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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)

DISCLOSEABLE TRANSACTION ACQUISITION OF A GROUP OF COMPANIES WHICH OWNS THE SHANGRI-LA HOTEL, SYDNEY

The Board announces that, on 22 June 2012, the Purchaser, a wholly owned subsidiary of the Company, and the Vendor entered into the Agreement pursuant to which the Purchaser agreed to acquire from the Vendor the Share in the Target Company. The aggregate payments for the Transactions are A\$330,000,000 (approximately US\$326,700,000) plus a further sum of A\$22,402,389 (approximately US\$22,178,365) for the (consolidated) net current assets of the Target Company which largely comprise of cash (subject to the Adjustments).

As the applicable Percentage Ratios for the Transactions exceed 5% but are less than 25%, the Transactions constitute a discloseable transaction for the Company and are subject to the notification and announcement requirements but are exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that, on 22 June 2012, the Purchaser, a wholly owned subsidiary of the Company, and the Vendor entered into the Agreement pursuant to which the Purchaser agreed to acquire from the Vendor the Share in the Target Company.

THE AGREEMENT

Date: 22 June 2012

Parties: (i) the Purchaser
(ii) the Vendor (to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company)

Interest to be acquired: The Share in the Target Company.

Lilyvale, the Target Company's wholly owned subsidiary, holds the Head Lease and operates the Hotel which is managed by the Manager, a wholly owned subsidiary of the Company.

Aggregate payments: The aggregate payments for the Transactions are A\$330,000,000 (approximately US\$326,700,000) plus a further sum of A\$22,402,389 (approximately US\$22,178,365) for the (consolidated) net current assets of the Target Company which largely comprise of cash (subject to the Adjustments). The aggregate payments comprise:

- (i) A\$133,072,274 (approximately US\$131,741,551) and a further sum of A\$22,402,389 (approximately US\$22,178,365) being the Estimated NCA payable to the Vendor as the Equity Consideration (subject to the Adjustments) for the Share in the Target Company;
- (ii) A\$49,427,726 (approximately US\$48,933,449) payable to the Vendor in full repayment of the Intercompany Balance owed by the Target Company to Vendor; and
- (iii) A\$147,500,000 (approximately US\$146,025,000) payable to Westpac Banking Corporation in full repayment of the outstanding loan facility granted by Westpac Banking Corporation to Lilyvale.

The Deposit of A\$33,000,000 (approximately US\$32,670,000) was paid into escrow upon the execution of the Agreement. The Deposit will be held in escrow pending release to the Vendor on Completion.

If the Agreement is terminated by the Vendor because Completion does not occur or a condition precedent is not satisfied, due to the default of the Purchaser, or if Purchaser is insolvent, the Deposit together with the accrued interest will be released to the Vendor.

If Completion does not occur or a condition precedent is not satisfied for any reason, other than default by the Purchaser, the Deposit will be released to the Purchaser but the accrued interest will be shared by the Purchaser and the Vendor.

The Equity Consideration (subject to the Adjustments) and the amounts under (ii) and (iii) less the Deposit will be paid by the Purchaser on Completion.

The payments for items (ii) and (iii) above were determined based on the face value of the amounts. The Equity Consideration was arrived at based on arm's length negotiation between the Purchaser and the Vendor by reference to the Estimated NCA and the market value of the Hotel less the total outstanding debt of the Target Company and Lilyvale.

Adjustments to the Equity Consideration: The Estimated NCA of the Target Company was A\$22,402,389 (approximately US\$22,178,365) and largely comprise of cash.

Within 110 business days from Completion, the Purchaser and the Vendor shall agree or determine the Completion NCA of the Target Company and the Equity Consideration shall be adjusted by:

- (i) the difference between the Estimated NCA and the Completion NCA; and
- (ii) the interest on such difference at the rate of 2% above the minimum rate of interest charged by Commonwealth Bank of Australia to corporate customers on overdrafts of A\$100,000 or more.

If the Estimated NCA is lower than the Completion NCA, the Purchaser must pay the difference with interest to the Vendor and if the Estimated NCA is higher than the Completion NCA, the Vendor must repay the difference with interest to the Purchaser.

Conditions precedent:

Completion of the Agreement is conditional upon:

- (i) the Treasurer of Australia giving an unconditional approval or an approval subject to conditions to the Acquisition acceptable to the Purchaser acting reasonably, or indicating that there is no objection in terms of the foreign investment policy of the Federal Government to the Acquisition;
- (ii) receipt of each consent required under the Head Lease, each of which is unconditional or subject only to conditions acceptable to the Purchaser, acting reasonably; and
- (iii) receipt of each consent required under the Plant Room Deed, each of which is unconditional or subject only to conditions acceptable to the Purchaser, acting reasonably.

If the conditions precedent are not satisfied or waived on or before the expiry of 4 months from the date of the Agreement or any later date as may be mutually agreed between the Purchaser and the Vendor, either the Purchaser or the Vendor may terminate the Agreement.

The Agreement terminates (i) automatically if the Treasurer of Australia or the regulatory authorities under the Head Lease and the Plant Room Deed object to the Acquisition or (ii) upon Purchaser's notice to the Vendor if the Treasurer of Australia or the regulatory authorities under the Head Lease and the Plant Room Deed impose conditions on the Acquisition unacceptable to the Purchaser acting reasonably.

Completion:

Completion of the Agreement shall be:

the latest of:

- (i) 31 July 2012; and

- (ii) a business day which falls on the last day of a month being no earlier than 10 business days after the last conditions precedent have been satisfied or waived;

or such lesser period of the periods referred to in (i) and (ii) above notified by the Purchaser to the Vendor provided that such period is no earlier than 5 business days after the last conditions precedent have been satisfied and such date is a business day which falls on last day of a month,

or notwithstanding the above such other date as the Vendor and the Purchaser agree before the latest of the above dates.

FINANCIAL EFFECTS OF THE TRANSACTIONS

The funding required by the Purchaser for the Acquisition will be sourced by the Company from its internal cash reserves and/or external bank borrowings. Following completion of the Transactions, the Target Company will become a wholly owned subsidiary of the Company.

REASONS FOR AND BENEFIT OF THE TRANSACTIONS

The Target Company's wholly owned subsidiary holds the Head Lease and operates the Hotel which is managed by the Manager. The Company considers that the Acquisition is a good opportunity for the Company to obtain full control of the Hotel and to strengthen its presence in Australia.

The Directors consider that the terms of the Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ABOUT THE TARGET COMPANY

The principal activities of the Target Company and its subsidiaries are the holding of the Head Lease and the operation of the Hotel.

The audited consolidated net profit before and after taxation and extraordinary items of the Target Company for the year ended 31 March 2011 were A\$5,270,894 (approximately US\$5,218,185) and A\$3,247,909 (approximately US\$3,215,430) respectively while the same for the year ended 31 March 2010 were A\$7,108,328 (approximately US\$7,037,245) and A\$6,018,867 (approximately US\$5,958,678) respectively.

The Purchaser has not been provided with the draft management accounts of the Target Company for the year ended 31 March 2012.

INFORMATION ABOUT THE GROUP, THE PURCHASER AND THE VENDOR

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 Purchaser is a limited company incorporated in Australia whose principal activity is investment holding.

The Vendor is a company with limited liability incorporated in Singapore whose principal activity is investment holding. It is an affiliate of Government of Singapore Investment Corporation Pte Ltd.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable Percentage Ratios for the Transactions exceed 5% but are less than 25%, the Transactions constitute a discloseable transaction for the Company and are subject to the notification and announcement requirements but are exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

“Acquisition”	the acquisition of the Share in the Target Company by the Purchaser from the Vendor pursuant to the Agreement
“Adjustments”	the adjustments of the Equity Consideration
“Agreement”	the share sale agreement dated 22 June 2012 entered into between the Purchaser and the Vendor relating to the Acquisition
“A\$”	Australian dollar
“Board”	the board of Directors
“Company”	Shangri-La Asia Limited, an exempted company incorporated in Bermuda with limited liability, the shares in which are primarily listed on the Main Board of the Stock Exchange with secondary listing on the Singapore Exchange Securities Trading Limited
“Completion”	completion of the Agreement
“Completion NCA”	the NCA of the Target Company as at the Completion
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Deposit”	the deposit of A\$33,000,000 (approximately US\$32,670,000) paid by the Purchaser to the Vendor upon the execution of the Agreement
“Directors”	directors of the Company
“Equity Consideration”	the amounts of cash payment from the Purchaser to the Vendor for acquiring the Share
“Estimated NCA”	the estimated NCA of the Target Company
“Group”	the Company and its subsidiaries
“Head Lease”	the lease of the land on which the Hotel is constructed granted by

Sydney Harbour Foreshore Authority to Lilyvale dated 7 July 1994

“Hotel”	Shangri-La Hotel, Sydney which is located at 176 Cumberland Street, The Rocks, Sydney, NSW 2000, Australia
“Intercompany Balance”	A\$49,427,726 (approximately US\$48,933,449) being the amount owed by the Target Company to the Vendor
“Lilyvale”	Lilyvale Hotel Pty Limited, a limited company incorporated in Australia and wholly owned by the Target Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manager”	Shangri-La Hotels Pty Limited, a limited company incorporated in Australia and wholly owned by the Company
“NCA”	value of the (consolidated) net current assets of the Target Company on Completion
“Percentage Ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules
“Plant Room Deed”	Cahill Expressway Tunnel Extension and Plant Room Deed entered into between Lilyvale, Roads and Maritime Services (NSW) and the Sydney Harbour Foreshore Authority dated 1994
“Purchaser”	Shangri-La Investments (Australia) Pty Limited, a limited company incorporated in Australia and wholly owned by the Company
“Share”	one ordinary share in the Target Company, representing the entire issued share capital therein
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Reco Harbour Grand NSW Pty Limited, a limited company incorporated in Australia
“Transactions”	the transactions contemplated under the Agreement
“Vendor”	Reco Martin Private Limited, a limited company incorporated in Singapore

Amounts denominated in A\$ in this announcement have been converted into US\$ at the rate of A\$1 = US\$0.99 for illustration purpose only.

By order of the board
Shangri-La Asia Limited
KUOK Khoon Ean
Chairman

Hong Kong, 22 June 2012

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*