

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 TRANSACTIONS

Renewal of Tenancy of Office Premises and Continuous Licencing of Car Parking Spaces

The Board announces that the Lessee/Licensee, a wholly-owned subsidiary of the Company, (a) entered into the Tenancy Offer Letter to renew the Tenancy of the Group's office premises, and (b) will continue the Licences of the car parking spaces, all at Kerry Centre.

The Lessor/Licensor is a subsidiary of KHL which in turn is a substantial shareholder of the Company. Accordingly, the Lessor/Licensor is a connected person of the Company. In view of the size of the Annual Caps anticipated by the Board, the Renewals constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules and are subject to announcement, annual review and reporting requirements, but are exempt from independent shareholders' approval requirement.

INTRODUCTION

On 25 October 2013, the Company announced that the Lessee/Licensee entered into an offer letter in relation to the renewal of the tenancy of various office premises for a term not exceeding 3 years commencing from 19 November 2013 and has continued the licences for using various car parking spaces at Kerry Centre. The Lessee/Licensee subsequently also entered into additional contracts in relation to the changes of the office units leased and the car parking spaces licensed. Particulars of such changes have been disclosed in the subsequent annual reports of the Company.

In view of the forthcoming expiry of the said contracts, the Lessee/Licensee (a) entered into the Tenancy Offer Letter to renew the Tenancy, and (b) will continue the Licences which are terminable by either of the Licensee or the Licensor by one month notice.

TENANCY OFFER LETTER

The particulars of the Tenancy Offer Letter are as follows:

Date: 18 October 2016

Lessor:	Ubagan Limited, a subsidiary of KHL which in turn is a substantial shareholder of the Company, and accordingly, a connected person of the Company
Lessee:	Shangri-La International Hotel Management Limited, a wholly-owned subsidiary of the Company
Leased properties:	Unit 2 on Level 20, Level 21, Level 27, Level 28 and Level 29 of Kerry Centre
Term:	3 years commencing from 19 November 2016
Rental:	HK\$3,900,690.90 per month, determined with reference to the current market rates
Management fee and air-conditioning charge:	currently HK\$514,622.70 per month, subject to revision from time to time by the building manager of Kerry Centre

The terms of the Tenancy Offer Letter were arrived at after arm's length negotiation between the Lessee and the Lessor.

CAR PARKING LICENCES

The particulars of the current in-effect Licences are as follows:

Licensor:	Ubagan Limited
Licensee:	Shangri-La International Hotel Management Limited
Licensed car parking spaces:	16 floating car parking spaces and 4 fixed car parking spaces on basement of Kerry Centre
Term:	Terminable by either party by one month notice and such is the normal arrangement for licensing of the car parking spaces at Kerry Centre
Licence fee:	HK\$2,700 per month for each floating car parking space and HK\$3,500 per month for each fixed car parking space, such fees being the prevailing licence fees charged for other car parking spaces at Kerry Centre and subject to revision by the Licensor from time to time upon giving to the Licensee one month's prior written notice

The Company will continue such Licences on a continuous basis and will, if required under the Listing Rules, observe all compliance requirements including the timely disclosure of the anticipated maximum aggregate annual value in concern.

MAXIMUM AGGREGATE ANNUAL VALUE

Based on the rentals and fees payable under the Leases, the Board anticipates that the Annual Caps payable for the relevant financial years of the Company (up to the expiry of the Tenancy) after taking into account the possible additional cost for the management fee and air-conditioning charge, and any further lease(s) or licence(s) of additional office premises or car parking space(s) in the event of business expansion of the Group will not exceed the following amounts:

Financial year ending	Annual Cap (HK\$)
31 December 2016	55,000,000
31 December 2017	60,000,000
31 December 2018	62,000,000
31 December 2019 (up to the expiry of the Tenancy)	56,000,000

REASONS FOR AND BENEFITS OF THE RENEWALS

The Group's principal place of business is situated at the office premises of which the Tenancy is concerned. The Board considers that the Renewals facilitate continuous uninterrupted operations of the Group.

The Directors (including the independent non-executive Directors) consider that the Renewals are made in the ordinary and usual course of business of the Group and are on normal commercial terms, and the terms of the Renewals are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr KUOK Khoon Chen and Ms KUOK Hui Kwong are deemed to have more than 5% ultimate interest in KHL within the meaning of Part XV of the Securities and Futures Ordinance and have accordingly abstained from voting on the resolutions in relation to the Renewals.

The Board confirms that, save for Mr KUOK Khoon Chen and Ms KUOK Hui Kwong, none of the Directors had any material interest in the Leases, and accordingly, none of such Directors was required to abstain from voting on the resolutions in relation to the Renewals.

INFORMATION ABOUT THE GROUP AND THE KHL GROUP

The principal activities of the Group are the ownership and operation of hotels and associated properties and the provision of hotel management and related services. The Company's subsidiaries are also the registered proprietors of various trademarks and service marks in various countries, including the brand names "Shangri-La", "Hotel Jen", "Traders", "Rasa", "Summer Palace" and "Shang Palace" and related devices and logos.

The Lessor/Licensor is a subsidiary of KHL whose principal business is investment holding. The principal subsidiaries of KHL include Kerry Properties Limited whose shares are listed on HKSE and which is principally engaged in (i) property development, investment and management in Hong Kong, PRC and the Asia Pacific region; and (ii) hotel ownership in Hong Kong, and hotel ownership and operations in PRC.

IMPLICATIONS UNDER THE LISTING RULES

The Lessor/Licensor is a subsidiary of KHL which in turn is a substantial shareholder of the Company. Accordingly, the Lessor/Licensor is a connected person of the Company. In view of the size of the Annual Caps, the Renewals constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules and are subject to announcement, annual review and reporting requirements, but are exempt from independent shareholders' approval requirement.

DEFINITIONS

“Annual Cap(s)”	the anticipated maximum aggregate annual cap(s) of the rentals and the fees payable to the KHL Group for particular financial year(s) of the Company under the Leases and/or any other additional lease(s) or licence(s) for additional office premises and/or car parking spaces as described under the heading of “Maximum Aggregate Annual Value”
“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 HKSE 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
“HKSE”	The Stock Exchange of Hong Kong Limited
“Kerry Centre”	the office building situate at 683 King’s Road, Quarry Bay, Hong Kong
“KHL”	Kerry Holdings Limited, a substantial shareholder of the Company
“KHL Group”	KHL and its subsidiaries
“Leases”	the Tenancy and the Licences
“Lessee/ Licensee”	Shangri-La International Hotel Management Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Lessor/ Licensor”	Ubagan Limited, a subsidiary of KHL

“Licences”	the licences for using the car parking spaces at Kerry Centre granted by the Licensor to the Licensee, and the particulars of such current licences are described under the heading of “Car Parking Licences”
“Listing Rules”	the Rules Governing the Listing of Securities on HKSE
“PRC”	the People’s Republic of China
“Renewals”	the renewal of the Tenancy under the Tenancy Offer Letter and the continuation of the Licences
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Tenancy”	the tenancy of the Group’s office premises at Kerry Centre leased by the Lessor to the Lessee under the current in-effect tenancy and/or the Tenancy Offer Letter
“Tenancy Offer Letter”	the offer letter in relation to the renewal of the lease of the Group’s office premises as described under the heading of “Tenancy Offer Letter”

On behalf of the Board of
Shangri-La Asia Limited
KUOK Khoon Chen
Chairman

Hong Kong, 18 October 2016

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

Executive directors

Mr KUOK Khoon Chen (Chairman & CEO)
Ms KUOK Hui Kwong (Deputy Chairman)
Mr LIU Kung Wei Christopher (MD & COO)
Mr LUI Man Shing
Mr Madhu Rama Chandra RAO

Independent non-executive directors

Mr Alexander Reid HAMILTON
Mr Timothy David DATTELS
Professor LI Kwok Cheung Arthur
Dr LEE Kai-Fu

Non-executive directors

Mr HO Kian Guan
Mr LIM Beng Chee
Mr HO Chung Tao (alternate to Mr HO Kian Guan)