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

If you have sold or transferred all your shares in Asia Standard Hotel Group Limited, you should at once hand this circular to the purchaser or transferee or the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of this circular has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong. A copy of this circular has been or will be as soon as practicable, filed with the Registrar of the Companies in Bermuda pursuant to the Companies Act 1981 of Bermuda (as amended). The Registrar of Companies in Hong Kong, the Securities and Futures Commission of Hong Kong and the Registrar of Companies in Bermuda take no responsibility as to the contents of this circular.

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This circular is for information only and does not constitute an invitation of offer to acquire, purchase or subscribe for any securities.



ASIA STANDARD HOTEL GROUP LIMITED

(泛海酒店集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 292)

PROPOSED BONUS ISSUE OF WARRANTS

Financial adviser

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

A notice convening a special general meeting ("SGM") of the Company to be held at 9:45 a.m. on Friday, 31 August 2007 at Basement 1, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong (or, if later, immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at the same place at 9:30 a.m. on 31 August 2007), is set out on pages 22 to 24 of this circular. A proxy form is also enclosed. Whether or not you intend to attend and vote at the SGM or any adjourned meeting in person, please complete and return the enclosed proxy form in accordance with the instructions printed thereon to the head office and principal place of business of the Company in Hong Kong at 30th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

* For identification purposes only

9 August 2007

CONTENTS

	<i>Page</i>
Definitions	1
Expected timetable	4
Letter from the Board	5
Introduction	5
Proposed Bonus Issue of Warrants	5
The Subscription Price	6
Use of proceeds	7
Ranking of the Shares to be issued upon exercise of the Warrants	7
Overseas Shareholders	8
Conditions to the Bonus Issue of Warrants	8
Closure of register	9
Reason for the Bonus Issue of Warrants	9
Information on Asia Standard Hotel	9
SGM	9
Recommendation	10
Responsibility Statement	10
Procedure to demand a poll at the SGM	10
General	11
Additional information	11
Appendix I — Summary of the terms and conditions of the Warrants	12
Notice of SGM	22
Accompanying document	
— Form of proxy	

DEFINITIONS

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

“Announcement”	the announcement dated 19 July 2007 made by the Company containing the details of the Bonus Issue of Warrants
“Asia Standard Hotel” or “Company”	Asia Standard Hotel Group Limited (stock code: 292), an exempted company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange and a 67.03% subsidiary of Asia Standard International
“Asia Standard International”	Asia Standard International Group Limited (stock code: 129), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange, and the holding company of Asia Standard Hotel
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Bonus Issue of Warrants”	the proposed issue of the Warrants on the basis of one Warrant for every five Shares held by the Shareholders, excluding the Excluded Shareholders, on the Record Date whose names appear on the register of members of the Company at the close of business on the Record Date
“business day”	a day (excluding Saturday and Sunday) on which banks in Hong Kong are open for business
“connected persons”	has the meaning ascribed to it by the Listing Rules
“Director(s)”	director(s) of the Company
“Excluded Shareholder(s)”	Overseas Shareholder(s) who are excluded from the Bonus Issue of Warrants by the reason that the Directors, upon making enquiry, consider such exclusion to be necessary or expedient on account of either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body or stock exchange in those places, the details of which are set out in the section headed “Overseas Shareholders” of this circular
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Latest Practicable Date”	6 August 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	The Macau Special Administrative Region of the PRC
“Notice of SGM”	the notice covering the SGM as set out in this circular
“Overseas Shareholders”	Shareholders whose addresses as shown on the register of members of the Company at the close of business on the Record Date are outside Hong Kong
“PRC”	the People’s Republic of China, excluding for the purpose of this circular Hong Kong, Macau and Taiwan
“Record Date”	31 August 2007
“Reset Adjustment”	the adjustment to be made to the Subscription Price at the end of each six month period from the date of issue of the Warrants and on the tenth business day prior to the expiry of the Warrants whereby the Subscription Price will be reset so that it shall be the lower of (a) the then effective Subscription Price immediately preceding such Reset Adjustment; and (b) 95% of the average of the closing prices of each Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of such Reset Adjustment
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened at 9:45 a.m. on Friday, 31 August 2007 at Basement 1, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong (or, if later, immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at the same place at 9:30 a.m. on 31 August 2007), or any adjournment thereof, notice of which is set out at the end of this circular
“Share(s)”	ordinary shares of HK\$0.02 each in the capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Subscription Price”	HK\$0.146 per Share (subject to adjustments) in respect of each Warrant
“Warrants”	the warrant(s) to be issued by the Company entitling the holder(s) thereof to subscribe, at any time from the date of issue to the date immediately preceding the date falling on the third anniversary of the date of issue, for fully paid Shares at an initial Subscription Price of HK\$0.146 per Share (subject to adjustments)
“%”	per cent.

EXPECTED TIMETABLE

2007

Last day of dealings in Shares on a cum entitlement to the Warrants	Friday, 24 August
First day of dealings in Shares on a ex-entitlement to the Warrants	Monday, 27 August
Latest time for lodging transfers of Shares in order to qualify for the Warrants	4:30 p.m. on Tuesday, 28 August
Register of members closes (both dates inclusive)	Wednesday, 29 August to Friday, 31 August
Latest time for lodging forms of proxy for the SGM.	9:45 a.m. on Wednesday, 29 August
Record Date for entitlement of Warrants.	Friday, 31 August
SGM	9:45 a.m. on Friday, 31 August
Announcement of results of the SGM	Monday, 3 September
Register of members re-opens.	Monday, 3 September
Despatch of Warrants certificates	Friday, 7 September

Dates or deadlines stated in this circular for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable will be announced as appropriate. All times and dates refer to Hong Kong local time.

LETTER FROM THE BOARD



ASIA STANDARD HOTEL GROUP LIMITED

(泛海酒店集團有限公司)*

(Incorporated in Bermuda with limited liability)

Executive Directors:

Mr. Poon Jing (*Chairman*)

Dr. Lim Yin Cheng

(*Deputy Chairman and Chief Executive*)

Mr. Fung Siu To, Clement

Mr. Poon Tin Sau, Robert

Mr. Woo Wei Chun, Joseph

Non-executive Directors:

Mr. Liang Shangli

Independent non-executive Directors:

Mr. Ip Chi Wai

Mr. Leung Wai Keung, Richard

Mr. Hung Yat Ming

Registered office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

*Head office and principal place of
business in Hong Kong:*

30th Floor

Asia Orient Tower

Town Place

33 Lockhart Road

Wanchai

Hong Kong

9 August 2007

To the Shareholders

Dear Sir/Madam,

PROPOSED BONUS ISSUE OF WARRANTS

INTRODUCTION

On 19 July 2007, the Directors announced that the Company proposed the Bonus Issue of Warrants to the Shareholders. The purpose of this circular is to provide the Shareholders with further information on the resolution to be proposed at the SGM relating to the Bonus Issue of Warrants and to give Shareholders the Notice of SGM at which the resolution approving the above proposal will be considered and voted upon.

PROPOSED BONUS ISSUE OF WARRANTS

On 18 July 2007, the Company announced the results of the Group for the year ended 31 March 2007 and on the same day, the Board proposed, subject to the satisfaction of the conditions below, the Bonus Issue of Warrants to Shareholders whose names appear on the register of members of the Company on the Record Date on the basis of one Warrant for every five Shares held on the Record Date.

* For identification purposes only

LETTER FROM THE BOARD

THE SUBSCRIPTION PRICE

The Warrants will entitle the holders thereof to subscribe for new Shares at an initial Subscription Price of HK\$0.146 per Share in cash, subject to adjustment(s), at any time between the date of issue of the Warrants and the date immediately preceding the date falling on the third anniversary of the date of issue of the Warrants, both dates inclusive. Fractional entitlements to the Warrants will not be issued to the Shareholders. The Subscription Price is subject to adjustment(s) upon occurrence of usual adjustment events arising as a result of changes in the share capital of the Company including consolidation or sub-division of Shares, capitalisation of profits or reserves, capital distributions in cash or specie or subsequent issue of securities in the Company. Apart from the adjustments upon occurrence of the usual adjustment events, at the end of each six month period from the date of issue of the Warrants, the Subscription Price is subject to the Reset Adjustment whereby the Subscription Price will be reset so that it shall be the lower of (a) the then effective Subscription Price immediately preceding such Reset Adjustment; and (b) 95% of the average of the closing prices of each Share as quoted on the Stock Exchange for the five trading days immediately preceding the date of such Reset Adjustment. The Subscription Price will also be subject to a final Reset Adjustment on the tenth business day before the date of expiration of the Warrants. Further announcements will be made upon adjustment of the Subscription Price.

The initial Subscription Price of HK\$0.146 represents:

- a discount of approximately 6% over the closing price of HK\$0.156 per Share as quoted on the Stock Exchange on 17 July 2007, the last trading day immediately prior to the date of approval of the proposed Bonus Issue of Warrants by the Board;
- a discount of approximately 5% over the average closing price of HK\$0.153 per Share as quoted on the Stock Exchange for the 10 trading days ended on 17 July 2007, the last trading day immediately prior to the date of approval of the proposed Bonus Issue of Warrants by the Board; and
- a discount of approximately 3% over the closing price of HK\$0.15 per Share as quoted on the Stock Exchange on the date of the Announcement, being 19 July 2007.
- a premium of approximately 12% over the closing price of HK\$0.131 per Share as quoted on the Stock Exchange on the Latest Practicable Date

On the basis of 12,508,806,156 Shares in issue on the Latest Practicable Date, and assuming no further Shares will be issued or repurchased by the Company on or before the Record Date, 2,501,761,231 Warrants are proposed to be issued. In the event that the Subscription Price is adjusted by the Reset Adjustment, the maximum number of proposed Warrants to be issued will not change.

LETTER FROM THE BOARD

The following table illustrates the change in the shareholding structure of the Company following the exercise of the subscription rights attaching to the Warrants (a) by Asia Standard International in full only; and (b) by all the holders of the Warrants in full:

	As at the Latest Practicable Date		Immediately after conversion of the Warrants by Asia Standard International in full only (note)		Immediately after full conversion of the Warrants	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Asia Standard International	8,384,216,946	67.03	10,061,060,335	70.92	10,061,060,335	67.03
Others	<u>4,124,589,210</u>	<u>32.97</u>	<u>4,124,589,210</u>	<u>29.08</u>	<u>4,949,507,052</u>	<u>32.97</u>
Total	<u><u>12,508,806,156</u></u>	<u><u>100</u></u>	<u><u>14,185,649,545</u></u>	<u><u>100</u></u>	<u><u>15,010,567,387</u></u>	<u><u>100</u></u>

Note: Immediately after conversion of the Warrants by Asia Standard International in full only, the public float of the Company will be approximately 26.77%.

USE OF PROCEEDS

Upon full exercise of the 2,501,761,231 Warrants the Company will receive approximately HK\$365.3 million, before expenses and (assuming that the Subscription Price is not adjusted) issue 2,501,761,231 new Shares, representing approximately 20% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the issue of such Shares. Assuming that the number of Shares in issue remains unchanged prior to the date of issue of the Warrants, the 2,501,761,231 new Shares will represent approximately 20% of the issued share capital of the Company at the time of issue of the Warrants. The Company intends to apply the proceeds raised from the Bonus Issue of Warrants for expansion in the PRC and Hong Kong, and general working capital.

RANKING OF THE SHARES TO BE ISSUED UPON EXERCISE OF THE WARRANTS

Shares which may fall to be issued upon exercise of the Warrants will rank for any dividends and other distributions and, or, offers of further securities made by the Company, the record date for which is on or after the relevant subscription date and subject thereto, pari passu in all respects with the then existing issued Shares on the relevant subscription date. The Warrants will be transferable in whole amounts or integral multiples of the Subscription Price for the time being. No application will be made for the listing of the Warrants on the Stock Exchange or any other exchange. Application has been made to the Stock Exchange for listing of, and permission to deal in, the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants.

LETTER FROM THE BOARD

OVERSEAS SHAREHOLDERS

As set out in the Announcement, the Bonus Issue of Warrants will not be made to the Excluded Shareholders in the event that the Directors, upon making enquiry, consider such exclusion to be necessary and expedient on account either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory body or stock exchange in those places.

On the basis of the information made available to the Directors, as at the Latest Practicable Date, there were Overseas Shareholders whose addresses as shown on the register of members of the Company were in Canada, Japan, Malaysia, Singapore and Spain. The Directors have made enquiry on the legal restrictions and regulatory requirements in relation to the Bonus Issue of Warrants to the Overseas Shareholders in the above jurisdictions and on the compliance with the relevant restrictions and formalities and having done so, the Board considered that because of the likely costs and time involved if overseas compliance were to be observed, the insignificant shareholdings of the Excluded Shareholders (i.e. those Overseas Shareholders whose addresses as shown in the register of members of the Company on the Record Date are in Canada and Malaysia), the costs of overseas compliance would outweigh the benefits which the Company and the Shareholders as a whole would receive by including the Excluded Shareholders in the Bonus Issue of Warrants and it would be necessary and expedient to exclude the Excluded Shareholders from the Bonus Issue of Warrants. Accordingly, no allotment of the Warrants will be made to the Excluded Shareholders pursuant to the Bonus Issue of Warrants.

In such circumstances, arrangements will be made for the Warrants which would otherwise have been issued to such Excluded Shareholders, if any, to be sold through a private matching service provided by the Company or its agent as soon as practicable, if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to the Excluded Shareholders, if any, pro rata to their respective shareholdings and remittances therefor will be posted to them, at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100, in which case it will be retained for the benefit of the Company.

Overseas Shareholders whose addresses as shown in the register of members of the Company on the Record Date are in Japan, Singapore and Spain will be included in the Bonus Issue of Warrants.

CONDITIONS TO THE BONUS ISSUE OF WARRANTS

The Bonus Issue of Warrants is conditional upon:

- the passing of an ordinary resolution by the Shareholders at the SGM approving the issue of the Warrants and the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants, in accordance with the requirements of the Listing Rules; and
- the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants.

LETTER FROM THE BOARD

Save for the Bonus Issue of Warrants, the Company has no other outstanding equity securities which remain to be issued on exercise of any other subscription rights subject to Chapter 15 of the Listing Rules.

CLOSURE OF REGISTER

The register of members of the Company will be closed from Wednesday, 29 August 2007 to Friday, 31 August 2007 (both dates inclusive) in order to establish entitlements of Shareholders to the Bonus Issue of Warrants, during which period no transfer of Shares will be registered. In order to qualify for the Bonus Issue of Warrants, Shareholders are reminded to ensure that all Share transfers, accompanied by the relevant certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investors Services Limited, situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 28 August 2007.

REASON FOR THE BONUS ISSUE OF WARRANTS

The Board believes that the Warrants will provide the Shareholders with the opportunity to participate further in the future growth of the Group through a security which is expected to be highly dependent on the movements in the price of the Shares. The Bonus Issue of Warrants will also strengthen the equity base of the Company and increase the Company's working capital if and when the subscription rights attaching to the Warrants are exercised.

INFORMATION ON ASIA STANDARD HOTEL

The principal activity of Asia Standard Hotel is investment holding. The principal activities of its 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.

SGM

A notice convening the SGM to be held at 9:45 a.m. on Friday, 31 August 2007 at Basement 1, Empire Hotel Hong Kong, 33 Hennessy Road, Wanchai, Hong Kong (or, if later, immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at the same place at 9:30 a.m. on 31 August 2007) is set out on pages 22 to 24 of this circular at which an ordinary resolution will be proposed and, if thought fit, passed by the Shareholders to approve the Bonus Issue of Warrants and the issue of new Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Warrants.

A proxy form for use by the Shareholders at the SGM is enclosed with this circular. Whether or not you are available to attend the SGM in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the head office and principal place of business of the Company in Hong Kong at 30th Floor, Asia Orient Tower, Town

LETTER FROM THE BOARD

Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the SGM or any adjournment thereof. Completion and return of a proxy form will not preclude you from attending and voting in person at the SGM or any adjourned meeting should you so wish.

RECOMMENDATION

The Board believes that the Bonus Issue of Warrants is in the interest of the Company and the Shareholders as a whole.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

PROCEDURE TO DEMAND A POLL AT THE SGM

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

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

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

LETTER FROM THE BOARD

GENERAL

The English text of this circular prevails over the Chinese text.

ADDITIONAL INFORMATION

Please refer to Appendix I to this circular for additional information.

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

APPENDIX I SUMMARY OF THE TERMS AND CONDITIONS OF THE WARRANTS

The Warrants will be issued in registered form subject to and with the benefit of a separate Instrument by way of deed poll.

The Warrants will confer rights to subscribe up to an aggregate maximum amount of HK\$365,257,139.726 (subject to adjustment) for Shares, at an initial Subscription Price of HK\$0.146 per Share (subject to adjustment).

Upon the Bonus Issue of Warrants becoming unconditional, the Warrants represent direct obligations of the Company to Warranholders as described in the Instrument. The following is a summary of the major provisions of the Instrument and the principal terms and conditions of the Warrants as set out on the Warrant certificates. Warranholders will be entitled to the benefit of, be bound by, and be deemed to have notice of all such terms and conditions and the provisions of the Instrument, copies of which will be available at the head office and principal place of business of the Company in Hong Kong.

1. SUBSCRIPTION RIGHTS

- (a) The Warranholder will have the right to subscribe up to an aggregate maximum amount of HK\$365,257,139.726 for Shares at an initial Subscription Price (subject to the adjustments referred to below) of HK\$0.146 per Share. The Subscription Rights attaching to the Warrants may be exercised in whole or in part at any time during the Subscription Period. After the Subscription Period, any Subscription Rights which have not been exercised shall lapse and the Warrants will cease to be valid for any purpose.
- (b) Each Warrant certificate contains a subscription form. In order to exercise his Subscription Rights, the Warranholder must complete and sign the subscription form (which will be irrevocable) and deliver the Warrant certificate (and, if the subscription form used is not the form endorsed on the Warrant certificate, a separate subscription form) to the Registrars, together with a remittance for the Exercise Moneys (or, in the case of partial exercise, the relevant portion of the Exercise Moneys). In each case compliance must also be made with any exchange control, fiscal or other laws or regulations for the time being applicable. Unless otherwise agreed by the Directors, subscription forms must be submitted to the Registrars in Hong Kong.
- (c) No fraction of a Share will be allotted and any balance of the Exercise Moneys paid on exercise of the Subscription Rights represented by the Warrant certificate will be retained by the Company for its benefit.
- (d) The Shares to be issued upon the exercise of the Subscription Rights represented by the Warrant will rank pari passu with the fully-paid Shares in issue on the relevant subscription date and accordingly will entitle the Warranholders to participate in all dividends or other distributions declared, paid or made on or after the relevant subscription date, unless adjustment therefor has been made as provided in the terms and conditions of the Warrants

APPENDIX I SUMMARY OF THE TERMS AND CONDITIONS OF THE WARRANTS

and other than any dividend or other distribution previously declared, recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant subscription date and notice of the amount and record date therefor shall have been given to the Stock Exchange prior to the relevant subscription date.

- (e) As soon as practicable after the relevant allotment and issue of Shares (and not later than 21 days after the subscription date or, if the subscription date falls at a time when an adjustment to the Subscription Price and/or the Exercise Moneys is to be made (in accordance with the terms and conditions of the Instrument) which has not become unconditional within such 21 day period, within 14 days of such adjustment becoming unconditional), there will be issued free of charge to the Warranholders:
 - (i) a certificate (or certificates) for the relevant Shares in the name(s) of such Warranholder(s); and
 - (ii) (if applicable) a balancing Warrant certificate in registered form in the name(s) of such Warranholder(s) in respect of any Subscription Rights remaining unexercised.

The certificate(s) for Shares arising on the exercise of Subscription Rights and the balancing Warrant certificate (if any) will be sent by post at the risk of such Warranholder(s) to the address of such Warranholder(s) or (in the case of a joint holding) to that one of them whose name stands first in the register of Warranholders. If the Company agrees, such certificates may by prior arrangement be retained by the Registrars to await collection by the relevant Warranholder(s).

2. ADJUSTMENTS OF SUBSCRIPTION PRICE AND EXERCISE MONEYS

The Instrument contains detailed provisions relating to the adjustment of the Subscription Price and the Exercise Moneys. The following is a summary of and is subject to, the adjustment provisions of the Instrument:

- (a) The Subscription Price will (except as mentioned in sub-paragraphs (b) and (c) below) in each of the following cases, and the Exercise Moneys will in the case of sub-paragraph (a)(viii) below, be adjusted as provided in the Instrument (but the Subscription Price shall however not be adjusted below the nominal value of the Shares until the Subscription Right Reserve (as defined in the Instrument) is maintained pursuant to the terms and conditions of the Instrument):
 - (i) an alteration of the nominal amount of the Shares by reason of any consolidation or subdivision;
 - (ii) an issue (other than in lieu of a cash dividend) by the Company of Shares credited as fully-paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);

- (iii) a Capital Distribution (as defined in the Instrument) being made by the Company, whether on a reduction of capital or otherwise except pursuant to any purchase by the Company of its own Shares which is permitted by the Listing Rules and is in accordance with the provisions of the laws of Bermuda and the Company's memorandum of association and the Bye-laws, to Shareholders in their capacity as such;
- (iv) an offer or grant being made by the Company to Shareholders of any new Shares by way of rights or options, or warrants to subscribe for Shares at a price which is less than 90% of the market price (calculated as provided in the Instrument); provided however that no adjustment shall be made if the Company shall make a like offer or grant (as the case may be) at the same time to each Warrantholder (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws or requirements of any recognised regulatory body or any stock exchange) as if he had exercised the Subscription Right represented by his Warrant certificate(s) in full on the day immediately preceding the record date for such offer or grant;
- (v) an issue wholly for cash being made by the Company or any other company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total Effective Consideration (as defined in the Instrument) per Share is less than 90% of the market price (calculated as provided in the Instrument), or the terms of any such issue being altered so that the said total Effective Consideration is less than 90% of the market price;
- (vi) an issue being made wholly for cash of Shares other than pursuant to an Employee Share Scheme (as defined in the Instrument) at a price less than 90% of the market price (calculated as provided in the Instrument);
- (vii) a purchase by the Company of any of its Shares or securities convertible into Shares or any rights to acquire Shares (excluding any such purchase made on the Stock Exchange or any stock exchange recognized by the SFC and the Stock Exchange) in circumstances where the Directors consider that it may be appropriate to make an adjustment to the Subscription Price; and
- (viii) at the end of each six month period from the date of issue of the Warrants and on the 10th business day immediately before the end of the Subscription Period.

APPENDIX I SUMMARY OF THE TERMS AND CONDITIONS OF THE WARRANTS

- (b) Except as mentioned in sub-paragraph (c) below, no such adjustment as is referred to in sub-paragraph (a) above will be made in respect of:
 - (i) an issue of fully-paid Shares upon the exercise of any conversion rights attached to securities wholly or partly convertible into Shares or upon the exercise of any rights (including the subscription rights) to acquire Shares;
 - (ii) an issue of Shares or other securities of the Company or any subsidiary wholly or partly convertible into or carrying rights to acquire Shares pursuant to an Employee Share Scheme;
 - (iii) an issue by the Company of Shares or by the Company or any subsidiary of securities wholly or partly convertible into or carrying rights to acquire Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business;
 - (iv) an issue of fully-paid Shares by way of capitalisation of all or part of the Subscription Right Reserve to be established in certain circumstances pursuant to the terms and conditions contained in the Instrument (or any similar reserve which has been or may be established pursuant to the terms of any other securities wholly or partly convertible into or carrying rights to acquire Shares); or
 - (v) an issue of Shares pursuant to a scrip dividend scheme in lieu of a cash dividend where an amount not less than the nominal amount of the Shares so issued is capitalised.

- (c) Notwithstanding the provisions referred to in sub-paragraphs (a) and (b) above, in any circumstances where the Directors consider that an adjustment to the Subscription Price provided for under the said provisions should not be made, or should be calculated on a different basis, or that an adjustment to the Subscription Price should be made notwithstanding that no such adjustment is required under the said provisions, or that an adjustment should take effect on a different time or at a different date from that provided for, the Company may appoint the Auditors (as defined in the Instrument) or an approved merchant bank (as defined in the Instrument) or an approved financial adviser (as defined in the Instrument) to consider whether for any reason whatever the adjustment to be made (or in the absence of adjustment) would not or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such Auditors or such approved merchant bank or such approved financial adviser shall consider this to be the case, the adjustment will be modified or nullified or an adjustment made instead of no adjustment in such manner (including, without limitation, making an adjustment calculated on a different basis and/or the adjustment shall take effect from such other time and/or date) as is certified by the Auditors or such approved merchant bank or such approved financial adviser to be in its option appropriate.

- (d) Any adjustment to the Subscription Price will be made to the nearest HK\$0.001 so that any amount under HK\$0.0005 will be rounded down and any amount of HK\$0.0005 or more will be rounded up. No adjustment will be made to the Subscription Price in any case in which the amount by which the same would be reduced would be less than HK\$0.001 and any adjustment which would otherwise then be required will not be carried forward. No adjustment may be made (except on a consolidation of shares) which would increase the Subscription Price.

- (e) Every adjustment to the Subscription Price (save for the adjustment referred to in sub-paragraph (2)(a)(viii) above) will be certified to be fair and appropriate by the Auditors or an approved merchant bank or an approved financial adviser. Notice of each adjustment to the Subscription Price (and in respect of the adjustment referred to in sub-paragraph 2(a)(viii) above, the Exercise Moneys) will be given to the Warrantheolders setting out the relevant particulars. Any such certificates of the Auditors and/or approved merchant bank and/or approved financial adviser will be available at the principal place of business of the Company in Hong Kong, where copies may be obtained. In giving any certificate or making any adjustments thereunder, the Auditors or the approved merchant bank or the approved financial adviser shall be deemed to be acting as experts and not as arbitrators and in the absence of manifest error, the decision shall be conclusive and binding on the Company and the Warrantheolders and all persons claiming through or under them.

3. REGISTERED WARRANTS

The Warrants will be issued in registered form. The Company will be entitled to treat the registered Warrantheolder as the absolute owner thereof and accordingly will not, except as ordered by a court of competent jurisdiction or required by law, be bound to recognize any equitable right or other claim to or interest in such Warrant on the part of any other person, whether or not it shall have express or other notice thereof.

4. REGISTER, TRANSFER AND TRANSMISSION

The Subscription Rights represented by the Warrant certificate are transferable, in whole amounts or integral multiples of the Subscription Price (or such other sum as the Directors shall from time to time determine) of Subscription Rights, by instrument of transfer in any usual or common form or in any other form which may be approved by the Directors. Where the transferor or the transferee is HKSCC Nominees Limited or its successor thereto (or such other company as may be approved by the Directors for this purpose) the transfer may be executed on behalf of HKSCC Nominee Limited under the hands of authorised person(s) or by machine imprinted signature(s) on its behalf or of such person(s), as the case may be. For this purpose, the Company shall maintain a register of Warrantheolders and the provisions of the Bye-laws for the time being relating to the registration, transfer and transmission of Shares shall apply, mutatis mutandis, to the registration, transfer and transmission of the Warrants and shall have full effect as if the same had been incorporated herein. Unless the Directors otherwise agree all transfers and other documents of title to the Warrants must be lodged for registration with, and registered by, the Registrars in Hong Kong.

5. PURCHASE AND CANCELLATION

The Company or any of its subsidiaries may at any time purchase Warrants:

- (a) in the open market or by tender (available to all Warrantholders alike) at any price; or
- (b) by private treaty at any price,

but not otherwise. All Warrants purchased as aforesaid will be cancelled forthwith and may not be re-issued or re-sold.

6. MEETINGS OF WARRANTHOLDERS AND MODIFICATION OF RIGHTS

- (a) The Instrument contains provisions for convening meetings of Warrantholders to consider any matter affecting their interests, including the modification by Special Resolution (as defined in the Instrument) of the provisions of the Instrument and/or of the terms and conditions endorsed on the Warrant certificates. A Special Resolution duly passed at any such meeting will be binding on the Warrantholders, whether present or not.
- (b) All or any of the rights for the time being attached to the Warrants (including any of the provisions of the Instrument) may from time to time (whether or not the Company is being wound up) be altered or abrogated (including but without prejudice to that generality by waiving compliance with, or by waiving or authorising any past or proposed breach of, any of the provisions of the terms and conditions endorsed on the Warrant certificates and/or the Instrument) and the sanction of a Special Resolution shall be necessary and sufficient to effect such alteration or abrogation and any modification to the Instrument may be effected by deed poll executed by the Company and expressed to be supplemental to the Instrument.

Where the Warrantholder is a recognised clearing house (within the meaning of the SFO) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative (or representatives) or proxy (or proxies) at any Warrantholders' meeting provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number and class of Warrants in respect of which each such person is so authorised. The person so authorised will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise as if such person were an individual Warrantholder.

7. REPLACEMENT OF WARRANT CERTIFICATES

If a Warrant certificate is mutilated, defaced, lost or destroyed, it may, at the discretion of the Directors, be replaced at the principal office of the Registrars in Hong Kong (unless the Directors otherwise direct) on payment of such costs as may be incurred in connection therewith and on such terms as to evidence, indemnity and/or security as the Directors may require and on payment of such fee not exceeding HK\$2.50 (or such higher fee as may from time to time be permitted by the Stock Exchange) as the Directors may determine. Mutilated or defaced warrant certificates must be surrendered before replacements will be issued.

APPENDIX I SUMMARY OF THE TERMS AND CONDITIONS OF THE WARRANTS

In the case of lost warrant certificates, section 71A of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) shall apply as if “shares” referred to therein included Warrants.

8. PROTECTION OF SUBSCRIPTION RIGHTS

The Instrument contains certain undertakings by and restrictions on the Company designed to protect the Subscription Rights.

9. CALL

If at any time the aggregate amount of the Exercise Moneys attaching to the Warrants which have not been exercised is less than 10% of the amount of Exercise Moneys attached to all Warrants issued under the Instrument, the Company may, on giving not less than one month’s notice, require Warrantholders either to exercise their Subscription Rights or to allow them to lapse. On expiry of such notice, all unexercised Warrants will be cancelled automatically without compensation to the Warrantholders.

10. FURTHER ISSUES

The Company will be at liberty to issue further subscription warrants in such manner and on such terms as it sees fit.

11. UNDERTAKINGS BY THE COMPANY

In addition to the undertakings given by it in relation to the grant and exercise of the Subscription Rights and the protection thereof, the Company has undertaken in the Instrument that:

- (a) it will send to each Warrantholder, at the same time as the same are sent to the Shareholders, its audited accounts and all other notices, reports and communications despatched by it to the Shareholders generally;
- (b) it will pay all Bermuda and Hong Kong stamp duties, registration fees or similar charges (as applicable) in respect of the execution of the Instrument, the creation and initial issue of the Warrants in registered form, the exercise of the Subscription Rights and the issue of Shares upon exercise of the Subscription Rights;
- (c) it will use its best efforts to procure that all Shares allotted upon exercise of the Warrants may, upon allotment or as soon as reasonably practicable thereafter, be dealt in on the Stock Exchange (save that this obligation shall lapse in the event that the listing of the Shares on the Stock Exchange is withdrawn following an offer for all or any of the Shares where a like offer is extended to the Warrantholders);
- (d) it will ensure that all requisite consents which may be required in Bermuda and Hong Kong are in place in relation to the Warrants and the Shares to be issued pursuant to the Warrants as described in the Instrument; and

- (e) it will keep available for issue sufficient ordinary capital to satisfy in full all outstanding Subscriptions Rights.

12. NOTICES

The Instrument contains provisions relating to notices to be given to Warrantholders.

13. WINDING-UP OF THE COMPANY

If an effective resolution is passed during the Subscription Period for the voluntary winding-up of the Company, then if such winding-up is for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the Warrantholders or some persons designated by them for such purpose by Special Resolution will be a party, or in conjunction with which a proposal is made to the Warrantholders and is approved by Special Resolution, the terms of such scheme of arrangement or (as the case may be) proposal will be binding on all the Warrantholders.

In the event a notice is given by the Company to its shareholders to convene a shareholders' meeting for the purposes of considering and if thought fit approving a resolution for the voluntary winding up of the Company, the Company shall forthwith give notice thereof to each Warrantholder and thereupon, every Warrantholder shall be entitled by irrevocable surrender of his Warrant certificate(s) to the Company (such surrender to occur not later than 2 business days prior to the proposed Shareholders' meeting referred to above) with the subscription form(s) duly completed together with payment of the Exercise Moneys or the relative portion thereof, to exercise the Subscription Rights represented by such Warrants, and the company shall as soon as possible and in any event no later than the day immediately prior to the date of the proposed Shareholders' meeting allot to the Warrantholders such number of Shares which fall to be issued upon the exercise of Subscription Rights attaching to the Warrants. The Company shall give notice to the Warrantholders of the passing of such resolution within 7 business days of the passing thereof.

Subject to the foregoing, if the Company is wound up, all Subscription Rights which have not been exercised at the commencement of the winding up shall lapse and each Warrant certificate will cease to be valid for any purpose.

14. OVERSEAS WARRANTHOLDERS

If a Warrantholder has a registered address in any territory (other than Hong Kong) where, in the opinion of the Directors, the allotment of Shares to such Warrantholder upon exercise of any Subscription Rights would or might, in the absence of compliance with registration or any other special formalities in such territory, be unlawful or impracticable under the laws of such territory, then the Company shall, acting as agent for such Warrantholder, as soon as practicable after an exercise by such Warrantholder of any Subscription Rights, either:

- (a) allot the Shares which would otherwise have been allotted to such Warrantholder to one or more third parties selected by the Company; or

APPENDIX I SUMMARY OF THE TERMS AND CONDITIONS OF THE WARRANTS

- (b) allot such Shares to such Warrantholder and then, on his behalf, sell them to one or more third parties selected by the Company,

in each case for the best consideration then reasonably obtainable by the Company. As soon as reasonably practicable following any such allotment or (as the case may be) allotment and sale, the Company shall pay to the relevant Warrantholder an amount equal to the consideration received by the Company therefor (but having deducted therefrom any brokerage, commission, stamp duty, withholding tax and any other payments, charges or taxes incurred by the Company in respect of such payment and, in the case of an allotment and sale as aforesaid, such sale) by posting the relevant remittance, by way of a Hong Kong dollar cheque, to him at his risk. The Company is hereby deemed to be authorised to effect any of the aforesaid transactions pursuant to this condition as agent for such Warrantholder and for this purpose the Company may appoint one or more persons to execute such transfers, renunciations or other documents on behalf of the relevant Warrantholder as may be required to be executed and generally may make all such arrangements as may appear to the Directors to be necessary or appropriate in connection therewith.

15. GOVERNING LAW

The Instrument and the Warrants are governed by and will be construed in accordance with the laws of Hong Kong.

NOTICE OF SGM



ASIA STANDARD HOTEL GROUP LIMITED

(泛海酒店集團有限公司)*

(Incorporated in Bermuda with limited liability)

(Stock Code: 292)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of the shareholders (“Shareholders”) of Asia Standard Hotel Group Limited (“Company”) will be held at 9:45 a.m. on Friday, 31 August 2007 at Basement 1, Empire Hotel, 33 Hennessy Road, Wanchai, Hong Kong (or, if later, immediately following the conclusion or adjournment of the annual general meeting of the Company to be held at the same place at 9:30 a.m. on 31 August 2007) for the purpose of considering and, if thought fit, passing the following Resolution:-

ORDINARY RESOLUTION

“**THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval for the listing of, and permission to deal in, the shares of HK\$0.02 each (the “**Shares**”) in the capital of the Company which may fall to be issued upon exercise of the subscription rights attaching to the Warrants (as defined below), the Directors be and are hereby authorised:

- (A) to create and issue warrants (the “**Warrants**”) to subscribe for new Shares at any time during the period from the date of issue thereof to the date immediately preceding the date falling on the third anniversary of the date of issue of the Warrants (both dates inclusive) at the initial subscription price of HK\$0.146 per Share, subject to adjustment, upon the terms and conditions of the instrument by way of deed poll constituting the Warrants (the “**Warrant Instrument**”) (a copy of the draft Warrant Instrument, subject to further modifications, is marked “A” and signed by the Chairman of this meeting for the purpose of identification) by way of bonus issue to the shareholders of the Company (the “**Shareholders**”) whose names appear on the register of members of the Company on 31 August 2007 (the “**Record Date**”) in the proportion of one Warrant for every five Shares then held **PROVIDED THAT** (a) the Warrants shall not be issued to the Excluded Shareholders (as defined in the circular of the Company to the Shareholders dated 9 August 2007 of which this notice forms part, a copy of which is marked “B” and signed by the Chairman of this meeting for the purpose of identification) but shall be sold through a private matching service to be provided by the Company or its agent and the net proceeds of sale, after deduction of expenses, shall be distributed in Hong Kong dollars to the Excluded Shareholders, if any, pro rata to their respective shareholdings unless the amount falling to be distributed to any such Excluded Shareholder is less than HK\$100, in which case it shall be retained for the benefit of the Company; and (b) fractional entitlements shall not be allotted but shall be aggregated and sold for the benefit of the Company;

* For identification purposes only

NOTICE OF SGM

- (B) to issue and allot to the holders of the Warrants the appropriate number of new Shares upon due exercise of the subscription rights attaching thereto; and
- (C) do all things and acts and sign all documents which they consider desirable or expedient to implement and/or give effect to any or all of the transactions contemplated in this Resolution.”

By Order of the Board
Lee Tai Hay, Dominic
Secretary

Hong Kong, 9 August 2007

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

*Head office and principal place of
business in Hong Kong:*
30th Floor
Asia Orient Tower
Town Place
33 Lockhart Road
Wanchai
Hong Kong

Notes:

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

NOTICE OF SGM

5. Members are recommended to read the circular of the Company containing information concerning the resolution proposed in this notice.

As at the date hereof, the executive Directors are Mr. Poon Jing, Dr. Lim Yin Cheng, Mr. Fung Siu To, Clement, Mr. Poon Tin Sau, Robert and Mr. Woo Wei Chun, Joseph; 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.