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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)

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION RENEWAL OF TENANCY AGREEMENT

The Board announces that on 31 July 2024, ASHMSL, 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), to renew the lease of the Premises located at 29th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong for a term of one year commencing from 1 August 2024 and expiring on 31 July 2025 as the Old Tenancy Agreement is due to expire on 31 July 2024.

TCL is an indirect wholly-owned subsidiary of ASI, which is in turn a substantial shareholder of the Company holding approximately 64.35% 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. Under Chapter 14A of the Listing Rules, (a) the payment of the Rent will be regarded as an acquisition of asset by the Group and constitutes a connected transaction of the Company; and (b) the payment of the Other Charges constitutes a continuing connected transaction of the Company.

As the applicable percentage ratios with respect to the value of the Right-of-Use Asset (Lease), being the present value of the Rent, exceed 0.1% but are less than 5%, the payment of the Rent under the Tenancy Agreement is subject to the reporting and announcement requirements only but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

As all the applicable percentage ratios with respect to the Other Charges on an annual basis are less than 5% and the largest annual cap of the Other Charges is less than HK\$3,000,000, the payment of the Other Charges under the Tenancy Agreement constitutes a de minimis transaction pursuant to Rule 14A.76(1)(c) of the Listing Rules and is fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company in relation to the Old Tenancy Agreement dated 29 July 2022. The Board announces that on 31 July 2024, ASHMSL, 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), to renew the lease of the Premises located at 29th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong for a term of one year commencing from 1 August 2024 and expiring on 31 July 2025 as the Old Tenancy Agreement is due to expire on 31 July 2024.

THE TENANCY AGREEMENT

Date	:	31 July 2024
Parties	:	(1) TCL (as landlord) (2) ASHMSL (as tenant)
Leased premises	:	29th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong Total leasing area: 6,893 sq.ft.
Use	:	As the office premises of ASHMSL
Term	:	One year commencing from 1 August 2024 and expiring on 31 July 2025
Rent	:	Monthly rental of HK\$399,794 (exclusive of Government rent, rates, management fees, air-conditioning charges and all other outgoings), payable in advance on the first day of each calendar month
Management fees and air-conditioning charges	:	Monthly amount of HK\$66,904, subject to revision, payable in advance on the first day of each calendar month
Rates	:	Monthly amount of HK\$17,056, subject to revision, payable in advance on the first day of each calendar month
Deposit	:	ASHMSL shall deposit with TCL a sum of HK\$1,451,262 (equivalent to three months' rents, rates, management fees and air-conditioning charges payable under the Tenancy Agreement) to secure ASHMSL's due observance and performance of the Tenancy Agreement
Other material terms	:	Save for the principal terms set out above, the terms and conditions of the Tenancy Agreement are substantially the same as those of the Old Tenancy Agreement

ACCOUNTING IMPLICATION AND TREATMENT UNDER THE LISTING RULES

In accordance with HKFRS 16 applicable to the Group, the payments to be made by the Group contemplated under the Tenancy Agreement comprise different components and hence different accounting treatments will apply. The Group will recognise the Rent as an acquisition of right-of-use asset taking into account the aggregate discounted amount of the Rent in accordance with HKFRS 16, which is estimated to be approximately HK\$4,685,000.00 (subject to audit). Such acquisition of right-of-use asset will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. The Other Charges will be recognised as expenses in the Group's profit and loss accounts in the periods in which they are incurred, and the payment of such expenses will be regarded as a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

The terms under the Tenancy Agreement, including the Rent and Other Charges, were determined after arm's length negotiations between the parties thereto and with reference to, among other things, (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 payments under the Tenancy Agreement will be funded by internal resources of the Group.

In view of the prime location of the Premises, being opposite to the Company's Empire Hotel Hong Kong located in Wanchai, Hong Kong, the leasing 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 ASHMSL to enter into the Tenancy Agreement to renew the lease of the Premises.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Tenancy Agreement (including the annual caps for the Other Charges) are fair and reasonable and on normal commercial terms, and the entering into of the Tenancy Agreement is 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 the Company 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 resolution(s) approving the Tenancy Agreement and the transactions 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(s) of the Board to approve the Tenancy Agreement and the transactions contemplated thereunder.

INFORMATION ON THE GROUP AND TCL

The Company is an exempted company incorporated in Bermuda with limited liability whose shares are listed on the Main Board. The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company consist of holding and operating hotels and property development.

ASI is an exempted company incorporated in Bermuda with limited liability whose shares are listed on the Main Board. ASI and its subsidiaries are principally engaged in investment and development of commercial, retail and residential properties. Through the Company, ASI is also involved in hotel operations.

ASHMSL is a limited liability company incorporated in Hong Kong and is principally engaged in hotel management services.

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 64.35% 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. Under Chapter 14A of the Listing Rules, (a) the payment of the Rent will be regarded as an acquisition of asset by the Group and constitutes a connected transaction of the Company; and (b) the payment of the Other Charges constitutes a continuing connected transaction of the Company.

As the applicable percentage ratios with respect to the value of the Right-of-Use Asset (Lease), being the present value of the Rent, exceed 0.1% but are less than 5%, the payment of the Rent under the Tenancy Agreement is subject to the reporting and announcement requirements only but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements pursuant to Rule 14A.76(2)(a) of the Listing Rules.

As all the applicable percentage ratios with respect to the Other Charges on an annual basis are less than 5% and the largest annual cap of the Other Charges is less than HK\$3,000,000, the payment of the Other Charges under the Tenancy Agreement constitutes a de minimis transaction pursuant to Rule 14A.76(1)(c) of the Listing Rules and is fully exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“ASHMSL”	Asia Standard Hotel Management Services Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“ASI”	Asia Standard International Group Limited (Stock Code: 129), an exempted company incorporated in Bermuda with limited liability whose shares are listed on the Main Board
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Asia Standard Hotel Group Limited (Stock Code: 292), an exempted company incorporated in Bermuda with limited liability whose shares are listed on the Main Board
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars
“HKFRS”	The Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board of the Stock Exchange
“Old Tenancy Agreement”	a tenancy agreement dated 29 July 2022 entered into between ASHMSL as tenant and TCL as landlord in respect of the lease of the Premises between 1 August 2022 and 31 July 2024

“Other Charges”	the management fees, air-conditioning charges and rates under the Tenancy Agreement in respect of the Premises payable by ASHMSL to TCL as disclosed in this announcement
“percentage ratios”	has the meaning ascribed to it in Rule 14.07 of the Listing Rules
“Premises”	29th Floor, YF Life Tower, 33 Lockhart Road, Wanchai, Hong Kong
“Rent”	the rental under the Tenancy Agreement in respect of the Premises payable by ASHMSL to TCL as disclosed in this announcement
“Right-of-Use Asset (Lease)”	an asset representing the value of the Group’s right (as lessee) to use the leased Premises under the Tenancy Agreement in its consolidated financial statements pursuant to HKFRS 16 “Leases”
“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
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“TCL”	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 31 July 2024 entered into between ASHMSL as tenant and TCL as landlord in respect of the renewal of the lease of the Premises
“%”	per cent

By order of the Board of
ASIA STANDARD HOTEL GROUP LIMITED
LIM YIN CHENG
Deputy Chairman and Chief Executive

Hong Kong, 31 July, 2024

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. Leung Wai Keung, Mr. Wong Chi Keung and Mr. Koon Bok Ming, Alan.

** For identification purpose only*