



ASIA STANDARD INTERNATIONAL GROUP LIMITED

(泛海國際集團有限公司)*

(incorporated in Bermuda with limited liability)

(Stock Code: 129)

Discloseable transaction Disposal of a property

Financial adviser

ANGLO CHINESE
CORPORATE FINANCE, LIMITED

The directors of Asia Standard International and Asia Standard Hotel announced that, on 18 December 2006, Asia Standard Hotel Holdings, entered into the Sale and Purchase Agreement with Asia Standard Development and Asia Standard Finance pursuant to which Asia Standard Hotel Holdings agreed to acquire the entire issued share capital of Maxi-Win and Good Choice from Asia Standard Development and the Assigned Loans from Asia Standard Finance.

Maxi-Win and Good Choice own a 70% and a 30%, respectively, of the issued share capital of Master Asia. Master Asia owns the entire beneficial interest in the Property. The Property is located at No. 8 Wing Hing Street, Causeway Bay, Hong Kong and it has been decided that the Property should be converted into a hotel. The Consideration of HK\$300 million is to be satisfied by the issue by Asia Standard Hotel of the Convertible Bonds.

Under the Listing Rules, the Transaction constitutes a discloseable transaction for Asia Standard International and a major and connected transaction for Asia Standard Hotel. Accordingly, the Transaction is conditional upon, amongst other things, the approval of the independent shareholders of Asia Standard Hotel, being those shareholders other than Asia Standard International and its associates. In this regard, the shares in Asia Standard Hotel held by Asia Orient and Mr. Poon Jing, respectively the controlling shareholders of Asia Standard International and Asia Orient, will not vote on the Asia Standard Hotel Resolutions to approve the Transaction. Mr. Poon Jing is also a director of both Asia Standard International and Asia Standard Hotel.

At the request of the directors of Asia Standard Hotel trading in the shares in Asia Standard Hotel was suspended with effect from 9:30 a.m. on 18 December, 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 20 December, 2006.

INTRODUCTION

The directors of Asia Standard International and Asia Standard Hotel announced that, on 18 December 2006, Asia Standard Hotel Holdings, an indirect wholly owned subsidiary of Asia Standard Hotel, entered into the Sale and Purchase Agreement with Asia Standard Development and Asia Standard Finance, both indirect wholly owned subsidiaries of Asia Standard International, pursuant to which Asia Standard Hotel Holdings agreed to acquire the entire issued share capital of Maxi-Win and Good Choice from Asia Standard Development and the Assigned Loans from Asia Standard Finance.

Maxi-Win and Good Choice own a 70% and a 30%, respectively, of the issued share capital of Master Asia. Master Asia owns the entire beneficial interest in the Property. The Property is located at No. 8 Wing Hing Street, Causeway Bay, Hong Kong and it has been decided that the Property should be converted into a hotel. The Consideration of HK\$300 million is to be satisfied by the issue by Asia Standard Hotel of the Convertible Bonds.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:-

- Date: 18 December 2006
- Parties: (1) Asia Standard Development as vendor for the entire issued share capital of Maxi-Win and Good Choice;
(2) Asia Standard Finance as vendor and assignor of the Assigned Loans; and
(3) Asia Standard Hotel Holdings as purchaser.
- Consideration: Asia Standard Development agreed to transfer the entire issued share capital of Maxi-Win and Good Choice to Asia Standard Hotel Holdings for the Share Consideration of approximately HK\$130.8 million which is to be satisfied by the issue of Convertible Bonds by Asia Standard Hotel in the aggregate principal amount equivalent to the Share Consideration. Asia Standard Finance agreed to assign the Assigned Loans of approximately HK\$169.2 million to Asia Standard Hotel Holdings for the Loan Consideration of the same amount which is to be satisfied by the issue of Convertible Bonds by Asia Standard Hotel in the aggregate principal amount equivalent to the Loan Consideration.
- Conditions: Completion of the Sale and Purchase Agreement is conditional upon, among other things,
(a) the passing of the Asia Standard Hotel Resolutions;
(b) the Deed Poll having been executed by Asia Standard Hotel on or before the completion date of the Sale and Purchase Agreement, being the date which is any business day after the satisfaction or waiver of the conditions of the Sale and Purchase Agreement; and
(c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the shares in Asia Standard Hotel falling to be issued upon the exercise of the conversion right under the Convertible Bonds.

If the above conditions are not fulfilled or waived within 90 days from the date of the Sale and Purchase Agreement or such later date as agreed by the parties to the Sale and Purchase Agreement, the Sale and Purchase Agreement shall terminate and no party shall have any claims whatsoever against the other party other than antecedent breaches.

INFORMATION ABOUT THE PROPERTY

The Property is located at No. 8 Wing Hing Street, Causeway Bay, Hong Kong, comprising a 28-storey office building with a gross floor area, excluding parking, of approximately 108,000 square feet. The ground and first floors of the Property are for retail use; portions of the ground floor and second and third floors are designed for parking and accommodate 24 parking spaces; and the remaining upper floors are used for offices. The Property has been let out for rental income since completion in 1999 and is held as an investment property of Asia Standard International. For the two years ended 31 March, 2006, Master Asia recorded audited net loss before and after tax of approximately HK\$0.07 million and HK\$0.4 million and audited net gain before and after tax of approximately HK\$156.2 million and HK\$122.7 million (after taking into account revaluation surplus of HK\$169.4 million and the deferred tax of HK\$33.5 million), respectively. The unaudited net asset value as at 30 September, 2006 was approximately HK\$80.7 million.

Planning applications to convert the Property to a hotel have been made and have been approved by the Buildings Department in November 2004, and the hotel plans have also received the support of the Hong Kong Tourist Association as an accepted hotel project. The hotel plans include 280 rooms, a restaurant and, or, retail outlets. Leases for premises in the Property will not be renewed when they expire in preparation for vacating the Property for the conversion work. As soon as the Property is vacated, the conversion work will commence. It is currently anticipated that the conversion work will be completed within approximately 9 to 12 months from the commencement of work and will cost approximately HK\$81 million. The cost for conversion will be funded from bank borrowings.

The Property has been valued on an open market basis as at 30 November, 2006 at HK\$480 million.

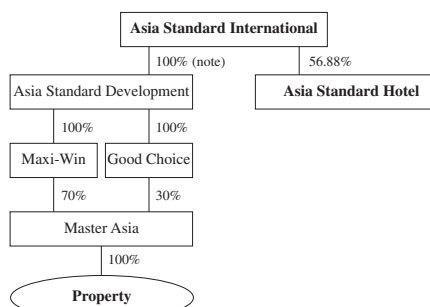
INFORMATION ABOUT MAXI-WIN, GOOD CHOICE AND MASTER ASIA

Maxi-Win and Good Choice are investment holding companies. The sole assets of Maxi-Win and Good Choice comprise a 70% and a 30% interest, respectively, in Master Asia.

Master Asia is a property holding company, the sole assets of which comprise the entire beneficial interest in the Property.

Ownership structure of Master Asia before the sale by Asia Standard Development

The chart set out below shows in summary form the ownership structure of Master Asia as at the date of this announcement:



Note: Interests are held indirectly through a wholly owned subsidiary of Asia Standard International.

Ownership structure of Master Asia immediately after the sale to Asia Standard Hotel Holdings

The chart set out below shows in summary form the ownership structure of Master Asia immediately after the completion of the Transaction and on the basis that, apart from the issue of Convertible Bonds under the Sale and Purchase Agreement convertible into shares in Asia Standard Hotel, there will be no changes in the shareholdings of the parties shown or of the issued share capital of the companies shown:



Note: Interests are held indirectly through a wholly owned subsidiary of Asia Standard Hotel.

The Consideration of HK\$300 million was arrived at after arm's length negotiations. It represents an approximate 8% discount to the aggregate face value of the Assigned Loans and the net asset value of Master Asia as shown in its unaudited balance sheet as at 30 September, 2006 and adjusted by the independent valuation of the Property as at 30 November, 2006, excluding the deferred taxation on revaluation surplus of the investment property. The Loan Consideration is the face value of the Assigned Loan and the Share Consideration is the total consideration less the Loan Consideration.

The sale of Master Asia and the assignment of the Assigned Loans constitute a discloseable transaction for Asia Standard International and a major and connected transaction for Asia Standard Hotel, since Asia Standard International is the controlling shareholder of Asia Standard Hotel. Accordingly, the Transaction is conditional upon, amongst other things, the approval of the independent shareholders of Asia Standard Hotel, being those shareholders of Asia Standard Hotel other than Asia Standard International and its associates. In this regard, the shares in Asia Standard Hotel held by Asia Orient and Mr. Poon Jing, respectively the controlling shareholders of Asia Standard International and Asia Orient, will not vote on the Asia Standard Hotel Resolutions to approve the Transaction. Mr. Poon Jing is also a director of Asia Standard International and Asia Standard Hotel.

THE CONVERTIBLE BONDS

Principal terms of the Convertible Bonds

The principal terms of the Convertible Bonds are as follows.

- Issuer: Asia Standard Hotel
- Issue size: An aggregate principal amount of HK\$300 million
- Denomination: In the principal amount of HK\$100,000 each
- Subscription price: 100% of the principal amount
- Redemption price: 100% of the principal amount plus a premium equal to 3% of the principal amount, pro-rated as to the duration of the Convertible Bonds issued
- Interest: The Convertible Bonds do not bear interest



ASIA STANDARD HOTEL GROUP LIMITED

(泛海酒店集團有限公司)*

(incorporated in Bermuda with limited liability)

(Stock Code: 292)

Major and connected transaction Acquisition of a property and Resumption of trading

- Conversion: Holders of the Convertible Bonds have the right at any time after the first business day after the date of issue of the Convertible Bonds up to the 30 days before the maturity of the Convertible Bonds to convert all or any part of their Convertible Bonds into shares in Asia Standard Hotel at an initial conversion price of HK\$0.105 per share in Asia Standard Hotel, subject to adjustment
- Maturity date: The fourth anniversary of the date of issue (the "Maturity Date")
- Early redemption: Asia Standard Hotel has the option at its discretion to repay the Convertible Bonds in whole or in part at any time commencing twelve months after the date of issue of the Convertible Bonds. The early redemption price will be the principal amount of the Convertible Bonds to be redeemed plus a pro rated redemption premium.
- Transfer: The Convertible Bonds are freely transferable in denominations of the principal amount of HK\$100,000.
- Listing: The Convertible Bonds will not be listed or traded on any exchange.

Conversion

The initial conversion price of the Convertible Bonds of HK\$0.105 represents:

- a premium of 10.5% to the closing price of HK\$0.095 per share in Asia Standard Hotel on 15 December, 2006, being the last trading day before trading of the shares in Asia Standard Hotel was suspended pending the publication of this announcement; and
- a premium of 7.7% to the average closing price of HK\$0.0975 per share in Asia Standard Hotel for the thirty consecutive trading days ended on 15 December, 2006.

Based on the initial conversion price of the Convertible Bonds of HK\$0.105, the number of shares in Asia Standard Hotel falling to be issued upon exercise in full of the conversion rights under the Convertible Bonds is 2,857,142,857.

The shares in Asia Standard Hotel falling to be issued upon conversion of the Convertible Bonds will, when issued, rank pari passu in all respects with the then existing issued shares in Asia Standard Hotel. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the shares in Asia Standard Hotel falling to be issued upon exercise of the conversion rights under the Convertible Bonds.

The tabulation below shows the present shareholding structure of Asia Standard Hotel and the shareholding structure of Asia Standard Hotel on the basis that the conversion rights under the Convertible Bonds are exercised in full.

	Present shareholding in Asia Standard Hotel	Approximate % of issued share capital	Shareholding in Asia Standard Hotel if the conversion rights under the Convertible Bonds are exercised in full	Approximate % of issued share capital
Asia Standard International	5,382,502,737	56.88%	8,239,645,594	66.88%
Asia Orient (note 1)	280,060,419	2.96%	280,060,419	2.27%
Mr. Poon Jing (note 2)	373,405	0.004%	373,405	0.003%
Other shareholders	3,799,226,460	40.15%	3,799,226,460	30.84%
Total	9,462,163,021	100%	12,319,305,878	100%

Note:

- Asia Orient is the controlling shareholder of Asia Standard International.
- Mr. Poon Jing is the controlling shareholder of Asia Orient and is also a director of both Asia Standard International and Asia Standard Hotel.

REASONS FOR, AND BENEFITS OF, THE TRANSACTION

The Property was developed as a commercial property comprising office, parking and retail space. The directors of Asia Standard International have considered how to maximise the value of this property and have decided to convert it to a hotel, believing that this will substantially increase the revenues earned from the Property, net of the costs incurred in generating such revenues. The directors of Asia Standard International also consider that the attraction of Hong Kong as a tourist destination for international as well as PRC visitors will continue to grow and that this will benefit competitively priced hotels located in or near popular shopping and entertainment districts in Hong Kong. In this regard, the Property situated in Causeway Bay, is in a prime location and within a short distance from its shops, cinemas, clubs and restaurants. Asia Standard Hotel is the member of the Asia Standard Group which owns and manages its hotel interests, currently owning and managing two hotels in Hong Kong and one in Canada. In view of the management and administrative expertise and resources to operate hotel properties, the directors of both Asia Standard International and Asia Standard Hotel believe that it is logical that the Property be transferred to Asia Standard Hotel and, in doing so, it will avoid any duplication of management and administrative resources within the Asia Standard Group. They also believe that the terms of the Transaction, as they relate to their respective companies, are fair and reasonable and in the interests of their respective shareholders as a whole.

Asia Standard International

The Transaction will result in Asia Standard International holding its interest in Master Asia indirectly through Asia Standard Hotel and, as a consequence, its effective interest in Master Asia (on a look through basis) will be diluted from 100% to 56.88%. However Master Asia will still remain an indirect subsidiary of Asia Standard International. Upon conversion of the Convertible Bonds in full, the Transaction will also increase the shareholding interest of Asia Standard International in Asia Standard Hotel from 56.88% to 66.88%. By transferring the Property to Asia Standard Hotel, and thereby using its expertise and resources in the hotel business, Asia Standard International can also enjoy the benefit of the enhanced earnings potential and future capital appreciation of the converted hotel property.

The Transaction will give rise to a gain before taxation of approximately HK\$18 million (excluding a deferred tax credit in the amount of approximately HK\$20 million) in the accounts of Asia Standard International for the year ending 31st March, 2007.

Asia Standard Hotel

The directors of Asia Standard Hotel anticipate that once the hotel is fully operational it will make a positive contribution to the profits and cashflows of Asia Standard Hotel. The addition of the converted hotel will increase the size of Asia Standard Hotel's hotel operations in Hong Kong from the existing 677 rooms to 957 rooms, representing an increase of 280 rooms or 41%. The operation of this new hotel is expected to be leveraged across the existing operational management of Asia Standard Hotel, and will achieve higher efficiency through its existing hotel management system and trained staff once the hotel is in full operation. The transaction will also allow Asia Standard Hotel to strengthen its market presence in the hotel industry in Hong Kong and to enjoy economies of scale as a result of higher business volumes and stronger bargaining power with its suppliers. The terms of the Transaction have also been designed through the satisfaction of the Consideration by the issue of zero coupon convertible bonds so that no cash reserves of Asia Standard Hotel are required to finance the acquisition of the Property.

INFORMATION ON ASIA STANDARD INTERNATIONAL AND ASIA STANDARD HOTEL

In addition to its interest in Asia Standard Hotel, Asia Standard International is engaged in investment and development of commercial, retail and residential properties in Hong Kong and the PRC.

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.

GENERAL

At the request of the directors of Asia Standard Hotel trading in the shares in Asia Standard Hotel was suspended with effect from 9:30 a.m. on 18 December, 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 20 December, 2006.

An independent committee of the board of Asia Standard Hotel will be formed, comprising all the independent non-executive directors who are considered independent in respect of the Transaction, to advise independent shareholders in respect of the Transaction and what action they should take in response to it. Mr. Leung Wai Keung Richard is an independent non-executive director of both Asia Standard International and Asia Standard Hotel and is therefore regarded as not independent in respect of the Transaction, and is therefore not comprised in the independent committee of the board of Asia Standard Hotel. An independent financial adviser will be appointed to advise the independent committee of the board of Asia Standard Hotel.

Circulars containing the information required to be given to shareholders under the Listing Rules, and in the case of Asia Standard Hotel including a notice of a special general meeting to approve the Transaction, are being prepared and will be dispatched as soon as practicable.

Definitions

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

"Asia Orient"	Asia Orient Holdings Limited (stock code: 214), 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 controlling shareholder of Asia Standard International
"Asia Standard Development"	Asia Standard Development (Holdings) Limited, a limited liability company incorporated in Hong Kong and an indirect wholly owned subsidiary of Asia Standard International
"Asia Standard Finance"	Asia Standard Finance Company Limited, a limited liability company incorporated in Hong Kong and an indirect wholly owned subsidiary of Asia Standard International
"Asia Standard Group"	Asia Standard International together with its subsidiaries
"Asia Standard Hotel"	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 56.88% subsidiary of Asia Standard International
"Asia Standard Hotel Holdings"	Asia Standard Hotel (Holdings) Limited, a limited liability company incorporated in Hong Kong and an indirect wholly owned subsidiary of Asia Standard Hotel
"Asia Standard Hotel Resolution(s)"	the shareholders' resolution(s) to ratify, confirm and approve the Sale and Purchase Agreement and the issue of Convertible Bonds in the aggregate principal amount equivalent to the Share Consideration and the Loan Consideration to Asia Standard Development and Asia Standard Finance, respectively, and the transactions contemplated thereunder to be passed by the independent shareholders of Asia Standard Hotel at the special general meeting of Asia Standard Hotel
"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
"Assigned Loans"	the outstanding loans advanced by Asia Standard Finance to Master Asia up to the date of, and immediately prior to, completion of the Sale and Purchase Agreement
"associate"	has the meaning ascribed to it by the Listing Rules
"controlling shareholder"	has the meaning ascribed to it by the Listing Rules
"Consideration"	the Loan Consideration and the Share Consideration
"Convertible Bonds"	the zero coupon convertible bonds due 2011 in the aggregate principal amount of HK\$300 million to be issued by Asia Standard Hotel
"Deed Poll"	the deed poll constituting the Convertible Bonds to be executed by Asia Standard Hotel
"Good Choice"	Good Choice Limited, a limited liability company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of Asia Standard International holding a 30% interest in Master Asia
"HK\$"	Hong Kong dollars
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Listing Rules"	The Rules governing the Listing of Securities on the Stock Exchange
"Loan Consideration"	the face value of the Assigned Loans
"Master Asia"	Master Asia Enterprises Limited, a limited liability company incorporated in Hong Kong and an indirect wholly owned subsidiary of Asia Standard International
"Maxi-Win"	Maxi-Win Limited, a limited liability company incorporated in the British Virgin Islands and an indirect wholly owned subsidiary of Asia Standard International holding a 70% interest in Master Asia
"PRC"	the People's Republic of China, excluding for the purpose of this announcement Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Property"	the property at No. 8 Wing Hing Street, Causeway Bay, Hong Kong
"Sale and Purchase Agreement"	the sale and purchase agreement dated 18 December 2006 entered into between Asia Standard Development, Asia Standard Finance and Asia Standard Hotel Holdings in connection with the sale by Asia Standard Development of the entire issued share capital of Maxi-Win and Good Choice, and the assignment of the Assigned Loans by Asia Standard Finance to Asia Standard Hotel Holdings
"Share Consideration"	the consideration of approximately HK\$130.8 million for the transfer of the entire issued share capital of Maxi-Win and Good Choice from Asia Standard Development to Asia Standard Hotel Holdings under the Sale and Purchase Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Transaction"	the transactions contemplated under the Sale and Purchase Agreement and the issue of the Convertible Bonds by Asia Standard Hotel to Asia Standard Development and Asia Standard Finance

By order of the board of
Asia Standard International Group Limited
Fung Siu To Clement
Chairman

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

Hong Kong, 19 December, 2006

As at the date of this announcement, the executive directors of Asia Standard International are Mr. Fung Siu To Clement, Dr. Lim Yin Cheng, Mr. Poon Jing, Mr. Lun Pui Kan, Mr. Kwan Po Lam Phileas and Mr. Loup, Nicholas James; the non-executive directors are Mr. Liang Shangli and Mr. Au Yat Chuen Raymond; and the independent non-executive directors are Mr. Koon Bok Ming Alan, Mr. Leung Wai Keung Richard and Mr. Wong Chi Keung.

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

*For identification purposes only