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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)

**(1) PROPOSED RIGHTS ISSUE OF RIGHTS SHARES
AT THE SUBSCRIPTION PRICE OF HK\$11.10 PER RIGHTS SHARE
ON THE BASIS OF ONE (1) RIGHTS SHARE
FOR EVERY SEVEN (7) SHARES HELD ON THE RECORD DATE
(2) CLOSURE OF REGISTER OF MEMBERS
(3) CONNECTED TRANSACTION
AND
(4) RESUMPTION OF TRADING**

RIGHTS ISSUE

The Company proposes to raise a minimum of approximately HK\$4,967.2 million, before expenses, by way of the Rights Issue of not less than 447,499,257 Rights Shares and not more than 470,955,608 Rights Shares at the Subscription Price of HK\$11.10 per Rights Share.

The Company will provisionally allot one (1) Rights Share in nil-paid form for every seven (7) Shares held by each Qualifying Shareholder on the Record Date. Fractional entitlements will not be allotted but will be aggregated and sold for the benefit of the Company.

The Rights Issue is not available to the Excluded Overseas Shareholders.

As at the date of this announcement, there are: (i) 3,132,494,799 existing Shares in issue; (ii) outstanding Share Options entitling the holders to subscribe for 25,543,500 Shares; and (iii) outstanding Convertible Bonds entitling the holders to convert into 138,650,963 Shares. Assuming all the subscription rights attaching to the above outstanding Share Options and the conversion rights attaching to the above outstanding Convertible Bonds are exercised in full on or prior to the Record Date and Shares are allotted and issued pursuant to such Share Options and Convertible Bonds on or prior to the Record Date, the maximum number of Rights Shares to be issued under the Rights Issue will be increased by 23,456,351 Rights Shares.

The estimated net proceeds of the Rights Issue will be approximately HK\$4,937.0 million (assuming none of the subscription rights attaching to the outstanding Share Options and the conversion rights attaching to the outstanding Convertible Bonds is exercised on or before the Record Date) or approximately HK\$5,195.0 million (assuming all the subscription rights attaching to the outstanding Share Options and the conversion rights attaching to the outstanding Convertible Bonds are exercised on or before the Record Date). The Company intends to use a substantial part of the net proceeds from the Rights Issue, being approximately HK\$3,900.0 million, to repay the Group's bank loans to save interest costs. The remaining net proceeds will be used as general working capital and to fund capital expenditures for on-going hotels, composite and investment properties development projects. The Group will, however, subsequently and progressively continue to draw down bank loans to fund its on-going development projects.

Each of the Covenantors has irrevocably and severally undertaken to the Company and the Underwriters that: (i) the Shares beneficially owned by it as at the date of the Irrevocable Undertaking will remain so owned from the date of the Irrevocable Undertaking up to the close of business on the Record Date (the aggregate number of Shares so owned by the Covenantors is 1,748,103,321 Shares); (ii) it will subscribe or procure the subscription for its entitlement to the Rights Shares provisionally allotted to it pursuant to the terms of the Rights Issue in respect of those Shares beneficially owned by it on the date of the Irrevocable Undertaking and lodge with the Company acceptance in respect of such Rights Shares provisionally allotted to it, with payment in full therefor in cash; and (iii) it will not dispose of or transfer its beneficial interests in any of the Shares beneficially owned by it as at the date of the Irrevocable Undertaking from the date of the Irrevocable Undertaking up to and including the Record Date.

The Underwriters have severally and conditionally agreed to fully underwrite all the Rights Shares other than those agreed to be taken up by the Covenantors to the Irrevocable Undertaking. The Underwriters may, in their absolute discretion, re-arrange or adjust the proportion of underwriting commitments under the Underwriting Agreement between themselves and shall forthwith notify the Company of such variation.

The Rights Issue is conditional upon, among other things, the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms referred to under the section headed "Underwriting Arrangements for the Rights Issue" below.

If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

Each of Baylite and Trendfield is a wholly owned subsidiary of KSL and Kuok Brothers, respectively. Under the Listing Rules, each of them is regarded as a connected person of the Company. The terms of the Underwriting Agreement (including the terms of payment of the underwriting commission) constitute a connected transaction under Chapter 14A of the Listing Rules. The subscription for the Rights Shares by the Underwriters pursuant to the terms of the Underwriting Agreement is exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.92(2)(b) of the Listing Rules. In respect of the payment of the underwriting commission by the Company to the Underwriters pursuant to the terms of the Underwriting Agreement, as one or more of the applicable percentage ratios exceeds 0.1% but is less than 5%, the payment of the underwriting commission by the Company is subject to the announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. The Rights Issue will be carried out in compliance with Rule 7.21(1) of the Listing Rules.

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares must be lodged (together with the relevant share certificate(s)) with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Monday, 17 November 2014. In Hong Kong, it is expected that the last day of dealings in the Shares on a cum-rights basis is Thursday, 13 November 2014 and the Shares will be dealt with on an ex-rights basis from Friday, 14 November 2014.

Any dealings in Shares from now up to the date on which all conditions to which the Rights Issue is subject are fulfilled, or in the Rights Shares in nil-paid form on the Hong Kong Stock Exchange and the SGX-ST during the period in which they may be traded in their nil-paid form, will accordingly bear the risk that the Rights Issue may not become unconditional.

Shareholders and potential investors may want to obtain professional advice from their advisers regarding dealings in the Shares or nil-paid Rights Shares during these periods.

The Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms and to the SGX-ST for the listing of, and permission to deal in, the Rights Shares, in their fully-paid form.

Under the Listing Rules, Shareholders' approval is not required for the Rights Issue.

It is expected that copies of the Prospectus for the Rights Issue, the provisional allotment letter and the form of application for excess Rights Shares will be despatched to each Qualifying Shareholder on or about Monday, 24 November 2014. Copies of the Prospectus for the Rights Issue are also expected to be despatched to the Excluded Overseas Shareholders on or about Monday, 24 November 2014 for their information only.

Trading in the Shares was halted on the Hong Kong Stock Exchange and the SGX-ST from 9:00 a.m. on Thursday, 23 October 2014 at the request of the Company pending the publication of this announcement. Application will be made by the Company for the resumption of trading in the Shares on the Hong Kong Stock Exchange and the SGX-ST with effect from 9:00 a.m. on Friday, 24 October 2014.

Owing to the price sensitive nature of the matters contemplated in this announcement, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares.

1. RIGHTS ISSUE

1.1. Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every seven (7) Shares held on the Record Date
Subscription Price for the Rights Shares	:	HK\$11.10 per Rights Share
Number of Shares in issue	:	3,132,494,799 Shares as at the date of this announcement
Number of Rights Shares to be issued under the Rights Issue	:	not less than 447,499,257 Rights Shares (assuming no new Shares are allotted or issued pursuant to any exercise of the subscription rights attaching to the outstanding Share Options or the conversion rights attaching to the outstanding Convertible Bonds on or before the Record Date) and not more than 470,955,608 Rights Shares (assuming new Shares are allotted or issued pursuant to the full exercise of the subscription rights attaching to the outstanding Share Options and the conversion rights attaching to the outstanding Convertible Bonds on or before the Record Date)
Underwriters	:	Baylite and Trendfield
Minimum enlarged issued share capital of the Company upon completion of the Rights Issue	:	3,579,994,056 Shares (assuming no new Shares (other than the Rights Shares) are allotted or issued on or before completion of the Rights Issue)
Maximum enlarged issued share capital of the Company upon completion of the Rights Issue	:	3,767,644,870 Shares (assuming new Shares are allotted and issued pursuant to the full exercise of the subscription rights attaching to the outstanding Share Options and the conversion rights attaching to the outstanding Convertible Bonds on or before the Record Date and no other new Shares (other than the Rights Shares) are allotted or issued on or before completion of the Rights Issue)
Fund raised before expenses	:	approximately HK\$4,967.2 million to HK\$5,227.6 million

The number of Rights Shares which may be issued pursuant to the Rights Issue will be increased in proportion to any additional Shares which may be allotted and issued on or before the Record Date, including Shares which will be allotted and issued to (i) holders of the Share Options pursuant to an exercise of the subscription rights attaching to the Share Options and/or (ii) holders of the Convertible Bonds pursuant to an exercise of the conversion rights attaching to the Convertible Bonds on or prior to the Record Date.

As at the date of this announcement, there were (i) outstanding Share Options entitling the holders to subscribe for up to 25,543,500 Shares and (ii) outstanding Convertible Bonds entitling the holders to convert into up to 138,650,963 Shares. If all of the subscription rights attaching to such Share Options and the conversion rights attaching to such Convertible Bonds are exercised and Shares are allotted and issued pursuant to such exercises on or before the Record Date, the maximum number of issued Shares will be increased to 3,296,689,262 Shares and the maximum number of Rights Shares which may be issued pursuant to the Rights Issue will be increased to 470,955,608 Rights Shares.

Other than the Share Options and the Convertible Bonds, there are no other securities in issue which are convertible into Shares.

1.2. Qualifying Shareholders

The Company will send: (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus, for information only, to the Excluded Overseas Shareholders.

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares must be lodged (together with the relevant share certificate(s)) with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Monday, 17 November 2014. In Hong Kong, it is expected that the last day of dealings in the Shares on a cum-rights basis is Thursday, 13 November 2014 and the Shares will be dealt with on an ex-rights basis from Friday, 14 November 2014.

CDP Depositors who are entitled to participate in the Rights Issue should each receive a letter from the CDP, for and on behalf of the Company, setting out, amongst other things, the procedures for acceptance and payment, together with the relevant application form for the subscription for Rights Shares and the form of acceptance for excess Rights Shares.

1.3. Excluded Overseas Shareholders

If there are Overseas Shareholders at the close of business on the Record Date, the Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Directors will make enquiries, to be based on legal opinions provided by legal advisers if the Directors consider it necessary, as to whether the issue of Rights Shares to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange.

If, after making such enquiry, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to such Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Overseas Shareholders. Further information in this connection will be set out in the Prospectus.

The Prospectus Documents are not currently intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong and Bermuda (if registration or filing in Bermuda is required).

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Overseas Shareholders to be sold in the open market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid *pro rata* to the relevant Excluded Overseas Shareholders in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for its own benefit.

1.4. Subscription Price

HK\$11.10 per Rights Share is payable in full when provisional allotment of the Rights Shares is accepted or excess Rights Shares are applied for.

The Subscription Price represents:

- (i) the closing price per Share of HK\$11.10 as quoted on the Hong Kong Stock Exchange on Wednesday, 22 October 2014, being the last trading day prior to the date of this announcement;
- (ii) the theoretical ex-rights price of HK\$11.10 per Share based on the closing price per Share as quoted on the Hong Kong Stock Exchange on Wednesday, 22 October 2014; and
- (iii) a discount of approximately 0.6% to the average of the closing prices per Share as quoted on the Hong Kong Stock Exchange for the last ten trading days prior to and including Wednesday, 22 October 2014 of approximately HK\$11.17.

Each Rights Share has a par value of HK\$1.00.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriters. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date.

The Directors (including the independent non-executive Directors) consider the Subscription Price to be fair and reasonable and to be in the interests of the Company and the Shareholders as a whole.

1.5. Status of the Rights Shares

The Rights Shares, when fully-paid and issued, will rank *pari passu* in all respects with the Shares then in issue, including the right to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.

1.6. Share certificates

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post on or before Monday, 22 December 2014 at their own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted by ordinary post on or before Monday, 22 December 2014 to the applicants at their own risk.

1.7. Closure of Register of Members

The Register of Members will be closed from Tuesday, 18 November 2014 to Thursday, 20 November 2014, both dates inclusive. No transfers of Shares will be registered during this period.

1.8. Fractions of Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the proceeds for its own benefit. Any unsold fractions of Rights Shares will be available for excess application.

1.9. Application for excess Rights Shares

The Qualifying Shareholders may apply for any unsold entitlements of the Excluded Overseas Shareholders, any unsold Rights Shares created by adding together fractions of Rights Shares, and any Rights Shares provisionally allotted but not accepted.

Application may be made by completing a prescribed form of application for excess Rights Shares. The Board will allocate the excess Rights Shares at its discretion on a fair and reasonable basis on the following principles:

- (i) preference may be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse this mechanism; and
- (ii) subject to availability of excess Rights Shares after allocation under principle (i) above, any further remaining excess Rights Shares will be allocated to applicants in proportion to the number of excess Rights Shares being applied for under each application and rounded up to the nearest share.

The Board would like to note that, in relation to application for excess Rights Shares, where Shares are held by a Registered Nominee, the Beneficial Owners of those Shares should note that the Board will regard such Registered Nominee as a single Shareholder. Accordingly, the arrangements regarding allocation of excess Rights Shares will not be extended to the Beneficial Owners individually. Beneficial Owners who hold Shares through a Registered Nominee are advised to consider whether they would like to arrange for the registration of their Shares in their own names. Beneficial Owners who wish to arrange for the registration of their Shares in their own names must lodge all necessary documents with the Company's branch share registrar in Hong Kong for completion of the relevant registration by 4:30 p.m. on Monday, 17 November 2014.

1.10. Application for listing

The Company will apply to the Listing Committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms and to the SGX-ST for the listing of, and permission to deal in, the Rights Shares, in their fully-paid form.

The Rights Shares in their nil-paid form will be traded in board lots of 2,000 Rights Shares on the Hong Kong Stock Exchange and in board lots of 2,000 Rights Shares on the SGX-ST. Dealings in the Rights Shares, in both their nil-paid and fully-paid forms, in Hong Kong will be subject to the payment of stamp duty.

1.11. Underwriting Arrangements for the Rights Issue

(a) Subscription undertakings

Each of the Covenantors has irrevocably and severally undertaken to the Company and the Underwriters that: (i) the Shares beneficially owned by it as at the date of the Irrevocable Undertaking will remain so owned from the date of the Irrevocable Undertaking up to the close of business on the Record Date (the aggregate number of Shares so owned by the Covenantors is 1,748,103,321 Shares); (ii) it will subscribe or procure the subscription for its entitlement to the Rights Shares provisionally allotted to it pursuant to the terms of the Rights Issue in respect of those Shares beneficially owned by it on the date of the Irrevocable Undertaking and lodge with the Company acceptance in respect of such Rights Shares provisionally allotted to it, with payment in full therefor in cash; and (iii) it will not dispose of or transfer its beneficial interests in any of the Shares beneficially owned by it as at the date of the Irrevocable Undertaking from the date of the Irrevocable Undertaking up to and including the Record Date.

(b) *Underwriting Agreement*

Issuer	:	The Company
Underwriters	:	Baylite (as to 40% of the underwriting commitment) and Trendfield (as to 60% of the underwriting commitment), each a member of the Kuok Group
Number of Rights Shares underwritten	:	not less than 197,770,217 Rights Shares, being the minimum number of Rights Shares under the Rights Issue, after excluding the 249,729,040 Rights Shares to be subscribed by the Covenantors pursuant to the Irrevocable Undertaking
Commission	:	One (1) per cent. of the aggregate Subscription Price of the Rights Shares underwritten, which (subject to the Underwriting Agreement becoming unconditional and the Rights Issue having been completed) shall be paid in cash as soon as reasonably practicable after the latest time for acceptance of the Rights Shares

If all the subscription rights attaching to the outstanding Share Options and the conversion rights attaching to the outstanding Convertible Bonds are exercised in full on or prior to the Record Date, and Shares are allotted and issued pursuant to such exercises on or before the Record Date, the maximum number of Rights Shares to be underwritten by the Underwriters under the Underwriting Agreement shall be 221,226,568 Rights Shares.

The Underwriters may, in their absolute discretion, re-arrange or adjust the proportion of underwriting commitments under the Underwriting Agreement between themselves and shall forthwith notify the Company of such variation.

The terms of the underwriting commission pursuant to the terms of the Underwriting Agreement are on normal commercial terms and were arrived at after arms' length negotiations between the Company and the Underwriters.

(c) *Conditions of the Underwriting Agreement*

The Underwriting Agreement is conditional upon fulfilment (or waiver by the Underwriters in respect of the condition set out in sub-paragraphs (iv) and (viii) below) of the following on or before the Latest Time for Termination:

- (i) the filing and registration of all relevant documents with the Registrar of Companies in Bermuda and the Registrar of Companies in Hong Kong, respectively (if required);
- (ii) the Listing Committee of the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms;

- (iii) either (i) the Company fulfilling all the requirements prescribed by the SGX-ST, or (ii) if listing application to the SGX-ST is made, the SGX-ST granting approval in-principle for, the listing of, and quotation for, the Rights Shares, in their fully-paid form;
- (iv) the compliance by the Company with its obligations under the Underwriting Agreement in relation to, among other things, the compliance with the terms and conditions of the Rights Issue, the despatch of the Prospectus Documents to the Qualifying Shareholders and the delivery of condition precedents to the Underwriters;
- (v) delivery by each of the Covenantors to the Company and the Underwriters the duly executed Irrevocable Undertaking;
- (vi) compliance by each of the Covenantors of the terms of the Irrevocable Undertaking on or before the latest date for acceptance of provisional allotments of the Rights Shares;
- (vii) the obtaining of all requisite consents and approvals from the relevant regulatory authorities (except for the approval from the Hong Kong Stock Exchange referred to in sub-paragraph (ii) above or the approval in-principle from the SGX-ST referred to in sub-paragraph (iii) above) in connection with the Rights Issue and the obligations to be performed under the Underwriting Agreement on or before the Record Date; and
- (viii) the warranties given by the Company to the Underwriters in the Underwriting Agreement remaining true and accurate in all material respects at all times on or before the Latest Time for Termination.

(d) Termination of the Underwriting Agreement

The Underwriters may terminate the arrangements set out in the Underwriting Agreement, the right of which is exercisable by the Underwriters by notice in writing to the Company at any time prior to the Latest Time for Termination, if there occurs (among other things):

- (i) any new law or regulation or any change in existing laws or regulations (or any change in the interpretation or application thereof by any court or other competent authority) in Hong Kong or any other place in which any member of the Group conducts or carries on business;**
- (ii) any change in, or any event or series of events resulting or likely to result in any change in, local, national or international financial, political, military, industrial, economic, currency or (whether or not of the same nature with any of the foregoing) market conditions; or**

- (iii) any change in the conditions of local, national or international securities markets (including but without limitation, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Hong Kong Stock Exchange or the SGX-ST owing to exceptional financial circumstances or otherwise),

which, in the reasonable opinion of the Underwriters:

- (1) has or will have a material adverse effect on the Company or the Group or the Rights Issue; or
- (2) has or will have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up; or
- (3) makes it inadvisable or inexpedient for the Company to proceed with the Rights Issue.

Upon the giving of notice of termination, all obligations of the Underwriters under the Underwriting Agreement shall cease and terminate and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement.

If the Underwriters terminate the Underwriting Agreement, the Rights Issue will not proceed.

1.12. Conditions of the Rights Issue

The Rights Issue is conditional upon the obligations of the Underwriters under the Underwriting Agreement becoming unconditional on or before the Latest Time for Termination and the Underwriting Agreement not being terminated in accordance with its terms and conditions as referred to under the sub-section headed “Termination of the Underwriting Agreement” above.

If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES

In Hong Kong, it is expected that the Shares will be dealt in on an ex-rights basis from Friday, 14 November 2014 and dealings in the Rights Shares in the nil-paid form will take place from 9:00 a.m. on Wednesday, 26 November 2014 to 4:00 p.m. on Wednesday, 3 December 2014 (both days inclusive). If the conditions of the Rights Issues are not fulfilled on or before the Latest Time for Termination, or the Underwriting Agreement is terminated, the Rights Issue will not proceed and the Rights Issue will lapse.

Any dealings in Shares from now up to the date on which all conditions to which the Rights Issue is subject are fulfilled, or in the Rights Shares in nil-paid form on the Hong Kong Stock Exchange and the SGX-ST during the period in which they may be traded in their nil-paid form, will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders or potential investors may want to obtain professional advice from their advisers regarding dealings in Shares or nil-paid Rights Shares during these periods.

1.13. Expected Timetable for the Rights Issue

The expected timetable for Shareholders who are Qualifying Shareholders and who are not CDP Depositors in respect of the Rights Issue is set out below:

(All times in this timetable refer to Hong Kong time)

- Last day of dealings in Shares on a cum-rights basis. Thursday, 13 November 2014
- First day of dealings in Shares on an ex-rights basis Friday, 14 November 2014
- Latest time for lodging transfers of Shares in order to qualify for the Rights Issue 4:30 p.m. on Monday, 17 November 2014
- Closure of Register of Members Tuesday, 18 November 2014 to Thursday, 20 November 2014
- Record Date. Tuesday, 18 November 2014
- Register of Members re-opens. Friday, 21 November 2014
- Despatch of the Prospectus Documents by ordinary post. Monday, 24 November 2014
- First day of dealings in nil-paid Rights Shares 9:00 a.m. on Wednesday, 26 November 2014
- Latest time for splitting of nil-paid Rights Shares 4:30 p.m. on Friday, 28 November 2014
- Last day of dealings in nil-paid Rights Shares. 4:00 p.m. on Wednesday, 3 December 2014
- Latest time for acceptance of the Rights Shares as well as application for excess Rights Shares and payment of consideration therefor 4:00 p.m. on Monday, 15 December 2014

Latest time for Rights Issue and Underwriting Agreement to become unconditional	4:00 p.m. on Thursday, 18 December 2014
Announcement of results of acceptance of the Rights Issue	Friday, 19 December 2014
Despatch of refund cheques in respect of wholly or partially unsuccessful excess applications by ordinary post.	Monday, 22 December 2014
Despatch of certificates for fully-paid Rights Shares by ordinary post.	Monday, 22 December 2014
Commencement of dealings in fully-paid Rights Shares	Tuesday, 23 December 2014

The expected timetable for Shareholders who are Qualifying Shareholders and CDP Depositors in respect of the Rights Issue will be finalised and announced in due course. If upon such expected timetable being finalised, this results in any consequential revisions required to the above timetable, any such revisions will be announced.

2. CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Rights Issue assuming: (i) that there is no change in the shareholding structure of the Company from the date of this announcement to immediately before completion of the Rights Issue; and (ii) that the only change in the shareholding structure of the Company from the date of this announcement to immediately before completion of the Rights Issue is on account of the exercise of all the subscription rights attaching to the outstanding Share Options and the conversion rights attaching to the outstanding Convertible Bonds on or before the Record Date:

Scenario 1 – Assuming all the Rights Shares are fully subscribed for by the Qualifying Shareholders

	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming no outstanding Share Option is exercised and no outstanding Convertible Bond is converted on or before completion of the Rights Issue)		Immediately after completion of the Rights Issue (assuming all the outstanding Share Options are exercised and all the outstanding Convertible Bonds are converted on or before the Record Date)	
	<i>No. of Shares</i> <i>'000</i>	<i>%</i>	<i>No. of Shares</i> <i>'000</i>	<i>%</i>	<i>No. of Shares</i> <i>'000</i>	<i>%</i>
(1) The Underwriters	229,166	7.32	261,904	7.32	261,904	6.95
(2) The Covenantors (other than (1) above)	1,518,937	48.49	1,735,928	48.49	1,735,928	46.07
(3) Other members of the Kuok Group (other than (1) and (2) above)	243,473	7.77	278,255	7.77	279,763	7.43
Total number of Shares held by the Kuok Group ((1) + (2) + (3))	1,991,576	63.58	2,276,087	63.58	2,277,595	60.45
(4) Directors (other than the Directors covered in (3) above)	129,352	4.13	147,831	4.13	150,454	3.99
(5) Other Shareholders	1,011,567	32.29	1,156,076	32.29	1,339,596	35.56
Total	3,132,495	100.00	3,579,994	100.00	3,767,645	100.00

Scenario 2 – Assuming no Qualifying Shareholders other than the Covenantors subscribe for Rights Shares

	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming no outstanding Share Option is exercised and no outstanding Convertible Bond is converted on or before completion of the Rights Issue)		Immediately after completion of the Rights Issue (assuming all the outstanding Share Options are exercised and all the outstanding Convertible Bonds are converted on or before the Record Date)	
	No. of Shares '000	%	No. of Shares '000	%	No. of Shares '000	%
(1) The Underwriters	229,166	7.32	459,674	12.84	483,131	12.82
(2) The Covenantors (other than (1) above)	1,518,937	48.49	1,735,928	48.49	1,735,928	46.07
(3) Other members of the Kuok Group (other than (1) and (2) above)	243,473	7.77	243,473	6.80	244,793	6.50
Total number of Shares held by the Kuok Group ((1) + (2) + (3))	1,991,576	63.58	2,439,075	68.13	2,463,852	65.39
(4) Directors (other than the Directors covered in (3) above)	129,352	4.13	129,352	3.61	131,647	3.50
(5) Other Shareholders	1,011,567	32.29	1,011,567	28.26	1,172,146	31.11
Total	3,132,495	100.00	3,579,994	100.00	3,767,645	100.00

Notes to scenario 1 and scenario 2 above:

- (a) As at the date of this announcement, the Company has outstanding Share Options to subscribe for up to an aggregate of 25,543,500 Shares, all of which can be freely exercised on or before the Record Date.
- (b) As at the date of this announcement, the Directors have holdings in Share Options to subscribe for 2,645,500 Shares. These Share Options form part of the Share Options mentioned in note (a) above.
- (c) As at the date of this announcement, the Company has outstanding Convertible Bonds to convert into up to an aggregate of 138,650,963 Shares, all of which can be freely exercised on or before the Record Date.
- (d) The shareholding of the Directors set out in item (4) in the tables above is based on the disclosure notice made pursuant to Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) received by the Company.

3. REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS OF THE RIGHTS ISSUE

The Directors consider it appropriate for the Company to pursue the fund raising opportunity through the Rights Issue on a fully underwritten basis and on a basis which will allow all Qualifying Shareholders to participate in the Rights Issue in proportion to their shareholdings.

The estimated net proceeds of the Rights Issue will be approximately HK\$4,937.0 million (assuming none of the subscription rights attaching to the outstanding Share Options and the conversion rights attaching to the outstanding Convertible Bonds is exercised on or before the Record Date) or approximately HK\$5,195.0 million (assuming all the subscription rights attaching to the outstanding Share Options and the conversion rights attaching to the outstanding Convertible Bonds are exercised on or before the Record Date). The Company intends to use a substantial part of the net proceeds from the Rights Issue, being approximately HK\$3,900.0 million, to repay the Group's bank loans to save interest costs. The remaining net proceeds will be used as general working capital and to fund capital expenditures for on-going hotels, composite and investment properties development projects. The Group will, however, subsequently and progressively continue to draw down bank loans to fund its on-going development projects.

The Directors believe that it is in the interests of the Group and the Shareholders to enlarge the capital base of the Company through the Rights Issue in order to support the continuing development of the Group's existing business.

The Company has not engaged in any rights issues or similar fund raising activities in the past 12 months.

4. ADJUSTMENTS TO THE SUBSCRIPTION PRICE OF THE SHARE OPTIONS AND/OR THE NUMBER OF SHARES TO BE SUBSCRIBED FOR UNDER THE SHARE OPTIONS

Pursuant to the two share option schemes of the Company, the issuance of the Rights Shares is an event which may cause an adjustment to the subscription prices and/or the number of Shares to be issued under the outstanding Share Options. Holders of such Share Options will be notified of the adjustments (if any) in due course.

5. ADJUSTMENTS TO THE CONVERSION PRICE OF THE CONVERTIBLE BONDS

As at the date of this announcement, the Company has outstanding Convertible Bonds entitling holders to convert into Shares. As a result of the Rights Issue, the conversion price of Shares which would fall to be issued upon exercise of the conversion rights attached to the outstanding Convertible Bonds may be adjusted in accordance with the terms and conditions of the outstanding Convertible Bonds. The Company will notify the holders of the Convertible Bonds of the appropriate adjustments (if any).

6. IMPLICATIONS UNDER THE LISTING RULES

Each of Baylite and Trendfield is a wholly owned subsidiary of KSL and Kuok Brothers, respectively. Under the Listing Rules, each of them is regarded as a connected person of the Company. The terms of the Underwriting Agreement (including the terms of payment of the underwriting commission) constitute a connected transaction under Chapter 14A of the Listing Rules. The subscription for the Rights Shares by the Underwriters pursuant to the terms of the Underwriting Agreement is exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.92(2)(b) of the Listing Rules. In respect of the payment of the underwriting commission by the Company to the Underwriters pursuant to the terms of the Underwriting Agreement, as one or more of the applicable percentage ratios exceeds 0.1% but is less than 5%, the payment of the underwriting commission by the Company is subject to the announcement and reporting requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) take the view that the payment of the underwriting commission by the Company to the Underwriters pursuant to the terms of the Underwriting Agreement is in the ordinary and usual course of business of the Company and believe that the terms of the underwriting commission are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole. In view of his deemed interest in Kuok Brothers, Mr. KUOK Khoon Chen has abstained from voting on the resolutions. The Board confirms that, save for Mr KUOK Khoon Chen, none of the Directors had a material interest in the payment of the underwriting commission pursuant to the Underwriting Agreement, and accordingly, none of such Directors was required to abstain from voting on the resolutions in relation thereto.

The Rights Issue will be carried out in compliance with Rule 7.21(1) of the Listing Rules. Under the Listing Rules, Shareholders' approval is not required for the Rights Issue.

7. GENERAL

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 principal assets owned by the Group in the PRC include China World Trade Centre Limited, which is a company owned as to 50% by the Group and the remaining 50% by China Shimao Investment Co. Ltd. ("**China Shimao**"). China World Trade Centre Limited owns various assets located in Beijing including the China World Hotel and the Traders Hotel, and its subsidiary, China World Trade Centre Company Limited, owns the China World Trade Centre Tower III in Beijing where the China World Summit Wing is located.

The Company has, through a wholly-owned subsidiary, entered into an agreement on 15 July 2014 with China Shimao in respect of the extension of the end of the joint venture term of China World Trade Centre Limited from 29 August 2038 to 29 August 2052. The extension of the joint venture term has been approved by the relevant authorities in the PRC on 26 September 2014.

The Company's subsidiaries are also the registered proprietors of various trademarks and service marks in various countries, including the brand names "Shangri-La", "Traders", "Rasa", "Hotel Jen", "Summer Palace" and "Shang Palace" and related devices and logos.

Baylite is an investment holding company incorporated in the British Virgin Islands, and is a wholly-owned subsidiary of KSL. Trendfield is an investment holding company incorporated in the British Virgin Islands, and is a wholly-owned subsidiary of Kuok Brothers.

It is expected that copies of the Prospectus for the Rights Issue, the provisional allotment letter and the form of application for excess Rights Shares will be despatched to each Qualifying Shareholder on or about Monday, 24 November 2014. Copies of the Prospectus for the Rights Issue are also expected to be despatched to the Excluded Overseas Shareholders on or about Monday, 24 November 2014 for their information only.

8. TRADING HALT AND RESUMPTION OF TRADING

Trading in the Shares was halted on the Hong Kong Stock Exchange and the SGX-ST from 9:00 a.m. on Thursday, 23 October 2014 at the request of the Company pending the publication of this announcement. Application will be made by the Company for the resumption of trading in the Shares on the Hong Kong Stock Exchange and the SGX-ST with effect from 9:00 a.m. on Friday, 24 October 2014.

9. DEFINITIONS

In this announcement, the following expressions have the following meanings unless otherwise specified:

"Baylite"	Baylite Company Limited, a company incorporated under the laws of the British Virgin Islands
"Beneficial Owner(s)"	any beneficial owner(s) of Shares whose Shares are registered in the name of a Registered Nominee
"Board"	the board of Directors or, where the context requires, a duly constituted committee of the board of Directors
"Business Day"	a day on which the Hong Kong Stock Exchange and the SGX-ST is open for dealings
"CDP"	The Central Depository (Pte) Limited, which is the securities clearing and depository house of the SGX-ST
"CDP Depositors"	persons with Shares entered against their names on the register of depositors maintained by the CDP

“Company”	Shangri-La Asia Limited, an exempted company incorporated in Bermuda with limited liability and the Shares of which have a primary listing on the Main Board of the Hong Kong Stock Exchange and a secondary listing on the SGX-ST
“Convertible Bonds”	the US\$500,000,000 zero coupon guaranteed convertible bonds due 2016 issued by Newford Capital Limited pursuant to a subscription agreement dated 7 April 2011 and entered into between the Company, Newford Capital Limited, BOCI Asia Limited and The Hongkong and Shanghai Banking Corporation Limited, entitling the holders of such convertible bonds to convert into Shares
“Covenantors”	Ace Time Holdings Limited, Alpha Model Limited, Ban Thong Company Limited, Baylite, Bright Magic Investments Limited, Caninco Investments Limited, Darmex Holdings Limited, Dublin Investments Holdings Ltd., Hummick Investments Limited, Kerry Holdings Limited, Marsser Limited, Nishikara Investments Limited, Noblespirit Corporation, Paruni Limited and Trendfield, each being a member of the Kuok Group
“Directors”	the directors of the Company
“Excluded Overseas Shareholders”	the Overseas Shareholders whom the Board, after making enquiries, considers it necessary or expedient not to offer Rights Shares to, on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“form of application for excess Rights Shares”	the form of application for excess Rights Shares for Qualifying Shareholders
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Irrevocable Undertaking”	the irrevocable undertaking dated 22 October 2014 given by each of the Covenantors in favour of the Company and the Underwriters
“KSL”	Kuok (Singapore) Limited, a company incorporated under the laws of Singapore
“Kuok Brothers”	Kuok Brothers Sdn Berhad, a company incorporated under the laws of Malaysia
“Kuok Group”	companies owned and/or controlled by Mr Kuok Hock Nien and/or interests associated with him
“Latest Time for Termination”	4:00 p.m. on Thursday, 18 December 2014 (or such later time and date as determined and announced by the Company), being the latest time and date on which the Underwriting Agreement can be terminated by the Underwriters pursuant to the terms and conditions therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Overseas Shareholders”	the Shareholders with registered addresses (as shown in the Register of Members on the Record Date) which are outside Hong Kong
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, the provisional allotment letter and the form of application for excess Rights Shares
“provisional allotment letter”	the provisional allotment letter for Qualifying Shareholders
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Overseas Shareholder(s), whose name(s) appear(s) on the Register of Members at the close of business on the Record Date
“Record Date”	Tuesday, 18 November 2014 (or such other date as the Underwriters may agree in writing with the Company), being the date of reference to which entitlements to the Rights Issue are expected to be determined

“Register of Members”	any of the principal register of members of the Company in Bermuda and the branch register of members of the Company in Hong Kong
“Registered Nominee”	a nominee (including HKSCC Nominees Limited) whose name appears on the Register of Members
“Rights Issue”	the issue by way of rights of not less than 447,499,257 Rights Shares and not more than 470,955,608 Rights Shares in the proportion of one (1) Rights Share for every seven (7) Shares held on the Record Date at the Subscription Price payable in full on acceptance
“Rights Share(s)”	new Share(s) of HK\$1.00 each to be allotted and issued under the Rights Issue
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) of HK\$1.00 each in the share capital of the Company
“Share Options”	options granted by the Company under the share option schemes adopted by the Company on 24 May 2002 and 28 May 2012, respectively, entitling the holders of such options to subscribe for Shares
“Shareholder(s)”	holder(s) of Share(s) as recorded on the Register of Members
“Subscription Price”	HK\$11.10 per Rights Share
“subsidiary”	has the meaning ascribed to it in section 15 of the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong)
“Trendfield”	Trendfield Inc., a company incorporated under the laws of the British Virgin Islands
“Underwriters”	Baylite and Trendfield, each being a member of the Kuok Group
“Underwriting Agreement”	the underwriting agreement dated 22 October 2014 entered into between the Company and the Underwriters in relation to the Rights Issue
“US” or “United States”	the United States of America, its territories and possessions, any State of the United States, and the District of Columbia

“US Securities Act” the US Securities Act of 1933, as amended

“US\$” US dollar(s), the lawful currency of the US

By Order of the Board of
Shangri-La Asia Limited
KUOK Khoon Chen
Chairman

Hong Kong, 23 October 2014

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the document have been arrived at after due and careful consideration and there are no other facts not contained in the document, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the Directors of the Company are:

Executive Directors

Mr KUOK Khoon Chen (*Chairman*)
Mr LUI Man Shing
Mr Madhu Rama Chandra RAO
Mr Gregory Allan DOGAN

Independent non-executive Directors

Mr Alexander Reid HAMILTON
Mr Timothy David DATTELS
Mr WONG Kai Man
Professor LI Kwok Cheung Arthur

Non-executive Directors

Mr HO Kian Guan
Mr HO Kian Hock (*alternate to Mr HO Kian Guan*)