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THE HONGKONG AND SHANGHAI HOTELS, LIMITED
香港上海大酒店有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 45)

Continuing Connected Transactions

Leasing of Residential Premises

The Board announces that on 1 March 2014, The Repulse Bay Company, Limited, an indirect wholly owned subsidiary of the Company, entered into New Tenancy Agreement in relation to the leasing of a residential premises located at The Repulse Bay, Hong Kong to DFS for a term of two years commencing from 1 March 2014 and ending on 29 February 2016.

DFS is indirectly held as to 38.75% by Mr Miller. He was an Independent Non-Executive Director of the Company until his resignation as a Director with effect from 1 January 2014. Pursuant to the Listing Rules, he remains a connected person of the Company up to 12 months after his resignation (i.e. up to 31 December 2014). Accordingly, DFS is an “associate” of Mr Miller and a “connected person” of the Company under the Listing Rules.

The New Tenancy Agreement together with three other existing tenancy agreements between DFS and The Repulse Bay Apartments Limited constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules. The three other existing tenancy agreements were within the *de minimis* threshold under Chapter 14A of the Listing Rules not having any disclosure requirements. The New Tenancy Agreement, upon signing, took the Transactions above the *de minimis* threshold.

The Company has applied for, and Stock Exchange has granted, a waiver pursuant to Rule 14A.42(1) of the Listing Rules from compliance with certain requirements under Chapter 14A of the Listing Rules for reasons set out below.

BACKGROUND

The Board announces that on 1 March 2014, The Repulse Bay Company, Limited, an indirect wholly owned subsidiary of the Company, entered into the New Tenancy Agreement in relation to the leasing of a residential premises located at The Repulse Bay, Hong Kong to DFS for a term of two years commencing from 1 March 2014 and ending on 29 February 2016.

DFS is indirectly held as to 38.75% by Mr Miller. He was an Independent Non-Executive Director of the Company until his resignation as a Director with effect from 1 January 2014. Pursuant to the Listing Rules, he remains a connected person of the Company up to 12 months after his resignation (i.e. up to 31 December 2014). Accordingly, DFS is an “associate” of Mr Miller and a “connected person” of the Company under the Listing Rules.

The New Tenancy Agreement together with three other existing tenancy agreements between DFS and The Repulse Bay Apartments Limited on premises at Repulse Bay Apartments constitute continuing connected transactions of the Company under Rule 14A.14 of the Listing Rules. The three other existing tenancy agreements were within the *de minimis* threshold under Chapter 14A of the Listing Rules not having any disclosure requirements. The New Tenancy Agreement, upon signing, took the Transactions above the *de minimis* threshold. The highest applicable percentage ratio under the Listing Rules for the aggregate annual amount payable by DFS to TRB for the financial year ending 31 December 2014 under the Transactions would marginally exceeded 0.1%.

NATURE OF THE TRANSACTIONS

TRB is in the business of leasing residential premises. All of the Transactions constitute leasing of residential premises by TRB to DFS which were negotiated on arm’s length basis based on market rental of The Repulse Bay, Repulse Bay Apartments and comparable properties in the surrounding area, on normal commercial terms and in the ordinary course of business of TRB.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Board, including the Independent Non-executive Directors, considers that the entering into the Transactions is in the ordinary and usual course of business of TRB and on normal commercial terms. The Board also noted that the terms were fair and reasonable and were negotiated on arm’s length basis and the Transactions are in the interests of the shareholders of the Company as a whole. No Director has any material interest in the Transactions.

WAIVER UNDER RULE 14A.42(1)

Given that the Transactions are continuing connected transactions solely because of the indirect interest of Mr Miller in DFS and Mr Miller is no longer a Director of the Company, nor does he control the Company or TRB and his principal business interest is unrelated to the Company and TRB; and further given that the pricing arrangements of the Transactions are commercially sensitive in nature and the size of the Transactions is immaterial to the Company, the Company has applied for a waiver from the Stock Exchange pursuant to Rule 14A.42(1) of the Listing Rules from compliance with certain requirements under Chapter 14A of the Listing Rules. The Stock Exchange has granted a waiver from compliance with the requirements under Rules 14A.35(3) and (5), Rules 14A.37 to 14A.40, Rule 14A.45, Rule 14A.46, Rule 14A.47(3) of the Listing Rules in respect of annual review and reporting requirements, and from compliance with requirements under Rule 14A.56(1), Rule 14A.56(4) and Rule 14.58(4) of the Listing Rules in relation to disclosure of rental amounts and annual cap.

INFORMATION RELATING TO THE GROUP

The Group is engaged in the business of ownership, development and management of prestigious hotel, commercial and residential properties in key locations in Asia, the United States and Europe, as well as the provision of tourism and leisure, club management and other services.

INFORMATION RELATING TO DFS

DFS is principally engaged in the operation of duty-free stores, large downtown Galleria stores and travel retail.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	The Hongkong and Shanghai Hotels, Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 45)
“connected person”	has the meaning ascribed to it under the Listing Rules
“DFS”	DFS Group Limited, a company incorporated in Hong Kong with limited liability which Mr Miller has indirect interest as to 38.75% of DFS
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr Miller”	Mr Robert Warren Miller was an Independent Non-Executive Director of the Company until his resignation as a Director of the Company with effect from 1 January 2014
“New Tenancy Agreement”	the tenancy agreement dated 1 March 2014 entered into between The Repulse Bay Company, Limited and DFS
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Transactions” the three existing tenancy agreements entered into between The Repulse Bay Apartments Limited and DFS at Repulse Bay Apartments (which together were within the *de minimis* threshold under Chapter 14A of the Listing Rules prior to the New Tenancy Agreement) and the New Tenancy Agreement

“TRB” The Repulse Bay Apartments Limited and The Repulse Bay Company, Limited, both being companies incorporated in Hong Kong with limited liability and indirect wholly owned subsidiaries of the Company

By order of the Board
Christobelle Liao
Company Secretary

Hong Kong, 3 March 2014

As at the date of this announcement, the Board comprises the following Directors:

Non-Executive Chairman
The Hon. Sir Michael Kadoorie

Non-Executive Deputy Chairman
Ian Duncan Boyce

Executive Directors
Managing Director and Chief Executive Officer
Clement King Man Kwok

Chief Operating Officer
Peter Camille Borer

Non-Executive Directors
Ronald James McAulay
William Elkin Mocatta
John Andrew Harry Leigh
Nicholas Timothy James Colfer

Independent Non-Executive Directors
Dr. the Hon. Sir David Kwok Po Li
Patrick Blackwell Paul
Pierre Roger Boppe
Dr. William Kwok Lun Fung
Dr. Rosanna Yick Ming Wong