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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 21 March 2016, 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. As at 21 March 2016, Harneys Trustees indirectly held 41.57% interest in the issued share capital 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: 21 March 2016

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

Lettable Area: approximately 18,786 square feet

Term: Three years commencing from 1 April 2016 to 31 March 2019 (both days inclusive)

Rent: HK\$1,655,000 per month, representing an average rent of HK\$88.1 per square foot (exclusive of service charges), payable monthly in advance

Service Charges: HK\$216,039 per month, representing a service charge of HK\$11.5 per square foot (subject to adjustments), payable monthly in advance

### **Second New Tenancy Agreement**

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

Date: 21 March 2016

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

Lettable Area: approximately 1,362 square feet

Term: Three years commencing from 1 April 2016 to 31 March 2019 (both days inclusive)

Rent: HK\$120,000 per month, representing an average rent of HK\$88.1 per square foot (exclusive of service charges), payable monthly in advance

Service Charges: HK\$15,663 per month, representing a service charge of HK\$11.5 per square foot (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 for the financial years ending 31 December 2016, 2017, 2018 and 2019 will not exceed HK\$19 million, HK\$25 million, HK\$25 million and HK\$7 million respectively.

### **Historical figures in respect of the existing leases**

The actual rental expenses and service charges incurred under the First Previous Tenancy Agreement for the financial years ended 31 December 2013, 2014, 2015 and 2016 did not exceed the maximum aggregate annual consideration disclosed in the previous announcement dated 22 March 2013. They are set out below.

<b>HK\$m</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
First Previous Tenancy Agreement	14.7	19.8	19.9	5

The actual rental expenses and service charges incurred under the Second Previous Tenancy Agreement for the financial years ended 31 December 2013, 2014, 2015 and 2016 are set out below.

<b>HK\$m</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Second Previous Tenancy Agreement	0.5	1.5	1.5	0.4

The aggregate annual consideration under the Second Previous Tenancy Agreement was less than 0.1% of the applicable percentage ratios of the Company and was a de minimis continuing connected transaction under Rule 14A.76. The aggregate annual consideration of the First Previous Tenancy Agreement and Second Previous Tenancy Agreement was more than 0.1% but less than 5%. Since the First Previous Tenancy Agreement has already been announced on 22 March 2013, consequently the Company was exempt from any reporting requirements for the Second Previous Tenancy Agreement.

### **Reasons for renewing the 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 2016. 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 terms of the First New Tenancy Agreement and Second New Tenancy Agreement have been determined after arm's length negotiations between the parties with reference to prevailing market rates for comparable office space in Central.

The Board, including the independent non-executive directors, considers that the entering into the First New Tenancy Agreement and Second New Tenancy Agreement is in the ordinary and usual course of business of HMS 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. Ronald J. McAulay, William E. Mocatta, John A.H. Leigh and Nicholas T.J. 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, and Messrs. William E. Mocatta, John A.H. Leigh and Nicholas T.J. Colfer, being present at



“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 under the Companies Ordinance 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 21 March 2016 in respect of the First Office Premises, for the period from 1 April 2016 to 31 March 2019
“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 22 March 2013 in respect of the First Office Premises, for the period from 1 April 2013 to 31 March 2016
“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 21 March 2016 in respect of the Second Office Premises, for the period from 1 April 2016 to 31 March 2019
“Second Office Premises”	Room 408 of St. George’s Building, 2 Ice House Street, Central, Hong Kong
“Second Previous Tenancy Agreement”	the two years and seven months tenancy agreement entered into by HMS and Kadoorie Estates on 3 September 2013 in respect of the Second Office Premises, for the period from 1 September 2013 to 31 March 2016
“Shareholders”	shareholders of the Company

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

Hong Kong, 21 March 2016

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

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

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

**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 Winsler

*Chief Operating Officer*  
Peter Camille Borer