



HOTEL PROPERTIES LIMITED (Reg No: 198000348Z)

Incorporation of subsidiary in Palau

The Board of Directors of Hotel Properties Limited (“HPL” or “the Company”) wishes to announce that HPL Properties (Pacific Ocean) Pte. Ltd. (“HPLPPO”), a subsidiary of the Group, has incorporated the following new wholly-owned subsidiary company in the Republic of Palau:-

	Leisure Development Koror Inc. (“LDKI”)
Issued and paid-up capital	US\$1,000
Number of shares	1,000 at US\$1 each
Principal activity	Hotel development

LDKI was incorporated to acquire land at an acquisition price of US\$8.5 million for the future development of a luxury hotel in the Republic of Palau (the “Land Acquisition”).

The Land Acquisition price was negotiated at arm’s length on a willing buyer willing seller basis, taking into consideration the location and potential development of the land.

The setting up of LDKI and Land Acquisition will be funded by way of internal funds and is not expected to have any significant impact on the net earnings per share and net tangible assets per share of the HPL Group based on the audited consolidated financial statements of the HPL Group for the year ended 31 December 2016.

HPLPPO is 70% owned by HPL and 30% owned by Como Holdings Pte Ltd (“Como”) (the “Joint Venture”). Como is beneficially owned by Mr Ong Beng Seng, the Managing Director and deemed substantial shareholder of the Company.

The Joint Venture will allow the HPL Group to own hotel developments in the Pacific Ocean area.

The current total for the financial year of all transactions with Mr Ong Beng Seng and associates and the current total of all interested person transactions for the same financial year (including the Joint Venture) is approximately \$270 million or 14% of HPL Group’s latest audited net tangible assets.

Although the Joint Venture, when aggregated with the existing interested person transactions with Mr Ong Beng Seng and associates exceeds 5% of the latest audited net tangible assets of HPL Group, the entry into the Joint Venture fall within the exception under Rule 916(2) of the Listing Manual and accordingly the approval of shareholders of HPL is not required.

The Audit Committee is of the view that the risks and rewards of the Joint Venture are in proportion to the equity of each joint venture partner, and the terms of the Joint Venture are not prejudicial to the interests of the Company and its minority shareholders.

The Audit Committee also confirms that Como does not have an existing equity interest in the Joint Venture prior to the participation of HPL in the Joint Venture.

Save as disclosed above, none of the directors, controlling shareholder or substantial shareholders of the Company has any indirect or direct interest in the above transactions, other than through their shareholding interests in the Company.

By Order of the Board

Lo Swee Oi
Company Secretary
Date: 6 September 2017