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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](http://www.ir.shangri-la.com)

(Stock code: 00069)

**CONNECTED TRANSACTION  
ENTERING INTO PROJECT MANAGEMENT CONSULTANCY SERVICES  
AGREEMENT FOR PROJECT IN JINAN, PRC**

On 23 November 2016, the Management Co (a wholly-owned subsidiary of the Company) and the Jinan Project Co (a PRC company ultimately owned as to 45% by the Company and 55% by KPL) entered into the Project Management Agreement pursuant to which the Jinan Project Co has engaged the Management Co to provide Project Management Consultancy Services for the design and construction of the Project developed by the Jinan Project Co in Jinan, PRC.

The Jinan Project Co is an associate of KPL which is a subsidiary of KHL, and KHL in turn is a substantial shareholder of the Company. Accordingly, the Jinan Project Co is a connected person of the Company and the entering into of the Project Management Agreement constitutes a connected transaction for the Company under the Listing Rules.

As the amount of the Fees exceeds 0.1% but is less than 5% of the applicable Percentage Ratios, the entering into of the Project Management Agreement by the Management Co is subject to announcement and reporting requirements but is exempt from independent shareholders' approval requirement.

**INTRODUCTION**

On 23 November 2016, the Management Co and the Jinan Project Co entered into the Project Management Agreement pursuant to which the Jinan Project Co has engaged the Management Co to provide Project Management Consultancy Services for the design and construction of the Project developed by the Jinan Project Co in Jinan, PRC.

**MAIN TERMS OF THE PROJECT MANAGEMENT AGREEMENT**

**Date:** 23 November 2016

**Parties:** (i) the Management Co  
(ii) the Jinan Project Co

**Services:** Project Management Consultancy Services for the design and construction of the Project developed by the Jinan Project Co

- Project:** A multi-purpose complex with hotel and office together with all related supporting facilities located at Li Xia District, Jinan, PRC
- Term:** Performance of services will end on 31 October 2017 or such other date as may be agreed by the Management Co and the Jinan Project Co.
- Fee:** US\$2,149,418
- Additional fee:** In the event that the Management Co's performance of the Project Management Consultancy Services are extended or prolonged 6 months beyond the time as prescribed in the Project Management Agreement, an additional monthly fee of US\$62,000 shall be paid by the Jinan Project Co to the Management Co during such period as extended or prolonged beyond the said 6 months until the Project is opened to public.
- Reimbursement:** The Management Co shall be reimbursed of the expenses incurred by the Management Co in connection with the Project.
- Payment:** Payment of fees shall be made by progress payment in accordance with the percentage completion of work for each stage.
- Termination right:** Each party has the right to terminate the Project Management Agreement by giving 30 days' prior written notice to the other party.

The terms of the Project Management Agreement were arrived at after arms' length negotiations between the Management Co and the Jinan Project Co.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE PROJECT MANAGEMENT AGREEMENT**

The Management Co is a wholly-owned subsidiary of the Group. One of the principal activities of the Management Co is the provision of hotel management services including, among others, the provision of the Project Management Consultancy Services. The main purpose of the Project Management Agreement is to set out the terms and basis for which the Management Co shall provide the Project Management Services and the related payment terms.

The Directors (including the independent non-executive Directors) take the view that the entering into of the Project Management Agreement is in the ordinary and usual course of business of the Group and believe that the terms of the Project Management Agreement are on normal commercial terms and 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 Project Management Agreement.

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 Project Management Agreement, and accordingly, none of such Directors was required to abstain from voting on the resolutions in relation to the Management Co's entering into the Project Management Agreement.

**INFORMATION ABOUT THE GROUP, THE MANAGEMENT CO AND THE JINAN PROJECT CO**

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 Management Co is a wholly-owned subsidiary of the Group. The principal activities of the Management Co are the provision of hotel management, marketing, communication, reservation, consultancy and other hotel related services.

The Jinan Project Co is a joint venture of the Company and KPL and is a subsidiary of KPL. The principal activities of the Jinan Project Co are the ownership and the development of the Project, which include the development of a hotel, located in Jinan, PRC.

**IMPLICATIONS UNDER THE LISTING RULES**

The Jinan Project Co is an associate of KPL which is a subsidiary of KHL, and KHL in turn is a substantial shareholder of the Company. Accordingly, the Jinan Project Co is a connected person of the Company and the entering into of the Project Management Agreement constitutes a connected transaction for the Company under the Listing Rules.

As the amount of the Fees exceeds 0.1% but is less than 5% of the applicable Percentage Ratios, the entering into of the Project Management Agreement by the Management Co is subject to announcement and reporting requirements but is exempt from independent shareholders’ approval requirement.

**DEFINITIONS**

“associate”	has the meaning ascribed to it in the Listing Rules
“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 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 aggregate fees payable by the Jinan Project Co to the Management Co for the Project Management Consultancy Services under the Project Management Agreement
“Group”	the Company and its subsidiaries

“Jinan Project Co”	Xiang Heng Real Estate (Jinan) Co, Limited 祥恒置業（濟南）有限公司, a company incorporated in the PRC and is ultimately owned as to 45% by the Company and 55% by KPL
“KHL”	Kerry Holdings 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
“Management Co”	Shangri-La International Hotel Management Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Company
“Percentage Ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China
“Project”	A multi-purpose complex with hotel and office together with all related supporting facilities located at Li Xia District, Jinan, PRC, which is being developed by the Jinan Project Co
“Project Management Agreement”	the project management consultancy services agreement dated 23 November 2016 entered into between the Management Co and the Jinan Project Co for the provision of the Project Management Consultancy Services by the Management Co to the Jinan Project Co
“Project Management Consultancy Services”	the project management consultancy services for the design and construction of the Project to be provided by the Management Co to the Jinan Project Co in accordance with the Project Management Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules

By order of the Board of  
**Shangri-La Asia Limited**  
**TEO Ching Leun**  
*Company Secretary*

Hong Kong, 23 November 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)*