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## **ASIA STANDARD HOTEL GROUP LIMITED**

**泛海酒店集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 292)**

### **CONTINUING CONNECTED TRANSACTION TENANCY AGREEMENT**

The Board announces that on 29 July 2016, ASHHL, an indirect wholly-owned subsidiary of the Company (as tenant), entered into the Tenancy Agreement with TCL, an indirect wholly-owned subsidiary of ASI (as landlord), for leasing the Premises located at 29th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wan Chai, Hong Kong for a term of two years commencing from 1 August 2016 and expiring on 31 July 2018.

TCL is an indirect wholly-owned subsidiary of ASI, which is in turn a substantial shareholder of the Company holding approximately 82.69% of the issued share capital of the Company as at the date of this announcement. Accordingly, TCL is an associate of ASI and is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules, and the tenancy as contemplated under the Tenancy Agreement constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios with respect to the largest Annual Caps are more than 0.1% and less than 5%, the tenancy as contemplated under the Tenancy Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

## INTRODUCTION

The Board announces that on 29 July 2016, ASHHL, an indirect wholly-owned subsidiary of the Company (as tenant), entered into the Tenancy Agreement with TCL, an indirect wholly-owned subsidiary of ASI (as landlord), for leasing the Premises located at 29th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wan Chai, Hong Kong for a term of two years commencing from 1 August 2016 and expiring on 31 July 2018.

## THE TENANCY AGREEMENT

<b>Date</b>	:	29 July 2016
<b>Parties</b>	:	(1) TCL (as landlord) (2) ASHHL (as tenant)
<b>Leased premises</b>	:	29th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wan Chai, Hong Kong  Total leasing area: 6,893 sq.ft.
<b>Use</b>	:	As the office premises of ASHHL
<b>Term</b>	:	Two years commencing from 1 August 2016 and expiring on 31 July 2018, with no option to renew
<b>Rent</b>	:	Monthly rental of HK\$413,580 (exclusive of rates, management fees, air-conditioning charges and all other outgoings), payable in advance on the first day of each calendar month, with one rent-free month per year
<b>Management fees and air-conditioning charges</b>	:	Monthly amount of HK\$50,965, subject to revision
<b>Rates</b>	:	Monthly amount of HK\$10,615, subject to revision

## **PROPOSED ANNUAL CAPS OF THE TENANCY AGREEMENT**

The maximum annual transaction amounts payable by ASHHL for each of the financial years ending 31 March 2017, 2018 and 2019 respectively, under the Tenancy Agreement are set out as follows:

	<b>Annual Caps</b>		
	For financial year ending 2017 (from 1 August 2016 to 31 March 2017)	For financial year ending 2018 (from 1 April 2017 to 31 March 2018)	For financial year ending 2019 (from 1 April 2018 to 31 July 2018)
Annual Caps	HK\$3,900,000	HK\$5,900,000	HK\$2,000,000

The maximum annual transaction amounts payable by ASHHL under the Tenancy Agreement are determined after considering the aggregated amount of the rent, management fees, air-conditioning charges and rates payable by ASHHL for the financial year under the Tenancy Agreement.

The payment of the rent and ancillary expenses will be funded by internal resources of the Group.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT**

The rental under the Tenancy Agreement is determined after arm's length negotiation between the parties thereto and with reference to (i) the prevailing market rent of similar properties in the area; and (ii) the conditions of the Premises, including but not limited to the location of the Premises as well as the facilities associated with the Premises.

The existing office of ASHHL is located at the Company's Empire Hotel Kowloon in Tsim Sha Tsui, Kowloon and ASHHL requires more office space to meet its operational needs. In view of the prime location of the Premises, being opposite to the Company's Empire Hotel Hong Kong located in Wan Chai, Hong Kong, such that rental of the Premises will allow the consolidation of all the key management teams of the Group within the same premises for operational efficiency and after considering the market rent of similar properties in the area, the Company considers it beneficial for ASHHL to enter into the Tenancy Agreement.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that:

- (i) the terms of the Tenancy Agreement are on normal commercial terms that are fair and reasonable;
- (ii) the Annual Caps are fair and reasonable; and
- (iii) the continuing connected transaction contemplated under the Tenancy Agreement is and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Mr. Poon Jing is the controlling shareholder of ASI and he is the father of both Mr. Poon Hai and Mr. Poon Yeung, Roderick. As such, Mr. Poon Jing, Mr. Poon Hai and Mr. Poon Yeung, Roderick are considered to have a material interest in the transaction and have abstained from voting on the board resolutions approving the Tenancy Agreement and the transaction contemplated thereunder. Save for the above, none of the other Directors has any material interest in the transactions contemplated under the Tenancy Agreement and was required to abstain from voting on the resolution of the Board to approve the Tenancy Agreement and the transaction contemplated thereunder.

## **INFORMATION ON THE GROUP AND TCL**

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.

ASI is a limited liability company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange. ASI and its subsidiaries are principally engaged in investment and development of commercial, retail and residential properties in Hong Kong and the PRC and securities investments. Through the Company, ASI is also involved in hotel and travel operations.

ASHHL is a limited liability company incorporated in Hong Kong and is principally engaged in investment holding.

TCL is a limited liability company incorporated in Hong Kong and is principally engaged in property investment.

## LISTING RULES IMPLICATIONS

TCL is an indirect wholly-owned subsidiary of ASI, which is in turn a substantial shareholder of the Company holding approximately 82.69% of the issued share capital of the Company as at the date of this announcement. Accordingly, TCL is an associate of ASI and is therefore a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules, and the tenancy as contemplated under the Tenancy Agreement constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios with respect to the largest Annual Caps are more than 0.1% and less than 5%, the tenancy as contemplated under the Tenancy Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules.

## DEFINITIONS

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

<b>“Annual Caps”</b>	the annual caps for the continuing connected transaction contemplated under the Tenancy Agreement
<b>“ASHHL”</b>	Asia Standard Hotel (Holdings) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
<b>“ASI”</b>	Asia Standard International Group Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 129)
<b>“associate”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Board”</b>	the board of Directors of the Company
<b>“Company”</b>	Asia Standard Hotel Group Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 292)

<b>“connected person”</b>	has the meaning ascribed to it under the Listing Rules
<b>“controlling shareholder”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Directors”</b>	the directors of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“HK\$”</b>	Hong Kong dollar, the lawful currency of Hong Kong
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“percentage ratios”</b>	have the meaning ascribed to it in Rule 14.07 of the Listing Rules
<b>“PRC”</b>	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
<b>“Premises”</b>	29th Floor, Asia Orient Tower, Town Place, 33 Lockhart Road, Wan Chai, Hong Kong
<b>“Shareholder(s)”</b>	holder(s) of the Shares
<b>“Share(s)”</b>	ordinary share(s) of HK\$0.02 each in the share capital of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“TCL”</b>	Tilpifa Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of ASI

**“Tenancy Agreement”** a tenancy agreement dated 29 July 2016 entered into between ASHHL as tenant and TCL as landlord in respect of the Premises

**“%”** per cent

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

Hong Kong, 29 July 2016

*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 identification purpose only*