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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 Hotel Public Company Limited (“**SHPCL**”) is a company listed on the Stock Exchange of Thailand (“**SET**”) and a 73.61% owned subsidiary of Shangri-La Asia Limited. SHPCL has filed with the SET an additional information memorandum (“**Announcement**”) today that is published on the SET website. 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.

Hong Kong, 4 February 2019

As at the date hereof, the directors of Shangri-La Asia Limited 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

To : Managing Director
The Stock Exchange of Thailand

Date : 4 February 2019

Re : Notification of Acquisition of Assets (Lands and Buildings) (Additional)

Enclosure : Information Memorandum regarding the Acquisition of Assets

Dear Sirs,

The Board of Directors of Shangri-La Hotel Public Company Limited (the "**Company**") would like to inform you that the Board at its meeting No. 2/2019 held on 2 February 2019 has approved the Company to acquire 23 plots of land (the total area of the lands is around 657.5 square wah) and buildings located at Sukhumvit 55 (Soi Thonglor), Khlong Tan Nuea Sub-District, Wattana District, Bangkok, Thailand (collectively referred to as the "**Lands and Buildings**") and to enter into the land purchase agreement to purchase the Lands and Buildings from Sriview International Company Limited ("**Seller**") (the "**Transaction**"). The total value of the Transaction is not exceed Baht 1,885,501,630 (the "**Transaction Value**").

The Transaction is considered as an acquisition of assets. The size of the Transaction which is calculated based on the "Total Value of Consideration Paid or Received" basis is 20.85 percent of Total Assets of the Company and its subsidiary when including the value of transactions of the same type in the past 6 months, a total value of transaction is still equal to 20.85 percent based on the financial statements for the period ended 30 September 2018 due to there was no the same type of transaction in the past 6 months, which shall be classified as the Acquisition of Assets Type 2, as stipulated in the Notification of the Capital Market Supervisory Board No. TorChor. 20/2008 re: Rules on entering into Material Transactions Deemed as Acquisition or Disposal of Assets (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004 (as amended) (the "**Acquisition or Disposal of Assets Notifications**"). In order to enter into the Acquisition of Assets Type 2 pursuant to the Acquisition and Disposition of Assets Notifications, the Company shall have the following duties:

- (a) Disclose information regarding the Transaction to the Stock Exchange of Thailand; and
- (b) Send written notice to the shareholders regarding the Transaction within 21 days from the date on which the Company discloses the information to the Stock Exchange of Thailand.

Details of information regarding the transaction on acquisition and disposition of assets by entering into the land purchase agreement of the Company is enclosed (Enclosure 1)

Please be informed accordingly.

Yours Sincerely,

Mrs. Pavinee Meensuk
Director and Company Secretary

**Information Memorandum regarding the Acquisition of Assets (Lands and Buildings)
of
Shangri-La Hotel Public Company Limited**

The Board of Directors' meeting No. 2/2019 of Shangri-La Hotel Public Company Limited (the "**Company**"), held on 2 February 2019, has resolved to approve a purchase of 23 plots of land (the total area of the lands is around 657.5 square wah) and buildings located at Sukhumvit 55 (Soi Thonglor), Khlong Tan Nuea Sub-District, Wattana District, Bangkok, Thailand (the "**Lands and Buildings**") from Sriview International Company Limited (the "**Seller**") with total value of not exceed Baht 1,885,501,630 (the "**Transaction**").

The Transaction is considered as an acquisition of assets. The size of the Transaction which is calculated based on the "Total Value of Consideration Paid or Received" basis is 20.85 percent of Total Assets of the Company and its subsidiary when including the value of transactions of the same type in the past 6 months, a total value of transaction is still equal to 20.85 percent based on the financial statements for the period ended 30 September 2018 due to there was no the same type of transaction in the past 6 months, which shall be classified as the Acquisition of Assets Type 2, as stipulated in the Notification of the Capital Market Supervisory Board No. TorChor. 20/2008 re: Rules on entering into Material Transactions Deemed as Acquisition or Disposal of Assets (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004 (as amended) (the "**Acquisition or Disposal of Assets Notifications**"). In order to enter into the Acquisition of Assets Type 2 pursuant to the Acquisition and Disposition of Assets Notifications, the Company shall have the following duties:

- (a) Disclose information regarding the Transaction to the Stock Exchange of Thailand; and
- (b) Send written notice to the shareholders regarding the Transaction within 21 days from the date on which the Company discloses the information to the Stock Exchange of Thailand.

The Company therefore would like to provide information regarding the Transaction as follows:

1. Date on which the Transaction occurs

2 February 2019, the date of approval from the Board of Directors' Meeting of the Company No. 2/2019. It is expected that the closing of the Transaction including registration of transfer of the Lands and Buildings and payment will be completed within 4 months after the execution date of the Land Purchase Agreement (as defined hereunder), subject to the completion of the conditions precedent stipulated in the Land Purchase Agreement.

2. Transaction party and relationship

The Purchaser : Shangri-La Hotel Public Company Limited

The Seller : Sriview International Company Limited

(As of 14 June 2018, Sriview International Company Limited has 7 shareholders as follows:

- 1) Mr. Xinsiang Wang
- 2) Mrs. Kanchana Oakkarathan
- 3) Mr. Paphob Oakkarathan
- 4) Mr. Pasit Apithanotai
- 5) Mrs. Phiriya Apithanotai
- 6) Mr. Thitipong Apithanotai
- 7) Miss Yasinee Apithanotai

Relationship : The Purchaser and the Seller have no relationships between each other, and are not connected persons against each other pursuant to Notification of Capital Market Supervisory Board No. TorChor 21/2551 Re: Rules on Connected Transactions and Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003.

3. General Characteristics of the Transaction

3.1 The Company will buy the Lands and Buildings from the Seller pursuant to the terms and conditions under the land purchase agreement between the Company and the Seller (the "**Land Purchase Agreement**"). The summary of key terms and conditions under the Land Purchase Agreement are set out in the below table:

Signing Date	The Company expected to execute the Land Purchase Agreement on 4 February 2019, after the date of approval from the Board of Directors' Meeting of the Company No. 2/2019.
Lands and Buildings	23 plots of land and 6 buildings located at Sukhumvit 55 (Soi Thonglor), Khlong Tan Nuea Sub-District, Wattana District, Bangkok, Thailand (please see the details of the Lands and Buildings in Clause 4 below)
Purchase Price	The total purchase price for the Lands and Buildings is Baht 1,858,000,000. All taxes, transfer registration fees and expenses incurred from the transfer of the Lands and Buildings payable at the land registry office or in connection with all transactions contemplated by the Land Purchase Agreement shall be solely borne by the Seller, save for the transfer registration fee with respect to the said Lands (but not the Buildings) shall be borne by the Company. Total Transaction value when including demolition costs, land transfer registration fee and commission fee will not exceed Baht 1,885,501,630.
Conditions Precedent	The obligations of the Company to proceed with completion are subject to the fulfilment of the conditions precedent as stipulated in the Land Purchase Agreement before Completion. The conditions precedent are including but not limited to: (a) All of the Seller's Warranties have been true when made and shall be true, correct, and not misleading in all respects up to and including Completion. (b) The Seller has performed and complied with all agreements, obligations and conditions contained in this Agreement which the Seller is required to perform or comply with on or before Completion. (c) The Seller has cleared and removed all tenants, licensees, persons, lessees, employees, workers, occupiers, and squatters from the Lands and Buildings at the Seller's expense.

	<p>(d) The Seller has duly paid all property taxes in connection with the ownership of and the rights relating to the Lands and Buildings, including house and land taxes and local development taxes, up to the Completion Date and the Purchaser has issued the Purchaser's Confirmation to the Seller.</p> <p>(e) The results of the Due Diligence, the survey of the Lands and the condition of the Lands and Buildings are satisfactory to the Purchaser.</p> <p>If the Seller fails to complete the conditions precedent, the Company has right to terminate the Land Purchase Agreement and/or demand for the compensation or specific performance as agreed in the Land Purchase Agreement.</p>
Terms of payment:	The Company will pay the Purchase Price in full to the Seller on land transfer registration date in accordance with terms and conditions under the Land Purchase Agreement.

3.2 Transaction Size

Details of calculation of Transaction size according to the Acquisition or Disposal of Assets Notifications based on the financial statement for the period ended 30 September 2018 are as follows:-

Calculation Base	Calculation Formula
1. Net Tangible Assets (NTA)	= ((NTA of investment in the Company x Proportion of assets acquired or disposed) x 100) / NTA of the listed company
2. Net Operating Profits	= ((Net operating profits of the listed company x Buying or selling ratio) x 100) / Net operating profits of the listed company
3. Total Value of Consideration Paid or Received	= (Value of the transaction to be paid or received / Total asset value of the listed company) x 100
4. Value of Securities issued by the Company as consideration for the assets acquired	= (Equity shares issued for the payment of assets x 100) / Paid-up shares of the listed company

By applying each basis, the calculations of the Transaction size are as follows:

Calculation Bases	Calculation Formula	Transaction size (%)
1. Net Tangible Assets (NTA)	N/A	N/A
2. Net Operating Profits	N/A	N/A
3. Total Value of Consideration Paid or Receive	$(1,885,501,630 / 9,042,635,000) \times 100$	20.85%
4. Value of Securities issued by the Company as consideration for the assets acquired	N/A	N/A

Remarks:

- In calculating the Transaction size, the Company used the figures based on the latest Financial Statement for the period ended 30 September 2018.
- The total value of the acquired assets is Baht 1,885,501,630.

The maximum value of such asset acquisition transaction above calculated based on the Total Value of Consideration Paid or Received is equivalent to 20.85 percent of Total Assets of the Company and its subsidiary when including the value of transactions of the same type in the past 6 months, the total transaction value is still equal to 20.85 percent based on the financial statements for the period ended 30 September 2018 due to there was no the same type of transaction in the past 6 months. The Transaction size is higher than 15 percent but lower than 50 percent, resulting in the Company being obliged to prepare a report, disclose the information memorandum on the entering into of the Transaction with the Stock Exchange of Thailand (the "SET"), and deliver the notice of the entering into of the Transaction to the shareholders within the period of 21 days from the date on which the Transaction is disclosed to the SET.

4. Details of the Assets Acquisition

The Lands and Buildings consist of 23 plots of lands and 6 buildings. The Company plans to demolish these buildings after the completion of the Transaction.

- 4.1 The purchased land consist of 23 plots of land located in Khlong Tan Nuea Sub-District, Wattana District, Bangkok, all of which are owned by the Seller. The details of the purchased lands as indicated on their title deeds, are summarized below:

	Land Title Deed No.	Former Land Title Deed No.	Land No.	Area (Rai - Ngan - Sq. wah)
1.	4400	1078	5281	0-0-24.2
2.	4401	1079	5282	0-0-20
3.	4402	1080	5283	0-0-20
4.	4403	1081	5284	0-0-20
5.	4404	1082	5285	0-0-20
6.	4405	1083	5286	0-0-21.3
7.	4406	1084	5287	0-0-83.2
8.	4407	1085	5288	0-0-0.4
9.	4386	7342	296	0-1-0.4
10.	4387	97210	297	0-0-88.4
11.	4390	157899	301	0-0-25.4
12.	4389	157900	300	0-0-13.5
13.	4408	157901	299	0-0-12.8
14.	4388	157902	298	0-0-22.6
15.	4391	157903	302	0-0-20.2
16.	4392	157904	303	0-0-19.7
17.	4393	157905	304	0-0-19.4
18.	4394	157906	305	0-0-19.5
19.	4395	157907	306	0-0-19.4
20.	4396	157908	307	0-0-19.6
21.	4397	157909	308	0-0-19.5
22.	4398	170830	309	0-0-30
23.	4399	209003	310	0-0-18
			Total	1-2-57.5

- 4.2 There are 6 buildings established in the lands as follows:
- (a) 1 unit of four-storey building covering area around 1,176 square metre;
 - (b) 1 unit of three-storey building covering area around 252 square metre; and
 - (c) 4 units of one-storey building covering area around 835 square metre.

5. Total Value and Criteria Used in Determining the Value of the Transaction

5.1 Total value of the Transaction

The total value of the Transaction is not exceeding Baht 1,885,501,630.

5.2 Payment method

The Company will pay the purchase price directly to the Seller in full on the land transfer registration date.

5.3 Criteria used in determining the value of the Transaction

The criteria used in calculating the value of consideration shall be subject to the mutual agreement between the Company and the Seller under the Land Purchase Agreement. In this regard, after due consideration, the Board of Directors was of the view that the price of the Lands and Buildings offered by the Sellers is appropriate since it is undeniable that Thonglor area is a high-end market and it is envisaged that the price of the lands in this area will continue to appreciate in value. The comparable land plots with the similar development potential are scarce. Moreover, the location of the Lands and Buildings is perfectly situated close to the skytrain (Thonglor Station) and the site enjoys frontage on two sides which is advantageous for a hotel development. Besides, the shape and the size of the lands, together with the width of Soi Thonglor, will allow the Company to fully maximize developable gross floor area of the New Hotel (as defined below).

Moreover, the trend of selling price of lands in major business areas in Bangkok including Thonglor area is significantly increased from the past. According to the news published over the past few years, the selling price of lands in Sukhumvit, Ploenchit, Silom, or Langsuan areas were substantially increased around 50 percent (from Baht 2,100,000 per square wah to Baht 3,000,000 per square wah). The Company believes that the land price is in the uptrend and the price of the Lands will continue to appreciate in value due to limitation of the lands which have size and shape of the lands appropriate for development of real estate project, and the increase of the real estate developers' demands to acquire the lands nearby the skytrain station in major business areas in Bangkok.

6. Expected Benefits of the Transaction

The Company plans to use the lands, which are the strategic lands nearby the skytrain (Thonglor Station), to develop its new four stars hotel under the "Hotel Jen" brand (the "New Hotel"). The "Hotel Jen" is the well known hotel chains in the Asia Pacific region operated by Shangri-La group; as of 2 February 2019, there are nine hotels located in the People's Republic of China, the Hong Kong Special Administrative Region of the People's Republic of China, Malaysia, the Republic of Maldives, and the Republic of Singapore. At this preliminary stage, subject to the restrictions under the Town Planning Act, B.E. 2518 (1975), the Promotion and Conservation of National Environmental Quality Act, B.E. 2535 (1992), including all subordinate regulations and other relevant regulations and approval from the competent authorities ("**Relevant Regulatory Approval**"), it is intended that the New Hotel will have around 350 rooms in a 27-storey building. However, please note that the aforementioned development program is not final and is subject to adjustment to reflect the final plan of the Company, the final design of the New Hotel, and Relevant Regulatory Approval. If the Company decides to further proceed on development of the New Hotel project, the Company will calculate the size of New Hotel project by combining the size of this Transaction with the total development costs of the New Hotel. Subject to the size of the New Hotel project, the Company will obtain approval from either the Board of Directors

meeting or the shareholders' meeting and disclose the information in relation to the New Hotel project to the SET as required by the relevant laws and regulations.

The Company believes that this New Hotel will not only strengthen the Company's competitiveness in hotel business, but also generating higher revenue recognition in the future.

7. Source of Fund to be Used in the Acquisition of Assets

The Company believes that it has sufficient cash and cash flow from operations to complete the Transaction. Therefore, the source of funds to be used in the Transaction amounting to Baht 1,885,501,630 derived from working capital of the Company as at the transaction date. [Cash and cash equivalent including Fixed Deposits with the financial institutions of the Company as at 30 September 2018 stated in the Company's Separate Financial Statements was Baht 3,203.86 million.](#)

8. Transactions with a Business Entity in which at least 10 percent of its shares is held by a connected party of the Company

None.

9. Opinion of the Board of Directors on the Enter into the Transactions

The Board of Directors have the opinion that the purchase of the Lands and Buildings is necessary and appropriate for the reasons specified in Clause 6 above and the Transaction Value of Baht 1,885,501,630 is a fair and reasonable estimate [for the reasons specified in Clause 5.3.](#) The Board of Directors has resolved to approve the Company to proceed with the Transaction.

10. Opinion of the Audit Committee and/or the Director of the Company which is different from that of the Board of Directors expressed under Clause 9.

None.