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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: 00045)

**Continuing Connected Transactions**  
**Renewal of Tenancy Agreements**

The Board announces that on 27 March 2019, HMS, an indirect wholly owned subsidiary of the Company, entered into First New Tenancy Agreement and Second New Tenancy Agreement with Kadoorie Estates to renew the existing leases of First Office Premises and Second Office Premises.

Kadoorie Estates acts as the agent of Cobalt (the registered owner of the Office Premises) to manage the Office Premises. Cobalt is a trustee of a unit trust, the units of which are ultimately held by discretionary trusts of which members of the Kadoorie family are discretionary objects. Kadoorie Estates is wholly owned by Harneys Trustees which is a substantial shareholder of the Company. As such, Kadoorie Estates is a connected person of the Company under the Listing Rules. Accordingly, the entering into the New Tenancy Agreements constitutes continuing connected transactions of the Company under rule 14A.31 of the Listing Rules and is subject to announcement, annual review and annual reporting requirements but is exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

**First New Tenancy Agreement**

Parties: (i) Kadoorie Estates, as agent  
(ii) HMS, as tenant

Date: 27 March 2019

First Office Premises: 7th and 8th Floors of St. George's Building, 2 Ice House Street, Central, Hong Kong

Term: Three years commencing from 1 April 2019 to 31 March 2022 (both days inclusive)

Rent: HK\$2,385,830 per month (exclusive of service charges), payable monthly in advance

Service Charges: HK\$259,246.8 per month (subject to adjustments), payable monthly in advance

### **Second New Tenancy Agreement**

Parties: (i) Kadoorie Estates, as agent  
(ii) HMS, as tenant

Date: 27 March 2019

Second Office Premises: Room 408 of St. George's Building, 2 Ice House Street, Central, Hong Kong

Term: Three years commencing from 1 April 2019 to 31 March 2022 (both days inclusive)

Rent: HK\$172,980 per month (exclusive of service charges), payable monthly in advance

Service Charges: HK\$18,795.6 per month (subject to adjustments), payable monthly in advance

### **Aggregate annual consideration**

Based on the monthly rent payable under the First New Tenancy Agreement and Second New Tenancy Agreement, as well as the possible adjustment to be made by Kadoorie Estates in the level of service charges payable, the maximum aggregate annual consideration payable by HMS under the New Tenancy Agreements will not exceed the following amounts:

<u>Financial year ending</u>	<u>Maximum aggregate annual consideration (HK\$)</u>
31 December 2019	26 million
31 December 2020	35 million
31 December 2021	35.5 million
31 December 2022	9.5 million

The actual rental expenses and service charges incurred under the First Previous Tenancy Agreement and Second Previous Tenancy Agreement for the financial years ended 31 December 2016, 2017, 2018 and 2019 are HK\$18.1 million, HK\$24.2 million, HK\$24.4 million and HK\$6.2 million respectively. They did not exceed the maximum aggregate annual consideration disclosed in the announcement dated 21 March 2016.

## **Reasons for entering into the New Tenancy Agreements**

The Company has been leasing the First Office Premises and Second Office Premises from Kadoorie Estates as office spaces and the existing leases will expire on 31 March 2019. The Company considers it beneficial to enter into new leases of the Office Premises as the office spaces of the Company in view of the prime location of the Office Premises and the saving of relocation costs.

The monthly rent of the New Tenancy Agreements was determined after arm's length negotiations between parties with reference to the recent and past rent chargeable by Kadoorie Estates in the same building and prevailing market rates for comparable office buildings in Central.

The Board, including the independent non-executive directors, considers that the entering into the Tenancy Agreements is in the ordinary and usual course of business of the Group and that the New Tenancy Agreements are on normal commercial terms with reference to the prevailing market conditions and were negotiated at arm's length, and the terms of the New Tenancy Agreements and maximum aggregate annual consideration are fair and reasonable and in the interests of the Shareholders as a whole. The Hon. Sir Michael Kadoorie, Messrs. William Mocatta, John Leigh and Nicholas Colfer, being directors of Kadoorie Estates, are considered to have an interest or potential conflict of interest in the New Tenancy Agreements by virtue of their direct or indirect interests or directorship in Kadoorie Estates, have abstained from voting on the Board resolution of the Company to approve the New Tenancy Agreements.

## **Compliance with Listing Rules**

Kadoorie Estates acts as the agent of Cobalt (the registered owner of the Office Premises) to manage the Office Premises. Cobalt is a trustee of a unit trust, the units of which are ultimately held by discretionary trusts of which members of the Kadoorie family are discretionary objects. Kadoorie Estates is wholly owned by Harneys Trustees which is a substantial shareholder of the Company. As such, Kadoorie Estates is a connected person of the Company under the Listing Rules.

Accordingly, the entering into the New Tenancy Agreements constitutes continuing connected transactions of the Company under rule 14A.31 of the Listing Rules. As the highest of relevant percentage ratios as defined under rule 14.07 of the Listing Rules applicable to the maximum aggregate annual consideration for the Tenancy Agreements is more than 0.1% but less than 5%, the entering into the New Tenancy Agreements is subject to announcement, annual review and annual reporting requirements but is exempt from circular (including independent financial advice) and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will comply with their continuing obligations under rules 14A.55-60 of the Listing Rules and will re-comply with the relevant Listing Rules if the maximum aggregate annual consideration is exceeded, when the New Tenancy Agreements are renewed and when there is a material change to its terms.

## **Information relating to Kadoorie Estates and HMS**

The principal business activity of Kadoorie Estates is the provision of management services.

HMS is an indirect wholly owned subsidiary of the Company and its principal activities are the provision of management, marketing, rooms reservation, design advisory, consultancy and advertising services.

## **Information relating to the Group**

The Company, through its subsidiaries, joint ventures and associates, is principally engaged in the ownership, development and management of prestigious hotels and 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.

## **Definitions**

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

“Board”	the board of Directors
“Cobalt”	New Cobalt Holding Corporation, a company incorporated in the Republic of Nauru with limited liability and re-domiciled to British Virgin Islands and registered under Part XI of the former Hong Kong Companies Ordinance and the registered owner of the Office Premises
“Company”	The Hongkong and Shanghai Hotels, Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“First New Tenancy Agreement”	the three-year tenancy agreement entered into by HMS and Kadoorie Estates on 27 March 2019 in respect of the First Office Premises, for the period from 1 April 2019 to 31 March 2022
“First Office Premises”	7th and 8th Floors of St. George’s Building, 2 Ice House Street, Central, Hong Kong
“First Previous Tenancy Agreement”	the three-year tenancy agreement entered into by HMS and Kadoorie Estates on 21 March 2016 in respect of the First Office Premises, for the period from 1 April 2016 to 31 March 2019

“Group”	the Company and its subsidiaries
“Harneys Trustees”	Harneys Trustees Limited, a company incorporated in the British Virgin Islands with limited liability and a substantial shareholder of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HMS”	HSH Management Services Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Kadoorie Estates”	Kadoorie Estates Limited, a company incorporated in Hong Kong with limited liability and is wholly owned by Harneys Trustees
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Tenancy Agreements”	First New Tenancy Agreement and Second New Tenancy Agreement
“Office Premises”	First Office Premises and Second Office Premises
“Second New Tenancy Agreement”	the three-year tenancy agreement entered into by HMS and Kadoorie Estates on 27 March 2019 in respect of the Second Office Premises, for the period from 1 April 2019 to 31 March 2022
“Second Office Premises”	Room 408 of St. George’s Building, 2 Ice House Street, Central, Hong Kong
“Second Previous Tenancy Agreement”	the three-year tenancy agreement entered into by HMS and Kadoorie Estates on 21 March 2016 in respect of the Second Office Premises, for the period from 1 April 2016 to 31 March 2019
“Shareholders”	shareholders of the Company

By order of the Board  
**Christobelle Liao**  
*Company Secretary*

Hong Kong, 27 March 2019

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

*Non-Executive Chairman*

The Hon. Sir Michael Kadoorie

*Non-Executive Deputy Chairman*

Andrew Clifford Winawer Brandler

**Executive Directors**

*Managing Director and Chief Executive Officer*

Clement King Man Kwok

*Chief Operating Officer*

Peter Camille Borer

*Chief Financial Officer*

Matthew James Lawson

**Non-Executive Directors**

William Elkin Mocatta

John Andrew Harry Leigh

Nicholas Timothy James Colfer

James Lindsay Lewis

Philip Lawrence Kadoorie

**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

Dr Kim Lesley Winser

Ada Koon Hang Tse