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SHANGRI-LA ASIA LIMITED

香格里拉(亞洲)有限公司

(Incorporated in Bermuda with limited liability)

website: www.ir.shangri-la.com

(Stock code: 00069)

OVERSEAS REGULATORY ANNOUNCEMENT

Shangri-La Hotels (Malaysia) Berhad (“**SHMB**”) is a company listed on Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”) and a 52.78% owned subsidiary of Shangri-La Asia Limited (the “**Company**”). SHMB released to Bursa Malaysia an announcement (the “**Announcement**”) today. The following is a reproduction of the Announcement as required by the Note to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

Executive directors

Mr KUOK Khoon Chen (Chairman)

Mr LUI Man Shing

Mr Madhu Rama Chandra RAO

Mr Gregory Allan DOGAN

Independent non-executive directors

Mr Alexander Reid HAMILTON

Mr Timothy David DATTELS

Mr WONG Kai Man

Mr Michael Wing-Nin CHIU

Professor LI Kwok Cheung Arthur

Non-executive directors

Mr KUOK Khoon Ean

Mr HO Kian Guan

Mr Roberto V ONGPIN

Mr HO Kian Hock (alternate to Mr HO Kian Guan)

Hong Kong, 28 March 2014

**TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS): RELATED PARTY
TRANSACTIONS TENANCY AGREEMENTS - OFFICE SPACE AT UBN TOWER**

SHANGRI-LA HOTELS (MALAYSIA) BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS
Description	TENANCY AGREEMENTS - OFFICE SPACE AT UBN TOWER

The Board of Directors of Shangri-La Hotels (Malaysia) Berhad ("SHMB") wishes to announce that its wholly-owned subsidiary, UBN Tower Sdn Bhd has on 28 March 2014 entered into five (5) new tenancy agreements with the following related parties for the rental of office space at UBN Tower, 10 Jalan P. Ramlee, 50250 Kuala Lumpur for a 3-year term commencing from 1 April 2014 at a rental rate of RM5.10 per sq.ft. (the "Transactions") as set out in the table below.

Name of Related Party	Nature of Transaction
Kuok Brothers Sdn Bhd ("KBSB")	Rental of office space measuring approx. 13,580 sq.ft. at a monthly rental of RM69,258.00
PPB Group Berhad ("PPB")	Rental of office space measuring approx. 13,611 sq.ft. at a monthly rental of RM69,416.10
PPB Oil Palms Berhad ("PPBOP")	Rental of office space measuring approx. 5,200 sq.ft. at a monthly rental of RM26,520.00
PGEO Marketing Sdn Bhd ("PGEO")	Rental of office space measuring approx. 4,800 sq.ft. at a monthly rental of RM24,480.00
Chemquest Sdn Bhd ("Chemquest")	Rental of office space measuring approx. 2,265 sq.ft. at a monthly rental of RM11,551.50

The above Transactions are related party transactions pursuant to Paragraph 10.08 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The full details of the Announcement are provided in the attachment below.

Attachments

[Announcement on Related Party Transactions.pdf](#)
36 KB

Announcement Info

Company Name	SHANGRI-LA HOTELS (MALAYSIA) BERHAD
Stock Name	SHANG
Date Announced	28 Mar 2014
Category	General Announcement
Reference No	SH-140328-58454

**TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS)
RELATED PARTY TRANSACTIONS**

TENANCY AGREEMENTS - OFFICE SPACE AT UBN TOWER

1. INTRODUCTION

The Board of Directors of Shangri-La Hotels (Malaysia) Berhad (“SHMB”) wishes to announce that its wholly-owned subsidiary, UBN Tower Sdn Bhd has on 28 March 2014 entered into five (5) new tenancy agreements with the following related parties for the rental of office space at UBN Tower, 10 Jalan P. Ramlee, 50250 Kuala Lumpur for a 3-year term commencing from 1 April 2014 at a rental rate of RM5.10 per sq.ft. (the “Transactions”) as set out in the table below.

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The above Transactions are related party transactions pursuant to Paragraph 10.08 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

2. INFORMATION ON UBN TOWER SDN BHD

UBN Tower Sdn Bhd is principally engaged in property investment, management and rental of property. It owns the UBN Tower office building which is 30 years of age located at No. 10, Jalan P. Ramlee, 50250 Kuala Lumpur. The net book value UBN Tower based on the latest audited financial statements as at 31 December 2013 was RM236.200 million.

The total lettable space of UBN Tower is 329,800 sq.ft. The total lettable available space as at 28 February 2014 is 60,120 sq.ft. representing approximately 18.2% of the total lettable space of 329,800 sq.ft. and the average occupancy of UBN Tower as at 28 February 2014 is 81.8%.

3. INFORMATION ON RELATED PARTIES

3.1 Information on KBSB

KBSB was incorporated in Malaysia on 23 February 1949 and is principally an investment holding company. The issued and paid-up share capital of KBSB is RM500,000,000 comprising 500,000,000 ordinary shares of RM1.00 each.

3.2 Information on PPB

PPB was incorporated in Malaysia on 1 November 1968 and is listed on Bursa Malaysia. The issued and paid-up share capital of PPB is RM1,185,499,882.00 comprising 1,185,499,882 ordinary shares of RM1.00 each.

The principal activities of PPB and its subsidiaries comprise property investment and investment holding, grains trading, flour and animal feed milling, marketing, distribution and manufacturing of consumer products, film exhibition and distribution, environmental engineering, waste management and utilities, property development, chemicals trading and manufacturing, livestock farming, investment in equities, packaging, bakery and shipping.

3.3 Information on PPBOP

PPBOP was incorporated in Malaysia on 31 January 1996. The issued and paid-up share capital of PPBOP is RM445,424,206.00 comprising 445,424,206 ordinary shares of RM1.00 each. PPBOP is a wholly-owned subsidiary of Wilmar International Limited (“Wilmar”), a company which is listed on the Singapore Exchange Securities Trading Limited. The principal activities of PPBOP and its subsidiaries comprise investment holding, provision of agricultural and technical advisory services, oil palm cultivation, operation of palm oil mills, cultivation and sale of clonal plantlets and provision of air transportation services.

3.4 Information on PGEO

PGEO was incorporated in Malaysia on 19 April 2006 and is a wholly-owned subsidiary of Wilmar. The issued and paid-up share capital of PGEO is RM2,000,000.00 comprising 2,000,000 ordinary shares of RM1.00 each. The principal activities of PGEO are trading and marketing of edible oils.

3.5 Information on Chemquest

Chemquest was incorporated in Malaysia on 24 October 1992. The issued and paid-up share capital of Chemquest is RM60,000,000.00 comprising 60,000,000 ordinary shares of RM1.00 each. The principal activities of Chemquest are investment holding, provision of management services and trading in chemical products.

4. **DETAILS OF THE TRANSACTIONS**

Each of the Tenancy Agreement is for a tenancy period of three years with effect from 1 April 2014 at a rental rate of RM5.10 per sq.ft., with an option to renew for a further term of three years at a rental rate to be mutually agreed upon. The monthly rental payable to UBN Tower Sdn Bhd is set out in the table above.

5. **BASIS AT ARRIVING AT THE RENTAL RATE**

The rental rate was determined based on market benchmark of prevailing average rental rate of comparable buildings within the Golden Triangle. The agreements were entered into at arm's length basis and on normal commercial terms not more favourable than those generally available to the public.

6. RATIONALE FOR THE TRANSACTIONS

In April 2012, UBN Tower Sdn Bhd had entered into tenancy agreements with KBSB, PPB, PPBOP, PGEO, and with Chemquest in May 2012, details of which were duly announced pursuant to Paragraph 10.08 of the Listing Requirements of Bursa Malaysia. The 2-year tenancy period of the aforesaid agreements are due to expire on 31 March 2014.

The Transactions represent fresh tenancy agreements for a 3-year term which will enable UBN Tower Sdn Bhd to lock-in the tenancies with the related parties, as well as to secure a steady stream of rental income over a longer period.

7. FINANCIAL EFFECTS

Effects on Share Capital and Substantial Shareholding Structure

The Transactions will have no effect on the issued and paid-up share capital and substantial shareholding structure of SHMB.

Effects on Earnings per Share, Net Assets per Share and Gearing

The Transactions are not expected to have a material effect on the earnings per share and net assets per share of the SHMB Group and has no impact on the gearing of SHMB Group.

8. PERCENTAGE RATIOS AND WHETHER SHAREHOLDERS' AND GOVERNMENT APPROVALS ARE REQUIRED

The total rental receivable under the Tenancy Agreements over the 3-year term of the tenancies will amount to RM7,244,121 which represents 0.76% of the audited net assets of SHMB as at 31 December 2013, which is the highest applicable percentage ratio pursuant to Paragraph 10.02(g) of the Listing Requirements of Bursa Malaysia.

The Transactions are not subject to the approval of shareholders nor any regulatory authorities.

9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Madam Kuok Oon Kwong, a Director of SHMB, is also a director of KBSB and together with persons connected to her have more than 15% interests in KBSB, and KBSB in turn has more than 15% interests in PPB and PPB in turn has more than 15% interests in Wilmar International Limited, the holding company of PPBOP and PGEO.

KBSB and PPB have each more than 15% interests in Chemquest.

Tan Sri A. Razak bin Ramli and Mr Tan Yew Jin are Directors of SHMB and KBSB. Tan Sri A. Razak bin Ramli is also a Director of Chemquest.

Accordingly, Tan Sri A. Razak bin Ramli, Madam Kuok Oon Kwong and Mr Tan Yew Jin (collectively the "Interested Directors") have abstained from all Board deliberations and voting relating to the Transactions.

Save as disclosed above, none of the other Directors, major shareholders and/or persons connected to them has any interest, direct or indirect, in the Transactions.

10. STATEMENT BY THE AUDIT COMMITTEE

The Audit Committee of SHMB (save for Mr Tan Yew Jin), having considered all aspects of the Transactions is of the opinion that the Transactions are:

- (a) in the best interest of SHMB;
- (b) fair, reasonable and on normal commercial terms; and
- (c) not detrimental to the interest of the minority shareholders.

The Audit Committee had not sought any independent advice but in arriving in its view, the Audit Committee was guided by the market benchmark of prevailing average rental rate of comparable buildings within the Golden Triangle and the existing rates payable by the current tenants of UBN Tower.

11. STATEMENT BY THE DIRECTORS

The Board of Directors (with the exception of the Interested Directors), having considered all aspects of the Transactions is of the opinion that the terms of the Transactions are fair and reasonable, and on normal commercial terms not more favourable than those generally available to the public. Further, in the Board's view the Transactions are in the best interest of SHMB Group and not detrimental to the interest of SHMB's minority shareholders.

12. LIABILITIES UNDER THE TENANCY AGREEMENTS

Other than the liability to pay rent and other costs and expenses under or pursuant to the Tenancy Agreements, there are no other liabilities to be assumed by the related parties arising from the tenancy agreements.

13. SALIENT TERMS OF THE TENANCY AGREEMENTS

The salient terms of the Tenancy Agreements are as follows: -

Total floor area	:	39,456 sq.ft. representing about 12% of the total lettable space of 329,800 sq.ft.
Rental Rate	:	RM5.10 per sq.ft. (inclusive of service charge)
Period of Tenancy	:	Commencing 1 April 2014 for three (3) years, with an option to renew for a further period of three (3) years at a rental rate to be mutually agreed upon
Payment Terms of Rental	:	Payable monthly in advance on the first day of each calendar month during the term of the tenancy
Rental Deposit	:	Equivalent to 3 months rental, payable upon execution of the Tenancy Agreements

14. DOCUMENTS AVAILABLE FOR INSPECTION

The Tenancy Agreements are available for inspection at the registered office of SHMB at 13th Floor, UBN Tower, 10 Jalan P. Ramlee, 50250 Kuala Lumpur during normal business hours from Mondays to Fridays (except public holidays) for a period of three (3) months from the date of this announcement.