ASIA STANDARD HOTEL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 00292)

INTERIM RESULTS
SIX MONTHS ENDED 30TH SEPTEMBER 2005

The Directors of Asia Standard Hotel Group Limited (the "Company") announce that the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th September 2005 together with the comparative figures for the six months ended 30th September 2004 were as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE SIX MONTHS ENDED 30TH SEPTEMBER 2005 – UNAUDITED

		Six months ended 30th September	
		2005	2004
	Note	***HK$'000***	*HK$'000*
			(restated)
TURNOVER	*4*	**290,169**	286,722
COST OF SALES		**(188,480)**	(197,490)
GROSS PROFIT		**101,689**	89,232
ADMINISTRATIVE EXPENSES		**(39,729)**	(36,249)
OTHER CHARGES	*5*	**(35,748)**	(37,463)
OPERATING PROFIT	*6*	**26,212**	15,520
INTEREST INCOME		**1,728**	1,125
NET LOSS FROM FINANCIAL ASSETS		**(26,382)**	(8,465)
FINANCE COSTS		**(25,916)**	(18,008)
LOSS BEFORE TAXATION		**(24,358)**	(9,828)

TAXATION	*7*	**(691)**	(1,232)
LOSS ATTRIBUTABLE TO SHAREHOLDERS		**(25,049)**	(11,060)
LOSS PER SHARE			
Basic and diluted	*9*	**HK(0.50) cent**	HK(0.22) cent

CONSOLIDATED BALANCE SHEET

AS AT 30TH SEPTEMBER 2005 – UNAUDITED

	Note	**30th September 2005** ***HK$'000***	31st March 2005 *HK$'000* (restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**893,855**	894,931
Leasehold land		**1,335,744**	1,346,063
Goodwill		**13,188**	13,188
Derivative financial instruments		**428**	–
Deferred tax assets		**42,260**	42,951
		2,285,475	2,297,133
CURRENT ASSETS			
Inventories, at cost		**2,577**	2,690
Financial assets at fair value through profit or loss		**52,277**	93,137
Debtors and prepayments	*10*	**51,272**	89,711
Tax recoverable		**200**	200
Bank balances and cash		**116,697**	64,972
		223,023	250,710
CURRENT LIABILITIES			
Creditors and accruals	*11*	**55,238**	47,585
Tax payable		**10,973**	10,973
Bank overdraft-unsecured		**4,164**	8,778
Borrowings		**43,211**	38,963
		113,586	106,299
NET CURRENT ASSETS		**109,437**	144,411
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,394,912**	2,441,544
NON-CURRENT LIABILITIES			
Borrowings		**1,188,181**	1,214,514

NET ASSETS	**1,206,731**	1,227,030
EQUITY		
Share capital	**101,042**	101,042
Reserves	**1,105,689**	1,125,988
Equity attributable to the Company's shareholders	**1,206,731**	1,227,030

1. BASIS OF PREPARATION

The unaudited interim consolidated accounts ("Interim Accounts") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and methods of computation used in the preparation of the Interim Accounts are consistent with those used in the annual accounts for the year ended 31st March 2005 except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards ("HKFRS") and HKAS (collectively "HKFRS") which are effective for accounting periods commencing on or after 1st January 2005 as described in note 2 below. A summary of effects of the changes in accounting policies between the Statements of Standard Accounting Practices ("SSAPs") in effect until 31st December 2004 (the "Old Hong Kong Accounting Standards) and the new HKFRS which has been applied in the Interim Accounts for the six months ended 30th September 2005 is set out in note 3.

2. CHANGES IN ACCOUNTING POLICIES

Commencing on 1st April 2005, the Group adopted the new/revised of HKFRS set out below, which are relevant to its operations. The comparatives have been amended as required, in accordance with the relevant provisions of these new/revised standards.

HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 32	Financial Instruments: Disclosures and Presentation
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 3	Business Combination
HK-Int 2	The Appropriate Policies for Hotel Properties

(i) Hotel properties

The adoption of HKAS 16 and HK-Int 2 has resulted in a change in the accounting policy for the Group's hotel properties, which are now stated at cost less accumulated depreciation and impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the profit and loss account during the financial period in which they are incurred.

In prior years, hotel properties were stated at valuation and were not depreciated. The initial cost of the hotel operating equipment was included in the cost of hotel properties and subsequent additions or replacements were charged to profit and loss account as incurred.

Depreciation is calculated to write off the carrying value of the assets on a straight line basis over the shorter of the unexpired period of the land lease and the estimated remaining useful lives of the assets. The useful lives which have been adopted are summarised as follows:

Hotel building	Shorter of 50 years or the remaining lease period of the land on which the hotel building is located
Plant and machinery	10 years
Furniture, fixtures and equipment	5 years – 10 years
Computer equipment	$3^1/_3$ years

Freehold land is accounted for as property, plant and equipment and stated at cost less impairment. No depreciation is provided for freehold land.

(ii) Leasehold land

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land from property, plant and equipment to prepaid operating leases. Leasehold land is accounted for as prepayment of lease and stated at cost less accumulated amortisation and the amortisation is recognised as an expense on a straight line basis over the lease term. In prior years, the leasehold land was included in hotel properties and was accounted for at fair value.

(iii) Goodwill

The adoption of HKAS 36, HKAS 38 and HKFRS 3 results in a change in the accounting policy for goodwill. The Group ceased amortisation of goodwill from 1st April 2005. The accumulated amortisation as at 31st March 2005 has been eliminated with a corresponding decrease in the cost of goodwill. From the year ending 31st March 2006 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

(iv) Financial instruments

The adoption of HKAS 32 and HKAS 39 has resulted in a change in the accounting policy relating to the recognition of derivative financial instruments at fair value and the change in the recognition and measurement of hedging activities.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All the new/revised standards adopted by the Group require retrospective application other than those stated below:

(a) HKAS 39 – the adjustments to recognise all derivatives at fair value and to remeasure those financial assets or financial liabilities are adjusted to the opening balance of the revenue reserve at 1st April 2005; and

(b) HKFRS 3 – prospectively after the adoption date.

The adoption of new/revised HKASs 1, 2, 7, 8, 10, 12, 14, 18, 19, 21, 23, 24, 27, 33, 37, HKFRS 2 and HKAS-Int 15 did not result in substantial changes to the Group's accounting policies.

3. SUMMARY OF THE EFFECT OF CHANGES IN ACCOUNTING POLICIES

Effects of the changes in accounting policies on consolidated profit and loss account:

	(Loss)/profit attributable to shareholders *HK$'000*	(Loss)/earnings per share *HK cents*
Period ended 30th September 2005		
Reported under the old Hong Kong accounting standards	**(23,752)**	**(0.47)**
Increase/(decrease) in:		
HKAS 16 and HK-Int 2		
Renovation cost of hotel properties capitalised	15,100	0.30
Depreciation of hotel buildings, plant and equipment	(25,003)	(0.49)
Hotel revaluation deficit	14,308	0.27
Deferred taxation	4,189	0.08
HKAS 17		
Amortisation of leasehold land	(10,319)	(0.20)
HKAS 32 and HKAS 39		
Fair value gains on interest rate swap contracts	428	0.01
	(1,297)	**(0.03)**
Reported under new HKFRSs	**(25,049)**	**(0.50)**
Period ended 30th September 2004		
Reported under the old Hong Kong accounting standards	**17,453**	**0.35**
Increase/(decrease) in:		
HKAS 16 and HK-Int 2		
Renovation cost of hotel properties capitalised	2,610	0.05
Depreciation of hotel buildings, plant and equipment	(24,761)	(0.49)
Deferred taxation	4,412	0.09
HKAS 17		
Amortisation of leasehold land	(10,319)	(0.21)
HKAS 32 and HKAS 39		
Interest expenses on convertible notes	(455)	(0.01)
	(28,513)	**(0.57)**
Reported under new HKFRSs	**(11,060)**	**(0.22)**

Effects of changes in accounting policies on consolidated balance sheet:

	HKAS 16 & HK-Int 2 *HK$'000*	HKAS 17 *HK$'000*	HKAS 32 & HKAS 39 *HK$'000*	Total *HK$'000*
At 30th September 2005				
Increase/(decrease) in net assets/equity:				
Hotel properties	(1,796,094)	(1,527,516)	–	(3,323,610)
Property, plant and equipment	892,626	–	–	892,626
Leasehold land	–	1,335,744	–	1,335,744
Derivative financial instruments	–	–	428	428
Deferred tax assets	36,112	–	–	36,112
Total assets	(867,356)	(191,772)	428	(1,058,700)
Deferred tax liabilities	41,511	–	–	41,511
Net assets	(825,845)	(191,772)	428	(1,017,189)
Hotel properties revaluation reserve	(567,921)	–	–	(567,921)
Exchange reserve	(11,456)	–	–	(11,456)
Revenue reserve	(246,468)	(191,772)	428	(437,812)
Equity	(825,845)	(191,772)	428	(1,017,189)

	HKAS 16 & HK-Int 2 *HK$'000*	HKAS 17 *HK$'000*	Total *HK$'000*
At 31st March 2005			
Increase/(decrease) in net assets/equity:			
Hotel properties	(1,785,094)	(1,527,516)	(3,312,610)
Property, plant and equipment	893,545	–	893,545
Leasehold land	–	1,346,063	1,346,063
Deferred tax assets	36,799	–	36,799
Total assets	(854,750)	(181,453)	(1,036,203)
Deferred tax liabilities	39,756	–	39,756
Net assets	(814,994)	(181,453)	(996,447)
Hotel properties revaluation reserve	(552,234)	–	(552,234)
Exchange reserve	(7,697)	–	(7,697)
Revenue reserve	(255,063)	(181,453)	(436,516)
Equity	(814,994)	(181,453)	(996,447)

	HKAS 16 & HK-Int 2	HKAS 17	HKAS 32 & HKAS 39	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1st April 2004				
Increase/(decrease) in net assets/equity:				
Hotel properties	(1,640,034)	(1,527,516)	–	(3,167,550)
Property, plant and equipment	915,367	–	–	915,367
Leasehold land	–	1,366,700	–	1,366,700
Deferred tax assets	40,543	–	–	40,543
Total assets	(684,124)	(160,816)	–	(844,940)
Less:				
Convertible notes	–	–	489	489
Deferred tax liabilities	24,746	–	–	24,746
Net assets	(659,378)	(160,816)	489	(819,705)
Hotel properties revaluation reserve	(439,145)	–	–	(439,145)
Exchange reserve	266	–	–	266
Other reserve	–	–	1,363	1,363
Revenue reserve	(220,499)	(160,816)	(874)	(382,189)
Equity	(659,378)	(160,816)	489	(819,705)

4. TURNOVER AND SEGMENT INFORMATION

An analysis of the Group's turnover and results by business segments and geographical segments are set out below:

	Turnover Six months ended 30th September		Contribution to operating profit Six months ended 30th September	
	2005	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000* (restated)
Business segments				
Hotel operation	**131,148**	115,172	**31,098**	22,353
Catering services	**11,408**	9,675	**1,907**	152
Travel agency	**147,613**	161,875	**52**	(894)
	290,169	286,722	**33,057**	21,611
Unallocated corporate expenses			**(6,845)**	(6,091)
			26,212	15,520

	Turnover Six months ended 30th September		Operating profit Six months ended 30th September	
	2005	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
				(restated)
Geographical segments				
Hong Kong	**235,765**	238,945	**11,321**	4,797
Mainland China	**4,462**	4,013	**636**	386
Canada	**49,942**	43,764	**14,255**	10,337
	290,169	286,722	**26,212**	15,520

5. OTHER CHARGES

	Six months ended 30th September	
	2005	2004
	HK$'000	*HK$'000*
		(restated)
Depreciation of property, plant and equipment	**25,429**	25,215
Amortisation of leasehold land	**10,319**	10,319
Amortisation of goodwill	**–**	1,929
	35,748	37,463

6. OPERATING PROFIT

	Six months ended 30th September	
	2005	2004
	HK$'000	*HK$'000*
		(restated)
Operating profit is stated after charging the following:		
Staff costs, including directors' emoluments	**37,308**	32,587
Operating lease rental expense for properties	**2,469**	2,667
Impairment of long term investment	**–**	1,601
Provision for bad and doubtful debts	**1,312**	1,589
Cost of goods sold	**11,033**	10,131

7. TAXATION

	Six months ended 30th September	
	2005	2004
	HK$'000	*HK$'000*
		(restated)
Deferred taxation	**691**	1,232

Hong Kong profits tax has been provided at rate of 17.5% (2004: 17.5%) on the estimated assessable profit for the period. Taxation on overseas profit has been calculated on the estimated taxable profits for the period at the rate of taxation prevailing in the countries in which the Group operates.

8. DIVIDENDS

The Directors do not recommend the payment of an interim dividend (2004: Nil).

9. LOSS PER SHARE

The calculation of loss per share is based on the loss attributable to shareholders of HK$25,049,000 (2004: HK$11,060,000 restated) and on the weighted average of 5,052,108,681 (2004: 5,052,108,681) shares in issue during the period.

As there are no dilutive instruments for the six months ended 30th September 2005 and the conversion of the convertible notes would not have a dilutive effect on the loss per share for the six months ended 30th September 2004, the basic loss per share is equal to the diluted loss per share for the two periods.

10. DEBTORS AND PREPAYMENTS

An ageing analysis of trade receivables net of provision of doubtful debts, which are included in debtors and prepayments, is as follows:

	30th September	**31st March**
	2005	2005
	HK$'000	*HK$'000*
0 day to 60 days	**39,297**	32,999
61 days to 120 days	**1,123**	2,039
More than 120 days	**1,565**	1,684
	41,985	36,722

The credit terms given to the customers vary and are generally based on the financial strengths of individual customers. In order to effectively manage the credit risks associated with trade receivables, credit evaluations of customers are performed periodically.

11. **CREDITORS AND ACCRUALS**

An ageing analysis of trade payables, which are included in creditors and accruals, is as follows:

	30th September 2005 *HK$'000*	**31st March** 2005 *HK$'000*
0 day to 60 days	**8,846**	16,578
61 days to 120 days	**104**	308
More than 120 days	**1,084**	1,366
	10,034	18,252

INTERIM RESULTS

The Group revenue increased moderately by HK$3.4 million to HK$290.2 million for the six months ended 30th September 2005. However, the hotel sector of the Group's business performed relatively better than the travel agency segment with the former increased by HK$16.0 million, 14%, while the latter fell by HK$14.3 million, 9%, and the balance of the increase in revenue attributable to the franchised restaurants.

The improvement in hotel revenue stems largely from increase in average room rate in Empire Hong Kong, Empire Kowloon and Landmark Hotel of 13%, 15% and 5% respectively.

The Group's operating profit before depreciation and amortisation increased by HK$9.0 million (17%) to HK$62.0 million from last year as helped by improvement in hotels and franchised restaurants operating profit of HK$10.0 million (17%) increase from last year.

However during the period a number of new and revised Hong Kong Financial Reporting Standards (new "HKFRS") have been adopted and have a significant and adverse impact on the financial statements of the Group. A detailed reconciliation of the financial impact of the new accounting standards is given in the note 3 to the Interim Accounts.

In particular, it should be noted that the Group's owned and operated hotels are now stated at cost less depreciation and impairment losses, rather than at open market value as in previous years.

As a result of the above, coupled with increased finance costs, the Group recorded a loss attributable to shareholders of HK$25.5 million as compared with a loss of HK$11.1 million for the same period last year (as restated).

The Directors do not recommend the payment of an interim dividend (2004: Nil).

OPERATIONAL REVIEW

The Empire Hotel, Hong Kong

The total revenue of Empire Hong Kong increased by 17% while operating profit improved by 18% as compared with last year.

Empire Hong Kong's average rate improved by 13% for the six months to September 2005 boosted by recently upgraded guest rooms which account for over 80% of our hotel room inventory. Occupancy remained similar to that of last year.

The newly renovated rooms and lobby lounge area have been well received by our corporate and high yield customers and hence would further improve the yield rate of this hotel.

During the period, a new Chinese restaurant was opened at the Empire Hong Kong hotel which brought increased rental income to the hotel while offering convenience of fine Chinese cuisines to our staying guests.

The Empire Hotel, Kowloon

Empire Kowloon's total revenue and operating profit improved by 11% and 12% respectively from last year.

Empire Kowloon's average rate increased by 15% for the period to September 2005 as compared with last year as helped by higher yield business segments such as corporate and frequent individual travelers. Occupancy for this hotel stood at 90% for the six months ended September 2005, slightly lower than 93% of last year.

The Empire Landmark Hotel, Vancouver

Landmark Hotel's total revenue increased by 14% while operating profit improved by 22% for the six months ended 30th September 2005.

Empire Landmark Hotel average rate rose by 5% as compared with last year attributable mainly to a stronger Canadian dollar which has appreciated by 9% during the period, while occupancy improved by 6.4% as compared with last year.

In April 2005 an additional crew were added to our existing airline crew accommodation contract which further enhances the occupancy of this hotel all-year-round.

Travel Agency

Fierce competition within travel agencies wholesale industry continues to exert pressure on our travel agency business which caused revenue to fall by HK$14.3 million or 9% to HK$147.6 million as compared with that of last year.

With rapidly rising oil prices, airline fuel surcharges increase overall air-ticket prices for the consumers which in turn dampen consumers' sentiment to travel.

Concerted effort is made by our management team to direct resources to higher yield businesses in terms of different airlines and product types such as hotels and tour packages in order to alleviate the adverse effect of falling demand and improve margins.

Catering businesses

First half of 2005 has proved to be an encouraging period which saw revenue for our franchised restaurants increased by 18% to HK$11.4 million as compared with last year.

With strong recovery of international visitor arrivals in Hong Kong and the opening of East Rail terminal adjacent to our Tsim Sha Tsui restaurant towards the end of 2004, revenue increased by 23% as compared with last year due largely to higher patrons numbers.

A moderate increase of 11% in revenue of the Shanghai restaurant was recorded as compared with last year.

Human Resources

As at 30th September 2005 the Group recorded 395 number of full time employees (2004: 375). Employee remuneration package includes salary payment, insurance, medical scheme, retirement and other benefits. During the period, no share options were granted.

Financial Review

Following the adoption of HKAS 17 which do not allow leasehold interest of owner-occupied land to be carried at valuation, hotel properties are now stated at cost less depreciation and impairment losses. Consequently shareholders' funds as at 30th September 2005 were significantly reduced to HK$1,207 million, a decrease of HK$20.3 million over last year (as restated). Net borrowings amounted to HK$1,119 million as compared with HK$1,197 million last year due chiefly to improvement in operating profitability and cash flow.

However, the Group considers that it is more meaningful to present supplementary information for revalued net assets by taking into consideration the valuation of our hotels which reflects more closely the economic substance of the hotel properties investments.

Accordingly revalued net assets and revalued net asset per share based on valuation at 30th September 2005 are HK$2,220 million and HK$0.44 respectively. Based on the adjusted net assets, the Group's gearing ratio as at 30th September 2005 was 50% as compared with 54% last year

As at 30th September 2005, amount of HK$47.4 million which represents 3.8% of total borrowings is repayable within one year with the balance repayable by various instalments over a period exceeding 10 years. Furthermore, except for the Vancouver property mortgage loan amounting to HK$148.3 million (2005: HK$148.1 million) which was borrowed in Canadian dollar for exchange hedging purposes, all the other borrowings are denominated in Hong Kong dollar.

With rapidly rising interest rates both in the USA and locally, the Group's finance cost increased substantially by HK$7.9 million, which represents a 44% increase from last year. However, up to date, interest rate swap contracts amounting to HK$360 million have been entered to mitigate the effects of higher interest expenses.

After the period end the group issued 1,010 million new shares through share placement and thereby raised new capital of HK$193 million. The funds raised from this share placement were used to reduce bank borrowings which will lead to interest cost savings, lower future bank loan repayments and reduced gearing.

The aggregate net book value of fixed assets pledged as securities for loans of the Group amounted to HK$2,228.4 million (2005: HK$2,239.6 million as restated).

Future Prospects

With the opening of Disneyland in September 2005, the WTO conference in December 2005, the hosting of 2006 ITU World exhibition in December 2006 at the all-new exhibition facilities near the airport, the outlook for hotel industry continues to be promising.

The upgrading program of remaining guestrooms at the Wanchai Empire Hotel will ensure that we are well positioned to capitalise on the high yield business opportunities brought about by the above and other major business conference and sporting and leisure events due to take place in the near future.

With 2006 designated by the Hong Kong Tourism Board as Tourism Year, our Empire Kowloon hotel located in the center of a traditionally popular tourist area will be able to command higher occupancy and room rates brought about by influx of foreign visitors.

Similarly, our franchised restaurants will also benefit by the thriving tourist industry here locally while our Shanghai restaurant is expected to maintain stable growth in revenue and profitability.

Overseas, following the recent visit by our Hong Kong Chief Executive and delegates to Canada aimed at closer trade ties between the two countries and with Canada being an approved destination for PRC travelers, and the forthcoming 2010 Winter Olympics, the future prospects for our Vancouver hotel look optimistic.

We are continuing our efforts searching for partners and opportunities for management contracts in the PRC.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

During the period, the Company was in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules of The Stock Exchange of Hong Kong Limited at any time during the six months ended 30th September 2005.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less than the required standard of dealings as set out in Rule 15 of the Appendix 10 of the Listing Rules. The Company has also made specific enquiry of the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors.

AUDIT COMMITTEE

The Audit Committee members are Mr. Hung Yat Ming, Mr. Leung Wai Keung, Richard and Mr. Ip Chi Wai. The principal activities of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

The unaudited interim accounts for the six months ended 30th September 2005 have been reviewed by the audit committee of the Company.

DISCLOUSRE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

A detailed announcement of interim results of the Group for the period ended 30th September 2005 containing all the information required by paragraph 46 of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

By Order of the Board
POON JING
Chairman

Hong Kong 20th December 2005

As at the date of this announcement, the Executive Directors of the Company are Mr. Poon Jing, Mr. Lim Yin Cheng, Mr. Fung Siu to Clement, Mr. Poon Tin San Robert, Mr. Wong Shu Piu, the Non-executive Director is Mr. Liang Shangli, and Independent Non-executive Directors are Mr. Ip Chi Wai, Mr. Leung Wai Keung Richard and Mr. Hung Yat Ming.