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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

MASTER AGREEMENT

On 31 March 2015, 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 2015 and 31 March 2018 to renew the Old Master Agreement, which is due to expire on 31 March 2015.

Asia Standard International is a controlling shareholder of the Company holding approximately 70.23% 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 values 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

On 31 March 2015, 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 2015 and 31 March 2018 to renew the Old Master Agreement, which is due to expire on 31 March 2015.

The principal terms of the Master Agreement are as follows:

- Date:** 31 March 2015
- 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 2015 — 31 March 2016	HK\$5.00 million
1 April 2016 — 31 March 2017	HK\$5.70 million
1 April 2017 — 31 March 2018	HK\$6.50 million

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

Historical Transaction Values:

The historical transaction values paid by the Group to Winfast for the Project Management Services are as follows:

<u>Relevant period</u>	<u>Annual Transaction Value</u>
1 April 2012 — 31 March 2013	HK\$3.78 million
1 April 2013 — 31 March 2014	HK\$4.08 million
1 April 2014 — 31 March 2015	HK\$4.30 million

**Basis of Determining
the Annual Caps:**

The Annual Caps were arrived at after taking into account (a) the historical transaction values 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 2015 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 2015 and shall expire on the Expiry Date, unless it is terminated earlier in accordance with the terms thereof.

REASONS FOR, AND BENEFITS OF, THE MASTER AGREEMENT

The Group currently owns three 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 Master Agreement was entered into by the Company in the ordinary and usual course of business of the Group. 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 but excluding Mr. Poon Jing who is considered

having a material interest in the transactions contemplated under the Master Agreement by virtue of his controlling interest in Asia Standard International and has hence abstained from voting at the relevant meeting of the Board to approve the transactions contemplated under the Master Agreement) 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 interests of the Company and its shareholders as a whole.

INFORMATION ON WINFAST AND THE GROUP

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

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 four hotels in Hong Kong and Canada; travel agency services; restaurant businesses and securities investments.

IMPLICATIONS UNDER THE LISTING RULES

Asia Standard International is a controlling shareholder of the Company holding approximately 70.23% 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 are capped at 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, a limited liability company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 129)
“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, a limited liability company incorporated in Bermuda whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 292)
“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 shareholders”	shall have the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company

“Expiry Date”	31 March 2018
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Agreement”	the agreement dated 31 March 2015 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 26 June 2012 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 2012 to 31 March 2015
“Parties”	collectively, Winfast and the Company, and a “Party” shall mean any of them
“percentage ratios”	shall have the meaning ascribed to it in Rule 14.07 of the Listing Rules
“PRC”	People’s Republic of China
“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 2015 and 31 March 2018 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

Hong Kong, 31 March 2015

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*