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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)

CONTINUING CONNECTED TRANSACTION

The Directors announce that on 22nd February 2007, a wholly owned subsidiary of Asia Standard Hotel Group Limited (“the Company”) has entered into a letter of offer for agreement to tenancy agreement (“Offer Letter”) with Hoi Chak for leasing of the Premises.

Hoi Chak is a wholly owned subsidiary of Asia Standard International, the substantial shareholder of the Company.

In accordance with Rule 14A.34 of the Listing Rules, the Offer Letter will only be subject to the reporting and announcement requirements of the Listing Rules and will be exempted from independent shareholders’ approval requirements.

Letter of Offer for Agreement to Tenancy Agreement

Date of Offer Letter	22nd February 2007
Landlord	Hoi Chak Properties Limited (“Hoi Chak”), an indirect wholly-owned subsidiary of Asia Standard International Group Limited (“Asia Standard International”) which in turn is a substantial shareholder of the Company.
Tenant	JBC Travel Company Limited (“JBC”), an indirect wholly-owned subsidiary of the Company.
Premises	16/F., Asia Standard Tower, 59-65 Queen’s Road Central, Hong Kong (“Premises”).
Term	Two years commencing from 1st March 2007 and expiring on 28th February 2009.
Rent	Monthly rental of HK\$108,400 (exclusive of rates, management fees and all other outgoings).

The Premises has been and is being used as the head office of JBC. The annual rent, exclusive of rates, management fees and other outgoings for the past 3 years ended 28th February 2005, 2006 and 2007 were HK\$573,336, HK\$573,336 and HK\$975,600 respectively. The annual rent, exclusive of rates, management fees and other outgoings for each of the financial years ending 31 March 2007, 2008 and 2009 will be HK\$108,400, HK\$1,300,800 and HK\$1,192,400 respectively. The rent payable under the Offer Letter was determined on an arms-length basis with reference to the prevailing market rents of the subject building which information was obtained from the Landlord. The board of directors of the Company, including the independent non-executive directors, is of the opinion that the terms of the Offer Letter are agreed on normal commercial terms and in the usual and ordinary course of business of the Company. By signing the tenancy agreement, the tenant and ultimately the Company will enjoy an approximately 10% discount to the prevailing market rents of the same building as well as savings on relocation costs. Formal tenancy agreement incorporating the principal terms of the Offer Letter shall be signed on or before 28 February 2007.

General

Hoi Chak is an indirect wholly-owned subsidiary of Asia Standard International which in turn is a substantial shareholder holding approximately 56.9% of the Company. The Offer Letter constitutes a connected transaction for the Company under the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"). In accordance with Rule 14A.34 of the Listing Rules, based on the calculations of the applicable percentage ratios, the Offer Letter will only be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and will be exempted from the independent shareholders' approval requirements.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries consist of holding and operating three hotels, two located in Hong Kong and one in Canada; a travel agency in Hong Kong; and a restaurant in Hong Kong and another in Shanghai.

By Order of the Board
Lim Yin Cheng
Deputy Chairman

Hong Kong, 23 February 2007

As at the date of this announcement, the board of directors of the Company comprises Mr. Fung Siu To, Clement, Dr. Lim Yin Cheng, Mr. Poon Jing, Mr. Wong Shu Pui, Mr. Poon Tin Sau, Robert and Mr. Woo Wei Chun, Joseph as executive directors, Mr. Liang Shangli as non-executive director and Mr. Ip Chi Wai, Mr. Leung Wai Keung, Richard and Mr. Hung Yat Ming as independent non-executive directors.

* *For identification purpose only*