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ASIA STANDARD HOTEL GROUP LIMITED

(泛海酒店集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 292)

RIGHTS ISSUE

**OF NOT LESS THAN 3,154,054,340 RIGHTS SHARES AND NOT
MORE THAN 3,156,054,340 RIGHTS SHARES
OF HK\$0.02 EACH AT HK\$0.09 PER RIGHTS SHARE
ON THE BASIS OF ONE RIGHTS SHARE
FOR EVERY TWO EXISTING SHARES HELD
ON THE RECORD DATE**

Financial Adviser



結好融資有限公司

GET NICE CAPITAL LIMITED

Underwriter of the Rights Issue



結好投資有限公司

GET NICE INVESTMENT LTD.

The Company proposes to raise not less than approximately HK\$283.86 million before expenses (assuming none of the Options is exercised on or before the Record Date) and not more than approximately HK\$284.04 million before expenses (assuming all of the Options are exercised on or before the Record Date) by way of the Rights Issue of not less than 3,154,054,340 Rights Shares and not more than 3,156,054,340 Rights Shares at a price of HK\$0.09 per Rights Share. The Company plans to use the entire net proceeds from the Rights Issue for repayment of part of the Group's long-term bank loans.

The Company will provisionally allot one Rights Share in nil-paid form for every two existing Shares held by the Qualifying Shareholders on the Record Date. The Rights Issue will not be available to the Excluded Shareholders. As at the date of this announcement, there are Options outstanding to subscribe for 4,000,000 Shares. Save for the Options, there were no outstanding options, warrants or securities convertible or exchangeable into Shares as at the date hereof.

Pursuant to the Underwriting Agreement, the Rights Shares (other than the Rights Shares to be allotted in respect of the Shares beneficially owned by the Relevant ASHGL Shareholders) have been fully underwritten by the Underwriter. As at the date of this announcement, the Relevant ASHGL Shareholders are together beneficially interested in 3,749,397,711 Shares, representing approximately 59.44% of the issued share capital of the Company. Pursuant to the Underwriting Agreement, the Company has undertaken that it will procure the Relevant ASHGL Shareholders to irrevocably undertake to the Underwriter and the Company that (i) the Shares beneficially owned by them as at the date of the Irrevocable Undertakings will remain registered in the same names or be registered in the names of their nominees until the close of business on the Record Date; (ii) they will continue to have their registered addresses in Hong Kong; (iii) save as permitted under the Underwriting Agreement, they will not transfer, dispose of or acquire any Shares or any interests therein; and (iv) they will accept or procure the acceptance of the Rights Shares provisionally allotted to them in respect of such number of Shares beneficially owned by them.

The last day for dealing in the Shares on a cum-rights basis is 7 April 2006. The Shares will be dealt in on an ex-rights basis from 10 April 2006. To qualify for the Rights Issue, a Qualifying Shareholder's name must appear on the register of members of the Company on the Record Date. In order for the owners of Shares to be registered as members on the Record Date, any transfers of the Shares (with the relevant share certificates) must be lodged for registration by 4:00 p.m. on 11 April 2006.

The Prospectus Documents containing full details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Excluded Shareholders for information only.

The Rights Issue is conditional upon the fulfillment or waiver of the conditions set out under the paragraph headed "Conditions of the Rights Issue" below. In particular, it is subject to the Underwriting Agreement not being terminated in accordance with its terms (see the paragraph headed "Rescission and termination of the Underwriting Agreement" below). If the Underwriting Agreement is terminated, or the conditions of the Rights Issue are not fulfilled or waived, the Rights Issue will not proceed.

Any persons contemplating buying or selling Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled or waived, and any dealings in the Rights Shares in their nil-paid form between 24 April 2006 to 2 May 2006 (both dates inclusive), bear the risk that the Rights Issue may not become unconditional or may not proceed. If in any doubt, investors are recommended to consult their professional advisers.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 23 March 2006 pending the release of this announcement. Application has been made to the Stock exchange for the resumption of trading in the Shares from 9:30 a.m. on 24 March 2006.

1. The proposed Rights Issue

Issue statistics

Basis of the Rights Issue	: One Rights Share for every two Shares held on the Record Date
Number of Shares in issue	: 6,308,108,681 Shares as at the date of this announcement (or 6,312,108,681 Shares upon full exercise of all of the Options by their holders on or before the Record Date) (Note)
Number of Rights Shares	: Not less than 3,154,054,340 Rights Shares (assuming no Options are exercised on or before the Record Date) and not more than 3,156,054,340 Rights Shares (assuming all of the Options are exercised on or before the Record Date)
Subscription Price	: HK\$0.09 per Rights Share

Note:

As at the date of this announcement, there are Options to subscribe for an aggregate of 4,000,000 Shares. Save for the Options, there were no outstanding options, warrants or securities convertible or exchangeable into Shares as at the date hereof.

The nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represent 50% of the Company's existing issued share capital as at the date of this announcement and approximately 33.3% of the Company's enlarged issued share capital of the Company immediately following the completion of the Rights Shares, assuming that none of the Options is exercised on or before the completion of the Rights Issue.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders. For the Excluded Shareholders, the Company will send copies of the Prospectus to them for their information only, but will not send any PAL and EAF to such Excluded Shareholders.

To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date; and
2. be a Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, owners of Shares must lodge any transfers of Shares (together with the relevant share certificates) with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Room numbers 1712-1716, 17/F Hopewell Centre 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:00 p.m. on 11 April 2006.

Holder(s) of the Options who wish to participate in the Rights Issue should exercise their Options in accordance with and subject to their respective terms before 4:00 p.m. of the Record Date so as to enable them to be registered as Shareholders on or before the Record Date.

Closure of register of members

The register of members of the Company will be closed from 12 April 2006 to 19 April 2006 (both dates inclusive). No transfers of Shares will be registered during this period.

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.09 per Rights Share, payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares. The Subscription Price represents

1. a discount of approximately 42.68% to the closing price of HK\$0.157 per Share as quoted on the Stock Exchange on the Last Trading Date;
2. a discount of approximately 43.04% to the average closing price of HK\$0.158 per Share for the five consecutive trading days up to and including the Last Trading Date;
3. a discount of approximately 43.40% to the average closing price of HK\$0.159 per Share for the ten consecutive trading days up to and including the Last Trading Date;
4. a discount of approximately 33.33% to the theoretical ex-rights price of HK\$0.135 per Share based on the closing price as quoted on the Stock Exchange on the Last Trading Date; and
5. a discount of approximately 60.53% to the unaudited adjusted consolidated net tangible assets value per Share of approximately HK\$0.228 (calculated by dividing the latest published unaudited net tangible assets value of the Group as at 30 September 2005 adjusted for the net proceeds of the top-up subscription announced by the Company on 15 November 2005 and the proceeds from the exercise of the share options of the Company subsequent to 30 September 2005 and up to the date of this announcement by the 6,308,108,681 Shares in issue as at the date of this announcement).

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the then market environment, prevailing Share prices and the recent financial conditions of the Group, which the Directors consider are important for the Shareholders to assess before subscribing for the Rights Shares. In order to enhance the attractiveness of a rights issue, it is a common practice for listed issuers to issue rights shares at a discount to the market price (as evidenced in a majority of rights issues conducted in the past six months). Given the fact that the underwriting period of a rights issue is relatively long and after considering the

aforesaid factors and the theoretical ex-rights price per Share (which takes into account the allotment ratio of the Rights Issue), the Directors consider that the proposed discount on the Subscription Price to the current market price of the Shares is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date. The Directors consider the Subscription Price to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

One Rights Share for every two existing Shares. Application for all or any part of a Qualifying Shareholder's provisional allotment can be made only by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

Share certificates and refund cheques for Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on or before 15 May 2006 to those who have accepted and (where applicable) applied for, and paid for the Rights Shares by ordinary post at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before 15 May 2006 by ordinary post to the applicants at their own risk.

Status of the Rights Shares

The Rights Shares, when allotted and fully-paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares.

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda.

The Company is currently making enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Rights Issue, to be despatched to the Qualifying Shareholders as soon as practicable. The Company will send copies of the Prospectus to the Excluded Shareholders for their information only, but will not send any PAL and EAF to them.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their

nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Excluded Shareholders. The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Excluded Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market, if a premium (net of expenses) can be achieved, and the Company will retain the proceeds from such sale(s). Any unsold fractions of Rights Shares will be made available for excess application.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders and for any Rights Shares provisionally allotted but not accepted.

Applications for excess Rights Shares can be made only by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, investors whose Shares are registered in the names of nominee companies should note that the aforesaid arrangement in relation to the top-up of odd lots for allocation of excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

For investors whose Shares are held by their nominee(s) and would like to have their names registered on the register of members of the Company, they must lodge all necessary document with the branch share registrar of the Company in Hong Kong for completion of the relevant registration by 4:00 p.m. on 11 April 2006.

The Latest Acceptance Time of Rights Shares is expected to be at 4:00 p.m. on 8 May 2006, or such later date as may be agreed between the Company and the Underwriter.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, both in board lots of 10,000, registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty in Hong Kong.

Conditions of the Rights Issue

The Rights Issue is conditional upon, among other things, each of the following events being fulfilled:

1. the Listing Committees of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms on or before the date on which the Prospectus is despatched;
2. the delivery by or on behalf of the Company not later than the date on which the Prospectus is despatched of (i) one copy of each of the Prospectus Documents together with any requisite accompanying documents to the Stock Exchange and the Registrar of Companies in Hong Kong for filing and registration; and (ii) one copy of the Prospectus together with any requisite accompanying documents to the Registrar of Companies in Bermuda for filing;
3. the Bermuda Monetary Authority granting its consent (if required) to the issue of the Rights Shares by no later than the date on which the Prospectus is despatched;
4. the posting of the Prospectus Documents to the Qualifying Shareholders;
5. compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and
6. compliance with and performance of each of the Relevant ASHGL Shareholders of all of his/ its undertakings and obligations under the terms of the Irrevocable Undertakings.

The Rights Issue will not proceed if the Underwriting Agreement is terminated.

In the event that the conditions of the Rights Issue are not fulfilled (or, in respect of conditions (5) and (6), waived in whole or in part by the Underwriter) on or before the Latest Acceptance Time (or such later date or dates as the Company and the Underwriter

may agree in writing), the Underwriting Agreement shall terminate and save in respect of any rights or obligations which may accrue under the Underwriting Agreement prior to such termination, neither party shall have any claim against the other party for costs, damages, compensation or otherwise and the Rights Issue will not proceed.

2. Underwriting Agreement dated 22 March 2006

The Underwriter has agreed to underwrite not less than 1,279,355,489 Rights Shares and not more than 1,281,355,489 Rights Shares (being not less than 3,154,054,340 Rights Shares and not more than 3,156,054,340 Rights Shares less the 1,874,698,851 Rights Shares to be issued to and accepted by the Relevant ASHGL Shareholders). The Underwriter is wholly-owned by Get Nice Incorporated, which in turn is wholly-owned by Get Nice Holdings Limited (stock code: 64), a listed company on the Main Board of the Stock Exchange. The Underwriter and its ultimate controlling shareholder do not have any shareholdings in the Company and are independent third parties not connected with the Company, the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries, or their respective associates.

Commission

The Company will pay the Underwriter an underwriting commission of 1% of the aggregate subscription price of the Rights Shares underwritten by it, out of which the Underwriter will or may pay any sub-underwriting fees. The Directors believe that the underwriting commission is on normal commercial terms and accords with market rates.

Undertaking from the Relevant ASGHL Shareholders

As at the date of this announcement, the Relevant ASHGL Shareholders are interested in an aggregate of 3,749,397,711 Shares, representing approximately 59.44% of the total issued share capital of the Company.

The Company has undertaken to procure the Relevant ASHGL Shareholders to irrevocably undertake to the Underwriter and the Company that (i) the Shares held by them or their nominees as at the date of the Irrevocable Undertakings will remain registered in the same names or be registered in the name of their nominee until the close of business on the Record Date; (ii) they will continue to have their registered addresses in Hong Kong; (iii) save as permitted under the Underwriting Agreement, they will not transfer, dispose of or acquire any Shares or any interests therein; and (iv) they will accept or procure the acceptance of the Rights Shares provisionally allotted to them in respect of such number of Shares beneficially owned by them.

Rescission and termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing given by it to the Company at any time prior to the Latest Time for Termination if:

1. in the reasonable opinion of the Underwriter acting in good faith, the success of the Rights Issue would be materially and adversely affected by:
 - (a) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (b) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement, of a political, financial, economic currency, market or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (c) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
 - (d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
 - (e) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
 - (f) the commencement by any third party of any litigation or claim against any member of the Group which is or might be material to the Group taken as a whole; or
2. any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, imposition of economic sanctions, on Hong Kong, the People's Republic of China or other jurisdiction relevant to the Group or any member of the Group and a change in currency conditions for this

purpose includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs which makes it inexpedient or inadvisable to proceed with the Rights Issue; or

3. the Prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it.

If the Underwriting Agreement is terminated by the Underwriter before the Latest Time for Termination or does not become unconditional, the Underwriting Agreement shall terminate forthwith (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) and neither the Company nor the Underwriter shall have any claim against the other party for costs, damages, compensation or otherwise and the Rights Issue will not proceed.

Pursuant to the Underwriting Agreement, the Underwriter may by notice in writing rescind the Underwriting Agreement if prior to the Latest Time for Termination:

1. any material breach of any of the warranties or undertakings under the Underwriting Agreement comes to the knowledge of the Underwriter and such material breach materially and adversely affects the success of the Rights Issue; or
2. any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material aspect comes to the knowledge of the Underwriter and such event or matter materially and adversely affects the success of the Rights Issue.

3. WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES

The Shares will be dealt in on an ex-rights basis from 10 April 2006. Dealings in the Rights Shares in the nil-paid form will take place from 24 April 2006 to 2 May 2006 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or waived or the Underwriting Agreement is terminated, the Rights Issue will not proceed.

Any Shareholders or other persons dealing in Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled or waived (and the date on which the Underwriter's right of termination of the Underwriting Agreement

ceases) and any persons dealing in the nil-paid Rights Shares during the period from 24 April 2006 to 2 May 2006 (both dates inclusive) will bear the risk that the Rights Issue may not become unconditional or may not proceed. If in any doubt, investors are recommended to consult their professional advisers.

4. Expected timetable

The expected timetable for the Rights Issue is set out below:

2006

Last day of dealings in Shares on a cum-rights basis	Friday, 7 April
First day of dealings in Shares on an ex-rights basis	Monday, 10 April
Latest time for lodging transfers of Shares in order to qualify for Rights Issue	4:00 p.m., Tuesday, 11 April
Register of members closes	Wednesday, 12 April to Wednesday, 19 April (both dates inclusive)
Record Date	Wednesday, 19 April
Despatch of Prospectus Documents	Thursday, 20 April
Register of members re-opens	Thursday, 20 April
First day of dealings in nil-paid Rights Shares	Monday, 24 April
Latest time for splitting of nil-paid Rights Shares	4:00 p.m. on Wednesday, 26 April
Last day of dealings in nil-paid Rights Shares	Tuesday, 2 May
Latest time for payment for and acceptance of Rights Shares	4:00 p.m. on Monday, 8 May
Rights Issue becomes unconditional	after 4:00 p.m. on Wednesday, 10 May
Announcement of results of acceptance and excess applications of the Rights Issue	Friday, 12 May

Despatch of refund cheques for wholly and partially unsuccessful excess applicationsMonday, 15 May

Despatch of certificates for fully-paid Rights SharesMonday, 15 May

First day of dealings in fully-paid Rights SharesWednesday, 17 May

Dates or deadlines specified in this announcement for events in the timetable for (or otherwise in relation to) the Rights Issue refer to Hong Kong local time and are indicative only and may be varied by agreement between the Company and the Underwriter. Any changes to the expected timetable will be notified to Shareholders.

5. Shareholding in the Company

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Rights Issue, assuming that (i) there is no change in the shareholding structure of the Company from the date of this announcement to immediately before completion of the Rights Issue save pursuant to the exercise of the Options and the transactions contemplated under the Underwriting Agreement; and (ii) the Underwriter takes up the Rights Shares to the maximum extent:

Beneficial owners of Shares	As the date of this announcement		Immediately after completion of the Rights Issue (assuming none of the Options is exercised on or before completion of the Rights Issue)		Immediately after completion of the Rights Issue (assuming all of the Options are exercised on or before completion of the Rights Issue)	
	Shares	%	Shares	%	Shares	%
Certain wholly-owned subsidiaries of Asia Standard International Group Limited	3,588,335,158	56.89	5,382,502,737	56.89	5,382,502,737	56.85
Certain wholly-owned subsidiaries of Asia Orient Holdings Limited	160,813,616	2.55	241,220,420	2.55	241,220,420	2.55
Mr. Poon Jing (<i>Note</i>)	<u>248,937</u>	<u>0.00</u>	<u>373,405</u>	<u>0.00</u>	<u>373,405</u>	<u>0.00</u>
Relevant ASHGL Shareholders	3,749,397,711	59.44	5,624,096,562	59.44	5,624,096,562	59.40
The Underwriter	—	—	1,279,355,489	13.52	1,281,355,489	13.53
Public	<u>2,558,710,970</u>	<u>40.56</u>	<u>2,558,710,970</u>	<u>27.04</u>	<u>2,562,710,970</u>	<u>27.07</u>
Total	<u>6,308,108,681</u>	<u>100.00</u>	<u>9,462,163,021</u>	<u>100.00</u>	<u>9,468,163,021</u>	<u>100.00</u>

Note: Mr. Poon Jing is an executive Director.

6. Reasons for the Rights Issue and use of proceeds

The principal activity of the Company is investment holding. The principal activities of its subsidiaries comprise the holding and operation of three hotels in Hong Kong and Canada, a travel agency in Hong Kong and two franchise restaurants in Hong Kong and Shanghai.

The Directors consider appropriate for the Company to capture the fund raising opportunity through the Rights Issue on a fully underwritten basis and on a basis which will allow all Qualifying Shareholders to participate in the Rights Issue in proportion to their shareholdings. The Company intends to use the net proceeds for the Rights Issue, being approximately HK\$280.56 million if none of the Options is exercised on or before the Record Date or approximately HK\$280.74 million if all of the Options are exercised on or before the Record Date, for repayment of part of the Group's long-term bank loans. The Directors consider that as a result of such repayment, the overall financial position of the Group will be enhanced in terms of increase in the equity base and the net assets and improvement in the gearing position of the Group.

The Directors consider that it is in the interest of the Company and the Shareholders to raise further capital through the Rights Issue for reduction of its indebtedness, and that the Rights Issue will allow all Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company.

7. Fund raising activities in the past 12 months

Date of announcement	Event	Net proceeds raised	Proposed use of the net proceeds	Actual use of the net proceeds
15 November 2005	Placing and subscription of 1,010 million Shares (<i>Note</i>)	HK\$192.75 million	For repayment of part of the Group's long-term bank loans	Fully used as intended

Note:

Such Shares were issued pursuant to the general mandate granted at the annual general meeting of the Company held on 26 August 2005.

Save as disclosed above, the Company has not carried out any fund raising activities within the past 12 months prior to the date of this announcement.

8. General

The Prospectus Documents containing full details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable. The Prospectus will be despatched to the Excluded Shareholders for information only.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 23 March 2006 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares from 9:30 a.m. on 24 March 2006.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“associate(s)”	the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday) on which banks in Hong Kong are generally open for business
“Company”	Asia Standard Hotel Group Limited, a company incorporated in Bermuda and whose shares are listed on the main board of the Stock Exchange (stock code: 292)
“Director(s)”	director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued in connection with the Rights Issue
“Excluded Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal opinions, consider it necessary or expedient not to offer the Rights Issue to such Overseas Shareholder(s) on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Irrevocable Undertakings”	the irrevocable undertakings to be given by the Relevant ASHGL Shareholders to the Underwriter and the Company, pursuant to which the Relevant ASHGL Shareholders undertake, inter alia, to subscribe for or procure the subscription for the Rights Shares to be provisionally allotted to them pursuant to the Rights Issue

“Last Trading Day”	22 March 2006, being the last trading day before the suspension of the trading in the Shares prior to the release of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Latest Acceptance Time”	4:00 p.m. on 8 May 2006 or such later time to be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of Rights Shares and if there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong on such day at any time between 12:00 noon and 4:00 p.m., the Latest Acceptance Time will be postponed to the next Business Day which does not have either of those warnings in force in Hong Kong at any time between 12:00 noon and 4:00 p.m.
“Latest Time for Termination”	4:00 p.m. on the second Business Day after the Latest Acceptance Time
“Option(s)”	the outstanding share option(s) granted by the Company to subscribe for an aggregate of 4,000,000 Shares as at the date of this announcement pursuant to the share option scheme of the Company adopted on 24 May 2000
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued in connection with the Rights Issue
“Prospectus”	a prospectus containing details of the Rights Issue to be issued in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	19 April 2006 or such other date as the Underwriter may agree in writing with the Company as the date by reference to which entitlements to the Rights Issue are expected to be determined

“Relevant ASHGL Shareholders”	certain beneficial owners of Shares (other than the Underwriter and the public) whose names are set out in column 1 of the table under the section headed “Shareholding in the Company” of this announcement
“Rights Issue”	the issue by way of rights of one Rights Share for every two existing Shares held on the Record Date at a price of HK\$0.09 per Rights Share
“Rights Share(s)”	new Share(s) to be issued and allotted under the Rights Issue, being not less than 3,154,054,340 Rights Shares or not more than 3,156,054,340 Rights Shares
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	holder(s) of Share(s)
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.09 per Rights Share
“Underwriter”	Get Nice Investment Limited, a deemed licensed corporation to carry out business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, which is not a connected person (as defined in the Listing Rules) of the Company
“Underwriting Agreement”	the underwriting agreement dated 22 March 2006 entered into between the Company and the Underwriter in relation to the underwriting and certain other arrangements in respect of the Rights Issue
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By order of the Board of
Asia Standard Hotel Group Limited
Lim Yin Cheng
Deputy Chairman

Hong Kong, 23 March 2006

As at the date of this announcement, the executive Directors are Mr. Poon Jing, Mr. Lim Yin Cheng, Mr. Fung Siu To Clement, Mr. Poon Tin Sau Robert, Mr. Wong Shu Pui, the non-executive Director is Mr. Liang Shangli, and the independent non-executive Directors are Mr. Ip Chi Wai, Mr. Leung Wai Keung Richard and Mr. Hung Yat Ming.

** For identification only*