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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)

CONTINUING CONNECTED TRANSACTION REVISION OF ANNUAL CAPS

Reference is made to the 2017 Announcement in relation to (i) the continuing connected transaction entered into between the Lessee, a wholly-owned subsidiary of the Company, and the Lessor in respect of the Renewed Lease and (ii) the Previous Annual Cap(s) of the Rent anticipated by the Board.

Part of the Rent is dependent on the sales revenue of the Edsa Hotel. In view of the expected increase in occupancy, room rates, food and beverage revenue, and hence the sales revenue of the Edsa Hotel, the Board anticipates that the Rent payable under the Renewed Lease will increase and may exceed the Previous Annual Caps for the financial years from 2018 to 2020. Accordingly, the Board has re-estimated the Rent payable and has set the Revised Annual Caps.

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 and the Renewed Lease constitutes a continuing connected transaction for the Company under the Listing Rules. In view of the size of the Revised Annual Caps, the Renewed Lease remains subject to announcement and reporting requirements, but exempt from independent shareholders' approval requirement.

INTRODUCTION

Reference is made to the 2017 Announcement in relation to (i) the continuing connected transaction entered into between the Lessee and the Lessor in respect of the Renewed Lease and (ii) the Previous Annual Cap(s) of the Rent anticipated by the Board.

Part of the Rent is dependent on the sales revenue of the Edsa Hotel. In view of the expected increase in occupancy, room rates, food and beverage revenue, and hence the sales revenue of the Edsa Hotel, the Board anticipates that the Rent payable under the Renewed Lease will increase and may exceed the Previous Annual Caps for the financial years from 2018 to 2020. Accordingly, the Board has re-estimated the Rent payable and has set the Revised Annual Caps.

REVISED EXPECTED MAXIMUM ANNUAL AGGREGATE AMOUNTS OF RENT

For the financial year of 2017 and the period up to 30 June 2018, the Rent paid/payable were US\$1,900,000 and US\$925,000, respectively.

Upon the re-estimation of the performance of the Edsa Hotel, the Board anticipates that the Rent for each of the following financial year will not exceed the following respective Revised Annual Caps:

<u>Financial year ending</u>	<u>Previous Annual Cap (US\$)</u>	<u>Revised Annual Cap (US\$)</u>
31 December 2018	2,111,000	2,800,000
31 December 2019	2,322,000	3,100,000
31 December 2020 (for the entire year assuming the lease will be renewed upon expiry of its initial 3-year term)	2,554,000	3,400,000

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

INFORMATION ABOUT THE GROUP, THE LESSEE AND THE LESSOR

The principal activities of the Group are the development, ownership and operation of hotels, the provision of hotel management and related services, the development and ownership of investment properties for property rentals and the development of properties for sales. The Group operates its business under various brand names including “Shangri-La”, “Kerry Hotel”, “Hotel Jen”, “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

This announcement is made pursuant to Rule 14A.54 of 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 and the Renewed Lease constitutes a continuing connected transaction for the Company under the Listing Rules.

In view of the size of the Revised Annual Caps, the Renewed Lease remains subject to announcement and reporting requirements, but exempt from independent shareholders’ approval requirement.

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

DEFINITIONS

“2017 Announcement” the announcement of the Company dated 28 August 2017

“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 the Stock Exchange with secondary listing on 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, an exempted company incorporated in Bermuda with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“Land”	a parcel of land where the Edsa Hotel was built and 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
“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 with limited liability, whose shares 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
“Previous Annual Cap(s)”	the previous expected maximum annual Rent for particular financial year(s) as set out in the 2017 Announcement
“Renewed Lease”	the letter agreement dated 26 August 2017 and entered into between the Lessor and the Lessee in relation to the renewal of the lease of the Land for the Renewed Term
“Renewed Term”	the second lease term of 25 years in relation to the lease of the Land and such term commenced on 28 August 2017 and will expire on 27 August 2042
“Rent”	the expected aggregate amount(s) of the rent payable by the Lessee to the Lessor under the Renewed Lease

“Revised Annual Cap(s)”	the revised expected maximum annual Rent for particular financial year(s) as described under the heading of “Revised Expected Maximum Annual Aggregate Amounts of Rent” in this announcement
“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
TEO Ching Leun
Company Secretary

Hong Kong, 2 October 2018

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

Executive director(s)

Ms KUOK Hui Kwong (Chairman)
Mr LIM Beng Chee (CEO)
Mr LUI Man Shing

Non-executive director(s)

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

Independent non-executive director(s)

Mr Alexander Reid HAMILTON
Professor LI Kwok Cheung Arthur
Dr LEE Kai-Fu
Mr YAP Chee Keong