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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)

**ANNOUNCEMENT ON
CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF
THE RENEWAL OF A TENANCY AGREEMENT**

The Directors wish to announce that on 28 February 2013, JBC (an indirect wholly-owned subsidiary of the Company) as tenant entered into the Tenancy Agreement with Hoi Chak as landlord to renew the Old Tenancy Agreement, which is due to expire on 28 February 2013. The Tenancy Agreement is for a term of two years commencing from 1 March 2013 and expiring on 28 February 2015.

Hoi Chak 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 Hoi Chak and Asia Standard International are regarded as connected persons of the Company under the Listing Rules and the transactions contemplated under the Tenancy Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. Based on the terms of the Tenancy Agreement, the Directors propose to set the maximum aggregate amount payable by JBC to Hoi Chak under the Tenancy Agreement (i.e. the Annual Caps) for each of the financial years ending 31 March 2013, 2014 and 2015 to be HK\$245,000, HK\$2,970,000 and HK\$2,756,000 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 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 Tenancy Agreement will be disclosed in the Company's annual reports and accounts for the financial years during the term of the Tenancy Agreement in accordance with Rule 14A.46 of the Listing Rules.

1. INTRODUCTION

Reference is made to the Announcement in relation to the Old Tenancy Agreement. The Directors wish to announce that on 28 February 2013, JBC as tenant (an indirect wholly-owned subsidiary of the Company) entered into the Tenancy Agreement with Hoi Chak as landlord to renew the Old Tenancy Agreement, which is due to expire on 28 February 2013.

2. THE TENANCY AGREEMENT

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

Date:	28 February 2013
Landlord:	Hoi Chak
Tenant:	JBC
Premise:	16/F., Asia Standard Tower, 59-65 Queen's Road Central, Hong Kong
Term:	Two years commencing from 1 March 2013 and expiring on 28 February 2015. There is no option for the renewal of the tenancy
Rent:	Monthly rental of HK\$216,800 (exclusive of rates, management fee, cleaning charges, air-conditioning charges and all other outgoings), payable in advance each month
Management fee, air-conditioning charges:	Monthly amount of HK\$25,235 payable in advance each month
Other material term:	Save for the principal terms set out above, the terms and conditions of the Tenancy Agreement will be the same as those of the Old Tenancy Agreement

3. ANNUAL CAPS

The Premise has been and will continue to be used by JBC as its head office during the term of the Tenancy Agreement.

As disclosed in the Announcement, the annual caps in respect of the amount of annual rent (exclusive of rates, management fee, cleaning charges, air-conditioning charges and all other outgoings) paid under the Old Tenancy Agreement for the financial years ended 31 March 2011, 2012 and 2013 were HK\$162,600, HK\$1,951,200, and HK\$1,788,600 respectively.

The actual total amount of annual rent (exclusive of rates, management fee, cleaning charges, air-conditioning charges and all other outgoings) paid by the Company under the Old Tenancy Agreement for the past three years ended 31 March 2011, 2012 and 2013 amounted to HK\$162,600, HK\$1,951,200, and HK\$1,788,600 respectively. Further, the actual amount of management fee, cleaning charges and air-conditioning charges paid by the Company under the Old Tenancy Agreement for the past three years ended 31 March 2011, 2012 and 2013 amounted to HK\$26,033, HK\$320,796 and HK\$306,083 respectively.

Based on the terms of the Tenancy Agreement, the Directors propose to set the maximum aggregate amount payable by JBC to Hoi Chak under the Tenancy Agreement (including rental, management fee, cleaning charges and air-conditioning charges but excluding rates and all other outgoings) for each of the financial years ending 31 March 2013, 2014 and 2015 to be HK\$245,000, HK\$2,970,000 and HK\$2,756,000 respectively.

4. REASONS FOR AND BENEFITS OF THE TENANCY AGREEMENT

The rent payable under the Tenancy Agreement was determined on an arm's length basis with reference to prevailing market rentals (as provided by Hoi Chak to JBC) of the building at which the Premise is located and the prevailing market rentals of the office premises located in the vicinity of the building at which the Premise is located. The Annual Caps were determined based on the rental, management fee and the related charges payable by JBC to Hoi Chak. By renewing the Old Tenancy Agreement, JBC and ultimately the Company can also save relocation costs. The Board, including the independent non-executive Directors, is of the opinion that the Tenancy Agreement is on normal commercial terms, the terms of which including the Annual Caps are fair and reasonable, and that the execution of the Tenancy Agreement is in the usual and ordinary course of business of the Company 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 Tenancy Agreement and was required to abstain from voting on the resolution of the Board to approve the 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 Tenancy Agreement and have abstained from voting on the resolution of the Board to approve the 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, travel agency services and restaurant businesses.

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, travel agency services and restaurant businesses.

Hoi Chak is an investment holding 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 Hoi Chak and Asia Standard International are regarded as connected persons of the Company under the Listing Rules and the transactions contemplated under the 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 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 Tenancy Agreement will be disclosed in the Company's annual reports and accounts for the financial years during the term of the Tenancy Agreement in accordance with Rule 14A.46 of the Listing Rules.

6. DEFINITIONS

“Announcement”	the announcement of the Company dated 4 April 2011 in relation to the Old 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 person”	has the meaning ascribed to it in the Listing Rules
“continuing connected transactions”	has the meaning ascribed to it in Chapter 14A of the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“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
“Old Tenancy Agreement”	the tenancy agreement dated 8 February 2011 entered into between JBC and Hoi Chak in respect of the leasing of the Premise for the period from 1 March 2011 to 28 February 2013

“percentage ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“Premise”	16/F., Asia Standard Tower, 59-65 Queen’s Road Central, Hong Kong
“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
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Tenancy Agreement”	the tenancy agreement dated 28 February 2013 entered into between JBC and Hoi Chak in respect of the leasing of the Premise for the period from 1 March 2013 to 28 February 2015
“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, 28 February 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*