

SHANGRI-LA GROUP

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Shangri-La Asia Limited
(Incorporated in Bermuda with limited liability)
website: 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 2023 Announcement 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 three-year term which will expire on 27 August 2026.

Pursuant to the terms of the Land Lease, the Lessee has exercised its right to renew the Land Lease for another consecutive three-year term until 27 August 2029. 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 will continue to lease the Land to the Lessee constitutes a continuing connected transaction for the Company under the Listing Rules.

As the Annual Caps 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 under the Listing Rules. Details of the Land Lease and the actual amount of the Rent will be disclosed in the future annual reports and financial statements of the Company in accordance with the Listing Rules.

INTRODUCTION

Reference is made to the 2023 Announcement 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 three-year term which will expire on 27 August 2026.

RENEWAL OF THE LAND LEASE

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MAIN TERMS OF THE LAND LEASE

Date of renewed
Land Lease: 26 August 2017

Lessor: Shang Properties, Inc

Lessee: Edsa Shangri-La Hotel & Resort, Inc

Leased subject: The Land on which the Hotel was built

Rent: Rent under the Land Lease is payable in cash at the following rates:

- Hotel room operations – a fixed percentage of room sales revenue
- Retail/restaurant/other hotel operations – respective applicable fixed percentages of sales revenue of these operations
- Subleasing operations – respective applicable fixed percentages of sales revenue from sub-lessees and concessionaires

The Directors (including the independent non-executive Directors) consider that the pricing policy for the determination of the rent (including the specified fixed percentages as the basis for the rent) under the Land Lease was conducted on normal commercial terms by reference to the terms of the Land Lease and by comparing the same with the terms of the land lease that the Company's other hotel had entered into with a third party land owner in Manila and confirm that the pricing policy of the Land Lease is comparable to or no less favourable for the Company when compared to the lease with the third party land owner.

Lease term: Three years commencing on 28 August 2017 with the right of renewal exercisable by the Lessee for successive three-year terms provided that the entire term of the Renewed Term shall not be longer than 25 years from 28 August 2017. The Company will comply with the relevant requirements under the Listing Rules upon each renewal.

EXPECTED MAXIMUM ANNUAL AGGREGATE AMOUNTS OF RENT

Based on the terms of the Land Lease, the expected occupancy of the Hotel, possible inflation and change in foreign exchange rates, reasonable increase in occupancy and reasonable allowance for unexpected increase in occupancy and/or room rate of the Hotel, the Board expects that the amount of the 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 Caps (US\$)</u>
31 December 2026	2,700,000
31 December 2027	2,750,000
31 December 2028	2,850,000
31 December 2029 (for the entire year assuming the lease will be renewed upon expiry of the three-year term)	2,900,000

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.

REASONS FOR AND BENEFITS OF THE RENEWAL OF THE LAND LEASE

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

The Directors (including the independent non-executive Directors) consider that the pricing policy for the determination of the rent (including the specified fixed percentages as the basis for the rent) under the Land Lease was conducted on normal commercial terms by reference to the terms of the Land Lease and by comparing the same with the terms of the land lease that the Company's other hotel had entered into with a third party land owner in Manila and confirm that the pricing policy of the Land Lease is comparable to or no less favourable for the Company when compared to the lease with the third party land owner. The Directors (including the independent non-executive Directors) also 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 remain as 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.

INTERNAL CONTROL MEASURES

In order to safeguard the interests of the Company and its shareholders as a whole, the Company has adopted the following internal control measures in relation to the continuing connected transactions of the Company:

- (i) the Company's finance department carries out periodic review to monitor whether transaction amounts might be expected to exceed relevant annual caps;
- (ii) independent non-executive Directors conduct an annual review of continuing connected transactions of the Company pursuant to the requirements of Rule 14A.55 of the Listing Rules; and
- (iii) the auditor of the Company is engaged to conduct an annual review of continuing connected transactions of the Company pursuant to the requirements of Rule 14A.56 of the Listing Rules.

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 will continue to lease the Land to the Lessee constitutes a continuing connected transaction for the Company under the Listing Rules.

As the Annual Caps 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 under the Listing Rules. Details of the Land Lease and the actual amount of the Rent will be disclosed in the future annual reports and financial statements of the Company in accordance with the Listing Rules.

INFORMATION ABOUT THE GROUP, THE LESSEE, THE LESSOR AND ITS ULTIMATE BENEFICIAL OWNERS

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

The principal activities of the Lessee are the ownership and operation of the Hotel.

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

The principal activity of KPL is investment holding and the principal activities of KPL's subsidiaries, associates and joint ventures comprise property development, investment and management in Hong Kong, Mainland China and the Asia Pacific region, and hotel ownership in Hong Kong and hotel ownership and operations in Mainland China.

The principal activity of KHL is investment holding. KHL is a substantial shareholder of the Company, KPL and KLN Logistics Group Limited (all of which are listed in Hong Kong).

DEFINITIONS

"2023 Announcement"	the announcement of the Company dated 25 August 2023 in relation to the renewal of the Land Lease for three years from 28 August 2023 to 27 August 2026
"Annual Caps"	the expected maximum Rent for particular financial years 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, an exempted company incorporated in Bermuda 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”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hotel”	Edsa Shangri-La, Manila, a hotel owned by the Lessee
“KHL”	Kerry Holdings Limited, a company incorporated in Hong Kong and a substantial shareholder of the Company
“KPL”	Kerry Properties Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Land”	the parcel of land where the Hotel was built, 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 was leased for an initial term of 25 years which commenced on 28 August 1992, (2) upon the expiry of the initial 25-year term on 27 August 2017, the Lessee 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 Land Lease term of three years is renewable by the Lessee for successive three-year terms provided that the entire period of the second 25-year term shall not be longer than 25 years, and (4) upon expiry of the second 25-year term on 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 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
“Renewed Term”	the lease of the second lease term of 25 years under the Land Lease commencing on 28 August 2017 and expiring on 27 August 2042
“Rent”	the expected aggregate amount 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, 25 August 2026

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

Executive directors

Ms KUOK Hui Kwong (Chairman & Group Chief Executive Officer)

Mr TEO Nee Chuan (Group Chief Financial Officer & Group Head of Investment and Asset Management (China))

Non-executive director

Mr LIM Beng Chee

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

Mr CHUA Yuan Wen William