

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

(Stock code: 00069)

**CONTINUING CONNECTED TRANSACTION  
HOTEL MANAGEMENT AGREEMENT IN RELATION TO  
SHANGRI-LA HOTEL, SHENYANG**

On 20 June 2013, SLIM-HK (a wholly owned subsidiary of the Company) and JVCo (a company ultimately owned as to 25% by the Company, 60% by KPL and 15% by Allgreen) entered into the Hotel Management Agreement pursuant to which SLIM-HK will provide Hotel Management Services to Shangri-La Hotel, Shenyang, a hotel owned by JVCo.

The JVCo is a connected person of the Company as it is a non-wholly owned subsidiary of KPL and KPL is a connected person of the Company by virtue of it being an associate of KGL (a substantial shareholder of the Company). Accordingly, the entering into of the Hotel Management Agreement between SLIM-HK and JVCo constitutes a continuing connected transaction for the Company under the Listing Rules.

As 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 Agreement, the Company is subject to announcement and reporting requirements but is exempt from independent shareholders' approval requirement. Details of the Hotel Management Agreement 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 20 June 2013, SLIM-HK and JVCo entered into the Hotel Management Agreement pursuant to which SLIM-HK will provide Hotel Management Services to Shangri-La Hotel, Shenyang, a hotel owned by JVCo.

**MAIN TERMS OF THE HOTEL MANAGEMENT AGREEMENT**

**Date of agreement:** 20 June 2013

**Parties:** (i) SLIM-HK (as manager of Shangri-La Hotel, Shenyang), a wholly owned subsidiary of the Company

- (ii) JVCo (as owner of Shangri-La Hotel, Shenyang), a company ultimately owned as to 25% by the Company, 60% by KPL and 15% by Allgreen

**Services:** SLIM-HK will provide Hotel Management Services for Shangri-La Hotel, Shenyang

**Term:** The operating term of the Hotel Management Agreement 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 Agreement as renewed 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 mainly comprise:

- Base management fee – a fixed percentage of the gross operating revenue of Shangri-La Hotel, Shenyang per annum for hotel management services
- Marketing fee – a fixed percentage of the gross operating revenue of Shangri-La Hotel, Shenyang 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 Agreement and the expected occupancy of Shangri-La Hotel, Shenyang and taking into account possible inflation and reasonable buffer to allow for increase in room rate and occupancy of Shangri-La Hotel, Shenyang, 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:

<b>Financial year ending</b>	<b>Cap (US\$)</b>
31 December 2013	700,000
31 December 2014	2,000,000
31 December 2015	2,500,000
31 December 2016 (for the entire year assuming the Hotel Management Agreement will be renewed upon expiry of the initial 3-year term)	2,800,000

*Note: In the event the Hotel Management Agreement is not then renewed, the Cap for the year of 2016 will be up to the third anniversary of the date of hotel opening (expected to be around July 2013), and will be the proportionate amount of the above stated Cap.*

The terms of the Hotel Management Agreement were arrived at after arms' length negotiations between SLIM-HK and JVCo. 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 AGREEMENT**

As mentioned in the joint announcement of the Company and KPL dated 31 December 2010 regarding, amongst other things, the joint investment and development for JVCo, the Group would 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 JVCo. 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 Agreement.

The Directors (including the independent non-executive Directors) take the view that the entering into of the Hotel Management Agreement is in the ordinary and usual course of business of the Group and believe that the Hotel Management Agreement are on normal commercial terms and its terms 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 any material interest in the Hotel Management Agreement and accordingly none of the Directors was required to abstain from voting on the resolutions in relation to the Hotel Management Agreement.

## **INFORMATION ON THE GROUP, SLIM-HK AND JVCO**

The Group is principally engaged in 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 other 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 JVCo are for the development and the operation of a mixed-use project, including Shangri-La Hotel, Shenyang, offices, shopping mall and residences in Shenyang, the PRC.

## **IMPLICATIONS UNDER THE LISTING RULES**

The JVCo is a connected person of the Company as it is a non-wholly owned subsidiary of KPL and KPL is a connected person of the Company by virtue of it being an associate of KGL (a substantial shareholder of the Company). Accordingly, the entering into of the Hotel Management Agreement between SLIM-HK and JVCo constitutes a continuing connected transaction for the Company under the Listing Rules.

As 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 Agreement, the Company is subject to announcement and reporting requirements but is exempt from independent shareholders' approval requirement. Details of the Hotel Management Agreement 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 for specific financial year(s)
“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 JVCo to SLIM-HK and/or the Group for the Hotel Management Services under the Hotel Management Agreement
“Group”	the Company and its subsidiaries
“Hotel Management Agreement”	the hotel management agreement dated 20 June 2013 entered into between JVCo as hotel owner and SLIM-HK as hotel manager for the provision of Hotel Management Services to Shangri-La Hotel, Shenyang
“Hotel Management Services”	hotel management services to be provided by SLIM-HK in accordance with the Hotel Management Agreement including the provision of hotel management, marketing and reservation services
“JVCo”	嘉里(瀋陽)房地產開發有限公司 (Kerry (Shenyang) Real Estate Development Co, Limited), a company incorporated in the PRC and is ultimately owned as to 25% by the Company, 60% by KPL and 15% by Allgreen
“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
“Percentage Ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China

“Shangri-La Hotel, Shenyang”	Shangri-La Hotel, Shenyang, a hotel situated at Shenhe District, Shenyang, the PRC
“SLIM-HK”	Shangri-La International Hotel Management Limited, a company incorporated in Hong Kong, and is a wholly owned subsidiary of the Company
“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  
**Shangri-La Asia Limited**  
**LUI Man Shing**  
*Deputy Chairman*

Hong Kong, 20 June 2013

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

*Executive directors*

*Mr KUOK Khoon Ean (Chairman)*

*Mr LUI Man Shing*

*Mr Madhu Rama Chandra RAO*

*Mr Gregory Allan DOGAN*

*Non-executive directors*

*Mr HO Kian Guan*

*Mr Roberto V ONGPIN*

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

*Independent non-executive directors*

*Mr Alexander Reid HAMILTON*

*Mr Timothy David DATTELS*

*Mr WONG Kai Man*

*Mr Michael Wing-Nin CHIU*

*Professor LI Kwok Cheung Arthur*

*\* For identification purpose only*