Share.
3. Based on the adjusted audited net asset value per ASI Share of HK\$20.98, calculated by the revalued audited net asset value attributable to the ASI Shareholders of approximately HK\$27,694 million to reflect the fair market value of the ASI Group's hotel properties holdings (excluding the corresponding deferred income tax on Hong Kong properties) as disclosed in the audited report of ASI as at 31 March, 2023, divided by approximately 1,319.78 million ASI Shares in issue as at the Last Trading Day, and taking into account the Share Exchange Ratio, the underlying audited net asset value of the Scheme Consideration is equivalent to approximately HK\$3.15 per Scheme Share.
4. Calculated based on the aggregate of (i) the revalued unaudited net assets of ASH of approximately HK\$12,646.00 million to reflect the fair market value of ASH's hotel properties (excluding the corresponding deferred income tax on Hong Kong properties), and the non-controlling interests of HK\$1.93 million, and (ii) the convertible notes liability of HK\$264.52 million as disclosed in the interim report of ASH as at 30 September, 2023 which would be written back upon full conversion of outstanding Convertible Notes, and divided by the aggregate of approximately 2,018.04 million Shares and 2,693.12 million Convertible Notes in issue (which can be converted to an equivalent number of Shares) as at the Last Trading Day.
5. Calculated based on the aggregate of (i) the revalued audited net assets of ASH of approximately HK\$12,950.00 million to reflect the fair market value of ASH's hotel properties (excluding the corresponding deferred income tax on Hong Kong properties), (ii) the non-controlling interests of HK\$1.33 million, and (iii) the convertible notes liability of HK\$256.82 million as disclosed in the audited report of ASH as at 31 March, 2023 which would be written back upon full conversion of outstanding Convertible Notes, and divided by the aggregate of approximately 2,018.04 million Shares and 2,693.12 million Convertible Notes in issue (which can be converted to an equivalent number of Shares) as at the Last Trading Day.
6. Calculated based on the aggregate of (i) the revalued unaudited net assets of ASH of approximately HK\$12,646.00 million to reflect the fair market value of ASH's hotel properties (excluding the corresponding deferred income tax on Hong Kong properties), and (ii) the non-controlling interests of HK\$1.93 million as disclosed in the interim report of ASH as at 30 September, 2023, and divided by approximately 2,018.04 million Shares in issue as at the Last Trading Day.
7. Calculated based on the aggregate of (i) the revalued audited net assets of ASH of approximately HK\$12,950.00 million to reflect the fair market value of ASH's hotel properties (excluding the corresponding deferred income tax on Hong Kong properties), and (ii) the non-controlling interests of HK\$1.33 million as disclosed in the audited report of ASH as at 31 March, 2023, and divided by approximately 2,018.04 million Shares in issue as at the Last Trading Day.

E. HIGHEST AND LOWEST PRICES

During the six months period preceding the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.083 between 19 and 21 December, 2023, and the lowest closing price of the Shares as quoted on Stock Exchange was HK\$0.054 on 24 April, 2024.

F. RIGHTS ATTACHING TO ASI SHARES AND THE ISSUE MANDATE

The ASI Shares to be issued pursuant to the Scheme as the Scheme Consideration will, when issued, be credited as fully paid, free from all Encumbrances, and will rank *pari passu* with all other ASI Shares then in issue. Holders of such ASI Shares will be entitled to receive all dividends and other distributions of ASI if the record time for determining the entitlement to such dividends and distributions falls at or after the date on which such ASI Shares are issued.

As disclosed in the ASI's poll results announcement dated 25 August, 2023, the grant of the Issue Mandate was approved by the ASI Shareholders at the annual general meeting of ASI held on the same date. Under the Issue Mandate, ASI is authorised to issue up to 263,956,457 new ASI Shares. As of the Announcement Date, no new ASI Share has been allotted and issued under the Issue Mandate.

Assuming all holders of the Convertible Notes, other than those of the Offeror and the Offeror Concert Parties who will not be extended with the Convertible Notes Offer, either participate in the Convertible Note Offer or convert their notes into shares before the Scheme Record Time, the maximum number of new ASI Shares expected to be issued is 100,880,077 ASI Shares.

The new ASI Shares shall be allotted and issued pursuant to the Issue Mandate. Application will be made by ASI to the Listing Committee for the approval for the listing of, and permission to deal in, the new ASI Shares to be issued pursuant to the Scheme on the Main Board of the Stock Exchange.

G. CONFIRMATION OF FINANCIAL RESOURCES

Assuming either (i) all Convertible Notes held by independent holders of Convertible Notes are converted before the Scheme Effective Date or (ii) all the independent holders of Convertible Notes participate in the Convertible Note Offer, the total maximum amount of cash payable under the Scheme Consideration and the Convertible Note Offer on the basis described in this joint announcement is approximately HK\$23.54 million and the Offeror intends to finance the cash required for the Proposal with the internal cash resources of ASI.

Anglo Chinese has been appointed as the financial adviser to the Offeror and ASI in connection with the Proposal.

Anglo Chinese, as the financial adviser of the Offeror and ASI, is satisfied that sufficient financial resources are available to the Offeror to satisfy its obligations in respect of the full implementation of the Proposal in accordance with its terms.

H. CONDITIONS TO THE PROPOSAL AND THE SCHEME

The implementation of the Proposal is, and the Scheme will become effective and binding on ASH and all Scheme Shareholders, subject to the satisfaction or waiver (as applicable) of the following Scheme Conditions:

- (a) the approval of the Scheme (by way of poll) by a majority in number of Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Court Meeting;
- (b) the approval of the Scheme (by way of poll) by at least 75% of the votes attaching to the Scheme Shares held by the Scheme Shareholders that are voted either in person or by proxy at the Court Meeting, provided that the number of votes cast (by way of poll) against the resolution to approve the Scheme is not more than 10% of the votes attaching to all the Scheme Shares held by the Scheme Shareholders;
- (c) the passing by Shareholders of a special resolution at the SGM to approve any reduction of the issued share capital of ASH by the cancellation of the Scheme Shares, and an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of ASH by the allotment and issue of an equal number of Shares (credited as fully paid) to the Offeror;
- (d) the sanction of the Scheme (with or without modification) by the Court and the delivery to the Registrar of Companies of a copy of the order of the Court for registration;
- (e) the necessary compliance with the procedural requirements and conditions, if any, of Section 46(2) of the Companies Act in relation to any reduction of the issued share capital of ASH referred to in (c) above;
- (f) the granting by the Stock Exchange of the listing of, and permission to deal in, the ASI Shares which fall to be issued pursuant to the Proposal, on the Main Board of the Stock Exchange;
- (g) all Authorisations having been obtained or made from, with or by (as the case may be) the Relevant Authorities in Bermuda, Hong Kong, and/or any other relevant jurisdictions and, if applicable, any waiting periods having expired or terminated (in each case where such Authorisation is material in the context of the Group as a whole and in the context of the Proposal);

- (h) the Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes binding and effective in accordance with its terms;
- (i) if required, the obtaining by the Offeror or ASI of such other necessary consent, approval, permission, waiver or exemption which may be required from any Relevant Authorities or other third parties which are necessary for the performance of the Scheme under applicable laws and regulations;
- (j) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Scheme or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Scheme or its implementation in accordance with its terms);
- (k) all necessary consents which may be required from financial institutions under any existing material debt facilities and other contractual obligations of ASH being obtained;
- (l) since the Announcement Date, there having been no material adverse change in the business, financial or trading position or prospects of any member of the Group to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal; and
- (m) since the Announcement Date, there not having been instituted or remaining outstanding any material litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff or defendant or otherwise) and no such proceedings having been threatened in writing against any such member and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any such member in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal.

ASH shall use its reasonable endeavours to ensure that Condition (m) is fulfilled.

The Scheme Conditions (a) to (g) above are not waivable. The Offeror and ASI reserve the right to waive any of the Scheme Conditions (h) to (m), either in whole or in respect of any particular matter. All of the Scheme Conditions will have to be satisfied or validly waived (as applicable), on or before the Long Stop Date, otherwise the Scheme will not become effective. Subject to the Scheme Conditions being satisfied or validly waived (as applicable), the Scheme will become effective and binding on ASH and all Scheme Shareholders.

In respect of the Scheme Conditions (g) to (i), other than those set out in Scheme Conditions (a) to (f)(inclusive), the Offeror and ASI are not currently aware of any Authorisations or consents which are required. As at the Announcement Date, the Offeror is not aware of any circumstances which may result in Conditions (j) not being satisfied. The Offeror is not a party to any agreements or arrangements which relate to circumstances in which it may or may not invoke or seek to invoke any of the above conditions to the Proposal. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any condition so as to cause the Scheme not to become binding and effective unless the circumstances which give rise to the right to invoke the condition are of material significance to the Offeror in the context of the Scheme.

If the Scheme Conditions are not satisfied or waived (as appropriate) on or before the Long Stop Date, the Proposal will lapse. If the Scheme is withdrawn, not approved or lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

As of the Announcement Date, none of the Scheme Conditions had been fulfilled or waived (as applicable).

When the Scheme Conditions are satisfied or waived (as applicable), the Scheme will become effective and binding on the Company and all the Scheme Shareholders. An update of the expected timetable will be provided by further announcement when the Scheme Document is despatched.

Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the Scheme Conditions being fulfilled or waived, as applicable, and thus may or may not become effective. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

Pursuant to the Takeovers Code, neither the Offeror nor any of the parties acting in concert with it (nor any person who is subsequently acting in concert with any of them) may announce an offer or possible offer for ASH within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, except with the consent of the Executive.

I. THE SCHEME

Under the Proposal, subject to the Scheme becoming effective in accordance with its terms, the Scheme Shares will be cancelled in exchange for the Scheme Consideration. Upon such cancellation, the issued share capital of ASH will be restored to its former number by the issuance to the Offeror, credited as fully paid, of the same number of Shares as the number of the Scheme Shares cancelled. The reserve created in ASH's books of account as a result of any reduction in the issued share capital will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.

J. SHAREHOLDING STRUCTURE OF ASH

On the assumption that there is no other change in the shareholding of ASH immediately before the Scheme becoming effective, the table below sets out the shareholding structure of ASH as at the Announcement Date and immediately upon the Scheme becoming effective and the new ASI Shares are being issued:

Shareholders	As at the Announcement Date		Immediately upon the Scheme becoming effective and the new ASI Shares are being issued if:			
	<i>No. of Shares</i>	<i>Approximate percentage of the issued share capital of ASH (%) (Note 1)</i>	either (i) all CNs held by independent CN holders are converted before the Scheme Effective Date or (ii) independent CN holders participate in the Convertible Note Offer		all CNs held by independent CN holders are NOT converted before the Scheme Effective Date and independent CN holders do NOT participate in the Convertible Note Offer	
	<i>No. of Shares</i>	<i>Approximate percentage of the issued share capital of ASH (%) (Note 1)</i>	<i>No. of Shares</i>	<i>Approximate percentage of the issued share capital of ASH (%) (Note 1)</i>	<i>No. of Shares</i>	<i>Approximate percentage of the issued share capital of ASH (%) (Note 1)</i>
Offeror	1,298,709,227	64.35	1,971,243,077	97.64	1,970,439,165	97.64
Offeror Concert Parties						
– AO	47,448,822	2.35	47,448,822	2.35	47,448,822	2.35
– Mr. Poon Jing (Note 3)	152,490	0.01	152,490	0.01	152,490	0.01
Aggregate number of Shares held by the Offeror and the Offeror Concert Parties	1,346,310,539	66.71	2,018,844,389	100.00	2,018,040,477	100.00
Scheme Shareholders	671,729,938	33.29	–	–	–	–
Total number of Shares	2,018,040,477	100.00	2,018,844,389	100.00	2,018,044,477	100.00

Immediately upon the Scheme becoming effective and the new ASI Shares are being issued if:

either (i) all CNs held by independent CN holders are converted before the Scheme Effective Date or (ii) independent CN holders participate in the Convertible Note Offer

all CNs held by independent CN holders are NOT converted before the Scheme Effective Date and independent CN holders do NOT participate in the Convertible Note Offer

Shareholders	As at the Announcement Date		Immediately upon the Scheme becoming effective and the new ASI Shares are being issued if:		Immediately upon the Scheme becoming effective and the new ASI Shares are being issued if:	
	<i>No. of Shares</i>	<i>Approximate percentage of the issued share capital of ASH (%) (Note 1)</i>	<i>No. of Shares</i>	<i>Approximate percentage of the issued share capital of ASH (%) (Note 1)</i>	<i>No. of Shares</i>	<i>Approximate percentage of the issued share capital of ASH (%) (Note 1)</i>
Outstanding CN held by the Offeror and the Offeror Concert Parties	2,692,316,098	N/A	2,692,316,098	N/A	2,692,316,098	N/A
Outstanding CN held by Independent CN holders	803,912	N/A	-	N/A	803,912	N/A

Notes:

- All percentages in the above table are approximations.
- Under the Scheme, the issued share capital of ASH will, on the Scheme Effective Date, be reduced by cancelling the Scheme Shares. On the assumption that there is no other change in the shareholding of ASH immediately before the Scheme becoming effective, upon the aforementioned capital reduction, the issued share capital of ASH will be increased to its former amount by the issuance to the Offeror, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled. The reserve created in ASH's books of account as a result of any capital reduction will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Offeror.
- Mr. Poon Jing, a Director, owns 152,490 Shares. Save for Shares held by Mr. Poon Jing, no other directors of ASH hold any Shares as at the Announcement Date.

Upon the Scheme becoming effective, the Offeror will hold approximately 97.64% of the issued share capital of ASH on the assumptions that there is no other change in shareholding in ASH before completion of the Proposed Group Reorganisation.

As at the Announcement Date, there are 28,800,000 Share Options with an exercise price of HK\$0.343 each in issue, out of which 14,400,000 Share Options are held by Mr. Poon Hai, a director of each of AO, ASI, ASH and the Offeror, and 14,400,000 Share Options are held by Mr. Poon Yeung, Roderick, a director of each of AO, ASI and ASH. On 19 June, 2024, the Offeror and ASI have received the Optionholder Undertakings from each of Mr. Poon Hai and Mr. Poon Yeung, Roderick, pursuant to which the Optionholders have confirmed that each of them (i) acknowledges, agrees and accepts that in connection with the Proposal, no offer for or otherwise in respect of the Share Options will be made under or in connection with Rule 13 of the Takeovers Code; and (ii) unconditionally and irrevocably undertakes to the Offeror and ASI

that in the event any offer is made by any person for or otherwise in respect of the Share Options in connection with the Proposal, each of them will not accept any such offer. As all of the Share Options are held by Offeror Concert Parties and the holders of the Share Options have provided the Optionholder Undertakings, a corresponding offer for the Share Options will not be made pursuant to Rule 13 of the Takeovers Code.

K. SHAREHOLDING STRUCTURE OF ASI

On the assumption that there is no other change in the shareholding of ASI immediately before the Scheme becoming effective, the table below sets out the shareholding structure of ASI as at the Announcement Date and immediately upon the allotment and issue of new ASI Shares under the Proposal:

ASI Shareholder	As at the Announcement Date		Immediately upon the Scheme becoming effective and the new ASI Shares are being issued if:			
			either (i) all CNs held by independent CN holders are converted before the Scheme Effective Date or (ii) independent CN holders participate in the Convertible Note Offer		all CNs held by independent CN holders are NOT converted before the Scheme Effective Date and independent CN holders do NOT participate in the Convertible Note Offer	
	<i>No. of ASI Shares</i>	<i>Approximate percentage of the issued share capital of ASI (%) (Note 1)</i>	<i>No. of ASI Shares</i>	<i>Approximate percentage of the issued share capital of ASH (%) (Note 1)</i>	<i>No. of ASI Shares</i>	<i>Approximate percentage of the issued share capital of ASH (%) (Note 1)</i>
AO	683,556,392	51.79	683,556,392	48.12	683,556,392	48.12
Mr. Poon Jing (Note 2)	1,308,884	0.10	1,308,884	0.09	1,308,884	0.09
Other existing ASI Shareholders	634,917,012	48.11	634,917,012	44.69	634,917,012	44.70
Sub-total	1,319,782,288	100.00	1,319,782,288	92.90	1,319,782,288	92.91
Scheme Shareholders	-	-	100,759,491	7.09	100,759,491	7.09
Independent CN holders	-	-	120,587	0.01	-	-
Total	1,319,782,288	100.00	1,420,662,366	100.00	1,420,541,779	100.00

Notes:

- All percentages in the above table are approximations.
- Mr. Poon Jing, a director of ASI, owns 1,308,884 ASI Shares and 152,490 Shares. Save for the Shares and ASI Shares held by Mr. Poon Jing, no other members of the ASI Board hold any ASI Shares and Shares as at the Announcement Date. As at the Announcement Date, Mr. Poon Hai and Mr. Poon Yeung, Roderick, being members of the ASI Board, each held 3,500,000 ASI Share Options.

Upon the Scheme becoming effective, AO will hold approximately 48.12% of the issued share capital of ASI on the assumptions that there is no other change in shareholding in ASI before completion of the Proposed Group Reorganisation.

L. OFFEROR'S INTENTION REGARDING ASH

The Offeror intends to continue with the existing business of the Group and to align them more closely with the operations of ASI, as detailed in the section headed “*B. Reasons and Benefits of the Proposed Group Reorganisation*”. The Offeror does not intend to introduce any major changes to the existing operations or business of the Group (including any redeployment of fixed assets of the Group). It is also the intention of the Offeror that there will not be significant changes in the management and employees of the Group as a result of the Proposal.

M. WITHDRAWAL OF LISTING OF THE SHARES ON THE MAIN BOARD

Upon Completion, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. ASH will apply to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules with effect immediately after the Scheme Effective Date. The Shareholders will be notified by way of an announcement of the exact dates of the Court Meeting and the SGM to approve and give effect to the Scheme, the exact dates of the last day of dealing in Shares, and on which the Scheme and the withdrawal of the listing of the Shares will become effective. A detailed expected timetable will be set out in the Scheme Document, which will also contain, among other things, further details of the Scheme and the Convertible Note Offer. The Board intends that the listing of the Shares on the Stock Exchange shall be maintained in the event that the Scheme does not become effective.

The Scheme will lapse if it does not become effective on or before the Long Stop Date, and the Scheme Shareholders will be notified by way of announcement accordingly. The listing of Shares will not be withdrawn if the Proposal is not approved or lapses.

N. OVERSEAS SCHEME SHAREHOLDERS

The making and implementation of the Proposal to the Scheme Shareholders who are not resident in Hong Kong may be subject to the applicable laws of the relevant jurisdictions. Any Scheme Shareholders who are not resident in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions.

It is the responsibility of any overseas Scheme Shareholders wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, the compliance with the necessary formalities and the payment of any taxes, duties or other amounts due in such jurisdiction.

Any acceptance by the overseas Scheme Shareholders will be deemed to constitute a representation and warranty from such persons to AO, ASI, the Offeror and ASH and their respective advisers, including Anglo Chinese, the financial adviser to the Offeror and ASI, that those laws and regulatory requirements have been complied with.

In the event that the receipt of the Scheme Document by the overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the Offeror Board or the Board regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror or ASH or their respective shareholders), the Scheme Document may not be despatched to such overseas Scheme Shareholders. For that purpose, ASH will apply for a waiver pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such overseas Scheme Shareholders. If any such waiver is granted by the Executive, the Offeror and ASH reserve the right to make arrangements in respect of such overseas Scheme Shareholders in relation to the Proposal.

O. LISTING RULES IMPLICATIONS OF THE PROPOSAL

1. Listing Rules implications for ASI

The new ASI Shares to be issued pursuant to the Scheme as Scheme Consideration for the cancellation and extinguishment of the Scheme Shares will be allotted and issued pursuant to the Issue Mandate. Application will be made by ASI to the Listing Committee for the approval for the listing of, and permission to deal in, the new ASI Shares, to be allotted and issued under the Issue Mandate, on the Main Board of the Stock Exchange.

For ASI, as the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposal is more than 5% but less than 25%, the Proposal constitutes a discloseable transaction for ASI under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements (but is not subject to the circular and shareholders' approval requirements). The ASI Board is of the view that the terms of the Proposal are fair and reasonable and in the interests of the ASI Shareholders as a whole.

2. Listing Rules implications for AO

As at the Announcement Date, AO indirectly holds approximately 51.79% equity interest in ASI. As the Offeror is wholly-owned by ASI, which is in turn a non-wholly-owned subsidiary of AO, the allotment and issue of the new Shares to the Offeror under the Scheme will constitute an indirect acquisition of Shares by AO for the purpose of Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) for AO in respect of the acquisition of such Shares is above 5% but less than 25%, such acquisition of Shares will constitute a discloseable transaction of AO under Chapter 14 of Listing Rules, which is subject to the notification and announcement requirements (but is not subject to the circular and shareholders' approval requirements).

As the Proposal is expected to involve the issue of 3 new ASI Shares for every 20 Scheme Shares, it will result in a dilution of the percentage equity interest of AO in ASI upon the allotment and issue of new ASI Shares in satisfaction of the Scheme Consideration. It will constitute a deemed disposal of ASI Shares by AO for the purpose of Chapter 14 of the Listing Rules.

Following the allotment and issue of new ASI Shares in satisfaction of the Scheme Consideration, the percentage of equity interests of AO in the enlarged issued share capital of ASI will be diluted to approximately 48.12%. In this scenario, it is expected that AO will remain the single largest shareholder of ASI as ASI has no record of any relevant disclosure of interest filings made that would be required upon any person acquiring an interest in 5% or more of the voting rights of ASI as at the Announcement Date. Consequently, no other shareholder of ASI will alone be able to appoint more than half of the members of the ASI Board, therefore AO will retain effective control over the ASI Board. As such, the AO Board believes that it has the ability to affect the returns through its power over ASI, and ASI will continue as a non-wholly-owned subsidiary of AO and the ASI's profit and loss, as well as its assets and liabilities, will remain consolidated in AO's consolidated financial statements.

As the highest applicable percentage ratio (as defined under the Listing Rules) for AO in respect of the deemed disposal is above 5% but less than 25%, the deemed disposal will constitute a discloseable transaction of AO under Chapter 14 of Listing Rules, which is subject to the notification and announcement requirements (but is not subject to the circular and shareholders' approval requirements) under the Chapter 14 of Listing Rules.

The AO Board is of the view that the terms of the Proposal are fair and reasonable and in the interests of the AO Shareholders as a whole.

P. DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, respective associates of the Offeror, ASI and ASH (including those shareholders who own or control 5% or more of any class of relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of any of the Offeror, ASI and ASH, or any person who as a result of any transaction owns or controls 5% or more of any class of relevant securities of any of the Offeror, ASI and ASH), are hereby reminded to disclose their dealings in the respective relevant securities of ASI and ASH pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

Scheme Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Proposal. It is emphasised that none of the Offeror, ASI, Anglo Chinese or any of their respective directors, officers or associates or any other person involved in the Proposal accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

Q. GENERAL INFORMATION

1. Information on the Offeror, the ASI Group, the Group, and the AO Group

(a) The Offeror

The Offeror is a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of ASI, which is controlled by Mr. Poon Jing through AO. The Offeror is principally engaged in securities investments.

As at the Announcement Date, the Offeror holds approximately 64.35% of the total issued Shares and 2,597,418,454 Convertible Notes.

(b) The ASI Group

ASI is a limited liability company incorporated in Bermuda whose shares are listed on the Stock Exchange. ASI is principally engaged in investment and development of commercial, retail and residential properties in Hong Kong and the PRC. Through ASH, the ASI Group is also involved in hotel operations in Hong Kong and property development in Canada.

As at the Announcement Date, ASI, through the Offeror, holds approximately 64.35% of the total issued Shares.

Set out below are the abridged audited annual financial statements of ASI for the three financial years ended 31 March, 2023, and the unaudited interim financial results of ASI for the six months period ended 30 September, 2023, of which were extracted from the relevant annual/interim consolidated financial statements of ASI:

	For the year ended 31 March,			For the six months ended
	2021	2022	2023	30 September,
	HK\$'000	HK\$'000	HK\$'000	2023
	(Audited)	(Audited)	(Audited)	(Unaudited)
Revenue	2,459,347	2,509,735	2,072,777	900,766
Profit/(loss) before tax	1,526,874	(1,100,686)	880,540	(1,006,958)
Profit/(loss) after tax for the year/ period	1,460,570	(1,012,303)	764,607	(979,938)
Profit/(loss) for the year/period attributable to the ASI Shareholders	1,353,248	(883,576)	801,412	(915,845)
				As at
		As at 31 March,		30 September,
	2021	2022	2023	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)	(Unaudited)
Net assets attributable to the ASI Shareholders	21,720,969	16,014,161	19,438,536	17,015,801

(c) The Group

ASH is a limited liability company incorporated in Bermuda whose shares are listed on the Stock Exchange. The principal activity of ASH is investment holding. The principal activities of the subsidiaries of ASH consist of holding and operating hotels in Hong Kong and property development in Canada.

Set out below are the abridged audited annual financial statements of ASH for the three financial years ended 31 March, 2023, and the unaudited interim financial results of ASH for the six months period ended 30 September, 2023, of which were extracted from the relevant annual/interim consolidated financial statements of ASH:

	For the year ended 31 March,			For the six months ended
	2021	2022	2023	30 September, 2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)	(Unaudited)
Revenue	977,411	989,747	926,653	474,263
Profit/(loss) before tax	630,378	(790,399)	(190,856)	(379,549)
Profit/(loss) after tax for the year/ period	621,311	(745,986)	(212,786)	(371,284)
Profit/(loss) for the year/period attributable to the Shareholders	621,505	(746,382)	(212,794)	(371,452)
				As at
		As at 31 March,		30 September,
	2021	2022	2023	2023
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Audited)	(Audited)	(Audited)	(Unaudited)
Net assets attributable to the Shareholders	5,076,846	2,180,095	3,007,103	1,961,296

(d) AO

AO is a limited liability company incorporated in Bermuda whose shares are listed on the Stock Exchange. AO is principally engaged in property management, development in Hong Kong, the PRC and Canada and investment and hotel operations in Hong Kong. Mr. Poon Jing holds approximately 65.60% of AO's shares in issue and is therefore a controlling shareholder of AO as at the Announcement Date.

As at the Announcement Date, AO indirectly holds approximately 51.79% of the total issued ASI Shares, and, other than holding Shares through ASI, AO also indirectly holds 2.35% of total issued Shares and 94,897,644 Convertible Notes.

2. Board resolution(s) in relation to the Proposed Group Reorganisation

The directors of ASH who have an interest in the Proposal (as result of being common director(s) of ASH and the Offeror or other Offeror Concert Parties or in the case of Mr. Poon Jing, being himself an Offeror Concert Party), being Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement, Mr. Leung Wai Keung and Mr. Wong Chi Keung, will abstain from voting on the Board resolution(s) in relation to the Proposed Group Reorganisation. Save for the 152,490 Shares held by Mr. Poon Jing, no other directors of ASH hold any Shares as at the Announcement Date.

3. Court Meeting and SGM

The Court Meeting will be convened for the Scheme Shareholders to consider and, if thought fit, approve the Scheme.

The SGM will be convened for the Shareholders to consider, and if thought fit, approve among others (i) a special resolution to approve any reduction of the issued share capital of ASH by the cancellation of the Scheme Shares; and (ii) an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of ASH by the allotment and issue of an equal number of Shares (credited as fully paid) to the Offeror.

All the Scheme Shareholders will be entitled to attend and vote at the Court Meeting to approve the Scheme, and only the votes of the Scheme Shareholders will be taken into account in determining if the condition in paragraph (b) in the section headed “*H. Conditions to the Proposal and the Scheme*” is satisfied. As the Offeror, Mr. Poon Jing and AO are not Scheme Shareholders, they will not vote on the Scheme at the Court Meeting.

All Shareholders will be entitled to attend and vote at the SGM.

4. Financial Adviser, Independent Board Committee and Independent Financial Adviser

ASI and the Offeror have appointed Anglo Chinese as their financial adviser in connection with the Proposal.

The Board comprises three independent non-executive Directors, namely, Mr. Leung Wai Keung, Mr. Wong Chi Keung and Mr. Koon Bok Ming, Alan. Mr. Leung Wai Keung and Mr. Wong Chi Keung are both independent non-executive Directors of ASI and AO,

which are Offeror Concert Parties. The Board is therefore of the view that these Directors are regarded as being interested in the Proposed Group Reorganisation for the purpose of Rule 2.8 of the Takeovers Code and are accordingly excluded from being a member of the Independent Board Committee. As such, only Mr. Koon Bok Ming, Alan (namely the only remaining independent non-executive Director) is a member of the Independent Board Committee, which has been established by the Board to make recommendations to the Scheme Shareholders and the holders of Convertible Notes in connection with the Proposal, and in particular as to (i) whether the Proposal is fair and reasonable; (ii) its view on the Convertible Note Offer; and (iii) voting in respect of the Scheme at the Court Meeting and the SGM, will be set out in the Scheme Document.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee comprises the only non-executive director who has no direct or indirect interest in the Proposal.

An independent financial adviser will be appointed by ASH (with the approval of the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code) to advise the Independent Board Committee, the Scheme Shareholders and the holders of the Convertible Notes in connection with the Proposal. An announcement will be made by ASH as soon as practicable following the appointment of such independent financial adviser.

5. Despatch of Scheme Document

The Scheme Document including, among other things, (i) further details of the Proposal; (ii) the expected timetable; (iii) an explanatory statement as required under the Companies Act; (iv) information regarding ASH and ASI; (v) the recommendations of the Independent Board Committee with respect to the Proposal, the Scheme, and the Convertible Note Offer; (vi) a letter of advice from an independent financial adviser to be appointed to advise the Independent Board Committee, the Scheme Shareholders and the holders of Convertible Notes; (vii) the valuation reports in respect to the property interests of ASI and ASH and (viii) notices of the Court Meeting and the SGM will be despatched to the Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and the applicable laws and regulations.

The Scheme Document will contain important information on the Proposal. The Scheme Shareholders and the holders of Convertible Notes are urged to read the Scheme Document carefully before casting any vote (or appointing any proxy to vote on their behalf) at the Court Meeting or the SGM.

6. Profit Warning

Reference is made to the ASH Profit Warning Announcement and the ASI Profit Warning Announcement. Upon the commencement of the Offer Period and pursuant to Rule 10 of the Takeovers Code, the ASH Profit Warning Statement and the ASI Profit Warning

Statement constituted a profit forecast of ASH and ASI respectively, and are required to be reported on by ASH's and ASI's financial adviser and its auditors in accordance with Rule 10.4 of the Takeovers Code.

Pursuant to Rule 10.4 and Practice Note 2 of the Takeovers Code, if a profit warning statement for the purpose of Rule 10 of the Takeovers Code is published first in an announcement, it must be repeated in full, together with the reports from the issuer's financial adviser and auditors on such profit warning statement, in the next document to be sent to the shareholders. Accordingly, the ASH Profit Warning Statement and the ASI Profit Warning Statement contained in the ASH Profit Warning Announcement and the ASI Profit Warning Announcement, respectively, shall be reported on in accordance with Rule 10 of the Takeovers Code and the relevant reports will be included in the next Shareholders' Document to be sent to the Shareholders and ASI Shareholders. However, in the event that the audited annual results of ASH and ASI for the year ended 31 March, 2024 (which is expected to be published by ASH and ASI on or before the end of June, 2024, respectively) which fall within the ambit of Rule 10.9 of the Takeovers Code are published prior to the despatch of the next Shareholders' Document and the audited annual results of ASH and ASI for the year ended 31 March, 2024 together with the notes to the financial statements are included in the next Shareholders' Document, the requirement under Rule 10 of the Takeovers Code to report on the ASH Profit Warning Statement and the ASI Profit Warning Statement contained in the ASH Profit Warning Announcement and the ASI Profit Warning Announcement, respectively, will no longer apply.

Shareholders and potential investors of ASH, ASI and AO should note that the ASH Profit Warning Statement and the ASI Profit Warning Statement contained in the ASH Profit Warning Announcement and the ASI Profit Warning Announcement do not meet the standard required by Rule 10 of the Takeovers Code, and have not been reported on in accordance with the Takeovers Code. Shareholders and potential investors of ASH, ASI and AO are advised to exercise caution when placing reliance on the ASH Profit Warning Statement and ASI Profit Warning Statement contained in the ASH Profit Warning Announcement and ASI Profit Warning Announcement, respectively, in assessing the merits and demerits of the Proposal and when dealing in the securities of ASH, ASI and AO. Persons who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

7. Dealings and interests in ASH's securities

Neither the Offeror nor any members of the Offeror Concert Parties had dealt in any Shares, options derivatives, warrants or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) convertible into Shares during the six-month period immediately prior to the Announcement Date.

8. Others

As at the Announcement Date:

- (a) other than the Scheme Consideration, the Offeror and the Offeror Concert Parties have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Scheme Shareholders or persons acting in concert with them in relation to the Scheme Shares;
- (b) there is no understanding, arrangement or agreement or special deal (as defined in Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii)(a) the Offeror and the Offeror Concert Parties, or (b) ASH, its subsidiaries or associated companies; and
- (c) save for the Convertible Notes, neither the Offeror nor any Offeror Concert Parties has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in ASH.

R. FURTHER AGREEMENTS OR ARRANGEMENTS

As at the Announcement Date:

- (a) save for the 1,346,310,539 Shares as disclosed in this joint announcement under the section headed “C3. Scheme Consideration”, none of the Offeror or the Offeror Concert Parties owns or has control or direction over any voting rights in any Shares;
- (b) save for (i) 2,692,316,098 Convertible Notes referred to in this joint announcement under the section headed “C5. The Convertible Note Offer”, (ii) 28,800,000 Share Options referred to in this joint announcement under the section headed “J. Shareholding Structure of ASH”, and (iii) 7,000,000 ASI Share Options referred to in this joint announcement under the section headed “K. Shareholding Structure of ASI”, none of the Offeror and Offeror Concert Parties holds any convertible securities, options or warrants in respect of any Shares or shares of the Offeror;
- (c) there are no voting rights in Shares in respect of which the Offeror or any person acting in concert with it has received an irrevocable commitment to vote in favour of the Scheme or accept the Proposal, and there are no other arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to Shares or shares of the Offeror which might be material to the Proposal or the Scheme. Pursuant to the Optionholder Undertakings dated 19 June, 2024, the Optionholders have confirmed that that each of them (i) acknowledges, agrees and accepts that in connection with the Proposal, no offer for or otherwise in respect of the Share Options will be made under or in connection with Rule 13 of the Takeovers Code;

and (ii) unconditionally and irrevocably undertakes to the Offeror and ASI that in the event any offer is made by any person for or otherwise in respect of the Share Options in connection with the Proposal, each of them will not accept any such offer; and

(d) neither the Offeror or the Offeror Concert Parties has entered into any outstanding derivatives in respect of Shares or any other securities of ASH.

S. WARNINGS

Holders of and potential investors in the securities of ASH, ASI and AO should note that the Proposal and all transactions contemplated thereunder are subject to the fulfilment or waiver (as applicable) of the Scheme Conditions. Accordingly, there is no certainty as to whether, and if so when, the Proposal or the Scheme will be implemented or become effective.

Holders of and potential investors in the securities of ASH, ASI and AO should exercise caution when dealing in the shares or other securities of ASH, ASI and AO. Any person who is in doubt about his or, her or, its position or any action to be taken is recommended to consult his or, her or, its own professional adviser(s).

This joint announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of ASH, ASI and AO in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote on the Proposal. Any approval or other response to the Proposal should be made only on the basis of information in the Scheme Document. This joint announcement does not constitute a prospectus or a prospectus equivalent document. ASI Shareholders and Shareholders are advised to read carefully the formal documentation in relation to the Proposal once it has been despatched.

The availability of the Proposal to persons who are not residents in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not residents in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their own jurisdictions. Details in relation to overseas Scheme Shareholders or holders of Convertible Notes will be contained in the Scheme Document.

T. DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code, and “persons acting in concert” shall be construed accordingly
“Anglo Chinese”	Anglo Chinese Corporate Finance, Limited, a registered institution under the SFO, registered to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, which is the financial adviser to the Offeror and ASI in relation to the Proposal
“Announcement Date”	19 June, 2024, being the date of this joint announcement
“ASH”	Asia Standard Hotel Group Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 292), being a non-wholly-owned subsidiary of ASI and the ultimate beneficial owner of which is Mr. Poon Jing as at the Announcement Date
“ASH Profit Warning Announcement”	the profit warning announcement issued by ASH on 13 June, 2024 pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO
“ASH Profit Warning Statement”	the profit warning statement in respect of the preliminary consolidated management accounts of ASH for the year ended 31 March, 2024 included in the ASH Profit Warning Announcement
“ASI”	Asia Standard International Group Limited, an exempted company incorporated in Bermuda with limited liability and the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 129), being a non-wholly-owned subsidiary of AO which is in turn controlled by Mr. Poon Jing as at the Announcement Date
“ASI Board”	the board of directors of ASI

“ASI Group”	ASI and its subsidiaries
“ASI Shareholder(s)”	the duly registered holder(s) of ASI Shares
“ASI Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of Sea
“ASI Share Option(s)”	share options granted by ASI pursuant to the share option scheme of ASI adopted on 29 August, 2014
“ASI Profit Warning Announcement”	the profit warning announcement issued by ASI on 13 June, 2024 pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO
“ASI Profit Warning Statement”	the profit warning statement in respect of the preliminary consolidated management accounts of ASI for the year ended 31 March, 2024 included in the ASI Profit Warning Announcement
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“AO”	Asia Orient Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 214). Mr. Poon Jing holds approximately 65.60% of AO’s shares in issue and is therefore a controlling shareholder of AO as at the Announcement Date
“AO Board”	the board of directors of AO
“AO Group”	AO and its subsidiaries
“AO Shareholder(s)”	holder(s) of the shares of AO
“Authorisations”	all necessary authorisations, registrations, filings, rulings, consents, permissions and approvals (including approval in-principle) in connection with the Proposal
“Bermuda”	a British territory in the western Atlantic
“Board”	the board of directors of ASH
“business day(s)”	a day on which the Stock Exchange is open for business of dealing in securities

“Cash Payment”	subject to the Scheme becoming effective and as part of the Scheme, the payment of HK\$0.035 for every Scheme Share payable in cash by ASI to the Scheme Shareholders whose names appear on the register of members of ASH at the Scheme Record Time
“Companies Act”	the Companies Act 1981 of Bermuda, as amended
“Completion”	completion of the Proposal, being the time of despatch of cheques for Cash Payment and certificates for new ASI Shares to be allotted and issued in satisfaction of the Scheme Consideration to Scheme Shareholders
“Convertible Note(s)” or “CN(s)”	convertible note(s) of ASH
“Convertible Note Offer”	the offer made by the Offeror to holders of Convertible Notes in connection with the Proposal in accordance with the Takeovers Code, subject to the Scheme becoming effective
“Convertible Note Offer Price”	the consideration for each Convertible Note pursuant to the Convertible Note Offer, being 3 new ASI Shares to be issued and the Cash Payment of HK\$0.700 for every 20 Convertible Notes held as at the Scheme Record Time
“Court”	the Supreme Court of Bermuda
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the Court at which the Scheme (with or without modification) will be voted upon, or any adjournment thereof
“Deed Poll”	the deed poll which sets out terms of the Convertible Notes
“Director(s)”	director(s) of ASH

“Encumbrances”	(a) any mortgage, security, pledge, charge, lien, trust, assignment by way of security, security interest, any third party interests or rights or any other categories of encumbrances or priority right granted to the third party, including but not limited to, granting any rights in a transaction, and even if it is not a security right under the relevant laws, it is similar to security rights in terms of financial or actual economic benefits; (b) any authorization, representative voting power, voting trust arrangement, share option, right of first offer, right of first negotiation, right of first refusal and other right to restrict assignment; and (c) rights to claim against encumbrance, ownership or right of use without legal title
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate for the time being of the Executive Director
“General Mandate” or “Issue Mandate”	the general mandate to allot, issue and deal with ASI Shares not exceeding 20% of the issued share capital of the ASI granted to the ASI Board on 25 August, 2023
“Group”	ASH and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of ASH formed to advise the Scheme Shareholders in connection with the Proposal, and comprising Mr. Koon Bok Ming, Alan
“Last Trading Day”	19 June, 2024, being the last full trading day prior to the publication of this joint announcement
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Long Stop Date”	31 December, 2024 (or such later date as the Offeror and ASH may agree and, to the extent applicable, as the Court may direct, and in all cases, as permitted by the Executive)

“Meeting Record Date”	the record date to be announced for the purpose of determining the entitlement of Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of ASH to attend and vote at the SGM
“Offer Period”	has the meaning ascribed to it under the Takeovers Code
“Offeror”	The Sai Group Limited, a company incorporated in the British Virgin Islands with limited liability, being a direct wholly-owned subsidiary of ASI
“Offeror Board”	the board of directors of the Offeror
“Offeror Concert Party(ies)”	party(ies) acting in concert or presumed to be acting in concert with the Offeror, including ASI, AO, and Mr. Poon Jing
“PRC” or “Mainland China”	the People’s Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan (except where the context requires otherwise)
“Optionholders”	Mr. Poon Hai (a director of each of AO, ASI, the Offeror and ASH) and Mr. Poon Yeung, Roderick (a director of each of AO, ASI and ASH)
“Optionholder Undertakings”	Undertakings from each of the Optionholders to the Offeror and ASI, each dated 19 June, 2024, the details of which are set out in the section headed “J. Shareholding Structure of ASH”
“Proposal” or “Proposed Group Reorganisation”	the proposed group reorganisation of ASH by ASI by way of the Scheme and the withdrawal of the listing of the Shares on the Main Board of the Stock Exchange
“public”	has the meaning ascribed to it under the Listing Rules
“Registrar of Companies”	the Registrar of Companies in Bermuda
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, stock exchanges, courts or institutions, including but not limited to the Court and the Registrar of Companies

“Reorganised ASI Group”	ASI Group upon the Scheme becoming effective and after the allotment and issue of the new ASI Shares in connection with the Proposal, whereupon ASH will become an indirect non-wholly-owned subsidiary of ASI
“Scheme”	the proposed scheme of arrangement pursuant to Section 99 of the Companies Act for the implementation of the Proposal
“Scheme Condition(s)”	the conditions of the Proposal, details of which are set out in the section headed “ <i>H. Conditions to The Proposal and the Scheme</i> ”
“Scheme Consideration”	the consideration for the cancellation and extinguishment of the Scheme Shares pursuant to the Scheme, being 3 new ASI Shares to be issued, and the Cash Payment of HK\$0.700 for every 20 Scheme Shares, which equates to an entitlement of 0.15 ASI Share and a Cash Payment of HK\$0.035 for every Scheme Share held as at the Scheme Record Time
“Scheme Document”	the composite scheme document of the Offeror and ASH, containing, inter alia, details of the Proposal together with the additional information specified in the section headed “ <i>Q. General Information – 5. Despatch of Scheme Document</i> ”
“Scheme Effective Date”	the date upon which the Scheme becomes effective in accordance with its terms
“Scheme Record Time”	the record time for determining entitlements under the Scheme
“Scheme Share(s)”	Share(s) other than those held by the Offeror, ASI, AO, Mr. Poon Jing and other Offeror Concert Parties
“Scheme Shareholder(s)”	registered Shareholder(s) of the Scheme Shares(s) as at the Scheme Record Time
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“SGM”	the special general meeting of ASH to be convened and held on the same day as the Court Meeting for the purpose of considering and, if thought fit, approving, among others, (i) a special resolution to approve any reduction of the issued share capital of ASH by the cancellation of the Scheme Shares, and (ii) an ordinary resolution to apply the reserve created by the cancellation of the Scheme Shares to simultaneously restore the issued share capital of ASH by the allotment and issue of an equal number of Shares (credited as fully paid) to the Offeror, or any adjournment thereof
“Share(s)”	ordinary shares of HK\$0.02 each in the share capital of ASH
“Share Exchange Ratio”	the share exchange ratio of 3 new ASI Shares to be issued for every 20 Scheme Shares cancelled under the Scheme
“Shareholder(s)”	the duly registered holder(s) of Shares
“Shareholders’ Document”	document to be sent to the shareholders
“Share Option(s)”	share options granted by ASH pursuant to the share option scheme of ASH adopted on 28 August, 2006
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“%”	per cent.

All percentages stated in this joint announcement are approximations.

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

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

By order of the board of directors
Asia Standard Hotel Group Limited
Lim Yin Cheng
Deputy Chairman and Chief Executive

By order of the board of directors
The Sai Group Limited
Lun Pui Kan
Director

Hong Kong, 19 June, 2024

As at the Announcement Date,

- (a) the AO Board comprises Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement, Mr. Kwan Po Lam, Phileas, Mr. Lun Pui Kan, Mr. Cheung Kwok Wah, Mr. Leung Wai Keung and Mr. Wong Chi Keung;*
- (b) the ASI Board comprises Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement, Mr. Kwan Po Lam, Phileas, Mr. Lun Pui Kan, Mr. Ip Chi Wai, Mr. Leung Wai Keung and Mr. Wong Chi Keung;*
- (c) the Board comprises Mr. Poon Jing, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement, Dr. Lim Yin Cheng, Mr. Woo Wei Chun, Joseph, Mr. Koon Bok Ming, Alan, Mr. Leung Wai Keung and Mr. Wong Chi Keung; and*
- (d) the Offeror Board comprises five directors, namely Mr. Poon Jing, Mr. Poon Hai, Mr. Fung Siu To, Clement, Mr. Kwan Po Lam, Phileas and Mr. Lun Pui Kan.*

The directors of AO jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement relating to the AO Group (other than that relating to the ASI Group, the Offeror or the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement by the AO Board have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.

The directors of ASI jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement relating to the ASI Group (other than that relating to the Offeror or the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement by the ASI Board have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (including such information relating to the Offeror but excluding such that relates to the AO Group, the ASI Group or the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the AO Board, the ASI Board or the Board) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.

The Board jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement relating to the Group and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this joint announcement by the Board have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.

This joint announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the date of its publication and on ASH’s website www.asiastandardhotelgroup.com.