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ASIA STANDARD HOTEL GROUP LIMITED

泛海酒店集團有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code : 292)

**CONTINUING CONNECTED TRANSACTIONS IN RELATION
TO THE TERMINATION OF EXISTING TENANCY AGREEMENT
AND ENTERING INTO A NEW TENANCY AGREEMENT**

The Directors wish to announce that on 27 August 2013, JBC (an indirect wholly-owned subsidiary of the Company) entered into the Surrender Agreement with Hoi Chak (an indirect wholly-owned subsidiary of Asia Standard International) to terminate the existing tenancy of its office premise at 16/F., Asia Standard Tower, 59-65 Queen's Road Central, Hong Kong with effect from 15 September 2013 and on 27 August 2013, entered into the New Tenancy Agreement with TCL (an indirect wholly-owned subsidiary of Asia Standard International) in respect of its new office premise at 12/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong. The New Tenancy Agreement is for a term of three years commencing from 1 September 2013 and expiring on 31 August 2016.

TCL is an indirect wholly-owned subsidiary of Asia Standard International, which is in turn a substantial shareholder of the Company holding approximately 70.1% of the issued share capital of the Company as at the date of this announcement. Accordingly, both TCL and Asia Standard International are regarded as connected persons of the Company under the Listing Rules and the transactions contemplated under the New Tenancy Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Based on the terms of the New Tenancy Agreement, the Directors propose to set the maximum aggregate amount payable by JBC to TCL under the New Tenancy Agreement (i.e. the Annual Caps) for each of the financial years ending 31 March 2014, 2015, 2016 and 2017 to be HK\$1,400,000, HK\$2,500,000, HK\$2,500,000 and HK\$1,100,000 respectively.

As one or more of the applicable percentage ratios in respect of the Annual Caps are more than 0.1% but less than 5%, the transactions contemplated under the New Tenancy Agreement are therefore subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Details of the New Tenancy Agreement will be disclosed in the Company's annual reports and accounts for the financial years during the term of the New Tenancy Agreement in accordance with Rule 14A.46 of the Listing Rules.

1. INTRODUCTION

Reference is made to the Announcement in relation to the Existing Tenancy Agreement.

The Directors wish to announce that on 27 August 2013, JBC (an indirect wholly-owned subsidiary of the Company) entered into the Surrender Agreement with Hoi Chak (an indirect wholly-owned subsidiary of Asia Standard International) to terminate the existing tenancy of its office premise at 16/F., Asia Standard Tower, 59-65 Queen's Road Central, Hong Kong with effect from 15 September 2013 and on 27 August 2013, entered into the New Tenancy Agreement with TCL (an indirect wholly-owned subsidiary of Asia Standard International) in respect of its new office premise at 12/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

2. THE NEW TENANCY AGREEMENT

The principal terms of the New Tenancy Agreement are as follows: -

Date:	27 August 2013
Landlord:	TCL
Tenant:	JBC
Premise:	12/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong
Term:	Three years commencing from 1 September 2013 and expiring on 31 August 2016, with an option to renew for a term of three years at the then prevailing market value rent

Rent:	Monthly rental of HK\$171,500 (exclusive of rates, management fees, cleaning charges, air-conditioning charges and all other outgoings)
Management fees and air-conditioning charges:	Monthly amount of HK\$26,717, subject to revision

3. ANNUAL CAPS

The Premise will be used by JBC as its head office during the term of the New Tenancy Agreement.

As disclosed in the Announcement, the monthly rent (exclusive of rates, management fees, cleaning charges, air-conditioning charges and all other outgoings) and the monthly management fee and air-conditioning charge payable by JBC under the Existing Tenancy Agreement are HK\$216,800 and HK\$25,235 respectively, and therefore the Directors have set the maximum aggregate amount payable by JBC under the Existing Tenancy Agreement for the financial year ended 31 March 2013 and the financial years ending 31 March 2014 and 2015 to be HK\$245,000, HK\$2,970,000 and HK\$2,756,000 respectively. The actual total amount payable by JBC under the Existing Tenancy Agreement for the financial year ended 31 March 2013 was HK\$244,735.

Based on the terms of the New Tenancy Agreement, the Directors propose to set the maximum aggregate amount payable by JBC to TCL under the New Tenancy Agreement (including rental, management fees, cleaning charges and air-conditioning charges but excluding rates and all other outgoings) for each of the financial years ending 31 March 2014, 2015, 2016 and 2017 to be HK\$1,400,000, HK\$2,500,000, HK\$2,500,000 and HK\$1,100,000 respectively.

4. REASONS FOR, AND BENEFITS OF, ENTERING INTO THE NEW TENANCY AGREEMENT

The rent payable under the New Tenancy Agreement was determined on an arm's length basis with reference to prevailing market rentals (as provided by TCL to JBC) of Asia Orient Tower at which the Premise is located and the prevailing market rentals of the office premises located in the vicinity of Asia Orient Tower. The Annual Caps were determined based on the rental, management fees and the related charges payable by JBC to TCL under the New Tenancy Agreement.

By relocating its head office to the New Premise, JBC will be able to save approximately HK\$689,000 per annum. In the meantime, JBC was not required to pay any compensation for the termination of the Existing Tenancy Agreement pursuant to the Surrender Agreement and the relocation cost is immaterial. The Board, including the independent non-executive Directors, is of the opinion that the Surrender Agreement and the New Tenancy Agreement are on normal commercial terms, the terms of which including the Annual Caps are fair and reasonable, and that the execution of the Surrender Agreement and the New Tenancy Agreement is in the usual and ordinary course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Save for Mr. Poon Jing and Mr. Poon Hai, none of the other Directors has any material interest in the transactions contemplated under the New Tenancy Agreement and was required to abstain from voting on the resolution of the Board to approve the New Tenancy Agreement and the Annual Caps. Mr. Poon Jing is the controlling shareholder of Asia Standard International and is the father, and hence an associate (as defined under Rule 14A.11(4)(b)(i) of the Listing Rules), of Mr. Poon Hai. Both Mr. Poon Jing and Mr. Poon Hai are therefore considered having a material interest in the transactions contemplated under the New Tenancy Agreement and have abstained from voting on the resolution of the Board to approve the New Tenancy Agreement and the Annual Caps.

5. GENERAL

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries consist of holding and operating four hotels in Hong Kong and Canada and travel agency services.

The principal activities of Asia Standard International are investment and development of commercial, retail and residential properties in Hong Kong and the PRC. Through the Company, Asia Standard International is also involved in hotel operation and travel agency services.

TCL is a property investment company and an indirect wholly-owned subsidiary of Asia Standard International, which is in turn a substantial shareholder of the Company, holding approximately 70.1% of the issued share capital of the Company as at the date of this announcement. Accordingly, both TCL and Asia Standard International are regarded as connected persons of the Company under the Listing Rules and the transactions contemplated under the New Tenancy Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps are more than 0.1% but less than 5%, the transactions contemplated under the New Tenancy Agreement are therefore subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Details of the New Tenancy Agreement will be disclosed in the Company's annual reports and accounts for the financial years during the term of the New Tenancy Agreement in accordance with Rule 14A.46 of the Listing Rules.

6. DEFINITIONS

In this announcement, the following expressions shall have the following meanings: -

“Announcement”	the announcement of the Company dated 28 February 2013 in relation to the Existing Tenancy Agreement
“Annual Caps”	has the meaning ascribed to it in the paragraph headed “3. ANNUAL CAPS” of this announcement
“Asia Standard International”	Asia Standard International Group Limited (Stock Code: 129), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange and a substantial shareholder of the Company
“Board”	the board of Directors
“Company”	Asia Standard Hotel Group Limited (Stock Code: 292), a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange
“connected persons”	shall have the meaning ascribed to it in the Listing Rules
“continuing connected transactions”	shall have the meaning ascribed to it in the Listing Rules
“controlling shareholder”	shall have the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company

“Existing Tenancy Agreement”	the tenancy agreement dated 28 February 2013 entered into between JBC and Hoi Chak in respect of the leasing of 16/F., Asia Standard Tower, 59-65 Queen’s Road Central, Hong Kong for the period from 1 March 2013 to 28 February 2015
“Hoi Chak”	Hoi Chak Properties Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Asia Standard International
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JBC”	JBC Travel Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Premise”	12/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong
“New Tenancy Agreement”	the tenancy agreement dated 27 August 2013 entered into between JBC and TCL in respect of the leasing of the New Premise for the period from 1 September 2013 to 31 August 2016
“percentage ratios”	shall have the meaning ascribed to it in Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Shareholder(s)”	holder(s) of the share(s) of HK\$0.02 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surrender Agreement”	the surrender agreement dated 27 August 2013 entered into between JBC and Hoi Chak in respect of the termination of the Existing Tenancy Agreement
“substantial shareholder”	shall have the meaning ascribed to it in the Listing Rules

“TCL”	Tilpifa Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Asia Standard International
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 27 August 2013

As at the date of this announcement, the executive Directors are Mr. Poon Jing, Dr. Lim Yin Cheng, Mr. Poon Hai, 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 identification purposes only*