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

If you have sold or transferred all your shares in Asia Standard International Group Limited, you should at once hand this circular with the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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ASIA STANDARD INTERNATIONAL GROUP LIMITED

(泛海國際集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 129)

SUBSCRIPTION FOR NEW SHARES AND CONNECTED TRANSACTION AND REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

Independent financial adviser

to

**the independent board committee and the independent shareholders of
Asia Standard International Group Limited**



PLATINUM
Securities

A notice convening the special general meeting of Asia Standard International Group Limited to be held on Monday, 14th March, 2005 at Basement 2, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong at 10:00 a.m. is set out on pages 36 to 39 of this circular.

Whether or not you are able to attend such meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's principal office in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so desire.

* For identification purposes only

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DEFINITIONS

In this circular, unless the content otherwise requires, the following expressions have the following meanings:

“AGM”	the last annual general meeting of the Company held on 27th August, 2004
“AOCL”	Asia Orient Company Limited, a wholly owned subsidiary of Asia Orient
“AO Subscription”	the subscription by the Vendors of 820,000,000 new Shares
“Asia Orient”	Asia Orient Holdings Limited, a company incorporated in Bermuda whose shares are listed on the Stock Exchange
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than Saturday) on which banks in Hong Kong are open for business
“Bye-Laws”	the bye-laws of the Company
“Company”	Asia Standard International Group Limited
“Controlling Shareholders”	Asia Orient Holdings Limited and Mr. Poon Jing and their respective associates
“Current Share Issue Mandate”	the mandate to allot and issue Shares granted to the Directors pursuant to a resolution of the Shareholders adopted at the AGM
“Directors”	the directors of the Company
“Grosvenor”	Grosvenor Asset Management Limited, a subsidiary of Grosvenor Group Limited, an international property group based in the United Kingdom
“Grosvenor Subscription”	the subscription by Grosvenor of the Grosvenor Subscription Shares pursuant to the Grosvenor Subscription Agreement
“Grosvenor Subscription Agreement”	the Subscription Agreement dated 2nd February, 2005 entered into between the Company and Grosvenor
“Grosvenor Subscription Shares”	145,000,000 new Shares to be subscribed by Grosvenor pursuant to the Grosvenor Subscription Agreement
“Group”	the Company and the Subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	an independent committee of the Board comprising Mr. Koon Bok Ming, Alan, Mr. Leung Wai Keung, Richard and Mr. Wong Chi Keung, each being an independent non-executive Director
“Independent Financial Adviser” or “Platinum”	Platinum Securities Company Limited, a licensed corporation under the SFO to carry out types 1, 4, 6 and 9 regulated activities
“Independent Shareholders”	Shareholder(s) other than Grosvenor and its associates
“Latest Practicable Date”	18th February, 2005, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Issue Mandate”	the new mandate proposed to be granted to the Directors to allot and issue Shares representing 20% of the issued share capital of the Company as at the date of the SGM, pursuant to a resolution to be adopted at the SGM
“Notice of SGM”	the notice convening the SGM as set out on pages 36 to 39 of this circular
“Placing”	the placement by CLSA Limited of 820,000,000 existing Shares held by the Vendors to independent placees at HK\$0.38 per Share
“PRC”	the People’s Republic of China
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at Basement 2, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong on Monday, 14th March, 2005 at 10:00 a.m.
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subsidiary”	a company which is for the time being and from time to time a subsidiary of the Company (within the meaning of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and Section 86 of the Companies Act 1981 of Bermuda (as amended)), whether incorporated in Hong Kong or elsewhere, and “Subsidiaries” shall be construed accordingly
“Vendors”	AOCL and its wholly owned subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.



ASIA STANDARD INTERNATIONAL GROUP LIMITED

(泛海國際集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 129)

Directors:

Mr. Fung Siu To, Clement (*Chairman*)

Mr. Lim Yin Cheng

Mr. Poon Jing

Mr. Lun Pui Kan

Mr. Kwan Po Lam, Phileas

Mr. Nicholas James Loup

Mr. Liang Shangli

Mr. Au Yat Chuen, Raymond

Independent non-executive Directors:

Mr. Koon Bok Ming, Alan

Mr. Leung Wai Keung, Richard

Mr. Wong Chi Keung

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Principal Office in Hong Kong:

30th Floor

Asia Orient Tower

Town Place

33 Lockhart Road

Wanchai

Hong Kong

23rd February, 2005

To the Shareholders

Dear Sirs,

SUBSCRIPTION FOR NEW SHARES

AND

CONNECTED TRANSACTION

AND

REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

INTRODUCTION

On 2nd February, 2005, the Company entered into the Grosvenor Subscription Agreement with Grosvenor pursuant to which Grosvenor shall subscribe for, and the Company shall issue, the Grosvenor Subscription Shares on the terms and conditions of the Grosvenor Subscription Agreement. As Grosvenor is a substantial shareholder of the Company, the Grosvenor Subscription constitutes a connected transaction for the Company and is subject to approval of the Independent Shareholders.

* For identification purposes only

LETTER FROM THE BOARD

The Grosvenor Subscription Agreement is conditional on, inter alia, completion of the Placing and the AO Subscription which were announced by the Company on 3rd February, 2005. As at the Latest Practicable Date, the Placing and the AO Subscription were completed.

Following completion of the AO Subscription, the Current Share Issue Mandate has been substantially utilised and the Company proposes to refresh the Current Share Issue Mandate by the grant of the New Share Issue Mandate.

The purposes of this circular are (a) to provide you with further information on the Grosvenor Subscription Agreement and the refreshment of the Current Share Issue Mandate; (b) to set out the recommendation of the Independent Board Committee and the advice of the Independent Financial Adviser in relation to the Grosvenor Subscription and the refreshment of the Current Share Issue Mandate; and (c) to give you the Notice of SGM at which resolutions will be proposed to consider and, if thought fit, approve the Grosvenor Subscription Agreement and the refreshment of the Current Share Issue Mandate by the grant of the New Share Issue Mandate.

GROSVENOR SUBSCRIPTION

A Terms of the Grosvenor Subscription Agreement

(a) Date of the agreement

2nd February, 2005

(b) Subscriber

Grosvenor

(c) Issuer

The Company

(d) Number of new Shares to be subscribed for and the subscription price

145,000,000 new Shares at HK\$0.38 per Grosvenor Subscription Share. As at the Latest Practicable Date, the Grosvenor Subscription Shares represented approximately 2.94% of the total number of issued Shares of 4,930,999,990. Upon completion of the Grosvenor Subscription, the Grosvenor Subscription Shares will represent approximately 2.86% of the total number of issued Shares of 5,075,999,990 and Grosvenor's shareholding in the Company will be increased from approximately 12.44% as at the Latest Practicable Date to approximately 14.94%.

LETTER FROM THE BOARD

(e) Conditions of the Grosvenor Subscription

The Grosvenor Subscription is conditional on the following conditions having been fulfilled on or before 31st March, 2005:

- (i) the Grosvenor Subscription having been approved by the Independent Shareholders at the SGM;
- (ii) completion of the Placing and the AO Subscription; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Grosvenor Subscription Shares.

The Grosvenor Subscription Agreement is expected to be completed within three Business Days of the fulfilment of all the above conditions. As at the Latest Practicable Date, the Placing and the AO Subscription were completed.

The Company has made an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Grosvenor Subscription Shares.

B Nature of the Grosvenor Subscription

Grosvenor is a substantial shareholder of the Company holding approximately 14.92% of the entire issued share capital of the Company prior to completion of the Placing and the AO Subscription and approximately 12.44% of the entire issued share capital of the Company after completion of the Placing and the AO Subscription. As such, the Grosvenor Subscription constitutes a connected transaction for the Company and is subject to approval of the Independent Shareholders. The Independent Board Committee has been established and Platinum has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

C Ranking of the Grosvenor Subscription Shares

The Grosvenor Subscription Shares, when fully paid, will rank pari passu in all respects with the Shares in issue, including the right to any dividends or distributions after the date of completion of the Grosvenor Subscription.

LETTER FROM THE BOARD

D Effect of the Grosvenor Subscription on the Company's shareholding

The shareholdings of the Vendors (the ultimate beneficial owner of which is Asia Orient), Grosvenor, Mr. Poon Jing (Managing Director of the Company) and the public Shareholders immediately before and after completion of the Placing, the AO Subscription and the Grosvenor Subscription are and will be as follows:

	Prior to completion of the Placing, the AO Subscription and the Grosvenor Subscription	Immediately after completion of the Placing but before the AO Subscription and the Grosvenor Subscription	As at the Latest Practicable Date (when the Placing and the AO Subscription were completed but the Grosvenor Subscription was not yet completed)	Immediately after completion of the Grosvenor Subscription
	<i>No. of Shares (approximate % of total)</i>	<i>No. of Shares (approximate % of total)</i>	<i>No. of Shares (approximate % of total)</i>	<i>No. of Shares (approximate % of total) (see Note)</i>
Vendors	2,055,469,712 (49.9993%)	1,235,469,712 (30.0528%)	2,055,469,712 (41.6846%)	2,055,469,712 (40.4939%)
Grosvenor	613,530,000 (14.9241%)	613,530,000 (14.9241%)	613,530,000 (12.4423%)	758,530,000 (14.9435%)
Mr. Poon Jing (Managing Director of the Company)	4,445,650 (0.1081%)	4,445,650 (0.1081%)	4,445,650 (0.0902%)	4,445,650 (0.0875%)
Public Shareholders	1,437,554,628 (34.9685%)	2,257,554,628 (54.9150%)	2,257,554,628 (45.7829%)	2,257,554,628 (44.4751%)
Total	4,110,999,990 (100%)	4,110,999,990 (100%)	4,930,999,990 (100%)	5,075,999,990 (100%)

Note: The figures in this column assume that (a) other than the Grosvenor Subscription Shares, no new Shares will be issued or purchased by the Company and (b) none of the Vendors, Grosvenor or Mr. Poon Jing will acquire additional Shares or dispose of any of its or his existing shareholding, in both cases, after the Latest Practicable Date and up to the date of completion of the Grosvenor Subscription.

LETTER FROM THE BOARD

E Reasons for, and benefits of, the Grosvenor Subscription

Completion of the Grosvenor Subscription will result in an increase in the shareholding of Grosvenor from approximately 12.44% as at the Latest Practicable Date to approximately 14.94%, which is about the same shareholding held by Grosvenor in the Company prior to completion of the Placing.

As the subscription price for the Grosvenor Subscription Shares is the same as the placing price under the Placing to independent placees, the Directors consider that the Grosvenor Subscription is fair and reasonable. Given Grosvenor is a strategic investor of the Company, the Grosvenor Subscription signifies Grosvenor's continued support to the Company and therefore is in the interest of the Company and the Shareholders as a whole.

F Fund raising activities of the Company in the past 12 months

Save for the AO Subscription, the Company has not carried out any fund raising exercises in the 12 months immediately prior to the Latest Practicable Date.

G Use of proceeds

The estimated net proceeds of the Grosvenor Subscription are approximately HK\$54,600,000. Together with the net proceeds of approximately HK\$304,900,000 received from the AO Subscription, the Company would raise an aggregate net proceeds of approximately HK\$359,500,000 from the Grosvenor Subscription and the AO Subscription, of which the Company intends to use HK\$50,000,000 for repayment of bank borrowings of the Group and another HK\$50,000,000 as general working capital of the Group and the remaining balance of the net proceeds will be used as payment of land premium for the Group's existing residential property projects in Hong Kong. The Company has not yet identified the property projects as they are subject to negotiations with the Hong Kong Government.

H Information of the Group

The Group is engaged in investment and development of commercial, retail and residential properties in Hong Kong and the PRC. Through its listed subsidiary, Asia Standard Hotel Group Limited in which the Company holds a 70% shareholding interest, the Group also indirectly owns and operates three hotels, of which two are in Hong Kong and one in Canada, a travel agency in Hong Kong and two franchise restaurants in Hong Kong and Shanghai, PRC.

I Information of Grosvenor

Grosvenor is the beneficial owner of an aggregate of 613,530,000 Shares, representing approximately 12.44% of the issued share capital of the Company as at the Latest Practicable Date. Grosvenor is a subsidiary of Grosvenor Group Limited, an international property group based in the United Kingdom and owned by trusts of the Grosvenor family.

LETTER FROM THE BOARD

J Information of AOCL

AOCL and its subsidiaries are the beneficial owners of an aggregate of 2,055,469,712 Shares, representing approximately 41.68% of the issued share capital of the Company as at the Latest Practicable Date. AOCL is an investment holding company, the principal investment of which is the holding of Shares.

K Information of Asia Orient

Asia Orient is an investment holding company, the principal investment of which, through its subsidiaries, is the holding of Shares.

REFRESHMENT OF THE CURRENT SHARE ISSUE MANDATE

A Background

The Current Share Issue Mandate granted to the Directors at the AGM to allot, issue and deal with a maximum of 821,849,998 new Shares pursuant to the resolution passed at the AGM, being 20% of the total amount of issued share capital of the Company as at 27th August, 2004, has been substantially utilised by the issue of 820,000,000 new Shares for the AO Subscription. The Directors will seek the approval of the Shareholders other than the Controlling Shareholders by a resolution at the SGM for refreshment of the Current Share Issue Mandate by the grant of the New Share Issue Mandate to the Directors to exercise the powers of the Company to allot and issue securities not exceeding 20% of the issued share capital of the Company at the date of the SGM, being a maximum of 986,199,998 new Shares, assuming that no Shares will be repurchased and that no new Shares will be issued from the Latest Practicable Date to the date of the SGM (both dates inclusive).

B Usage of the Current Share Issue Mandate since the AGM

Since the date of the AGM and up to the Latest Practicable Date, the Company has utilised 820,000,000 new Shares under the Current Share Issue Mandate to issue Shares for the AO Subscription. The net proceeds from the AO Subscription are approximately HK\$304,900,000, of which approximately HK\$50,000,000 will be used for repayment of bank borrowings and approximately HK\$50,000,000 as general working capital of the Group. The remaining balance of the net proceeds will be used for payment of land premium for the Group's existing residential property projects in Hong Kong.

C Refreshment of the Current Share Issue Mandate since the AGM

There was no refreshment of the Current Share Issue Mandate between the date of the AGM and the Latest Practicable Date.

LETTER FROM THE BOARD

D Reasons for, and benefits of, refreshment of the Current Share Issue Mandate by the grant of the New Share Issue Mandate

The Directors believe that it is in the interests of the Company and its Shareholders as a whole if the Current Share Issue Mandate is refreshed by the grant of the New Share Issue Mandate at the SGM, as it can provide the Directors with the powers to issue new securities under the limit granted pursuant to the New Share Issue Mandate speedily as and when necessary, and without seeking further Shareholders' approval. Save for the Grosvenor Subscription, the Board currently has no intention or plan for raising capital by issuing new securities. In the event there is any such issue, the Company will comply with the relevant requirements of the Listing Rules.

E Approval of the New Share Issue Mandate

Pursuant to the Listing Rules, any refreshment of the Current Share Issue Mandate before the next annual general meeting requires any controlling Shareholders (as defined in the Listing Rules) and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates to abstain from voting in favour. The Controlling Shareholders have advised the Board that they will abstain from voting in favour of, and have no intention to vote against, the resolution to be proposed at the SGM for approval of refreshment of the Current Share Issue Mandate by the grant of the New Share Issue Mandate. Further, pursuant to Rule 13.39(4)(b) of the Listing Rules, any vote of the Shareholders (other than the Controlling Shareholders who will abstain from voting) will be taken on a poll.

F Period during which the New Share Issue Mandate will remain effective

The New Share Issue Mandate will, if granted, remain effective until the earliest of (a) the conclusion of the next annual general meeting of the Company; (b) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws or any applicable law to be held; and (c) the revocation or variation of such Mandate by an ordinary resolution of the Shareholders in a general meeting.

SGM

As Grosvenor is a substantial Shareholder holding approximately 12.44% of the entire issued share capital of the Company as at the Latest Practicable Date, the proposed Grosvenor Subscription constitutes a connected transaction for the Company and is subject to approval of the Independent Shareholders on poll. Grosvenor and its associates are required to abstain from voting on the resolution regarding the Grosvenor Subscription to be considered at the SGM.

Approval from the Shareholders will also be sought at the SGM for the approval of the refreshment of the Current Share Issue Mandate by the grant of the New Share Issue Mandate. Pursuant to the Listing Rules, the resolution regarding the New Share Issue Mandate has to be approved by the Shareholders other than the Controlling Shareholders on poll.

LETTER FROM THE BOARD

The SGM will be held on Monday, 14th March, 2005 at Basement 2, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong at 10:00 a.m. The Notice of SGM (as appearing on pages 36 to 39 of this circular) sets out the proposed resolutions for the approval of the Grosvenor Subscription and refreshment of the Current Share Issue Mandate by the grant of the New Share Issue Mandate.

A form of proxy is enclosed for use at the SGM. Whether or not you are able to attend the SGM in person, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's principal office in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time fixed for holding the SGM. Completion and deposit of the form of proxy will not preclude you from attending and voting at the SGM or any adjourned meeting if you so wish.

RECOMMENDATION

The Directors believe that the proposed resolutions as set out in the Notice of SGM are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that (i) the Independent Shareholders vote in favour of the ordinary resolution to be proposed at the SGM to approve the Grosvenor Subscription; and (ii) the Shareholders other than the Controlling Shareholders vote in favour of the ordinary resolution to be proposed at the SGM to approve the refreshment of the Current Share Issue Mandate by the grant of the New Share Issue Mandate.

ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee; (ii) the letter from Platinum; and (iii) the additional information set out in the Appendix I to this circular.

Yours faithfully,
For and on behalf of
ASIA STANDARD INTERNATIONAL GROUP LIMITED
Fung Siu To, Clement
Chairman



ASIA STANDARD INTERNATIONAL GROUP LIMITED

(泛海國際集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 129)

23rd February, 2005

To the Independent Shareholders

Dear Sirs,

We have been appointed as the Independent Board Committee to advise you in connection with the proposed Grosvenor Subscription and refreshment of the Current Share Issue Mandate by the grant of the New Share Issue Mandate, the details of which are set out in the letter from the Board contained in the circular to the Shareholders dated 23rd February 2005 (the “Circular”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Having considered the Grosvenor Subscription, the refreshment of the Current Share Issue Mandate by the grant of the New Share Issue Mandate and the advice of Platinum in relation thereto as set out on pages 13 to 26 of the Circular, we take the view that both the Grosvenor Subscription and the refreshment of the Current Share Issue Mandate by the grant of the New Share Issue Mandate are in the interests of the Company and its Shareholders as a whole and the terms and conditions of the Grosvenor Subscription and the New Share Issue Mandate are fair and reasonable so far as the Independent Shareholders and the Shareholders other than the Controlling Shareholders, respectively, are concerned.

Accordingly, we recommend that the Independent Shareholders and the Shareholders other than the Controlling Shareholders vote in favour of the resolutions to be proposed at the SGM to approve the Grosvenor Subscription and the refreshment of the Current Share Issue Mandate by the grant of the New Share Issue Mandate, respectively.

Yours faithfully,

For and on behalf of the Independent Board Committee

Koon Bok Ming, Alan
*Independent non-executive
Director*

Leung Wai Keung, Richard
*Independent non-executive
Director*

Wong Chi Keung
*Independent non-executive
Director*

* For identification purposes only

LETTER FROM PLATINUM

The following is the text of the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders for the purpose of incorporation into this Circular.



PLATINUM Securities Company Limited

22/F Standard Chartered Bank Building

4 Des Voeux Road, Central

Hong Kong

Telephone (852) 2841 7000

Facsimile (852) 2522 2700

23 February 2005

To the Independent Board Committee and Independent Shareholders

Dear Sirs,

SUBSCRIPTION FOR NEW SHARES AND CONNECTED TRANSACTION AND REFRESHMENT OF GENERAL MANDATE TO ISSUE SHARES

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of: (a) the Grosvenor Subscription; and (b) the refreshment of the Current Share Issue Mandate, details of which are set out in the letter from the Board as set out in the circular dated 23 February 2005 to the Shareholders (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

In our capacity as the independent financial adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion as to whether: (a) the Grosvenor Subscription; and (b) the refreshment of the Current Share Issue Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In formulating our opinion, we have relied on the information and facts supplied and opinion expressed by the Directors and the management of the Company. We have reviewed, among other things: (i) the Grosvenor Subscription Agreement; (ii) the interim report of the Group as at 30 September 2004; (iii) the annual reports and accounts of the Group for the years ended 31 March 2003 and 2004; and (iv) previous announcements of the Company.

We have assumed that all information, facts, opinions and representations contained in the Circular are true, complete and accurate in all material respects and we have relied on the same. The Directors have confirmed that no material facts have been omitted from the information supplied to us. The Directors have confirmed that they take full responsibility for the contents of the Circular.

We have no reason to suspect that such information is inaccurate or that any material facts have been omitted or withheld from the information supplied or opinions expressed in the Circular. In line with normal practice, we have not, however, conducted a verification process of the information supplied to us, nor have we conducted any independent in-depth investigation into the business and affairs of the Company. We consider that we have reviewed sufficient information to enable us to reach an informed view and to provide a reasonable basis for our opinion regarding: (a) the Grosvenor Subscription; and (b) the refreshment of the Current Share Issue Mandate.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion in relation to: (a) the Grosvenor Subscription; and (b) the refreshment of the Current Share Issue Mandate, and giving our independent financial advice to the Independent Board Committee and the Independent Shareholders, we have considered the following principal factors:

PART I — THE GROSVENOR SUBSCRIPTION

A. Reasons for the Grosvenor Subscription

1. *Background of the Grosvenor Subscription*

On 3 February 2005, the Board announced that, on 2 February 2005, Grosvenor, a substantial Shareholder, entered into the Grosvenor Subscription Agreement with the Company pursuant to which Grosvenor shall subscribe for, and the Company shall issue, 145,000,000 new Shares at HK\$0.38 per Grosvenor Subscription Share. The Grosvenor Subscription Agreement is conditional on, inter alia, completion of the Placing and the AO Subscription which were announced by the Company on 3 February 2005. As at the Latest Practicable Date, the Placing and the AO Subscription were completed. As Grosvenor is a substantial Shareholder, the Grosvenor Subscription constitutes a connected transaction for the Company under the Listing Rules, and is subject to approval of the Independent Shareholders at the SGM.

2. *Business of the Company*

The Company is listed on the Stock Exchange and is engaged in the investment and development of commercial, retail and residential properties in Hong Kong and the PRC. Through its listed subsidiary, Asia Standard Hotel Group Limited in which the Company holds approximately 70% shareholding interest, the Group also indirectly owns and operates three hotels, of which two are in Hong Kong and one in Canada, a travel agency in Hong Kong and two franchise restaurants in Hong Kong and Shanghai, PRC.

As at the Latest Practicable Date, AOCL was the major Shareholder, interested in approximately 41.69% of the issued share capital of the Company and Grosvenor was a substantial Shareholder, interested in approximately 12.44% of the issued share capital of the Company.

3. *Reasons for the Grosvenor Subscription*

Alternative financing

We note that the Company received net proceeds of approximately HK\$304,900,000 from the AO Subscription, and the estimated net proceeds of the Grosvenor Subscription are approximately HK\$54,600,000. Out of the aggregate net proceeds of the AO Subscription and the Grosvenor Subscription of approximately HK\$359,500,000, the Company intends to use HK\$50,000,000 for repayment of bank borrowings of the Group and another HK\$50,000,000 as general working capital of the Group and the remaining balance of the net proceeds will be used as payment of land premium for the Group's existing residential property projects in Hong Kong. Assuming there is no issue of the Grosvenor Subscription Shares through the Grosvenor Subscription, the Company has to use its internal financial resources and/or seek other financing alternatives such as bank borrowings, placing of Shares to the public and/or rights issue to finance this HK\$54,600,000 amount. In assessing the various possible alternative financing methods, we note the following:

- (i) based on the 2004 interim report of the Group, the cash and bank balances of the Group as at 30 September 2004 amounted to approximately HK\$139,755,000. The repayments of bank borrowings of the Group and the payment of land premium for the Group's existing residential property projects in Hong Kong in the approximate amount of HK\$54,600,000 will significantly utilise the cash and bank balances of the Group;
- (ii) most of the bank borrowings in Hong Kong are interest bearing at interest rates based upon either the Hong Kong Interbank Offered Rate or the best lending rate as quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time, which fluctuates upon, among other things, various economic and political factors. In addition, the recent and expected hikes in interest rates in the United States of America would likely cause interest rates in Hong Kong to follow. However, the issue of the Grosvenor Subscription Shares is non-interest bearing and, accordingly, not subject to interest rate fluctuation resulted from any economic and political factors; and
- (iii) the issue price of the Shares under other fund raising activities such as rights issue is, in general, set at a less favorable discount to the prevailing market price of the Shares.

In light of the above, we note that the Grosvenor Subscription incurs relatively lower cost than the aforementioned financing alternatives. Therefore, we are of the opinion that the Grosvenor Subscription is a reasonable means of financing for the Company.

Grosvenor Subscription

As advised by the Directors, Grosvenor is a substantial Shareholder of the Company starting from August 1999. It is our understanding that Grosvenor is a strategic investor of the Company and it is the intention of the Company and Grosvenor that Grosvenor maintains its shareholding in the Company as its long-term investment strategy. Based on the shareholding interests disclosed on the website of the Stock Exchange, Grosvenor's shareholding interests in the Company has been maintained at approximately 15% of the issued share capital of the Company since 1999. Due to the dilution effect on the shareholding of Grosvenor in the Company as a result of the Placing and the AO Subscription, it is Grosvenor's intention to maintain its shareholding back at approximately 15% through the Grosvenor Subscription. Furthermore, as stated in the 2004 interim and 2004 annual reports of the Group, Grosvenor is also a partner of the Company in several joint ventures such as the residential property development project at Grosvenor Place in Repulse Bay and a residential property development project in Ting Kau, Castle Peak Road. Furthermore, the Company has set up a representative office jointly with Grosvenor in Shanghai, PRC to participate in the PRC property development market. Therefore, we concur with the view of the Directors that the Grosvenor Subscription signifies Grosvenor's continuous support to the Company.

As stated in the letter from the Board, with the net proceeds raised from the Grosvenor Subscription and the AO Subscription, the Company intends to use the net proceeds for payment of land premium of the existing residential property development projects in Hong Kong, repayment of bank borrowings and as the Group's general working capital. Based on the 2004 interim report of the Group as at 30 September 2004, we note that the level of the Group's borrowings amounted to approximately HK\$2,754,562,000, including short-term borrowings of approximately HK\$155,359,000, which will fall due within one year. The Group's cash and bank balances as at 30 September 2004 amounted to approximately HK\$139,755,000. Therefore, we concur with the Directors that the Company may need additional financial resources for payment of land premium of the existing residential property development projects in Hong Kong, repayment of bank borrowings and as the Group's general working capital.

In view of the above, in particular:

- (i) the possible benefits of the Grosvenor Subscription over other financing alternatives;
- (ii) Grosvenor having been a strategic investor of the Company since 1999;
- (iii) the Grosvenor Subscription being a reasonable means to enrich the Company's financial resources for further business development and to provide an opportunity for the Company to reduce its level of indebtedness and enhance its financial position,

we are of the opinion that the Grosvenor Subscription is in the interests of the Company and its Shareholders as a whole.

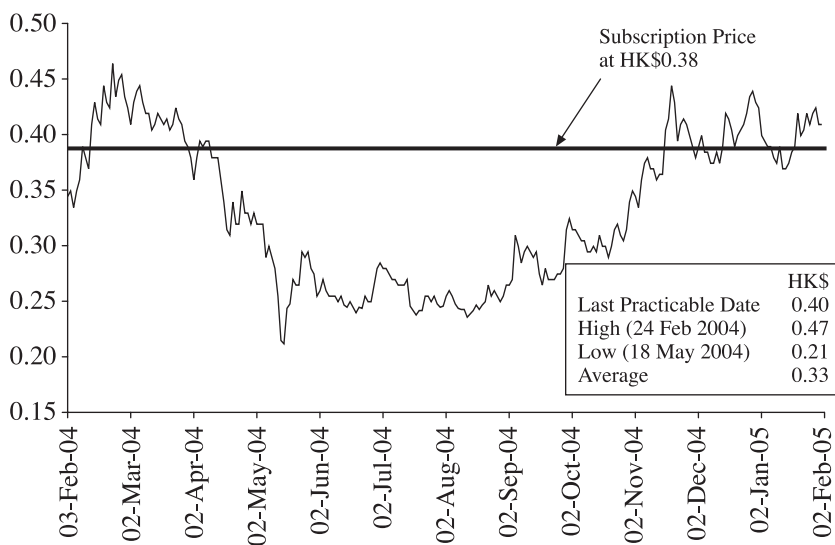
B. Basis of the consideration of the Grosvenor Subscription

Under the Grosvenor Subscription Agreement, the Grosvenor Subscription Shares will be allotted at a subscription price of HK\$0.38 per Share (the “Subscription Price”). As stated in the letter from the Board, the Subscription Price is the same as the placing price and the subscription price under the Placing and the AO Subscription respectively. It is our understanding from the Directors that the Subscription Price was determined between Grosvenor and the Company with reference to the placing price and the subscription price under the Placing and the AO Subscription respectively. The Subscription Price of HK\$0.38 per Share represents a discount of approximately 7.32% to HK\$0.41, the closing price of the Shares on 2 February 2005 (the “Closing Price”), being the last trading day prior to the release of the announcement of the Company dated 3 February 2005 regarding the Placing, the AO Subscription and the Grosvenor Subscription.

1. *Comparison to historical daily closing price of the Shares*

We have reviewed the share price performance of the Company for the one-year period from 3 February 2004 up to and including 2 February 2005 (the “Review Period”). The daily closing price of the Shares during the Review Period is illustrated in Chart 1 below:

Chart 1: Daily closing price per Share during the Review Period



Source: Bloomberg

As illustrated in Chart 1 above, the daily closing price per Share during the Review Period ranged from approximately HK\$0.21 to approximately HK\$0.47, with an average daily closing price per Share for the Review Period of approximately HK\$0.33. The price movement of the Shares has generally been on an upward trend since mid-May 2004. Except for selected days during the Review Period, the Subscription Price is at a premium to the daily closing price of the Shares during most of days within the Review Period.

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The premium or discount of the Subscription Price to the average daily closing price of the Shares for different periods of comparison during the Review Period is set out in Table 1 below:

Table 1: Premium/(Discount) of the Subscription Price to the average daily closing price per Share for different periods of comparison

Date/Period	Average daily closing price per Share during the period	Premium/(Discount) of the Subscription Price to the average daily closing price per Share during the period
As at 2 February 2005	0.41	(7.32%)
5 days up to and including 2 February 2005	0.42	(9.52%)
10 days up to and including 2 February 2005	0.41	(7.32%)
1 month up to and including 2 February 2005	0.40	(5.00%)
3 months up to and including 2 February 2005	0.39	(2.56%)
6 months up to and including 2 February 2005	0.34	11.76%
1 year up to and including 2 February 2005	0.33	15.15%
As at the Latest Practicable Date	0.40	(5.00%)

Source: Bloomberg

As shown in Table 1 above, the Subscription Price is at a discount of approximately 7.32%, 9.52%, 7.32%, 5.00%, and 2.56% respectively against the Closing Price and the average daily closing price of the Shares for the 5-day, 10-day, 1-month and 3-month period up to and including 2 February 2005 respectively. However, we note that the Subscription Price is at a premium of approximately 11.76% and approximately 15.15% against the average daily closing price of the Shares for the 6-month and 1-year period up to and including 2 February 2005 respectively. Our assessment of these premiums/discounts is detailed in the following section.

2. *Comparison to placing prices of Recent Transactions*

In assessing the Subscription Price's premiums/discounts to the respective average closing price of the Shares during the Review Period, we have reviewed other recent placing transactions (the "Recent Transactions") of companies listed on the Stock Exchange during the period from November 2004 to February 2005. For the purpose of selecting the Recent Transaction for comparison purposes with the terms of the Grosvenor Subscription to reflect a current indicative market range, we have identified the recent corporate placing transactions of companies listed on the Stock Exchange principally engaged in property investment in Hong Kong (the "Comparable Companies"). Table 2 in the next page summarises the key evaluation parameters.

Table 2: The Grosvenor Subscription in comparison to the Recent Transactions

Agreement date	Company	Placing/ Subscription price	Premium / (Discount) to the average closing price for						
			the agreement date	the 5-day period	the 10-day period	the 1-month period	the 3-month period	the 6-month period	the 1-year period
1-Feb-05	G-Prop (Holdings) Limited	HK\$0.255	(16.4%)	(17.5%)	(19.6%)	(23.3%)	(16.8%)	6.0%	2.2%
27-Jan-05	Beijing Capital Land Limited	HK\$2.16	(9.1%)	(6.9%)	(3.9%)	(3.1%)	3.9%	9.4%	4.6%
24-Jan-05	Chi Cheung Investment Company Limited	HK\$0.95	(12.8%)	(10.4%)	(9.7%)	(10.6%)	(5.7%)	2.4%	(2.2%)
10-Jan-05	Soundwill Holdings Limited	HK\$2.70	(9.2%)	(10.2%)	0.6%	8.2%	25.4%	48.3%	46.9%
29-Nov-04	Hang Lung Properties Limited	HK\$12.00	(6.3%)	(5.3%)	(3.8%)	(0.6%)	2.0%	7.8%	9.2%
	Average		(10.8%)	(10.1%)	(7.3%)	(5.9%)	1.8%	14.8%	12.1%
3-Feb-05	The Company	HK\$0.38	(7.3%)	(9.5%)	(7.3%)	(5.0%)	(2.6%)	11.8%	15.2%

Source: Bloomberg and the respective announcements and circulars of the companies

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The premiums/discounts of the Subscription Price against the average daily closing price of the Shares for the respective evaluation periods in comparison to the Recent Transactions as shown in Table 2 above are summarised in Table 3 below:

Table 3: Premiums/Discounts of the Subscription Price in comparison to the Recent Transactions

Premium/(Discount) of the placing/subscription price to the average closing price for	The Grosvenor Subscription	The Recent Transactions
the agreement date	(7.3%)	(10.8%)
the 5-day period up to and including the agreement date	(9.5%)	(10.1%)
the 10-day period up to and including the agreement date	(7.3%)	(7.3%)
the 1-month period up to and including the agreement date	(5.0%)	(5.9%)
the 3-month period up to and including the agreement date	(2.6%)	1.8%
the 6-month period up to and including the agreement date	11.8%	14.8%
the 1-year period up to and including the agreement date	15.2%	12.1%

As shown in Table 3 above, the various premium/discount of the Subscription Price in a particular evaluation period is generally in line with the premium/discount of the placing/subscription price of the Recent Transaction in the same evaluation period. In light of the above and, in particular, the Subscription Price being the same as the placing price and the subscription price under the Placing and the AO Subscription respectively, we are of the opinion that the Subscription Price is fair and reasonable.

C. Financial impact of the Grosvenor Subscription

1. *Effect on working capital and gearing level*

The estimated net proceeds of the Grosvenor Subscription are approximately HK\$54,600,000, the receipt of which will improve the Group's working capital. As stated in the 2004 interim report of the Group, as at 30 September 2004, the gearing ratio of the Group was approximately 59%. Upon completion of the AO Subscription, the gearing ratio will be decreased to approximately 49%. Upon completion of the Grosvenor Subscription, the gearing ratio of the Group will further decrease from approximately 49% to approximately 47%. The gearing ratio is calculated by expressing the net external borrowings of the Group as a ratio of its shareholders' funds and minority interests.

In light of the improvement in the working capital and the gearing level of the Group due to the Grosvenor Subscription, we are of the opinion that the Grosvenor Subscription is in the interests of the Company and the Shareholders as a whole.

2. *Dilution of shareholding*

Completion of the Grosvenor Subscription will result in a dilution to the shareholding in the Company and the Independent Shareholders (including the placees under the Placing and the other public Shareholders) of approximately 1.30% from approximately 45.78% to approximately 44.48%. We are of the view that this marginal dilution effect due to the Grosvenor Subscription is not material and is acceptable to the Independent Shareholders.

In view of the fact that the shareholding dilution is not material and the Grosvenor Subscription has a positive effect on the Group's working capital and gearing level, we are of the opinion that the Grosvenor Subscription is fair and reasonable.

D. Other material terms of the Grosvenor Subscription

The Grosvenor Subscription is conditional on the following conditions having been fulfilled on or before 31 March 2005:

- (i) the Grosvenor Subscription having been approved by the Independent Shareholders at the SGM;
- (ii) completion of the Placing and the AO Subscription; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Grosvenor Subscription Shares.

The Grosvenor Subscription Agreement is expected to be completed within three Business Days of the fulfilment of all the above conditions. As at the Latest Practicable Date, the Placing and the AO Subscription were completed.

The Company has made an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Grosvenor Subscription Shares.

RECOMMENDATION

Having taken into consideration the above principal factors and reasons, in particular:

- (i) the background of and reasons for the Grosvenor Subscription;
- (ii) Grosvenor having been a strategic investor of the Company since 1999;
- (iii) the historical movement of the price of the Shares during the Review Period;
- (iv) the premiums/discounts reflected by the Subscription Price to the price of the Shares as compared to the Recent Transactions;

- (v) the improvement of the working capital and gearing level of the Group due to the Grosvenor Subscription; and
- (vi) the acceptable potential marginal dilution to the shareholdings of the Independent Shareholders in the Company due to the Grosvenor Subscription,

we are of the view that the Grosvenor Subscription is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the resolution approving the Grosvenor Subscription at the SGM.

PART II — THE REFRESHMENT OF THE CURRENT SHARE ISSUE MANDATE

A. Background

The Current Share Issue Mandate granted to the Directors at the AGM to allot, issue and deal with a maximum of 821,849,998 new Shares pursuant to the resolution passed at the AGM, being 20% of the total amount of issued share capital of the Company as at 27 August 2004, has been substantially utilised by the issue of 820,000,000 new Shares for the AO Subscription. Accordingly, the Directors propose to seek the approval of the Shareholders other than the Controlling Shareholders by a resolution at the SGM for refreshment of the Current Share Issue Mandate by the grant of the New Share Issue Mandate to the Directors to exercise the powers of the Company to allot and issue securities not exceeding 20% of the issued share capital of the Company at the date of the SGM, being a maximum of 986,199,998 new Shares, assuming that no Shares will be repurchased and that no new Shares will be issued from the Latest Practicable Date to the date of the SGM (both dates inclusive).

B. Usage of the Current Share Issue Mandate since last AGM

The Current Share Issue Mandate was granted at the Company's AGM on 27 August 2004 and subsequently exercised on 2 February 2005 to issue 820,000,000 new Shares due to the AO Subscription. The aggregate net proceeds from the AO Subscription and the Grosvenor Subscription are approximately HK\$359,500,000, of which approximately HK\$50,000,000 will be used for repayment of bank borrowings and another HK\$50,000,000 as general working capital of the Group and the remaining balance of the net proceeds will be used as payment of land premium for the Group's existing residential property projects in Hong Kong.

There was no refreshment of the Current Share Issue Mandate between the AGM and the Latest Practicable Date. Furthermore, we note that the Current Share Issue Mandate has only been utilised once since the AGM for the AO Subscription.

C. Financial flexibility

As stated in the 2004 annual report, the Company is in the stage of business expansion, which is crucial to the future development of the Group. Consequently, further funding resources may be required by the Group for its future business expansion and/or as general working capital. The Directors confirmed that, it is not the current intention of the Directors to use the New Share Issue Mandate to fund its future business expansion and/or as general working capital. As most of the Current Share Issue Mandate granted to the Directors at the AGM has been utilised, it has limited the flexibility and the capability of the Directors to raise further equity funding in case of need in the near future. Given that there is still a relatively long time period before the holding of the next annual general meeting of the Company (which is expected to be in around August 2005) to approve, *inter alia*, the New Share Issue Mandate, we consider that the proposal of the Directors to seek the approval of the Shareholders other than the Controlling Shareholders at the SGM for the grant of the New Share Issue Mandate to issue further securities not exceeding 20% of the issued share capital of the Company as at the date of passing the relevant resolutions at the SGM is in the interests of the Company and the Shareholders as a whole.

D. Other financing alternatives

Other than raising funds by way of issuing equity capital, the Directors will consider other financing methods such as debt financing and funding through internal resources in order to meet its financing requirements arising from future development of the Group, depending on the then market condition. As advised by the Directors in the Circular, it is in the interests of the Company and its Shareholders as a whole if the Current Share Issue Mandate is refreshed by the grant of the New Share Issue Mandate at the SGM, as it can provide the Directors with the power to issue new securities under the limit granted pursuant to the New Share Issue Mandate speedily as and when necessary, and without seeking further Shareholders' approval. This could, for example, arise in the context of a transaction, such as an acquisition by the Group where securities are to be issued as consideration, which has to be completed speedily. Save for the Grosvenor Subscription, the Directors currently have no intention or plan for raising capital by issuing new securities. In the event there is any such issue, the Company will comply with the relevant requirements of the Listing Rules. We consider that it is a sensible consideration to make reference to the then financial position of the Group in order to decide on a financing method for the future development of the Group.

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E. Potential dilution to shareholding of the Independent Shareholders

We set out below a table depicting: (i) the shareholding structures of the Company at the Latest Practicable Date; (ii) shareholding upon completion of the Grosvenor Subscription; and (iii) for illustrative purpose, the respective shareholding structures of the Company upon full utilisation of the New Share Issue Mandate (assuming the refreshment of the Current Share Issue Mandate will be approved at the SGM and all the new Shares under the New Share Issue Mandate are allotted to the public Shareholders) with and without the Grosvenor Subscription:

	Shareholding at the Latest Practicable Date	Shareholding immediately after completion of the Grosvenor Subscription	Shareholding upon full utilisation of the New Share Issue Mandate with the Grosvenor Subscription	Shareholding upon full utilisation of the New Share Issue Mandate without the Grosvenor Subscription
<i>No. of Shares (approximate % of total)</i>				
AOCL and its wholly-owned subsidiaries	2,055,469,712 (41.6846%)	2,055,469,712 (40.4939%)	2,055,469,712 (33.9063%)	2,055,469,712 (34.7372%)
Grosvenor	613,530,000 (12.4423%)	758,530,000 (14.9435%)	758,530,000 (12.5125%)	613,530,000 (10.3686%)
Mr. Poon Jing (Managing Director of the Company)	4,445,650 (0.0902%)	4,445,650 (0.0875%)	4,445,650 (0.0733%)	4,445,650 (0.0751%)
Shares issued under the New Share Issue Mandate	—	—	986,199,998 (16.2680%)	986,199,998 (16.6667%)
Other public Shareholders	2,257,554,628 (45.7829%)	2,257,554,628 (44.4751%)	2,257,554,628 (37.2399%)	2,257,554,628 (38.1524%)
Total	4,930,999,990 (100%)	5,075,999,990 (100%)	6,062,199,988 (100%)	5,917,199,988 (100%)

(i) If the Grosvenor Subscription is approved at the SGM

For illustrative purpose, it is assumed that: (i) the Grosvenor Subscription will be approved at the SGM; (ii) the New Share Issue Mandate will be approved at the SGM; (iii) the New Share Issue Mandate is fully utilised and 986,199,998 new Shares will be issued, representing 20% of the issued share capital of the Company at the date of the SGM and approximately 16.27% of the enlarged issued share capital (increased by the New Share Issue Mandate) of the Company respectively; and (iv) no Shares will be repurchased and that no new Shares will be issued from the Latest Practicable Date to the date of the SGM (both dates inclusive). The aggregate shareholding of the existing public Shareholders will decrease from approximately 44.48% to approximately 37.24% upon full utilisation of the New Share Issue Mandate. There will be a potential maximum dilution of approximately 7.24% with full utilisation of the New Share Issue Mandate.

(ii) If the Grosvenor Subscription is not approved at the SGM

For illustrative purpose, it is assumed that: (i) the Grosvenor Subscription will not be approved at the SGM; (ii) the New Share Issue Mandate will be approved at the SGM; (iii) the New Share Issue Mandate is fully utilised and 986,199,998 new Shares will be issued, representing 20% of the issued share capital of the Company at the date of the SGM and approximately 16.67% of the enlarged issued share capital (increased by the New Share Issue Mandate) of the Company respectively; and (iv) no Shares will be repurchased and that no new Shares will be issued from the Latest Practicable Date to the date of the SGM (both dates inclusive). The aggregate shareholding of the existing public Shareholders will decrease from approximately 45.78% to approximately 38.15% upon full utilisation of the New Share Issue Mandate. There will be a potential maximum dilution of approximately 7.63% with full utilisation of the New Share Issue Mandate.

Taking into account that the New Share Issue Mandate will increase the amount of capital which may be raised under the New Share Issue Mandate and will provide more options of financing to the Group for further development of its business as well as for other potential future acquisitions as and when such opportunities arise and the fact that the shareholding of all the Shareholders will be diluted to the same extent upon any utilisation of the New Share Issue Mandate, we consider such dilution or potential dilution to the shareholding of the Shareholders in the Company is acceptable.

Shareholders should note that, in compliance with Rule 13.36(3) of the Listing Rules, the Current Share Issue Mandate will be revoked upon approval at the SGM of the New Share Issue Mandate which will continue to be in force until the earliest of: (i) the conclusion of the Company's next annual general meeting; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Company's Bye-Laws or any applicable law to be held; and (iii) the revocation or variation of the authority given under the relevant resolution to be proposed at the SGM by an ordinary resolution of the Shareholders in general meeting.

F. Terms of the New Share Issue Mandate

Pursuant to the Listing Rules, the Company will be required to seek prior consent of the Shareholders for any allotment, issue or grant of Shares or securities convertible into Shares or other rights to subscribe for Shares or such convertible securities, unless such allotment, issue or grant falls under the circumstances provided under Rule 13.36(2) of the Listing Rules, including certain rights issue and open offer (subject to other Listing Rules requirements on the offering size and structure). Pursuant to Rule 13.36(2)(b) of the Listing Rules, an ordinary resolution will be proposed at the SGM to obtain approval from the Shareholders other than the Controlling Shareholders to refresh the Current Share Issue Mandate so that the Directors will be entitled to exercise the powers of the Company to allot and issue Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the SGM. The approval of the refreshment of the Current Share Issue Mandate by the Shareholders other than the Controlling Shareholders is unconditional.

RECOMMENDATION

Having taken into consideration the above principal factors and reasons, in particular:

- (i) the background of and reasons for the New Share Issue Mandate;
- (ii) the enhancement in the financial flexibility to the Group due to the New Share Issue Mandate;
- (iii) the New Share Issue Mandate compared to other financing alternatives; and
- (iv) the acceptable potential dilution to the shareholdings of the Independent Shareholders in the Company as a result of the New Share Issue Mandate,

we are of the view that the New Share Issue Mandate is fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend to the Shareholders other than the Controlling Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the New Share Issue Mandate.

Yours faithfully,
For and on behalf of
Platinum Securities Company Limited
Liu Chee Ming
Managing Director

Yours faithfully,
For and on behalf of
Platinum Securities Company Limited
Alvin Lai
Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

All Directors jointly and severally accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

Since 31st March, 2004 (the date to which the latest audited accounts of the Company was made up) and up to the Latest Practicable Date, there has been no change to the authorized share capital of the Company, which remained to be HK\$4,000,000,000 divided into 400,000,000,000 Shares of HK\$0.01 each. Changes to the issued share capital of the Company during the same period are summarized as follows:

Date	Number of Shares in issue
31st March, 2004	4,109,249,990 Shares
Exercise of share options on 30th December, 2004	4,110,999,990 Shares
Completion of the AO Subscription on 16th February, 2005	4,930,999,990 Shares
As at the Latest Practicable Date	4,930,999,990 Shares

3. DISCLOSURE OF DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or pursuant to Section 352 of the SFO, to be entered into the register referred

to therein, or pursuant to the Model Code for Securities Transactions by the Directors of Listed Companies, was as follows:

Long position in shares

(a) The Company

Director	Personal Interest	Number of Shares held		Total	Percentage of Shares in issue (%)
		Corporate interest			
Poon Jing	4,445,650	2,055,469,712	2,059,915,362		41.77
			(Note)		

Note: By virtue of his controlling interest (35.59%) in Asia Orient, Mr. Poon Jing is deemed to be interested in the Shares held by the subsidiaries of Asia Orient as disclosed under the heading “Substantial Shareholders” below.

(b) Subsidiaries

Director	Subsidiary	Number of shares held		Total	Percentage of shares in issue (%)
		Personal interest	Corporate interest		
Poon Jing	Asia Standard Hotel Group Limited	248,937	3,699,148,774	3,699,397,711	73.22
Poon Jing and Fung Siu To, Clement	Centop Investment Limited	—	20	20	20
Fung Siu To, Clement	Mark Honour Limited	9	—	9	9

In addition, by virtue of his interest in the Company through Asia Orient, Mr. Poon Jing is deemed to be interested in the shares of all the Company’s subsidiaries.

(c) Asia Orient

Director	Number of Shares held			Total	Percentage of shares in issue (%)
	Personal interest	Corporate interest	Family interest		
Poon Jing	31,714,396	38,011,695	1,396,520	71,122,611	35.59
Fung Siu To, Clement	3,949,400	—	—	3,949,400	1.98

Long positions in underlying shares

Interests in share options

Asia Orient

On 12th February, 2004, options to subscribe for 1,718,000 shares of Asia Orient were granted to each of Messrs. Fung Siu To, Clement, Lim Yin Cheng, Lun Pui Kan and Kwan Po Lam, Phileas at an exercise price of HK\$3.3 per share. These options are exercisable from 12th February, 2004 to 11th February, 2014. Each of Messrs. Fung Siu To, Clement, Lim Yin Cheng, Lun Pui Kan and Kwan Po Lam, Phileas had options to subscribe for 1,718,000 shares of Asia Orient at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives (including their spouse and children under 18 years of age) of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules.

As at the Latest Practicable Date, none of the Directors:

- (a) had any direct or indirect interests in any assets which have since 31st March, 2004 (being the date to which the latest published audited accounts of the Group were made up) been acquired or disposed of by or leased to any members of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group; or
- (b) was materially interested in any contracts or arrangements entered into by any members of the Group subsisting at the date of this circular which is significant in relation to the business of the Group.

4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors or chief executives of the Company, the following parties had an interest or short position in Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Long position in Shares

Name	Number of Shares	Percentage
Asia Orient (<i>Note 1</i>)	2,055,469,712	41.68
Asia Orient Holdings (BVI) Limited (“Asia Orient BVI”) (<i>Note 1</i>)	2,055,469,712	41.68
AOCL (<i>Note 1 and 3</i>)	2,055,469,712	41.68
Impetus Holdings Limited (“Impetus”) (<i>Note 2</i>)	1,092,862,918	22.16
Kingfisher Inc. and Lipton Investment Limited (“Kingfisher and Lipton”) (<i>Note 4</i>)	975,708,512	19.79
Grosvenor (<i>Note 5</i>)	613,530,000	12.44
Grosvenor International S.A. (<i>Note 5</i>)	613,530,000	12.44
Grosvenor Continental Europe Holdings Limited (<i>Note 5</i>)	613,530,000	12.44
Grosvenor Overseas Holdings Limited (<i>Note 5</i>)	613,530,000	12.44
Grosvenor Estate Holdings (<i>Note 5</i>)	613,530,000	12.44
Grosvenor Group Limited (<i>Note 5</i>)	613,530,000	12.44
Jeremy Henry Moore Newsum (<i>Note 5</i>)	613,530,000	12.44
Robin Shedden Broadhurst (<i>Note 5</i>)	613,530,000	12.44
Mark Antony Loveday (<i>Note 5</i>)	613,530,000	12.44
Gillian Lucy Newsum (<i>Note 5</i>)	613,530,000	12.44
Penelope Alison Broadhurst (<i>Note 5</i>)	613,530,000	12.44
Mary Elizabeth Loveday (<i>Note 5</i>)	613,530,000	12.44

Long position in underlying Shares

Convertible bonds

Substantial Shareholder	Underlying Shares of the HK\$290,000,000 convertible bond
Grosvenor Limited (<i>Note 5</i>)	659,090,909
Grosvenor (<i>Note 5</i>)	659,090,909
Grosvenor International S.A. (<i>Note 5</i>)	659,090,909
Grosvenor Continental Europe Holdings Limited (<i>Note 5</i>)	659,090,909
Grosvenor Overseas Holdings Limited (<i>Note 5</i>)	659,090,909
Grosvenor Estate Holdings (<i>Note 5</i>)	659,090,909
Grosvenor Group Limited (<i>Note 5</i>)	659,090,909
Jeremy Henry Moore Newsum (<i>Note 5</i>)	659,090,909
Robin Shedden Broadhurst (<i>Note 5</i>)	659,090,909
Mark Antony Loveday (<i>Note 5</i>)	659,090,909
Gillian Lucy Newsum (<i>Note 5</i>)	659,090,909
Penelope Alison Broadhurst (<i>Note 5</i>)	659,090,909
Mary Elizabeth Loveday (<i>Note 5</i>)	659,090,909

The convertible bonds can be converted into Shares at a conversion price of HK\$0.45 per Share at any time between 7th January, 2002 to 7th January, 2007. Up to the Latest Practicable Date, none of the convertible bonds has been converted. As announced by the Company on 16th February, 2005, the conversion price of the convertible bonds is adjusted from HK\$0.45 per Share to HK\$0.44 per Share.

Notes:

1. AOCL is a wholly-owned subsidiary of Asia Orient BVI which in turn is a wholly-owned subsidiary of Asia Orient. Accordingly, Asia Orient is deemed to be interested in and duplicates the interest in 2,055,469,712 Shares held by AOCL and Asia Orient BVI.
2. Impetus is a wholly-owned subsidiary of AOCL. The interests of Impetus are deemed to be, and have therefore been included in, the interest of AOCL.
3. The interests of AOCL and its subsidiaries duplicate the interests of Mr. Poon Jing disclosed under the heading “Disclosure of Directors’ Interests” above which he is deemed to have by virtue of his controlling interest (35.59%) in Asia Orient.
4. Both Kingfisher and Lipton are wholly-owned subsidiaries of Impetus and jointly hold 975,708,512 Shares. The joint interests of Kingfisher and Lipton are deemed to be, and have therefore been included in, the interests of Impetus.
5. Grosvenor Limited is a wholly owned subsidiary of Grosvenor which is a wholly owned subsidiary of Grosvenor International S.A. Grosvenor International S.A. is a company listed in Luxembourg and is majority owned

(64.04%) by Grosvenor Continental Europe Holdings Limited which is a wholly owned subsidiary of Grosvenor Overseas Holdings Limited. Grosvenor Overseas Holdings Limited is a wholly owned subsidiary of Grosvenor Estate Holdings, which in turn is wholly owned by Grosvenor Group Limited. Grosvenor Group Limited is controlled (43.56%) by The Fourth Duke of Westminster's 1964 Settlement Trust.

Grosvenor owned 613,530,000 Shares. Each of Grosvenor International S.A., Grosvenor Continental Europe Holdings Limited, Grosvenor Overseas Holdings Limited, Grosvenor Estate Holdings and Grosvenor Group Limited is deemed to be interested in and duplicate the interest in the 613,530,000 Shares held by Grosvenor. Grosvenor Limited owned HK\$290,000,000 Convertible Bonds convertible into 659,090,909 Shares. Each of Grosvenor, Grosvenor International S.A., Grosvenor Continental Europe Holdings Limited, Grosvenor Overseas Holdings Limited, Grosvenor Estate Holdings and Grosvenor Group Limited is deemed to be interested in and duplicate the interest in the underlying 659,090,909 Shares under the Convertible Bonds.

Jeremy Henry Moore Newsum, Robin Shedden Broadhurst and Mark Antony Loveday are the trustees of The Fourth Duke of Westminster's 1964 Settlement Trust. Each of Jeremy Henry Moore Newsum, Robin Shedden Broadhurst, Mark Antony Loveday are deemed to be interested and duplicate the interest in 613,530,000 Shares and the underlying 659,090,909 Shares under the Convertible Bonds. Gillian Lucy Newsum, Penelope Alison Broadhurst and Mary Elizabeth Loveday are spouse of Jeremy Henry Moore Newsum, Robin Shedden Broadhurst and Mark Antony Loveday respectively. Each of Gillian Lucy Newsum, Penelope Alison Broadhurst and Mary Elizabeth Loveday is deemed to have family interest and duplicate the interest in 613,530,000 Shares and the underlying 659,090,909 Shares under the Convertible Bonds.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other persons who had interests or short positions in the Shares or underlying Shares which are required to be recorded in the register required to be kept under section 336 of the SFO.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Directors confirm that they and their associates have no interests in any business which competes or is likely to compete, either directly or indirectly, with the Group's business.

6. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to the Bye-Laws, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (a) by the Chairman of the meeting; or
- (b) by at least three Shareholders present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or

- (d) by any Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy holding Shares conferring a right to vote at the meeting, being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

If a poll is demanded, it shall (subject to any poll duly demanded on the election of a Chairman of a meeting, or on any question of adjournment, which shall be taken at the meeting and without adjournment) be taken in such manner and at such time and place, not being more than 30 days from the date of the meeting or adjourned meeting at which the poll was demanded, as the Chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn, with the consent of the Chairman, at any time before the close of the meeting or the taking of the poll, whichever is the earlier.

7. MATERIAL CONTRACTS

No contracts, not being contracts in the ordinary course of business, have been entered into by members of the Group, within the two years preceding the date of this circular which are or may be material.

8. LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

9. MATERIAL ADVERSE CHANGE

There has been no material adverse change in the financial or trading position of the Group since 31st March, 2004, the date to which the latest published audited accounts of the Company have been made up.

10. QUALIFICATION OF THE EXPERT

The following is the qualification of the expert who has been named in this circular or has given an opinion or advice which is contained in this circular:

Name	Qualification
Platinum Securities Company Limited	a licensed corporation under the SFO to carry out types 1, 4, 6 and 9 regulated activities

Platinum has given and has not withdrawn its written consent to the issue of the circular with the inclusion herein of its letter or references to its name in the form and context in which they respectively appear.

Platinum has no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, except for (a) 900 shares of Asia Orient which were held by an employee of Platinum Broking Company Limited, a subsidiary of Platinum, the stock broking arm of the Platinum group of companies (the “Platinum Group”) and (b) 1,097,160 shares of Asia Orient (of which 80,250 shares have been pledged to Springhill Asset Holdings Limited, a subsidiary of Platinum Broking Company Limited) which were held by the Platinum Group for and on behalf of clients not connected to the Platinum Group, Platinum was not interested beneficially or otherwise in any shares of the Company or any of its subsidiaries or associated corporations and did not have any right, whether legally enforceable or not, or option to subscribe for or to nominate persons to subscribe for any shares in the Company or any of its subsidiaries or associated corporations, nor did it have any interest, either direct or indirect, in any assets which have been, since 31st March, 2004, the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

11. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

12. GENERAL

- (a) The secretary of the Company is Ms. Chiu Yuk Ching, *ACIS*.
- (b) The qualified accountant of the Company is Lun Pui Kan, *ACCA*.
- (c) The principal share registrars and transfer office of the Company is Butterfield Fund Services (Bermuda) Limited of Rosebank Centre, 11 Bermudiana Road, Pembroke, Bermuda and the branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The business address of the Directors is at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.
- (e) The English text of this circular prevails over the Chinese text.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal office of the Company in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong up to and including 14th March, 2005.

- (a) the Company's memorandum of association and Bye-Laws;
- (b) the Grosvenor Subscription Agreement;
- (c) the letter from Platinum as set out in this circular;
- (d) the letter of consent referred to under the section headed "Qualification of the Expert" in this appendix; and
- (e) the annual report of the Company for each of the two years ended 31st March, 2003 and 31st March, 2004.



ASIA STANDARD INTERNATIONAL GROUP LIMITED

(泛海國際集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 129)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting of the shareholders of Asia Standard International Group Limited (the “Company”) will be held at Basement 2, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong on Monday, 14th March, 2005 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as Ordinary Resolutions of the Company:

ORDINARY RESOLUTIONS

1. **“THAT** conditional upon (a) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval for the listing of, and permission to deal in, the Grosvenor Subscription Shares (as defined below); (b) the completion of the placing of 820,000,000 existing Shares (as defined below) by Asia Orient Company Limited and its wholly owned subsidiaries (together the “Vendors”) under the placing and underwriting agreement entered into by the Company, CLSA Limited and the Vendors dated 2nd February, 2005; and (c) the completion of the subscription for 820,000,000 new Shares by the Vendors under a subscription agreement entered into between the Company and Asia Orient Company Limited dated 2nd February, 2005 on or before 31st March, 2005,
 - (a) the subscription for by Grosvenor Asset Management Limited (“Grosvenor”), and the issue by the Company to Grosvenor of, 145,000,000 new Shares (the “Grosvenor Subscription Shares”) pursuant to and in accordance with the terms and conditions of a subscription agreement dated 2nd February, 2005 between Grosvenor and the Company (the “Grosvenor Subscription Agreement”) be and is hereby approved and the directors of the Company (the “Directors”) be and are hereby authorized to allot and issue the Grosvenor Subscription Shares pursuant to or in connection with the Grosvenor Subscription Agreement; and
 - (b) the Directors be and are hereby authorized to do all such acts and things and sign all such documents as they consider necessary or expedient in connection with the Grosvenor Subscription Agreement.”

* For identification purposes only

2. “THAT

- (a) the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with securities of the Company as approved by the shareholders of the Company at the annual general meeting of the Company held on 27th August, 2004 be and is hereby revoked (without prejudice to the valid exercise of such general mandate, if any, prior to the passing of this resolution);
- (b) subject to paragraph (d), the Directors be and are generally and unconditionally authorised to exercise during the Relevant Period (as defined in paragraph (e)) all the powers of the Company to allot, issue or otherwise deal with shares of HK\$0.01 each in the capital of the Company (“Shares”) and securities convertible into Shares or warrants or similar rights to subscribe for Shares and to make or grant offers, agreements and options which might require the exercise of such powers;
- (c) the approval in paragraph (b) shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (d) the aggregate nominal amount of share capital allotted or agreed conditionally, or unconditionally, to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraphs (b) and (c), otherwise than pursuant to:
 - (i) a Rights Issue (as defined in paragraph (e));
 - (ii) the exercise of rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of subscription or conversion right under the terms of any warrants of the Company or any option granted under any share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of options to subscribe for or rights to acquire Shares; and
 - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Bye-Laws of the Company;

shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of this Resolution and the said approval shall be limited accordingly;

NOTICE OF SGM

(e) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-Laws of the Company or any applicable laws to be held; or
- (iii) the revocation or variation of the authority given under this Resolution by way of ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the board of Directors of the Company made to holders of Shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the board of Directors of the Company may deem necessary or expedient in relation of fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, or in any territory outside, Hong Kong).”

By Order of the Board
Chiu Yuk Ching
Secretary

Hong Kong, 23rd February, 2005

Registered Office:
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Office in Hong Kong:
30th Floor
Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

NOTICE OF SGM

Notes:

1. Every member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. A form of proxy for use at the above meeting is enclosed herewith.
3. Where there are joint holders of any Shares, any one of such persons may vote at the meeting, personally or by proxy or by a duly authorized corporate representative (as defined in the Bye-Laws of the Company), in respect of such Shares as if he was solely entitled thereto, provided that if more than one of such joint holders be present at the meeting personally or by proxy or by a duly authorized corporate representative, the person whose name stands first on the register of members in respect of such Shares shall alone be entitled to vote in respect thereof.
4. To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's principal office in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting (or any adjournment thereof).
5. Members are recommended to read the circular of the Company containing information concerning the Resolutions proposed in this notice.

As at the date hereof, the board of Directors of the Company comprises Mr. Fung Siu To, Clement, Mr. Lim Yin Cheng, Mr. Poon Jing, Mr. Lun Pui Kan, Mr. Kwan Po Lam, Phileas, Mr. Nicholas James Loup, Mr. Liang Shangli and Mr. Au Yat Chuen, Raymond and the independent non-executive Directors are Mr. Koon Bok Ming, Alan, Mr. Leung Wai Keung, Richard and Mr. Wong Chi Keung.



ASIA STANDARD INTERNATIONAL GROUP LIMITED

(泛海國際集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 129)

**Form of proxy for use at the special general meeting to be held on Monday,
14th March 2005 at 10:00 a.m.**

I/We¹ _____

of _____

being holder(s) of _____² shares of HK\$0.01 each in
the capital of Asia Standard International Group Limited (the "Company") HEREBY APPOINT the

Chairman of the meeting³ or _____

of _____

as my/our proxy to act for me/us at the special general meeting (or at any adjournment thereof) (the "Meeting") of the Company, to be held at Basement 2, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong on Monday, 14th March 2005 at 10:00 a.m. or any adjournment thereof, and in particular (but without limitation) at the Meeting to vote for me/us and in my/our name(s) in respect of the resolutions set out in the notice convening the Meeting as indicated below, or, if no such indication is given, as my/our proxy thinks fit.

	FOR ⁴	AGAINST ⁴
ORDINARY RESOLUTIONS		
1. To approve the Grosvenor Subscription		
2. To approve the refreshment of general mandate to issue Shares		

Date this _____ day of _____ 2005. Signed: _____

Notes:

1. Full name(s) and address(es) to be inserted in **BLOCK CAPITALS**.
2. Please insert the number of shares registered in your name(s) to which the proxy relates. If no number is inserted, this form of proxy will be deemed to relate to all those shares in the Company registered in your name(s).
3. If any proxy other than the Chairman of the Meeting is preferred, strike out the words "the Chairman of the meeting" and insert the name and address of the proxy desired in the space provided. **ANY ALTERATION MADE TO THIS FORM OF PROXY MUST BE INITIALLED BY THE PERSON(S) WHO SIGN(S) IT.**
4. **IMPORTANT: IF YOU WISH TO VOTE FOR A RESOLUTION, TICK IN THE BOX MARKED "FOR" THE RELEVANT RESOLUTION. IF YOU WISH TO VOTE AGAINST A RESOLUTION, TICK IN THE BOX MARKED "AGAINST" THE RELEVANT RESOLUTION.** Failure to tick either box will entitle your proxy to cast your vote at his discretion. Your proxy will also be entitled to vote at his discretion on any resolution properly put to the Meeting other than that referred to in the notice convening the Meeting.
5. This form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either under its common seal or under the hand of an officer or attorney or other person duly authorised.
6. In order to be valid, this form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, must be deposited at the principal office of the Company in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for the holding of the Meeting.
7. Where there are joint registered holders of any share of the Company, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
8. The proxy need not be a member of the Company but must attend the Meeting in person to represent you.
9. Completion and deposit of the form of proxy will not preclude you from attending and voting at the Meeting you so wish.

* For identification purposes only