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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)

MAJOR TRANSACTION IN RELATION TO FORMATION OF A JOINT VENTURE AND ACQUISITION OF LAND AND RESUMPTION OF TRADING

FORMATION OF JOINT VENTURE

The Board is pleased to announce that the Company has entered into the Memorandum of Agreement with ITCP, XPEC and ATL on 16 December 2015 for the formation of the Joint Venture. The Joint Venture will be owned as to 40%, 28%, 20% and 12% by the Company, ITCP, XPEC and ATL or their respective nominated subsidiaries respectively.

ACQUISITION OF THE PURCHASED ASSETS

The Company has procured its wholly-owned subsidiary, Assets Century, to participate in a bidding process, and entered into the Purchase and Sale Agreement with the Vendor on 12 December 2015 under which Assets Century has agreed to purchase the Purchased Assets for the total consideration of Canadian Dollars 170,100,000 (equivalent to approximately HK\$974,077,650) as agent of the Joint Venture, subject to the terms and conditions of the Purchase and Sale Agreement.

The maximum capital commitment of the Company as of the date of this announcement in respect of the formation of the Joint Venture for the acquisition of the Purchased Assets is approximately Canadian Dollars 76,000,000 (equivalent to approximately HK\$435,214,000).

IMPLICATIONS UNDER THE LISTING RULES

On the basis that one applicable percentage ratio in respect of the Transaction exceeds 25% but less than 100%, the Transaction constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the requirements of announcement, reporting and Shareholders' approval under Chapter 14 of the Listing Rules. Given that none of the Shareholders has a material interest in the Transaction, none of them would be required to abstain from voting if a general meeting of the Company were to be convened to approve the Transaction. Pursuant to Rule 14.44 of the Listing Rules, on 16 December 2015, the Company has obtained a written approval from a closely allied group of Shareholders, which includes ASIL, ASDHL and The Sai Group, who together hold approximately 70.23% of the issued share capital of the Company carrying rights to vote at a general meeting. Therefore, no general meeting of the Company will be convened to approve the Transaction.

DESPATCH OF CIRCULAR

A circular containing further information on the Transaction will be despatched to the Shareholders as soon as possible, which is expected to be on or before 8 January 2016.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 14 December 2015 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 17 December 2015.

FORMATION OF JOINT VENTURE

The Company has entered into a legally-binding Memorandum of Agreement with ITCP, XPEC and ATL on 16 December 2015 for the formation of the Joint Venture. The Joint Venture will be owned as to 40%, 28%, 20% and 12% by the Company, ITCP, XPEC and ATL or their respective nominated subsidiaries respectively.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the ITCP, XPEC, ATL and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Pursuant to the Memorandum of Agreement, the key features of the Joint Venture include the following:

Principal Activity

The JV Partners shall establish a joint venture with a sole purpose to acquire, own and redevelop the Lands into a mixed residential and commercial development for sale. Without the JV Partners' unanimous consent, the scope of the JV's business shall not be changed.

Capital Commitment

As of the date of this announcement, the maximum capital commitment of the JV Partners in respect of the formation of the Joint Venture for the acquisition of the Purchased Assets is approximately Canadian Dollars 190,000,000 (equivalent to approximately HK\$1,088,035,000). The JV Partners may by unanimous agreement increase this amount.

The JV Partners shall contribute to the future capital requirements of the Joint Venture in proportion to their respective interests in the Joint Venture.

As the Joint Venture will be owned as to 40% by the Company, the maximum capital commitment of the Company in respect of the Joint Venture is approximately Canadian Dollars 76,000,000 (equivalent to approximately HK\$435,214,000). To the extent that the capital required by the Joint Venture is not covered by bank loans, the Company will fund the remaining capital pro rata to its interest in the Joint Venture by internal resources.

Representations in the Joint Venture

The Joint Venture shall be managed by a team of five representatives. The Company shall have the right to appoint two representatives and each of ITCP, XPEC and ATL shall have the right to appoint one representative.

Legal structure of the Joint Venture

The JV Partners shall agree on the legal structure of the Joint Venture before 1 March 2016 and in deciding on this legal structure, the JV Partners shall have regards to the recommendations or appropriate tax advisers and other professionals.

ACQUISITION OF THE PURCHASED ASSETS BY ASSETS CENTURY

The Company has procured its wholly-owned subsidiary, Assets Century, to participate in a bidding process, and entered into the Purchase and Sale Agreement with the Vendor on 12 December 2015 (Hong Kong time) under which Assets Century has agreed to purchase the Purchased Assets as agent of the Joint Venture, subject to the terms and conditions of the Purchase and Sale Agreement.

Date

12 December 2015 (Hong Kong time)

Parties

- (1) Assets Century as the Purchaser; and
- (2) Alberni Street Condominium Developments Limited Partnership as the Vendor.

Assets Century is a wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is a third party independent of the Company and their respective connected persons.

Consideration

Canadian Dollars 170,100,000 (equivalent to approximately HK\$974,077,650)

The consideration for the Purchased Assets was the price accepted by the Vendor.

The Consideration shall be settled in the following manner:

- (1) a deposit of Canadian Dollars 2,000,000 (equivalent to approximately HK\$11,453,000) has been paid to the Vendor's legal counsel on 16 December 2015 (the "**First Deposit**");
- (2) A further deposit of Canadian Dollars 15,000,000 (equivalent to approximately HK\$85,897,500) to be paid to the Vendor's legal counsel in trust not later than seven Business Days after the First Deposit is paid; and
- (3) the balance of the Consideration to be paid to the Vendor on the Closing Date.

The Consideration will be funded partly by bank loans and, to the extent that it is not covered by bank loans, by the JV Partners through their contribution to the Joint Venture.

Closing

Closing of the purchase and sale of the Purchased Assets shall commence at 9:00 a.m. on the Closing Date (Canadian time) and the parties shall co-operate to arrange submission of registrable closing documents to the Lower Mainland Land Title Office.

Information relating to the Purchased Assets

The Purchased Assets consist of the Lands, the Buildings, Leases and the Service Contracts.

The Lands are legally described as Lot I (Explanatory Plan 10081) Block 43 District Lot 185 Plan 92; and Lot 16 Block 43 District Lot 185 Plan 92 located in Vancouver, British Columbia.

The Buildings have combined site area of approximately 43,230 square feet and are currently occupied by mixed commercial and residential tenancies.

The Leases are those certain commercial and residential leases of the Lands and the Buildings, and include all amendments, renewals, assignments and notices in connection therewith.

The Service Contracts are all currently existing service contracts made by or on behalf of the Vendor relating to the Lands and the Buildings.

REASONS AND BENEFITS OF THE TRANSACTION

One of the principal businesses of the Group is hotel operations and development. The Lands are located in the vicinity of the hotel owned by the Group in Vancouver, British Columbia, where the Group is familiar with the environment and has developed connections in the region. The Directors consider that the Transaction represents an attractive investment opportunity of the Group which may yield a satisfactory return. As certain Directors possess extensive experience in the property development business, the Directors will be able to contribute to and proactively supervise the redevelopment projects. By participating in the proposed redevelopment of the Lands, it is expected that the Company can diversify its revenue source and strengthen its overseas portfolio.

The Directors (including the independent non-executive Directors) believe that the terms of the Memorandum of Agreement and the Purchase and Sale Agreement are on normal commercial terms and fair and reasonable, and that entering into the Memorandum of Agreement and the Purchase and Sale Agreement and the transaction contemplated therein is in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE COMPANY, THE JV PARTNERS AND THE VENDOR

The Company is a limited liability company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange. The principal activity of the Company is investment holding. The Group is principally engaged in hotel operations and development, travel operation and securities investment.

ITCP is a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange (Stock Code: 199). ITCP is an investment holding company and its subsidiaries are principally engaged in property development and investment in Macau, the PRC and Hong Kong. ITCP and its subsidiaries are also engaged in the development of, investments in and operation of hotels and resorts in the PRC and Hong Kong, securities investments and provision of loan financing services.

XPEC is a company incorporated in British Columbia, Canada. The principal activity of XPEC is investment holding.

ATL is a company incorporated in the British Virgin Islands. The principal activity of ATL is investment holding.

The Vendor is a British Columbia limited partnership. The principal activity of the Vendor is investment holding.

LISTING RULES IMPLICATIONS

As one applicable percentage ratio in respect of the Transaction exceeds 25% but less than 100%, the Transaction constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the requirements of announcement, reporting and Shareholders' approval under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has any material interest in the Transaction and no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Transaction.

Given that none of the Shareholders has a material interest in the Transaction, none of them would be required to abstain from voting if a general meeting of the Company were to be convened to approve the Transaction. Pursuant to Rule 14.44 of the Listing Rules, on 16 December 2015, the Company has obtained a written approval from a closely allied group of Shareholders, which includes ASIL, ASDHL and The Sai Group, who together hold approximately 70.23% of the issued share capital of the Company carrying rights to vote at a general meeting. ASIL, ASDHL and The Sai Group are all wholly-owned subsidiaries of ASIGL. Therefore, no general meeting of the Company will be convened to approve the Transaction.

DESPATCH OF CIRCULAR

A circular containing further information on the Transaction will be despatched to the Shareholders as soon as possible, which is expected to be on or before 8 January 2016.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 14 December 2015 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 17 December 2015.

DEFINITIONS

Unless the context otherwise requires, the following terms have the following meanings in this announcement:

“ASIGL”	Asia Standard International Group Limited (Stock Code: 129), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange
“ASDHL”	Asia Standard Development (Holdings) Limited, a wholly-owned subsidiary of ASIGL
“ASIL”	Asia Standard International Limited, a wholly-owned subsidiary of ASIGL

“Assets Century”	Assets Century Global Limited, a wholly-owned subsidiary of the Company
“ATL”	Active Trade Investments Limited, a company incorporated in the British Virgin Islands
“Buildings”	The buildings erected on the Lands with a combined site area of approximately 43,230 square feet and are currently occupied by mixed commercial and residential tenancies
“Business Day”	means any day that is not a Saturday, Sunday or statutory holiday in British Columbia, Canada
“Closing Date”	1 March 2016
“Company”	Asia Standard Hotel Group Limited (Stock Code: 292), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Consideration”	Canadian Dollars 170,100,000 (equivalent to approximately HK\$974,077,650), being the consideration for the Purchased Assets under the Purchase and Sale Agreement
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ITCP”	ITC Properties Group Limited (Stock Code: 199), a company incorporated in Bermuda with limited liability and listed on the Main Board of the Stock Exchange
“Joint Venture”	a joint venture to be formed between the Company, ITCP, XPEC and ATL pursuant to the Memorandum of Agreement

“Memorandum of Agreement”	a legally-binding memorandum of agreement dated 16 December 2015 entered into between the Company, ITCP, XPEC and ATL in relation to the formation of the Joint Venture
“JV Partners”	collectively, the Company, ITCP, XPEC and ATL
“Lands”	the lands and premises in Vancouver, British Columbia, legally described as Lot I (Explanatory Plan 10081) Block 43 District Lot 185 Plan 92; and Lot 16 Block 43 District Lot 185 Plan 92
“Leases”	those certain residential and commercial leases of the Property, the particulars of which shall be provided to the Purchaser, and shall include all amendments, renewals, assignments and notices in connection therewith, and “Lease” means any one of the Leases
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratio”	have the meaning ascribed to it in Rule 14.07 of the Listing Rules
“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 Lands and the Buildings
“Purchaser”	Assets Century
“Purchase and Sale Agreement”	a purchase and sale agreement executed on 12 December 2015 entered into between Assets Century and the Vendor in respect of the purchase of the Purchased Assets
“Purchased Assets”	the Lands, the Buildings, Leases and the Service Contracts
“Service Contracts”	all currently existing service contracts made by or on behalf of the Vendor relating to the Property

“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“The Sai Group”	The Sai Group Limited, a wholly-owned subsidiary of ASIGL
“Transaction”	the formation of the Joint Venture under the Memorandum of Agreement and the acquisition of the Purchased Assets under the Purchase and Sale Agreement
“Vendor”	Alberni Street Condominium Developments Limited Partnership, a British Columbia limited partnership
“XPEC”	XPEC Investments LTD, a company incorporated in British Columbia, Canada
“%”	per cent

By order of the board of Directors of
Asia Standard Hotel Group Limited
Lee Tai Hay, Dominic
Company Secretary

Hong Kong, 16 December 2015

As at the date of this announcement, the executive Directors are Mr. Poon Jing, Dr. Lim Yin Cheng, Mr. Poon Hai, Mr. Poon Yeung, Roderick, Mr. Fung Siu To, Clement and Mr. Woo Wei Chun, Joseph; and the independent non-executive Directors are Mr. Ip Chi Wai, Mr. Leung Wai Keung and Mr. Hung Yat Ming.

For the purposes of this announcement, unless otherwise specified, conversions of Canadian Dollars into HK\$ are based on the approximate exchange rate of Canadian Dollars 1 to HK\$5.7265 for the purposes of illustration only. No representation is made that any amount into HK\$ or Canadian Dollars could have been or could be converted at the above rate or any other rates.

** for identification purpose only*