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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

Professor LI Kwok Cheung Arthur

Non-executive directors

Mr HO Kian Guan

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

Hong Kong, 26 September 2014

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

SHANGRI-LA HOTELS (MALAYSIA) BERHAD

Type	Announcement
Subject	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) RELATED PARTY TRANSACTIONS
Description	TENANCY AGREEMENT - 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 26 September 2014 entered into a tenancy agreement with Southern Marina Development Sdn Bhd ("SMD") for the rental of the office space on the Ground Floor of UBN Tower, located at 10 Jalan P. Ramlee, 50250 Kuala Lumpur measuring approximately 3,400 sq. ft. ("Ground Floor Space") at a monthly rental of RM23,120.00 (the "SMD Transaction").

The above transaction is a related party transaction 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](#)

22 KB

Announcement Info

Company Name	SHANGRI-LA HOTELS (MALAYSIA) BERHAD
Stock Name	SHANG
Date Announced	26 Sept 2014
Category	General Announcement
Reference No	SH-140926-41071

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

TENANCY AGREEMENT - 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 26 September 2014 entered into a tenancy agreement with Southern Marina Development Sdn Bhd (“SMD”) for the rental of the office space on the Ground Floor of UBN Tower, located at 10 Jalan P. Ramlee, 50250 Kuala Lumpur measuring approximately 3,400 sq. ft. (“Ground Floor Space”) at a monthly rental of RM23,120.00 (the “SMD Transaction”).

The above transaction is a related party transaction pursuant to Paragraph 10.08 of the Listing Requirements of Bursa Malaysia Securities Berhad.

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 area of UBN Tower including the Ground Floor Space is 333,200 sq.ft. The total lettable available space as at 31 August 2014 is 66,565 sq.ft. representing approximately 20% of the total lettable space of 333,200 sq.ft. and the average occupancy of UBN Tower as at 31 August 2014 is 80%.

3. INFORMATION ON RELATED PARTIES

3.1 Information on Southern Marina Development Sdn Bhd (“SMD”)

SMD was incorporated in Malaysia on 25 March 2013. The issued and paid-up share capital of SMD is RM1,931,550.00 comprising 50,000 ordinary shares of RM1.00 each and 188,155,000 redeemable preference shares of RM0.01 each. The principal activity of SMD is property development. The shareholding of SMD is 70% held by Huge Quest Realty Sdn Bhd, a related party as described in item 3.2 below, and 30% held by Tanjung Bidara Ventures Sdn Bhd.

3.2 Information on Huge Quest Realty Sdn Bhd (“HQR”)

HQR was incorporated on 25 July 2012. The issued and paid-up share capital of HQR is RM1,815,000.00 comprising 500,000 ordinary shares of RM1.00 each and 131,500,000 redeemable preference shares of RM0.01 each. The principal activity of HQR is investment holding. The shareholding of HQR is 60% held by Kuok Brothers Sdn Bhd and 40% held by PPB Group Berhad.

3.3 Information on Kuok Brothers Sdn Bhd (“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.

3.4 Information on PPB Group Berhad (“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 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.

4. **DETAILS OF THE SMD TRANSACTION**

The tenancy agreement for the SMD Transaction (the “SMD Tenancy Agreement”) is for a tenancy period of two (2) years with effect from 1 October 2014 at a rental rate of RM6.80 per sq.ft. The monthly rental payable to UBN Tower Sdn Bhd is RM23,120.00.

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

The rental rate was determined based on market benchmark of prevailing average rental rate for ground floor premises with visibility within the Golden Triangle. The agreement with SMD was 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 SMD TRANSACTION**

The SMD Transaction will enable UBN Tower Sdn Bhd to generate additional rental income and improve the occupancy level of the UBN Tower.

7. **FINANCIAL EFFECTS**

Effects on Share Capital and Substantial Shareholding Structure

The SMD Transaction 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 SMD Transaction is 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

Earlier this year, UBN Tower Sdn Bhd had entered into five (5) tenancy agreements with several related parties, namely Kuok Brothers Sdn Bhd ("KBSB"), PPB Group Berhad ("PPB"), PPB Oil Palms Berhad ("PPBOP"), PGEO Marketing Sdn Bhd ("PGEO") and Chemquest Sdn Bhd ("Chemquest"), for the rental of office space at UBN Tower for a 3-year term commencing from 1 April 2014 at a rental rate of RM5.10 per sq.ft. (collectively referred to as the "KB Group Transactions"). Details of the KB Group Transactions are set out in SHMB's Announcement to Bursa Malaysia dated 28 March 2014.

The total rental receivable from the SMD Transaction and the KB Group Transactions over the term of the tenancies will amount to RM7,799,001 which represents 0.82% 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 Securities Berhad.

The SMD Transaction is 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.

KBSB and PBB have each more than 15% interests in SMD.

Tan Sri A. Razak bin Ramli and Mr Tan Yew Jin are Directors of SHMB and KBSB.

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 SMD Transaction.

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 SMD Transaction.

10. STATEMENT BY THE AUDIT COMMITTEE

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

- (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 ground floor premises of comparable buildings within the Golden Triangle.

11. STATEMENT BY THE DIRECTORS

The Board of Directors (with the exception of the Interested Directors), having considered all aspects of the SMD Transaction is of the opinion that the terms of the SMD Transaction 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 SMD Transaction is in the best interest of SHMB and not detrimental to the interest of SHMB's minority shareholders.

12. LIABILITIES UNDER THE TENANCY AGREEMENT

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

13. SALIENT TERMS OF THE TENANCY AGREEMENT

The salient terms of the SMD Tenancy Agreement are as follows: -

Total floor area	: 3,400 sq.ft. representing about 1.02% of the total lettable space of 333,200 sq.ft.
Commencement Date of Tenancy	: 1 October 2014
Rent free period	: Two (2) months
Commencement Date of Rental Payment	: 1 December 2014
Rental Rate	: RM6.80 per sq.ft. (inclusive of service charge)
Payment Terms of Rental	: Payable monthly in advance on the first day of each calendar month during the term of the tenancy
Period of Tenancy	: Two (2) years
Rental Deposit	: Equivalent to three (3) months rental, payable upon execution of the tenancy agreement

14. DOCUMENTS AVAILABLE FOR INSPECTION

The SMD Tenancy Agreement is 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.