

# SHANGRI-LA GROUP

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## **Shangri-La Asia Limited**

(Incorporated in Bermuda with limited liability)  
website: [www.ir.shangri-la.com](http://www.ir.shangri-la.com)  
(Stock code: 00069)

### **CONNECTED TRANSACTION Renewal of Tenancy of Office Premises**

The Board announces that the Lessee/Licensee, a wholly owned subsidiary of the Company, (a) entered into the Tenancy Offer Letter to renew the Tenancy of the Group's office premises, and (b) will continue the Licences of the car parking spaces, all at Kerry Centre.

The Lessor/Licensor is a subsidiary of KHL which in turn is a substantial shareholder of the Company. Accordingly, the Lessor/Licensor is a connected person of the Company and the Renewal constitutes a connected transaction for the Company as the Renewal is regarded as an acquisition of right-of-use assets of the Group. As the value of the right-of-use asset for the Renewal amounted to HK\$100,605,000 and exceeds 0.1% but is less than 5% of the applicable Percentage Ratios, the Renewal is subject to announcement and reporting requirements, but is exempt from independent shareholders' approval requirement under Listing Rules.

Apart from the Rent, Variable Payments are also payable by the Group to the Lessor/Licensor which constitute continuing connected transactions for the Company. As the annual associated amount of the Variable Payments is less than 0.1% of the applicable Percentage Ratios, the Variable Payments constitute de minimis transactions pursuant to Rule 14A.76(1) of the Listing Rules and are fully exempt from shareholders' approval, annual review and reporting requirements under Listing Rules.

## **INTRODUCTION**

On 15 November 2019, the Company announced that the Lessee/Licensee entered into an offer letter in relation to the renewal of the tenancy of various office premises for a term not exceeding 3 years commencing on 19 November 2019 and has continued the Licences for using various car parking spaces at Kerry Centre.

In view of the forthcoming expiry of the said Tenancy, the Lessee entered into the Tenancy Offer Letter to renew the Tenancy. The Licensee will continue the Licences which are terminable by either the Licensee or the Licensor by one month's notice.

## TENANCY OFFER LETTER

The particulars of the Tenancy Offer Letter are as follows:

Date:	17 November 2022
Lessor:	Ubagan Limited, a subsidiary of KHL which in turn is a substantial shareholder of the Company, and accordingly, a connected person of the Company
Lessee:	Shangri-La International Hotel Management Limited, a wholly owned subsidiary of the Company
Leased properties:	Units 1 and 2 on Level 20, Level 27, Level 28 and Level 29 of Kerry Centre
Term:	3 years commencing on 19 November 2022
Rent:	HK\$3,072,582.00 per month, determined with reference to current market rates
Management fee and air-conditioning charge:	currently HK\$469,965.60 per month, subject to revision from time to time by the building manager of Kerry Centre

## CAR PARKING LICENCES

The particulars of the current in-effect Licences are as follows:

Licensor:	Ubagan Limited
Licensee:	Shangri-La International Hotel Management Limited
Licensed car parking spaces:	1 floating car parking space and 5 fixed car parking spaces on basement of Kerry Centre
Term:	Terminable by either party by one month's notice and such is the normal arrangement for licensing of the car parking spaces at Kerry Centre
Licence fee:	HK\$3,350 per month for each floating car parking space and HK\$4,200 per month for each fixed car parking space, such fees being the prevailing licence fees charged for other car parking spaces at Kerry Centre and subject to revision by the Licensor from time to time upon giving to the Licensee one month's notice

The Company will continue such Licences on a continuous basis and will, if required under the Listing Rules, observe all compliance requirements including timely disclosure.

## **REASONS FOR AND BENEFITS OF THE RENEWAL**

The Group's principal place of business is situated at the office premises of which the Tenancy is concerned. The Board considers that the Renewal facilitates continuous uninterrupted operations of the Group.

Having taken into consideration recent market comparable rental rates of office premises of similar size and with similar attributes in the vicinity of Kerry Centre, the rental rate for the Renewal is considered to be at market level agreed between the Lessee and the Lessor on an arm's length basis.

Based on the above considerations, the Directors (including the independent non-executive Directors) consider that the Renewal is made in the ordinary and usual course of business of the Group and is on normal commercial terms, and the terms of the Renewal are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Ms KUOK Hui Kwong is deemed to have more than 5% ultimate interest in KHL within the meaning of Part XV of the Securities and Futures Ordinance and has accordingly abstained from voting on the resolutions in relation to the Renewal.

The Board confirms that, save for Ms KUOK Hui Kwong, none of the Directors had any material interest in the Tenancy, and accordingly, none of such Directors was required to abstain from voting on the resolutions in relation to the Renewal.

## **INFORMATION ABOUT THE GROUP AND KHL**

The principal activities of the Group are the development, ownership and operations of hotel properties, the provision of hotel management and related services, the development, ownership and operations of investment properties and property development for sale. The Group operates its business under various brand names including "Shangri-La", "Kerry Hotel", "JEN by Shangri-La", "Traders Hotel", "Rasa", "Summer Palace", "Shang Palace" and "CHI, The Spa at Shangri-La".

The Lessor/Licensor is a subsidiary of KHL whose principal business is investment holding. The principal subsidiaries of KHL include Kerry Properties Limited whose shares are listed on HKSE and which is principally engaged in (i) investment holding; (ii) property development, investment and management in Hong Kong, the Mainland and the Asia Pacific region; (iii) hotel ownership in Hong Kong, and hotel ownership and operations in the Mainland; and (iv) integrated logistics and international freight forwarding.

## **IMPLICATIONS UNDER THE LISTING RULES**

In accordance with Hong Kong Financial Reporting Standards 16, the Group, as lessee, will recognise (i) the Renewal as right-of-use assets which represents the present value of the future lease payments in its consolidated statement of financial position; and (ii) the Variable Payments under the Licences and the Tenancy Offer Letter as expenses incurred by the Group.

The Lessor/Licensor is a subsidiary of KHL which in turn is a substantial shareholder of the Company. Accordingly, the Lessor/Licensor is a connected person of the Company and the Renewal constitutes a connected transaction for the Company as the Renewal is regarded as an acquisition of right-of-use assets of the Group. As the value of the right-of-use asset for the Renewal amounted to HK\$100,605,000 and exceeds 0.1% but is less than 5% of the applicable Percentage Ratios, the Renewal is subject to announcement and reporting requirements, but is exempt from independent shareholders' approval requirement under Listing Rules.

Apart from the Rent, Variable Payments are also payable by the Group to the Lessor/Licensor which constitute continuing connected transactions for the Company. As the annual associated amount of the Variable Payments is less than 0.1% of the applicable Percentage Ratios, the Variable Payments constitute de minimis transactions pursuant to Rule 14A.76(1) of the Listing Rules and are fully exempt from shareholders' approval, annual review and reporting requirements under Listing Rules.

## DEFINITIONS

“Board”	the board of Directors
“Company”	Shangri-La Asia Limited, an exempted company incorporated in Bermuda with limited liability, whose shares are primarily listed on the Main Board of HKSE with secondary listing on the Singapore Exchange Securities Trading Limited
“connected person”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HKSE”	The Stock Exchange of Hong Kong Limited
“Kerry Centre”	the office building situate at 683 King's Road, Quarry Bay, Hong Kong
“KHL”	Kerry Holdings Limited, a substantial shareholder of the Company
“Lessee/Licensee”	Shangri-La International Hotel Management Limited, a company incorporated in Hong Kong and wholly-owned by the Company
“Lessor/Licensor”	Ubagan Limited, a subsidiary of KHL
“Licences”	the licences for using the car parking spaces at Kerry Centre granted by the Licensor to the Licensee
“Listing Rules”	the Rules Governing the Listing of Securities on HKSE

“Percentage Ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules
“Renewal”	the renewal of the Tenancy under the Tenancy Offer Letter
“Rent”	the rent payable by the Lessee to the Lessor for the Renewal (exclusive of management fee and air-conditioning charge)
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Tenancy”	the tenancy of the Group’s office premises at Kerry Centre leased by the Lessor to the Lessee under the current in-effect tenancy and/or the Tenancy Offer Letter
“Tenancy Offer Letter”	the offer letter in relation to the renewal of the lease of the Group’s office premises as described under the heading of “Tenancy Offer Letter”
“Variable Payments”	the management fee, air-conditioning charge and car parking licence fee

By order of the Board of  
**Shangri-La Asia Limited**  
**SEOW Chow Loong Iain**  
*Company Secretary*

Hong Kong, 17 November 2022

*As at the date hereof, the directors of the Company are:*

*Executive directors*

*Ms KUOK Hui Kwong (Chairman)*  
*Mr LIM Beng Chee (Group CEO)*  
*Mr CHUA Chee Wui (Group CFO & Group CIO)*

*Independent non-executive directors*

*Professor LI Kwok Cheung Arthur*  
*Mr YAP Chee Keong*  
*Mr LI Xiaodong Forrest*  
*Mr ZHUANG Chenchao*  
*Ms KHOO Shulamite N K*