

IMPORTANT

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凱聯國際酒店有限公司

Associated International Hotels Limited

(Incorporated in Hong Kong under the Companies Ordinance)

(stock code: 105)

Executive Directors:

Cheong Hooi Hong (Chairman)
Cheong Kheng Lim (Deputy Chairman)
Cheong Keng Hooi
Cheong Sim Lam
Cheong Been Kheng

Registered Office:

Room 502
Euro Trade Centre
21-23 Des Voeux Road Central
Hong Kong

Non-executive Directors:

Sin Cho Chiu, Charles
Lau Wah Sum

Independent Non-executive Directors:

Chow Wan Hoi, Paul
Yau Allen Lee-Nam
Lee Chung

24 July 2006

To the Shareholders

Dear Sir or Madam

**GENERAL MANDATES FOR REPURCHASE BY THE COMPANY
OF ITS OWN SHARES AND ISSUE OF NEW SHARES;
AMENDMENT TO THE ARTICLES; RE-ELECTION OF DIRECTORS**

General Mandates

At the last Annual General Meeting of shareholders of the Company, held on 14 September 2005, approval was given by shareholders for the granting of, inter alia, a general mandate to the Directors to repurchase shares of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") up to 10 per cent. of the issued share capital of the Company at the date of passing the relevant resolution(s). In accordance with the terms of the approval, that general mandate will shortly expire on 28 September 2006 upon the conclusion of the next Annual General Meeting of the Company to be held on that day. To keep in line with current corporate practice, the grant of a fresh general mandate for the same purpose is being sought from shareholders and an ordinary

resolution to grant the share repurchase general mandate will be proposed at the Annual General Meeting of the Company convened for 28 September 2006. The Explanatory Statement required by the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange to be sent to shareholders in connection with the proposed share repurchase resolution is set out in Appendix I to this circular.

In addition to the ordinary resolution relating to the share repurchase mandate, ordinary resolutions will also be proposed (i) to grant the Directors a general mandate to issue and otherwise deal with shares up to a limit equal to 10 per cent. of the issued shares of the Company at the date of passing such resolution plus (if the Directors are so authorised by a separate ordinary resolution of the Company) the nominal amount of shares repurchased by the Company subsequent to the passing of such resolution (up to a maximum of 10 per cent. of the issued shares of the Company at the date of passing such resolution) and (ii) to approve the addition of such repurchased securities to the 10 per cent. share issue mandate (as required by the Listing Rules).

The Directors wish to state that they have no immediate plans to repurchase any existing shares or to issue any new shares pursuant to the relevant mandates. The mandates being proposed will, however, give the Company the flexibility to do so. The Directors will not exercise the mandates in way which would breach the minimum percentage of listed securities in public hands as prescribed by the Stock Exchange from time to time.

Amendment to Articles

A special resolution will also be proposed to make an amendment to the Articles of Association in relation to the retirement of directors for consistency with code provision A.4.2 of the Code on Corporate Governance Practices in Appendix 14 of the Listing Rules as described in the Notice of the Meeting which is sent to the Company’s shareholders with the Company’s annual report.

Re-election of Directors

The Board currently consists of ten members, namely the following Executive Directors:

Cheong Hooi Hong
Cheong Kheng Lim
Cheong Keng Hooi
Cheong Sim Lam
Cheong Been Kheng

the following Non-executive Directors:

Sin Cho Chiu, Charles
Lau Wah Sum

and the following Independent Non-executive Directors:

Chow Wan Hoi, Paul
Yau Allen Lee-Nam
Lee Chung

In accordance with Articles 103 and 104 of the Articles of Association, Mr Cheong Hooi Hong, Mr Cheong Sim Lam and Mr Lau Wah Sum shall retire at the conclusion of the Annual General Meeting and, being eligible, shall offer themselves for re-election.

Information with respect to the above retiring and re-electing Directors is set out in Appendix II to this circular. At the Annual General Meeting, ordinary resolutions will be proposed to approve their re-election.

Voting at the Annual General Meeting

In accordance with the Company's Articles of Association, resolutions proposed at the Annual General 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) demanded:

- (a) by the Chairman; or
- (b) by at least 3 members present in person or by proxy and entitled to vote at the Annual General Meeting; or
- (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the Annual General Meeting; or
- (d) by any member or members present in person or by proxy holding shares conferring a right to vote at the Annual General 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.

At the Annual General Meeting the Chairman will demand a poll in respect of each resolution set out in the Notice of the Annual General Meeting.

The Directors believe that the resolutions set out in the Notice of the Meeting are in the best interests of the Company and its shareholders as a whole and recommend you to vote in favour of such resolutions at the Meeting.

Notice of the Annual General Meeting to be held on 28 September 2006 is enclosed herewith. A form of proxy for use at the Annual General Meeting and the annual accounts which accompany this circular are also enclosed. Whether or not you intend to be present at the Meeting, you are requested to complete the form of proxy and return it to the registered office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the Meeting.

Yours faithfully
Cheong Kheng Lim
Deputy Chairman

APPENDIX I

The following is the Explanatory Statement required to be sent to shareholders under the Listing Rules and also constitutes the Memorandum required under Section 49BA of the Companies Ordinance in connection with the proposed general mandate for repurchase of shares:

(i) Share Capital

It is proposed that up to 10 per cent. of the shares of the Company in issue at the date of the passing of the resolution to approve the general mandate may be repurchased. As at 18 July 2006, the latest practicable date for determining such figure, the number of shares of the Company in issue was 360,000,000 shares, all of which are fully paid up. On the basis of such figure (and assuming no further shares are issued or repurchased after 18 July 2006 and up to the date of passing such resolution), the Directors would be authorised to repurchase shares of the Company up to a limit of 36,000,000 shares representing 10% of the issued share capital of the Company.

(ii) Reasons for Repurchase

The Directors believe that the ability to repurchase shares is in the interests of the Company and of shareholders. Such purchases may, depending on the circumstances, lead to an increase in net assets and/or earnings per share and will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders. The Directors are seeking the grant of a general mandate to repurchase shares to give the Company the flexibility to do so if and when appropriate. The number(s) of shares to be repurchased on any occasion and the price and other terms upon which the same are purchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

(iii) Funding of Repurchases

It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company which are funds legally available for the purpose in accordance with the Companies Ordinance and the Memorandum and Articles of Association of the Company.

(iv) Impact of Repurchases

The Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. However, in the unlikely event that the general mandate was to be exercised in full at any time during the period of the mandate, there could be such an impact on the working capital or gearing position of the Company (as compared with the position disclosed in its most recent published accounts for the year ending 31 March 2006).

(v) Directors and their Associates

There are no Directors or (to the best of the knowledge of the Directors, having made all reasonable enquiries) any associates (as defined in the Listing Rules) of Directors who have a present intention, in the event that the general mandate is granted by shareholders, to sell shares to the Company.

(vi) Directors' Undertaking

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the general mandate in accordance with the Listing Rules and the laws of Hong Kong.

(vii) Takeovers Code

Tian Teck Land Limited holds 180,030,681 shares, representing over 50% (50.01%, rounded to two decimal places) of the issued shares of the Company as at the latest practicable date and the Directors are not aware of any consequences which would arise under the Hong Kong Code on Takeovers and Mergers as a consequence of any purchases pursuant to the general mandate, whether or not the general mandate was exercised in full. The Directors will not effect repurchases to an extent which would breach the minimum public float requirements.

(viii) Repurchase made by the Company

No purchases have been made by the Company of its shares in the six months prior to the date of this document.

(ix) Connected Persons

No connected persons of the Company (as defined in the Listing Rules) have notified it of a present intention to sell shares of the Company to the Company and no such persons have undertaken not to sell any such shares to the Company in the event that the general mandate is granted by shareholders.

(x) Share Prices

The highest and lowest prices at which shares of the Company have traded on the Stock Exchange in each of the previous twelve months are as follows:

Month	Highest Traded Price (HK\$)	Lowest Traded Price (HK\$)
July 2005	7.550	6.950
August 2005	7.400	7.000
September 2005	7.100	6.550
October 2005	6.900	6.100
November 2005	6.750	6.300
December 2005	6.750	6.400
January 2006	6.500	6.300
February 2006	6.800	6.450
March 2006	7.000	6.550
April 2006	7.050	6.800
May 2006	7.150	6.850
June 2006	7.100	6.800

APPENDIX II — DETAILS OF RETIRING AND RE-ELECTING DIRECTORS

Mr Cheong Hooi Hong, aged 59, is the chairman and an executive director of the Company and its listed parent company, Tian Teck Land Limited and a director of all holding companies (including Tian Teck Investment Holding Co., Limited) and their subsidiaries in the group. He is also the chief executive officer of the Company and Tian Teck Land Limited. He has been the chairman and a director of the Company and Tian Teck Land Limited since 1984 and 1983 respectively. He is the brother of Messrs Cheong Kheng Lim (a substantial shareholder of the Company and Tian Teck Land Limited), Cheong Keng Hooi (a substantial shareholder of Tian Teck Land Limited) and Cheong Sim Lam, who are directors of the Company and Tian Teck Land Limited, and together with them owns Tian Teck Investment Holding Co., Limited, the controlling shareholder of Tian Teck Land Limited. He is also the brother of Ms Cheong Been Kheng, who is a director of the Company and Tian Teck Land Limited, and is the uncle of Ms Cheong Chong Ling, who is in the senior management of the Company and Tian Teck Land Limited. As at the date hereof, Mr Cheong was interested in 2,073,992 shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance. As at such date, he was also interested in 4,625,792 shares in Tian Teck Land Limited. His emoluments as a director of the Company for the year ended 31 March 2006 were HK\$50,000 as director's fee approved by general meeting of the Company. Basic salary and other emoluments received by him from the Company for the financial year, including discretionary bonus for calendar year 2005, totalled a further HK\$2,159,009 (constituted by a basic salary of HK\$1,440,000, other emoluments of a value of HK\$19,009 and bonus of HK\$700,000). Basic salary and bonus for calendar year 2005 were determined by the Board of Directors on the recommendation of the Remuneration Committee and by the Remuneration Committee respectively whilst other emoluments for that year were fixed in accordance with the Company's policy. Basic salary, bonus and other emoluments for calendar year 2006 and thereafter are determined annually by the Remuneration Committee. Basic salary and bonus received by Mr Cheong were covered by his service contract with the Company as the chief executive officer. In addition, the Company's subsidiary, Austin Hills Country Resort Bhd. provided a car to Mr Cheong as approved by the board of that company and paid an amount equivalent to HK\$418,007.98 being the car-related expenses for him. Mr Cheong's emoluments as a director of Tian Teck Land Limited for the year ended 31 March 2006 were HK\$50,000 as director's fee approved by general meeting of Tian Teck Land Limited. Other than the above, Mr Cheong has not been a director of any other listed company in the three years prior to the date of this circular and does not have any information to disclose pursuant to rule 13.51(2)(h) to (v) of the Listing Rules. There are no other matters which need to be brought to the attention of the shareholders of the Company.

Mr Cheong Sim Lam, aged 47, is an executive director of the Company and its listed parent company, Tian Teck Land Limited and a director of all holding companies (including Tian Teck Investment Holding Co., Limited) and their subsidiaries in the group. He is also the chief investment officer of the Company. He has been a director of the Company and Tian Teck Land Limited since 1984 and 1983 respectively. He is the brother of Messrs Cheong Hooi Hong, Cheong Kheng Lim (a substantial shareholder of the Company and Tian Teck Land Limited) and Cheong Keng Hooi (a substantial shareholder of Tian Teck Land Limited), who are directors of the Company and Tian Teck Land Limited, and together with them owns Tian Teck Investment Holding Co., Limited, the controlling shareholder of Tian Teck Land Limited. He is also the brother of Ms Cheong Been Kheng, who is a director of the Company and Tian Teck Land Limited, and is the uncle of Ms Cheong Chong Ling, who is in the senior management of the Company and Tian Teck Land Limited. Mr Cheong was interested in 1,831,155 shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance as at the date hereof, of which 1,807,155 shares were held by himself and 24,000 shares were held by his spouse, Ms Tan Tang Lin, Tammy. As at such date, he also held 1,099,504 shares in Tian Teck Land Limited. His emoluments as a director of the Company for the year ended 31 March 2006 were HK\$50,000 as director's fee approved by general meeting of the Company. Salary and other emoluments received by him from the Company for the financial year, including discretionary bonus for calendar year 2005, as chief investment officer of the Company under his service contract with the Company totalled a further HK\$1,740,000 (constituted by a basic salary of HK\$1,440,000 and bonus of HK\$300,000). Basic salary for calendar year 2005 was determined by the Board of Directors on the recommendation of the Remuneration Committee whilst bonus for that year was determined by the Remuneration Committee. Basic salary and bonus for calendar year 2006 and thereafter are determined annually by the Remuneration Committee on the recommendation of the chief executive officer. Mr Cheong's emoluments as a director of Tian Teck Land Limited for the year ended 31 March 2006 were HK\$50,000 as director's fee approved by general meeting of Tian Teck Land Limited. In addition, the Company's subsidiary, Austin Hills Country Resort Bhd. provided a car to Mr Cheong as approved by the board of that company and paid an amount equivalent to HK\$248,711.04 being the car-related expenses for him. Other than the above, Mr Cheong has not been a director of any other listed company in the three years prior to the date of this circular and does not have any information to disclose pursuant to rule 13.51(2)(h) to (v) of the Listing Rules. There are no other matters which need to be brought to the attention of the shareholders of the Company.

Mr Lau Wah Sum, aged 78, is a non-executive director of the Company and its listed parent company, Tian Teck Land Limited. He has been a director of the Company and Tian Teck Land Limited since 1988 and 1993 respectively and was for many years appointed as general consultant to both the Company and Tian Teck Land Limited. However, the positions of general consultant have been terminated. With effect from 30 September 2004 he was re-designated as a non-executive director of the Company and Tian Teck Land Limited. He has no relationship with any directors, senior management or substantial or controlling shareholders of the Company except for his directorship in the Company's listed parent company, Tian Teck Land Limited. He does not have any interest in any shares in the Company within the meaning of Part XV of the Securities and Futures Ordinance. His emolument as a director of the Company for the year ended 31 March 2006 was HK\$50,000 as director's fee approved by general meeting of the Company. During the financial year, he also received a payment of HK\$380,000 under his contract with the Company for serving on the Audit Committee and Remuneration Committee of the Company. Payment for calendar year 2005 was determined by the Board whilst payment for year 2006 and thereafter is fixed by the Board of Directors on the recommendation of the Remuneration Committee annually. Mr Lau's emolument as a director of Tian Teck Land Limited for the year ended 31 March 2006 was HK\$50,000 as director's fee approved by general meeting of Tian Teck Land Limited. During the financial year, he also received a payment of HK\$170,000 under his contract with Tian Teck Land Limited for serving on the Audit Committee and Remuneration Committee of that company. Payment for calendar year 2005 was determined by the Board of that company whilst payment for year 2006 and thereafter is fixed by the Board of Directors of that company on the recommendation of the Remuneration Committee of that company annually. Mr Lau is an independent non-executive director of CNPC (Hong Kong) Limited. Other than the above, Mr Lau has not been a director of any other listed company in the three years prior to the date of this circular and does not have any information to disclose pursuant to rule 13.51(2)(h) to (v) of the Listing Rules. There are no other matters which need to be brought to the attention of the shareholders of the Company.

NOTICE OF ANNUAL GENERAL MEETING OF ASSOCIATED INTERNATIONAL HOTELS LIMITED (stock code: 105)



Associated International
Hotels Limited

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders of the Company will be held at MONACO ROOM, BASEMENT 1, REGAL HONGKONG HOTEL, 88 YEE WO STREET, CAUSEWAY BAY, HONG KONG on Thursday, 28 September 2006 at 10:00 a.m. for the following purposes:

1. To receive and consider the Audited Accounts and the Reports of the Directors and the Auditors for the year ended 31 March 2006.
2. To re-elect retiring directors.
3. To re-appoint KPMG as Auditors of the Company to hold office from the conclusion of the meeting until conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.

By way of Special Business, to consider and, if thought fit, pass the following Resolutions of which items 4(1)-4(3) shall be proposed as Ordinary Resolutions and item 5 shall be proposed as a Special Resolution:

ORDINARY RESOLUTIONS

4.(1) THAT:

- (a) subject to paragraph (c), pursuant to Section 57B of the Companies Ordinance, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to allot additional shares in the share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the Directors of the Company 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;
- (c) 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 of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue, shall not exceed the aggregate of (aa) 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution plus (bb) (if the Directors are so authorised by a separate ordinary resolution of the Company) the nominal amount of share capital of the Company repurchased by the Company subsequent to the passing of this Resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution) and the said approval shall be limited accordingly; and
- (d) for the purposes of this Resolution:

‘Relevant Period’ means the period from the passing of this Resolution until whichever is the earlier of:

- (i) the conclusion of the next Annual General Meeting of the Company;

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- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Companies Ordinance to be held; and
- (iii) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting;

and 'Rights Issue' means an offer of shares, or offer or issue of warrants or options to subscribe for shares, open for a period fixed by the Company or the Directors of the Company to holders of shares in the capital of the Company, or any class of shares, on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory outside Hong Kong including without limitation disposal of shares which, by reason of such exclusions or arrangements, are not allotted to the Shareholders who would otherwise have been entitled thereto).

(2) THAT:

- (a) the exercise by the Directors during the Relevant Period of all the powers of the Company to purchase ordinary shares of HK\$1 each in the Company ('Shares') be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased on The Stock Exchange of Hong Kong Limited or any other stock exchange recognised for this purpose by the Securities and Futures Commission of Hong Kong and The Stock Exchange of Hong Kong Limited under the Hong Kong Code on Share Repurchases pursuant to the approval in paragraph (a) above shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution, and the said approval shall be limited accordingly;
- (c) for the purpose of this Resolution 'Relevant Period' means the period from the passing of this Resolution until whichever is the earlier of:
 - (aa) the conclusion of the next Annual General Meeting of the Company;
 - (bb) the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; and
 - (cc) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting.

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- (3) THAT the Directors of the Company be and they are hereby authorised to exercise the powers of the Company referred to in paragraph (a) of the resolution set out as resolution 4(1) in the notice of this meeting in respect of the share capital of the Company referred to in subparagraph (bb) of paragraph (c) of such resolution.

SPECIAL RESOLUTION

5. THAT the Articles of Association of the Company be amended by:

Deleting the existing Article 109 and substituting the following new Article 109:

“The Board shall have power at any time, and from time to time, to appoint any person as a Director, either to fill a casual vacancy, or as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by or in accordance with these Articles. Subject to the provisions of these Articles, any Director so appointed by the Board to fill a casual vacancy shall retire at the next general meeting but shall then be eligible for re-election, while any Director so appointed by the Board as an addition to the Board shall retire at the next Annual General Meeting but shall then be eligible for re-election.”

By Order of the Board

NG SAU FONG

Company Secretary

Hong Kong, 24 July 2006

As at the date of this notice, Mr Cheong Hooi Hong, Mr Cheong Kheng Lim, Mr Cheong Keng Hooi, Mr Cheong Sim Lam and Ms Cheong Been Kheng are executive directors, Mr Sin Cho Chiu, Charles and Mr Lau Wah Sum are non-executive directors, and Mr Chow Wan Hoi, Paul, Mr Yau Allen Lee-Nam and Mr Lee Chung are independent non-executive directors.



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NOTES:

- 1. Any member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not also be a member but, except in the case of a proxy for a corporate member, is not entitled to vote other than on a poll. Forms of proxy, to be valid, must be lodged at Room 502, Euro Trade Centre, 21-23 Des Voeux Road Central, Hong Kong not less than 48 hours before the time appointed for holding the Meeting or any adjourned meeting.*
- 2. Concerning item 4(1) above, approval is being sought from members for a general mandate to authorise allotment of shares under Section 57B of the Companies Ordinance and the Listing Rules of The Stock Exchange of Hong Kong Limited. The Directors have no immediate plans to issue any new shares of the Company pursuant to such approval.*
- 3. Concerning items 4(2) and 4(3), approval is also being sought for a general mandate to purchase shares in the Company. A circular has been sent to members concerning these matters. The Directors have no immediate plans to effect such purchase.*
- 4. The Register of Members will be closed for the purpose of determining the identity of members who are entitled to attend and vote at the Annual General Meeting from Friday, 22 September 2006 to Thursday, 28 September 2006 both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, Shops 1712-6, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Thursday, 21 September 2006.*