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THE HONGKONG AND SHANGHAI HOTELS, LIMITED  
香港上海大酒店有限公司  
(Incorporated in Hong Kong with limited liability)  
(Stock Code: 00045)

### **Discloseable Transaction Restructuring of Joint Venture Arrangements in Thailand**

The Board of Directors of the Company wishes to announce that on 27 August 2020, PIIHL, a wholly-owned subsidiary of the Company, has entered into heads of terms with the Phataraprasit Shareholders, to confirm their agreement to restructure the current arrangements between the Company and the Phataraprasit Shareholders in relation to their respective shareholding in HSH-SCH. Subject to the signing of definitive and legally binding agreements and following the completion of the restructuring, the joint venture relationship between the parties in HSH-SCH will cease. Upon Completion, the Company will, through its subsidiaries, acquire the Phataraprasit Shareholders' 50% economic interest in The Peninsula Bangkok and its surrounding land in consideration for its 50% economic interest in the Thai Country Club and TCC Land Parcels and the Cash Consideration. The Cash Consideration shall be paid to the Phataraprasit Shareholders on Completion.

Prior to the restructuring, the Company, through its subsidiaries, and the Phataraprasit Shareholders had entered into 50/50 joint venture arrangements in HSH-SCH to own and for the Company to manage The Peninsula Bangkok and the Thai Country Club. As part of the restructuring, HSH-SCH and its subsidiaries shall undergo all necessary internal restructuring such that HSH-SCH shall own 100% equity interest in The Peninsula Bangkok and its surrounding land upon Completion.

Upon completion of the Transaction, the Company will (i) assume full responsibility and control over the development, management and future operations of The Peninsula Bangkok and its surrounding land, as well as be entitled to the profits and assume the liabilities and expenses of the hotel and its surrounding land; and (ii) cease to have any responsibility over the development, management and future operations of the Thai Country Club and TCC Land Parcels. The restructuring is in line with the Company's principal business of hotel ownership and management and reflects the desire of the Company and the Phataraprasit Shareholders to resolve all current and contingent disputes (including the dispute on the hotel management agreement relating to The Peninsula Bangkok).

The Total Consideration was arrived at after arm's length negotiations between the Parties and having regard to the market values of The Peninsula Bangkok and its surrounding land, the market values of the Thai Country Club and TCC Land Parcels and consideration to

resolve all disputes between the Parties. The Cash Consideration shall be funded from the Company's own resources.

As the applicable percentage ratio of the Transaction under Chapter 14 of the Listing Rules is 5% or more, but is less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. The Transaction is subject to a number of conditions precedent. Appropriate disclosure will be made by the Company when the definitive agreements effecting the Transaction are signed.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Phataraprasit Shareholders are connected persons (as defined in the Listing Rules) at the level of the Company's subsidiary, HSH-SCH, and the Transaction with the Phataraprasit Shareholders are at the subsidiary level only. The exemption contained in rule 14A.73(10) of the Listing Rules shall apply and the Transaction shall not be regarded as a connected transaction.

The key terms of the Heads of Terms are set out below:

### **Heads of Terms**

Parties:	PIIHL Mr. Praphan Phatraprasit Mr. Prasong Phataraprasit
Date:	27 August 2020
Purpose:	The parties have entered into the HOT to confirm their agreement to restructure their respective shareholdings in and assets of HSH-SCH. Upon completion of the Transaction, the Company will (i) assume full responsibility and control over the development, management and future operations of The Peninsula Bangkok and its surrounding land, as well as be entitled to the profits and assume the liabilities and expenses of the hotel and its surrounding land; and (ii) cease to have any responsibility over the development, management and future operations of the Thai Country Club and TCC Land Parcels. The restructuring is in line with the Company's principal business of hotel ownership and management.
Transaction:	Upon Completion, the Phataraprasit Shareholders to transfer their entire 50% interest in HSH-SCH to PIIHL and/or its designated persons in exchange for the Company's 50% economic interest in the Thai Country Club and TCC Land Parcels and the Cash Consideration.  HSH-SCH and its subsidiaries shall undergo all necessary internal restructuring such that HSH-SCH shall own 100% equity interest in The Peninsula Bangkok and

its surrounding land upon Completion.

The unaudited net profit/(loss) before and after tax attributable to HSH-SCH for the year ended 31 December 2018 amounted to THB10 million (approximately HK\$2.5 million) and THB(35) million (approximately HK\$(8.7) million) respectively. The unaudited net profits before and after tax attributable to HSH-SCH for the year ended 31 December 2019 amounted to THB42 million (approximately HK\$10.4 million) and THB33 million (approximately HK\$8.2 million) respectively.

SCH owns The Peninsula Bangkok and its surrounding land. The unaudited net profit/(loss) before and after tax attributable to SCH for the year ended 31 December 2018 amounted to THB32 million (approximately HK\$7.9 million) and THB(3) million (approximately HK\$(0.7) million) respectively. The unaudited net profits before and after tax attributable to SCH for the year ended 31 December 2019 amounted to THB67 million (approximately HK\$16.6 million) and THB66 million (approximately HK\$16.3 million) respectively.

TCS owns the Thai Country Club and TCC Land Parcels. The unaudited net losses before and after tax attributable to TCS for the year ended 31 December 2018 amounted to THB6 million (approximately HK\$1.5 million) and THB6 million (approximately HK\$1.5 million) respectively. The unaudited net losses before and after tax attributable to TCS for the year ended 31 December 2019 amounted to THB5 million (approximately HK\$1.2 million) and THB8 million (approximately HK\$2 million) respectively. TCE is a dormant company.

Anticipated Completion On or before 30 September 2020  
Date:

### **Consideration and Financial Commitment**

Total Consideration: The Total Consideration comprises of the 50% economic interest in the Thai Country Club and TCC Land Parcels and the Cash Consideration. The Total Consideration was arrived at after arm's length negotiations between the Parties and having regard to the market values of The Peninsula Bangkok and its surrounding land in the aggregate amount of approximately THB3.1 billion (approximately HK\$770 million), the market values of Thai Country Club and TCC Land Parcels in the aggregate amount of approximately THB2.4 billion

(approximately HK\$590 million) and consideration to resolve all disputes between the Parties.

**Cash Consideration:** The Cash Consideration for the Transaction is US\$70 million (approximately HK\$546 million) in cash, exclusive of applicable taxes. The Cash Consideration shall be paid to the Phataraprasit Shareholders and/or their respective designated persons on Completion.

The Cash Consideration shall be funded from the Company's own resources and would be paid on Completion.

**Financial impact:** On Completion, TCS and TCE will be deconsolidated from the Group's financial statements resulting in a decrease in the Company's net assets (approximately HK\$440 million) and the non-controlling interest in respect of the Phataraprasit Shareholders' interest in HSH-SCH (approximately HK\$340 million) will be eliminated. Excluding the related restructuring and transaction costs, the Transaction will result in a negative equity movement of approximately HK\$650 million based on existing book value of The Peninsula Bangkok and its surrounding land, before taking into account any assessment of the market values or redevelopment potential of the same.

Upon Completion, HSH-SCH shall become an indirect wholly-owned limited liability subsidiary of the Company, and the financial results, assets and liabilities of HSH-SCH shall continue to be consolidated into the financial statements of the Group. In addition, TCS and TCE shall cease to be subsidiaries of the Company, and the financial results, assets and liabilities of TCS and TCE shall cease to be consolidated into the financial statements of the Group.

As the applicable percentage ratio of the Transaction under Chapter 14 of the Listing Rules is 5% or more, but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

### **Reasons for the restructuring and Transaction**

Prior to the restructuring, the Company, through its subsidiaries, and the Phataraprasit Shareholders had entered into 50/50 joint venture arrangements in HSH-SCH to own and for the Company to manage The Peninsula Bangkok and the Thai Country Club.

Upon Completion, the Company will (i) assume full responsibility and control over the development, management and future operations of The Peninsula Bangkok and its surrounding land, as well as be entitled to the profits and assume the liabilities and expenses of the hotel and its surrounding land; and (ii) cease to have any responsibility over the development, management and future operations of the Thai Country Club and TCC Land Parcels. The restructuring is in line with the Company's principal business of hotel ownership and management and reflects the desire of the Company and the Phataraprasit Shareholders

to resolve all current and contingent disputes (including the dispute on the hotel management agreement relating to The Peninsula Bangkok).

The Board, including the independent non-executive directors, believes that the terms of the Transaction are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### **The Company**

The Company through its subsidiaries and its joint ventures and associates are principally engaged in the ownership, development and management of prestigious hotels and commercial and residential properties in key locations in Asia, the United States and Europe, as well as the provision of tourism and leisure, club management and other services.

### **Phataraprasit Shareholders**

Phataraprasit Shareholders comprise of Mr. Praphan Phatraprasit and Mr. Prasong Phataraprasit. The Phataraprasit family is a Thai family invests, owns and manages a number of portfolios in many sectors, including agriculture, retail, hospitality and real estate.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Phataraprasit Shareholders are connected persons (as defined in the Listing Rules) at the level of the Company's subsidiary, HSH-SCH, and the Transaction with the Phataraprasit Shareholders are at the subsidiary level only. The exemption contained in rule 14A.73(10) of the Listing Rules shall apply and the Transaction shall not be regarded as a connected transaction.

### **Definitions**

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	the board of Directors
“Cash Consideration”	US\$70 million (approximately HK\$546 million) exclusive of applicable taxes, payable to the Phataraprasit Shareholders on Completion
“Company”	The Hongkong and Shanghai Hotels, Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance and the shares of which are listed on the main board of The Stock Exchange of Hong Kong Limited
“Completion” / “Completion Date”	on or before 30 September 2020 (unless otherwise agreed by the parties thereto), being the anticipated date of completion of the Transaction
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries

“HOT”	the heads of terms dated 27 August 2020 and entered into between, amongst others, PIIHL, Mr. Praphan Phataraprasit and Mr. Prasong Phataraprasit as described in this announcement
“HK\$”	Hong Kong Dollar(s), the lawful currency of Hong Kong
“HSH-SCH”	HSH-Siam Chaophraya Holdings Co., Ltd., a limited liability company registered in the Kingdom of Thailand, in which the Company owns 50% interest
“Listing Rules”	the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited
“Phataraprasit Shareholders”	comprise of Mr. Praphan Phataraprasit and Mr. Prasong Phataraprasit
“PIIHL”	Peninsula International Investment Holdings Limited, a wholly-owned subsidiary of the Company
“SCH”	Siam Chaophraya Holdings Co., Ltd., a limited liability company registered in the Kingdom of Thailand and a subsidiary of HSH-SCH, who owns The Peninsula Bangkok and its surrounding land
“Shareholders”	shareholders of the Company
“TCC Land Parcels”	various land parcels close to the Thai Country Club
“TCE”	Town and Country Estate Development Company Limited, a dormant limited liability company registered in the Kingdom of Thailand and a subsidiary of HSH-SCH
“TCS”	Town and Country Sport Club Company Limited, a limited liability company registered in the Kingdom of Thailand and a subsidiary of HSH-SCH, who owns the Thai Country Club and TCC Land Parcels
“THB”	Thai Baht, the lawful currency of the Kingdom of Thailand
“Total Consideration”	the total of 50% economic interest in the Thai Country Club and TCC Land Parcels and the Cash Consideration
“Transaction”	the acquisition of Phataraprasit Shareholders’ entire 50% interest in HSH-SCH by PIIHL and/or its designated persons in consideration for 50% economic interest in the Thai Country Club and TCC Land Parcels and the Cash Consideration
“%”	per cent.

For the purpose of translation of currency in this announcement the following rate has been used, US\$1 = HK\$7.8 and THB1 = HK\$0.2476.

By order of the Board  
**Christobelle Liao**  
*Company Secretary*

Hong Kong, 28 August 2020

As at the date of this announcement, the Board of Directors of the Company comprises the following Directors:

*Non-Executive Chairman*  
The Hon. Sir Michael Kadoorie

*Non-Executive Deputy Chairman*  
Andrew Clifford Winawer Brandler

**Executive Directors**  
*Managing Director and Chief Executive Officer*  
Clement King Man Kwok

*Chief Operating Officer*  
Peter Camille Borer

*Chief Financial Officer*  
Matthew James Lawson

**Non-Executive Directors**  
William Elkin Mocatta  
John Andrew Harry Leigh  
Nicholas Timothy James Colfer  
James Lindsay Lewis  
Philip Lawrence Kadoorie

**Independent Non-Executive Directors**  
Dr the Hon. Sir David Kwok Po Li  
Patrick Blackwell Paul  
Pierre Roger Boppe  
Dr William Kwok Lun Fung  
Dr Rosanna Yick Ming Wong  
Dr Kim Lesley Winser  
Ada Koon Hang Tse