

# 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)

## **CONTINUING CONNECTED TRANSACTION RENEWAL OF LAND LEASE IN RELATION TO EDSA SHANGRI-LA, MANILA**

Reference is made to the 2017/2018 Announcements regarding the Land Lease in relation to the lease of the Land from the Lessor to the Lessee and the renewal of the Land Lease for a subsequent 3-year term which will expire on 27 August 2020.

Pursuant to the terms of the Land Lease, the Lessee has exercised its right to renew the Land Lease for another consecutive 3-year term until 27 August 2023. All existing terms and conditions of the Land Lease will remain unchanged.

The Lessor is an associate of KPL which in turn is a subsidiary of KHL (a substantial shareholder of the Company). Accordingly, the Lessor is a connected person of the Company.

The renewal of the Land Lease whereby the Lessor continues to lease the Land to the Lessee constitutes a continuing connected transaction for the Company under the Listing Rules.

As the Annual Cap in the renewed term of the Land Lease exceed 0.1% but are less than 5% of the applicable Percentage Ratios, the Company is subject to announcement and reporting requirements but is exempt from independent shareholders' approval requirement. Details of the Land Lease and the actual amount of the Rent will be disclosed in the future annual reports and accounts of the Company in accordance with the Listing Rules.

### **INTRODUCTION**

Reference is made to the 2017/2018 Announcements regarding the Land Lease in relation to the lease of the Land from the Lessor to the Lessee and the renewal of the Land Lease for a subsequent 3-year term which will expire on 27 August 2020.

### **RENEWAL OF THE LAND LEASE**

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## **EXPECTED MAXIMUM ANNUAL AGGREGATE AMOUNTS OF RENT**

Based on the terms of the Land Lease, the expected occupancy of the Edsa Hotel, possible inflation, reasonable increase in occupancy and reasonable allowance for unexpected increase in occupancy and/or room rate of the Edsa Hotel, the Board expects that the amount of Rent to be paid for each of the following financial year will not exceed the following respective Annual Caps:

<u>Financial year ending</u>	<u>Annual Cap (US\$)</u>
31 December 2021	1,800,000
31 December 2022	2,300,000
31 December 2023 (for the entire year assuming the lease will be renewed upon expiry of its 3-year term)	2,800,000

If any of the Annual Caps stated above is exceeded, the Company will re-comply with the requirements under Chapter 14A of the Listing Rules.

## **REASON FOR RENEWAL OF THE LAND LEASE**

The Land Lease relates to the Land on which the Edsa Hotel was built. The Board considers that the renewal of the Land Lease facilitates continuous uninterrupted operations of the Edsa Hotel.

The Directors (including the independent non-executive Directors) take the view that the renewal of the Land Lease is in the ordinary and usual course of business of the Group and believe that the terms of the Land Lease are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Board confirms that none of the Directors had any material interest in the Land Lease, and accordingly none of such Directors was required to abstain from voting on the resolutions in relation to the renewal of the Land Lease.

## **INFORMATION ABOUT THE GROUP, THE LESSEE AND THE LESSOR**

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 sales. 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 principal activities of the Lessee is the ownership and operation of the Edsa Hotel.

The principal activities of the Lessor is real estate holding, investment and development.

## **IMPLICATIONS UNDER THE LISTING RULES**

The Lessor is an associate of KPL which in turn is a subsidiary of KHL (a substantial shareholder of the Company). Accordingly, the Lessor is a connected person of the Company.

The renewal of the Land Lease whereby the Lessor continues to lease the Land to the Lessee constitutes a continuing connected transaction for the Company under the Listing Rules.

As the Annual Cap in the renewed term of the Land Lease exceed 0.1% but are less than 5% of the applicable Percentage Ratios, the Company is subject to announcement and reporting requirements but is exempt from independent shareholders' approval requirement. Details of the Land Lease and the actual amount of the Rent will be disclosed in the future annual reports and accounts of the Company in accordance with the Listing Rules.

## DEFINITIONS

“2017/2018 Announcements”	the announcements of the Company dated 28 August 2017 and 2 October 2018 in relation to the renewal of the Land Lease for 3 years from 28 August 2017 to 27 August 2020
“Annual Cap(s)”	the expected maximum Rent for particular financial year(s) as described under the heading of “Expected Maximum Annual Aggregate Amounts of Rent” in this announcement
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Shangri-La Asia Limited, incorporated in Bermuda as an exempted company with limited liability, the shares of which are primarily listed on the Main Board of the Stock Exchange with secondary listing on the Singapore Exchange Securities Trading Limited
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Edsa Hotel”	Edsa Shangri-La, Manila, a hotel owned by the Lessee
“Group”	the Company and its subsidiaries
“KHL”	Kerry Holdings Limited, a substantial shareholder of the Company
“KPL”	Kerry Properties Limited, incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Land”	a parcel of land where the Edsa Hotel was built and is located at the corner of Shaw Boulevard and St Francis Street, Mandaluyong City, Metro Manila, the Philippines with an area of 25,000 square meters approximately
“Land Lease”	the contract of lease entered into between the Lessee and the Lessor on 18 April 1989 and renewed on 26 August 2017 in respect of the lease of the Land and pursuant to such contract, (1) the Land has been leased for an initial term of 25 years and such term commenced on 28 August 1992, (2) upon the expiry of the initial 25-year term on 27 August 2017, the Lessee has

exercised its right to renew the lease for another 25 years upon the same terms as those during the last year of the initial term, (3) during the second 25-year term, the initial duration of the Lease term was 3 years and will end on its third anniversary by when the Lessee has the right to decide whether to renew the term for succeeding terms of 3-year each provided that the entirety of the second 25-year term shall not be longer than 25 years, and (4) upon expiry of the second 25-year term by 27 August 2042, subject to the Philippine laws, rules and regulations then in effect, the Lessee has an option to further renew the lease for a further 25 years upon the same terms (except for the rent rates)

“Lessee”	Edsa Shangri-La Hotel & Resort, Inc, a company incorporated in the Philippines and a wholly-owned subsidiary of the Company
“Lessor”	Shang Properties, Inc, a company incorporated in the Philippines, the shares of which are listed on the Philippine Stock Exchange, Inc and is an associate of KPL
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Percentage Ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules
“Rent”	the expected aggregate amount(s) of the rent payable by the Lessee to the Lessor under the Land Lease
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules

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

Hong Kong, 27 August 2020

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

Executive director(s)

*Ms KUOK Hui Kwong (Chairman)*

*Mr LIM Beng Chee (Group CEO)*

Non-executive director(s)

*Mr HO Kian Guan (alternate – Mr HO Chung Tao)*

Independent non-executive director(s)

*Professor LI Kwok Cheung Arthur*

*Mr YAP Chee Keong*

*Mr LI Xiaodong Forrest*

*Mr ZHUANG Chenchao*