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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)

Connected Transaction
Renewal of Tenancy Agreement

The Board announces that on 28 March 2022, HMS, an indirect wholly owned subsidiary of the Company, entered into a New Tenancy Agreement with Kadoorie Estates to renew the existing lease of 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 by virtue of the SFO. As such, Kadoorie Estates is a connected person of the Company under the Listing Rules. Accordingly, the entering into the New Tenancy Agreement constitutes a connected transaction of the Company under rule 14A of the Listing Rules.

In accordance with HKFRS 16 “Leases”, the Group is required to recognise the value of the right-of-use asset in connection with the New Tenancy Agreement and this transaction will be regarded as an acquisition of an asset by the Group pursuant to the Listing Rules. The estimated value of the right-of-use asset to be recognised by the Group under the New Tenancy Agreement is approximately HK\$41 million. Shareholders should note that the above figure is unaudited and may be subject to adjustment in the future.

New Tenancy Agreement

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

Date: 28 March 2022

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

Term:	Two years commencing from 1 April 2022 to 31 March 2024 (both days inclusive)
Rent:	HK\$1,747,098 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

Reasons for entering into the New Tenancy Agreement

The Company has been leasing the Office Premises from Kadoorie Estates as office space and the existing lease will expire on 31 March 2022. The Company considers it beneficial to enter into new lease of the Office Premises as the office space 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 Agreement 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 New Tenancy Agreement is in the ordinary and usual course of business of the Group and that the New Tenancy Agreement are on normal commercial terms with reference to the prevailing market conditions and on arm's length basis, and the terms of the New Tenancy Agreement 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 Agreement 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 Agreement.

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 by virtue of the SFO. As such, Kadoorie Estates is a connected person of the Company under the Listing Rules. Accordingly, the entering into the New Tenancy Agreement constitutes a connected transaction of the Company under rule 14A of the Listing Rules.

In accordance with HKFRS 16 "Leases", the Group is required to recognise the value of the right-of-use asset in connection with the New Tenancy Agreement and this transaction will be regarded as an acquisition of an asset by the Group pursuant to the Listing Rules. The estimated value of the right-of-use asset to be recognised by the Group under the New Tenancy Agreement is approximately HK\$41 million. Shareholders should note that the above figure is unaudited and may be subject to adjustment in the future.

As the highest of relevant percentage ratios as defined under rule 14.07 of the Listing Rules applicable to the estimated value of the right-of-use asset to be recognised by the Group under the New Tenancy Agreement is more than 0.1% but less than 5%, the entering into the New Tenancy Agreement is subject to reporting and announcement requirements but is exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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 (PTC) Corporation (formerly known as 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
“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 by virtue of the SFO

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“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 Agreement”	the two-year tenancy agreement entered into by HMS and Kadoorie Estates on 28 March 2022 in respect of the Office Premises, for the period from 1 April 2022 to 31 March 2024
“Office Premises”	7th and 8th Floors of St. George’s Building, 2 Ice House Street, Central, Hong Kong
“Shareholders”	shareholders of the Company
“SFO”	Part XV of the Securities and Futures Ordinance of Hong Kong

By order of the Board
Christobelle Liao
Company Secretary

28 March 2022

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

Christopher Shih Ming Ip

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