

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
ENTERING INTO HOTEL MANAGEMENT AGREEMENTS

On 26 June 2014, SLIM-HK (a wholly owned subsidiary of the Company) and each of (i) Nanjing Project Co (a PRC company ultimately owned as to 55% by the Company and 45% by KPL) and (ii) Tianjin Project Co (a PRC company ultimately owned as to 20% by the Company, 49% by KPL and 31% by Allgreen) entered into a Hotel Management Agreement, pursuant to which SLIM-HK will provide Hotel Management Services to the Hotels which are owned by the Project Cos.

The Project Cos are associates of KPL which is a subsidiary of KGL, and KGL in turn is a substantial shareholder of the Company. One of the Project Cos (being Tianjin Project Co) is also an associate of Allgreen which is an associate of KGL, and a substantial shareholder of a non-wholly owned subsidiary of the Company. Accordingly, the Projects Cos are connected persons of the Company and the entering into of the Hotel Management Agreements constitute continuing connected transactions for the Company under the Listing Rules.

As the total amount of Fees under the Caps exceed 0.1% but are less than 5% of the applicable Percentage Ratios, in respect of SLIM-HK's entering into of the Hotel Management Agreements, the entering into of the Hotel Management Agreements is subject to announcement and reporting requirements but is exempt from independent shareholders' approval requirement. Details of the Hotel Management Agreements and the actual amount of the Fees will be disclosed in the future annual reports and financial statements of the Company in accordance with the Listing Rules.

INTRODUCTION

On 26 June 2014, SLIM-HK and each of the Project Cos entered into a Hotel Management Agreement pursuant to which SLIM-HK will provide Hotel Management Services to the Hotels which are owned by the Project Cos.

MAIN TERMS OF THE HOTEL MANAGEMENT AGREEMENTS

Date: 26 June 2014

Hotel: Shangri-La Hotel, Nanjing

Shangri-La Hotel, Tianjin

Parties: (i) SLIM-HK (as manager) (i) SLIM-HK (as manager)
(ii) Nanjing Project Co (as owner) (ii) Tianjin Project Co (as owner)

Services: SLIM-HK will provide Hotel Management Services for each of the Hotels

Term: The operating term of the Hotel Management Agreements shall commence from the date of hotel opening and end on its third anniversary. SLIM-HK has the right to decide whether the term shall be renewed for another consecutive 3-year term provided that the entire term of the Hotel Management Agreements shall not be longer than 20 years. The Company will comply with the relevant requirements under the Listing Rules if the Hotel Management Agreement is renewed.

Fees: The Fees for the provision of Hotel Management Services for each of the Hotels mainly comprise:

- Base management fee – a fixed percentage of the gross operating revenue of the Hotel per annum for hotel management services
- Marketing fee – a fixed percentage of the gross operating revenue of the Hotel per annum for on-going marketing services
- Reservation fees – a fixed amount per net booking for reservation services provided by SLIM-HK

EXPECTED MAXIMUM ANNUAL AGGREGATE AMOUNTS OF THE FEES

Based on the terms of the Hotel Management Agreements, the expected occupancy of each of the Hotels and taking into account possible inflation and reasonable buffer to allow for increase in room rate and occupancy of each of the Hotels, the Board expects that the annual aggregate amount of the Fees for each of the following financial years will not exceed the following respective Cap:

<u>Financial year ending</u>	<u>Cap for Shangri-La Hotel, Nanjing (US\$)</u>	<u>Cap for Shangri-La Hotel, Tianjin (US\$)</u>
31 December 2014	310,000	500,000
31 December 2015	1,700,000	1,100,000
31 December 2016	2,100,000	1,900,000
31 December 2017 (for the entire year assuming the Hotel Management Agreement will be renewed upon expiry of the initial 3-year term)	2,600,000	2,100,000

Note: In the event the Hotel Management Agreement is not then renewed, the Cap for the year of 2017 will be up to the third anniversary of the date of hotel opening, and will be the proportionate amount of the above stated Cap.

The terms of each of the Hotel Management Agreements were arrived at after arms' length negotiations between SLIM-HK and each of the Project Cos. If any of the Caps stated above is exceeded, the Company will re-comply with the requirements under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFIT OF ENTERING INTO THE HOTEL MANAGEMENT AGREEMENTS

As mentioned in the joint announcements of the Company and KPL dated 1 June 2006 and 24 September 2008 respectively, amongst other things, the joint investment and development with KPL and/or Allgreen for the Project Cos, the Group will contribute to such development in terms of its experience, expertise and standing in the hotel industry to bring better prospects, success and enhanced shareholders' value for the project undertaken by the Project Cos. SLIM-HK's expertise and principal business activities are the provision of hotel management services. Accordingly, it is in the interests of the Company, through SLIM-HK, to enter into the Hotel Management Agreements.

The Directors (including the independent non-executive Directors) take the view that the entering into of the Hotel Management Agreements is in the ordinary and usual course of business of the Group and believe that the Hotel Management Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Board confirms that none of the Directors had material interest in the Hotel Management Agreements and accordingly none of such Directors was required to abstain from voting on the resolutions in relation to the entering into the Hotel Management Agreements.

INFORMATION ABOUT THE GROUP, SLIM-HK AND THE PROJECT COS

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", "Traders", "Rasa", "Summer Palace" and "Shang Palace" and related devices and logos.

The principal activities of SLIM-HK are the provision of management, marketing, reservation, consultancy and project management services to hotels.

The principal activities of each of the Project Cos are the ownership and development of the projects located at their respective locations, namely, Nanjing and Tianjin, which all include the development of a hotel.

IMPLICATIONS UNDER THE LISTING RULES

The Project Cos are associates of KPL which is a subsidiary of KGL, and KGL in turn is a substantial shareholder of the Company. One of the Project Cos (being Tianjin Project Co) is also an associate of Allgreen which is an associate of KGL, and a substantial shareholder of a non-wholly owned subsidiary of the Company. Accordingly, the Project Cos are connected persons of the Company and the entering into of the Hotel Management Agreements constitute continuing connected transactions for the Company under the Listing Rules.

As the total amount of Fees under the Caps exceed 0.1% but are less than 5% of the applicable Percentage Ratios, in respect of SLIM-HK's entering into of the Hotel Management Agreements, the entering into of the Hotel Management Agreements is subject to announcement and reporting requirements but is exempt from independent shareholders' approval requirement. Details of the Hotel Management Agreements and the actual amount of the Fees will be disclosed in the future annual reports and financial statements of the Company in accordance with the Listing Rules.

DEFINITIONS

“Allgreen”	Allgreen Properties Limited, a company incorporated in Singapore with limited liability, and is an associate of KGL
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Cap(s)”	the expected maximum annual aggregate amount(s) of the Fees payable to the Group pursuant to the terms of the Hotel Management Agreements
“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 the Stock Exchange with secondary listing on the Singapore Exchange Securities Trading Limited
“connected person”	has the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company
“Fees”	the fees payable by each of the Project Cos to SLIM-HK and/or the Group for the Hotel Management Services under the Hotel Management Agreement(s)
“Group”	the Company and its subsidiaries
“Hotel(s)”	Shangri-La Hotel, Nanjing and Shangri-La Hotel, Tianjin
“Hotel Management Agreement(s)”	the hotel management agreement(s) entered into between each of the Project Cos as hotel owner and SLIM-HK as hotel manager for the provision of Hotel Management Services to the Hotel(s)
“Hotel Management Services”	hotel management services to be provided by SLIM-HK in accordance with the Hotel Management Agreement(s) including the provision of hotel management, marketing and reservation services
“KGL”	Kerry Group Limited, a substantial shareholder of the Company
“KPL”	Kerry Properties Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Nanjing Project Co”	Ji Xiang Real Estate (Nanjing) Co, Limited 吉祥置業(南京)有限公司, a company incorporated in the PRC and is ultimately owned as to 55% by the Company and 45% by KPL
“Percentage Ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China
“Project Cos”	Nanjing Project Co and Tianjin Project Co
“Shangri-La Hotel, Nanjing”	Shangri-La Hotel, Nanjing, a hotel situated at Gulou District, Nanjing City, Jiangsu Province, PRC and owned by the Nanjing Project Co
“Shangri-La Hotel, Tianjin”	Shangri-La Hotel, Tianjin, a hotel situated at Hedong District, Tianjin, PRC and owned by the Tianjin Project Co
“SLIM-HK”	Shangri-La International Hotel Management Limited, a company incorporated in Hong Kong and is ultimately wholly owned by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“Tianjin Project Co”	Tianjin Kerry Real Estate Development Co, Limited 天津嘉里房地產開發有限公司, a company incorporated in the PRC and is ultimately owned as to 20% by the Company, 49% by KPL and and 31% by Allgreen

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

Hong Kong, 26 June 2014

As at the date hereof, 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 KUOK Khoon Ean
Mr HO Kian Guan
Mr HO Kian Hock (alternate to Mr HO Kian Guan)