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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 RENEWAL OF A MASTER AGREEMENT FOR THE PROVISION OF PROJECT MANAGEMENT SERVICES

Reference is made to the announcement of the Company dated 28 March 2018 in relation to the Old Master Agreement.

On 1 April 2021, the Company entered into the Master Agreement with Winfast in relation to the provision of Project Management Services by Winfast to the relevant member(s) of the Group during the Term between 1 April 2021 and 31 March 2024 to renew the Old Master Agreement, which is due to expire on 31 March 2021.

Asia Standard International is a controlling shareholder of the Company holding approximately 64.35% interest in the Company. Winfast is an indirect wholly-owned subsidiary of Asia Standard International and hence a connected person of the Company. The transactions contemplated under the Master Agreement therefore constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The Project Management Services shall be provided by Winfast to the relevant member(s) of the Group on normal commercial terms and the aggregate project management fees for the Project Management Services to be provided by Winfast to the Group under the Master Agreement during the Term are capped at the Annual Caps. The Annual Caps were arrived at after taking into account (a) the historical transaction amounts paid by the Group to Winfast for the Project Management Services; (b) the prevailing professional fees charged by architects and building services engineers for the provision of Project Management Services; (c) the expected increase in the amount of project management fees to be charged by Winfast over the Term; and (d) the estimated level of Project Management Services required by the Group during the Term.

As the applicable percentage ratios in respect of the Annual Caps are more than 0.1% but are less than 5%, the transactions contemplated under the Master 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 Master Agreement will be included in the next published annual report and accounts of the Company in accordance with Rule 14A.71 of the Listing Rules.

MASTER AGREEMENT FOR THE PROVISION OF PROJECT MANAGEMENT SERVICES

Reference is made to the announcement of the Company dated 28 March 2018 in relation to the Old Master Agreement.

On 1 April 2021, the Company entered into the Master Agreement with Winfast in relation to the provision of Project Management Services by Winfast to the relevant member(s) of the Group during the Term between 1 April 2021 and 31 March 2024 to renew the Old Master Agreement, which is due to expire on 31 March 2021.

The principal terms of the Master Agreement are as follows:

Date: 1 April 2021

Parties: (a) Winfast, an indirect wholly-owned subsidiary of Asia Standard International
(b) The Company

Provision of Project Management Services: The Company agrees to procure any relevant member of the Group to enter into a Subsidiary Agreement with Winfast for providing the Project Management Services under the Master Agreement. Each Subsidiary Agreement shall set out the particulars and the terms upon which particular Project Management Services shall be rendered by Winfast to the Group. The terms of each Subsidiary Agreement must comply with the terms of the Master Agreement and in particular, any services to be rendered under any Subsidiary Agreement must comply with the basis set out in the Master Agreement.

**Basis for the provision
of the Project
Management
Services:**

The Project Management Services shall be provided on the following basis:

- (a) on normal commercial terms; and
- (b) the aggregate project management fees for the Project Management Services to be provided by Winfast to the Group under the Master Agreement during the Term shall not exceed the corresponding Annual Caps below:

<u>Relevant period</u>	<u>Annual Caps</u>
1 April 2021	
— 31 March 2022	HK\$5,000,000
1 April 2022	
— 31 March 2023	HK\$5,500,000
1 April 2023	
— 31 March 2024	HK\$6,000,000

The project management fees payable by the Group for Project Management Services consist of a fixed fee which was determined based on the estimated hours for the provision of Project Management Services and the prevailing professional fees charged by architects and building services engineers, with reference to the market rates generally provided by independent third parties to the Group.

The project management fees for Project Management Services were fair and reasonable, and were determined by arm's length commercial negotiations.

The project management fees for the Project Management Services rendered under any Subsidiary Agreement shall be settled by way of cash.

**Historical Transaction
Amounts:**

The historical transaction amounts paid by the Group to Winfast for the Project Management Services under the Old Master Agreement are HK\$4,728,000 for each of the years ended 31 March 2019 and 2020 and HK\$4,350,000 for the year ended 31 March 2021.

**Basis of Determining
the Annual Caps:**

The Annual Caps were arrived at after taking into account (a) the historical transaction amounts paid by the Group to Winfast for the Project Management Services; (b) the prevailing professional fees charged by architects and building services engineers for the provision of Project Management Services; (c) the expected increase in the amount of project management fees to be charged by Winfast over the Term; and (d) the estimated level of Project Management Services required by the Group during the Term.

Conditions:

The Master Agreement is conditional upon each of the Parties having obtained all necessary approvals, whether corporate or regulatory or otherwise, required for the Master Agreement and the transactions contemplated thereunder.

If the above conditions are not fulfilled on or before 30 April 2021 or such later date as the Parties shall agree, the Master Agreement shall automatically terminate and neither Party shall have any rights to claim against the other Party under the Master Agreement.

**Term of the Master
Agreement:**

The Master Agreement shall take effect from 1 April 2021 and shall expire on the Expiry Date, unless it is terminated earlier in accordance with the terms thereof.

**REASONS FOR AND BENEFITS OF ENTERING INTO THE MASTER
AGREEMENT**

The Group currently owns five hotels and properties in Hong Kong which may from time to time require regular building services and maintenance, renovation and refurbishment. In the meantime, Winfast has been providing Project Management Services to the other members of the ASI Group. The Master Agreement will enable the Group to tap on the expertise and experience of Winfast in project management services.

The terms of the Master Agreement (including the Annual Caps) have been arrived at after arm's length negotiation between Winfast and the Company, taking into account, among other things, the prevailing professional fees charged by architects and building services engineers for the provision of Project Management Services. The Directors (including all the independent non-executive Directors) consider that the terms of the Master Agreement (including the Annual Caps) are on normal commercial terms and are fair and reasonable, and that the entering into of the Master Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and its shareholders as a whole.

Mr. Poon Jing is the controlling shareholder of Asia Standard International 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 Master 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 Master Agreement and was required to abstain from voting on the resolution(s) of the Board to approve the Master Agreement and the transactions contemplated thereunder.

INFORMATION ON WINFAST, ASIA STANDARD INTERNATIONAL AND THE COMPANY

Winfast is principally engaged in the business of providing building services, engineering services and project management services.

Asia Standard International is a limited liability company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange. ASI Group is principally engaged in investment and development of commercial, retail and residential properties and securities investments. Through the Company, ASI Group is also involved in hotel operations.

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 principal activities of the Company's subsidiaries consist of holding and operating hotels and property development and securities investments.

IMPLICATIONS UNDER THE LISTING RULES

Asia Standard International is a controlling shareholder of the Company holding approximately 64.35% interest in the Company. Winfast is an indirect wholly-owned subsidiary of Asia Standard International and is hence a connected person of the Company. The transactions contemplated under the Master Agreement therefore constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The aggregate project management fees for the Project Management Services to be provided by Winfast to the Group under the Master Agreement during the Term shall not exceed the Annual Caps. In arriving at the estimated level of Project Management Services required by the Group during the Term, the Company has only taken into account the regular building services, maintenance, fitting-out works and improvement works required by the Group during the Term. Although the Company anticipates that there may be some extraordinary alteration and addition works or improvement works during the Term, the Company is unable at this stage to ascertain the scale of these extraordinary works and hence the level of Project Management Services required in relation thereto. The Company will comply with the applicable requirements under Chapter 14A of the Listing Rules as and when these extraordinary alteration and addition works or improvement works materialise.

As the applicable percentage ratios in respect of the Annual Caps are more than 0.1% but are less than 5%, the transactions contemplated under the Master 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 Master Agreement will be included in the next published annual report and accounts of the Company in accordance with Rule 14A.71 of the Listing Rules.

DEFINITIONS

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

“Annual Cap(s)”	the maximum aggregate amount of the project management fees to be charged by Winfast to the Group for the provision of Project Management Services under the Master Agreement during the Term, as more particularly set out in the section headed “Master Agreement for the provision of Project Management Services” of this announcement
“Asia Standard International”	Asia Standard International Group Limited (Stock Code: 129), an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“ASI Group”	Asia Standard International and its subsidiaries (excluding the Group) from time to time
“Board”	the board of Directors
“Company”	Asia Standard Hotel Group Limited (Stock Code: 292), an exempted company incorporated in Bermuda with limited liability, the issued shares of which shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company

“Expiry Date”	31 March 2024
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong Dollars
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the agreement dated 1 April 2021 entered into between Winfast and the Company in respect of the provision of Project Management Services by Winfast to the Group
“Old Master Agreement”	the master agreement dated 28 March 2018 entered into between Winfast and the Company in respect of the provision of Project Management Services by Winfast to the Group for the period between 1 April 2018 to 31 March 2021
“Parties”	collectively, Winfast and the Company, and a “Party” shall mean any of them
“percentage ratios”	has the meaning ascribed to it in Rule 14.07 of the Listing Rules
“Project Management Services”	the project management services to be rendered by Winfast to the relevant member(s) of the Group in connection with the regular building services and maintenance, fitting-out works, improvement works and/or other works incidental thereto at the hotels owned and operated by and the properties owned by the Group on the terms of the Master Agreement and the relevant Subsidiary Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Agreement”	any agreement setting out the detailed terms and conditions for the provision of the Project Management Services by Winfast to the Group, to be entered into between Winfast and the relevant member of the Group from time to time
“Term”	the term of the Master Agreement, being the period between 1 April 2021 and 31 March 2024 unless terminated earlier in accordance with the terms of the Master Agreement

“Winfast” Winfast Engineering Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Asia Standard International

“%” per cent

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

Hong Kong, 1 April 2021

As at the date of this announcement, the executive directors of the Company 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 of the Company are Mr. Ip Chi Wai, Mr. Leung Wai Keung and Mr. Wong Chi Keung.

** For identification purpose only*