

# SHANGRI-LA GROUP

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## **Shangri-La Asia Limited**

(Incorporated in Bermuda with limited liability)

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

(Stock code: 00069)

### **CONTINUING CONNECTED TRANSACTION RENEWAL OF HOTEL SERVICES AGREEMENTS IN RELATION TO KERRY HOTEL PUDONG, SHANGHAI**

Reference is made to the 2022 Announcement regarding the renewal of the Hotel Management Agreement entered into between SLIM-HK (as manager) and KHPU (as owner) in relation to the provision of Hotel Management Services by SLIM-HK to the Hotel (a hotel owned by KHPU) for a consecutive 3-year term which will expire on 5 January 2026 and the 2024 Announcement regarding the revision of annual caps for the fees receivable for 2024 and 2025 under the Hotel Services Agreements.

Pursuant to the terms of the Hotel Services Agreements, SLIM-HK and SLIM-PRC have decided to renew the Hotel Services Agreements for another consecutive 3-year term which will expire on 5 January 2029. All existing terms and conditions of the Hotel Services Agreements will remain unchanged.

SLIM-HK and SLIM-PRC are subsidiaries of the Company. KHPU is owned as to 40.8% by KPL which in turn is a non-wholly owned subsidiary of KHL (a substantial shareholder of the Company). Accordingly, KHPU is an associate of the Company's substantial shareholder and is a connected person of the Company.

The renewal of the Hotel Services Agreements whereby SLIM-HK and/or SLIM-PRC will continue to provide Hotel Management Services, Training Services and Proprietary Technology Services to the Hotel constitutes a continuing connected transaction for the Company under the Listing Rules.

As the Caps for each financial year in the renewed term of the Hotel Services Agreements exceed 0.1% but are less than 5% of the applicable Percentage Ratios, the Company is subject to announcement and reporting requirements but is exempt from independent shareholders' approval requirement. Details of the Hotel Services Agreements and the actual amount of the Fees will be disclosed in the future annual reports and accounts of the Company in accordance with the Listing Rules.

**INTRODUCTION**

Reference is made to the 2022 Announcement regarding the renewal of the Hotel Management Agreement entered into between SLIM-HK (as manager) and KHPU (as owner) in relation to the provision of Hotel Management Services by SLIM-HK to the Hotel (a hotel owned by KHPU) for a consecutive 3-year term which will expire on 5 January 2026 and the 2024 Announcement regarding the revision of annual caps for the fees receivable for 2024 and 2025 under the Hotel Services Agreements .

**RENEWAL OF THE HOTEL SERVICES AGREEMENTS**

Pursuant to the terms of the Hotel Services Agreements, SLIM-HK and SLIM-PRC have decided to renew the Hotel Services Agreements for another consecutive 3-year term which will expire on 5 January 2029. All existing terms and conditions of the Hotel Services Agreements will remain unchanged.

**MAIN TERMS OF THE HOTEL SERVICES AGREEMENTS**

**(1) Hotel Management Agreement**

**Original date of HMA:** 2 June 2010

**Parties:** (i) KHPU (as Hotel owner)  
(ii) SLIM-HK (as manager)

**Services:** SLIM-HK to provide Hotel Management Services to the Hotel

**Term:** Three years commencing from the date of approval of the Hotel Management Agreement by the PRC government with the right of renewal exercisable by SLIM-HK for successive three-year terms, provided that the entire term as renewed shall not be longer than 20 years. The Company will comply with relevant requirements under the Listing Rules if the Hotel Management Agreement is renewed.

**Fees:** The fees payable under the Hotel Management Agreement are based on pre-determined formulas set out in the Hotel Management Agreement and mainly comprise:

- Base management fee                      a fixed percentage of the gross operating revenue of the Hotel per annum
- Incentive management fee                variable percentage of the adjusted gross operating profit of the Hotel per annum
- Marketing fee                                    a fixed percentage of the gross operating revenue of the Hotel per annum

- Branding fund a fixed amount per room per annum
- Direct channel fee a fixed percentage of the materialized revenue of the Hotel in respect of those transactions conducted via the channels maintained or made available by SLIM-HK and/or its affiliates

**(2) Training Services Agreement**

**Original date of TSA:** 30 September 2020

**Parties:** (i) KHPU (as Hotel owner)  
(ii) SLIM-PRC (as service provider)

**Services:** SLIM-PRC to provide Training Services to the Hotel

**Term:** From the date of the Training Services Agreement and otherwise following the term of the Hotel Management Agreement

**Fees:** The fees payable under the Training Services Agreement are based on pre-determined formulas set out in the Training Services Agreement and mainly comprise:

- Shangri-La Circle frequent guest programme fund a fixed percentage of the amount billed by the Hotel to members of Shangri-La Circle
- Training fee a fixed percentage of the annual total base salary of the employees of the Hotel

**(3) Proprietary Technology Services Agreement**

**Date:** 5 July 2024

**Parties:** (i) KHPU (as Hotel owner)  
(ii) SLIM-PRC (as service provider)

**Services:** SLIM-PRC to provide Proprietary Technology Services to the Hotel

**Term:** From the date of the Proprietary Technology Services Agreement and otherwise following the term of the Hotel Management Agreement

**Fee:**

- Technical services fee a fixed percentage of revenue from rooms of the Hotel per annum

The Directors (including the independent non-executive Directors) consider that the terms of the Hotel Services Agreements based on the pricing policy for the determination of the Fees (including the specified fixed percentages and fixed amounts as the basis for the Fees) are on normal commercial terms by reference to comparable fees under hotel services agreements of other hotels operated in Shanghai, PRC which are managed by the Group (including 4 owned by third parties or with third party interests), and confirm that the Fees are comparable to or no less favourable to fees charged to such other hotels. The Directors also take the view that the renewal of the Hotel Services Agreements is in the ordinary and usual course of business of the Group and believe that the terms of the Hotel Services Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

**EXPECTED MAXIMUM ANNUAL AGGREGATE AMOUNT OF FEES**

Based on the terms of the Hotel Services Agreements, the expected occupancy of the Hotel, possible inflation, reasonable increase in occupancy and reasonable allowance for unexpected increase in occupancy and/or room rate of the Hotel, the Board expects that the Cap(s) will not exceed the following amounts:

<u>Financial year ending</u>	<u>Cap (US\$)</u>
31 December 2026	6,500,000
31 December 2027	7,300,000
31 December 2028	7,800,000

If any of the Caps stated above is exceeded, the Company will re-comply with the requirements under Chapter 14A of the Listing Rules.

**REASON FOR RENEWAL OF THE HOTEL SERVICES AGREEMENTS**

As the provision of hotel management and related services is one of the main businesses of the Group, it is in the interest of the Group to renew the Hotel Services Agreements.

The Directors (including the independent non-executive Directors) consider that the terms of the Hotel Services Agreements based on the pricing policy for the determination of the Fees (including the specified fixed percentages and fixed amounts as the basis for the Fees) are on normal commercial terms by reference to comparable fees under hotel services agreements of other hotels operated in Shanghai, PRC which are managed by the Group (including 4 owned by third parties or with third party interests), and confirm that the Fees are comparable to or no less favourable to fees charged to such other hotels. The Directors also take the view that the renewal of the Hotel Services Agreements is in the ordinary and usual course of business of the Group and believe that the terms of the Hotel Services 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 Services Agreements and accordingly none of the Directors was required to abstain from voting on the resolutions in relation to the renewal of the Hotel Services Agreements.

**INTERNAL CONTROL MEASURES**

In order to safeguard the interests of the Company and the shareholders as a whole, the Company has adopted the following internal control measures in relation to the continuing connected transactions of the Company:

- (i) the Company's finance department carries out periodic review to monitor whether transaction amounts might be expected to exceed relevant annual caps;
- (ii) independent non-executive Directors conduct an annual review of continuing connected transactions of the Company pursuant to the requirements of Rule 14A.55 of the Listing Rules; and
- (iii) the auditor of the Company is engaged to conduct an annual review of continuing connected transactions pursuant to the requirements of Rule 14A.56 of the Listing Rules

## **INFORMATION ABOUT THE GROUP, SLIM-HK, SLIM-PRC, KHPU, ALLGREEN AND ITS ULTIMATE BENEFICIAL OWNERS**

The principal activities of the Group are the development, ownership and operation of hotel properties, the provision of hotel management and related services, the development, ownership and operation of investment properties and property development for sale. The Group operates its business under various brand names including "Shangri-La", "Shangri-La Signatures", "Kerry Hotel", "JEN by Shangri-La", "Traders Hotel", "Rasa", "Summer Palace", "Shang Palace" and "CHI, The Spa at Shangri-La".

The principal activities of SLIM-HK are investment holding, and the provision of hotel management, marketing, communication, reservation, consultancy and other hotel related services.

The principal activities of SLIM-PRC are the provision of hotel management, marketing, communication, reservation, consultancy and other hotel-related services.

The principal activities of KHPU are the ownership and development of a mixed-use development comprises the Hotel, offices, services suites/services apartments, commercial and related ancillary facilities.

The principal activities of Allgreen are real estate investment and development.

The principal activity of KPL is investment holding and the principal activities of KPL's subsidiaries, associates and joint ventures comprise property development, investment and management in Hong Kong, Mainland China and the Asia Pacific region, hotel ownership in Hong Kong and hotel ownership and operations in Mainland China, and integrated logistics and international freight forwarding.

The principal activities of SLJZ are land development and development, construction, operation and management of real estate properties.

The principal activity of KHL is investment holding. KHL is a substantial shareholder of the Company, KPL and KLN Logistics Group Limited (all of which are listed in Hong Kong).

## **IMPLICATIONS UNDER THE LISTING RULES**

SLIM-HK and SLIM-PRC are subsidiaries of the Company. KHPU is owned as to 40.8% by KPL which in turn is a non-wholly owned subsidiary of KHL (a substantial shareholder of the Company). Accordingly, KHPU is an associate of the Company's substantial shareholder and is a connected person of the Company.

The renewal of the Hotel Services Agreements whereby SLIM-HK and/or SLIM-PRC will continue to provide Hotel Management Services, Training Services and Proprietary Technology Services to the Hotel constitutes a continuing connected transaction for the Company under the Listing Rules.

As the Caps for each financial year in the renewed term of the Hotel Services Agreements exceed 0.1% but are less than 5% of the applicable Percentage Ratios, the Company is subject to announcement and reporting requirements but is exempt from independent shareholders' approval requirement. Details of the Hotel Services 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

“2022 Announcement”	the announcement of the Company dated 28 December 2022 disclosing the previous renewal of the Hotel Management Agreement
“2024 Announcement”	the announcement of the Company dated 5 July 2024 disclosing the revision of annual caps for the fees receivable for 2024 and 2025 under the Hotel Services Agreements
“Allgreen”	Allgreen Properties Limited, a company incorporated in Singapore with limited liability, and an associate of KHL
“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 a financial year
“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 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 KHPU to SLIM-HK, SLIM-PRC and/or the Group for the related services rendered under the Hotel Services Agreements
“Group”	the Company and its subsidiaries
“Hotel”	Kerry Hotel Pudong, Shanghai, a hotel owned by KHPU

“Hotel Management Agreement”	the hotel management agreement dated 2 June 2010 (as supplemented) entered into between SLIM-HK (as manager) and KHPU (as owner) for the provision of Hotel Management Services by SLIM-HK to the Hotel
“Hotel Management Services”	hotel management services involving the provision of hotel management, marketing, communication, reservation and other related services by SLIM-HK as per the Hotel Management Agreement
“Hotel Services Agreements”	Hotel Management Agreement, Training Services Agreement and Proprietary Technology Services Agreement
“KHL”	Kerry Holdings Limited, a substantial shareholder of the Company
“KHPU”	Shanghai Pudong Kerry City Properties Co, Limited 上海浦東嘉里城房地產有限公司, a sino-foreign equity joint venture company incorporated in PRC and ultimately owned by the Company, KPL, Allgreen and SLJZ in the proportion of 23.2%, 40.8%, 16% and 20% respectively
“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
“Proprietary Technology Services”	the proprietary technology services to be provided by SLIM-PRC to the Hotel for accessing technology products and solution suites developed by the Group in accordance with the Proprietary Technology Services Agreement
“Proprietary Technology Services Agreement”	the proprietary technology services agreement entered into between SLIM-PRC and KHPU for the provision of Proprietary Technology Services
“SLJZ”	Shanghai Lujiazui Finance & Trade Zone Development Co, Limited 上海陸家嘴金融貿易區開發股份有限公司, an entity independent of the Company and listed on the Shanghai Stock Exchange, with its principal activities being land development and development, construction, operation and management of real estate properties

“Shangri-La Circle”	the Shangri-La Circle frequent guest programme or any Shangri-La group-wide frequent guest programmes as introduced and administered from time to time by SLIM-PRC or its affiliates (under such programme name as may be prescribed by SLIM-PRC or its affiliates) in the Hotel
“SLIM-HK”	Shangri-La International Hotel Management Limited, a company incorporated in Hong Kong and a wholly owned subsidiary of the Company
“SLIM-PRC”	Shangri-La Hotel Management (Shanghai) Co, Limited 香格里拉飯店管理(上海)有限公司, a company (with several local branches) incorporated in Mainland China and 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
“Training Services”	the training services involving the provision of certain training services by SLIM-PRC pursuant to the Training Services Agreement
“Training Services Agreement”	the training services agreement dated 30 September 2020 (as supplemented) entered into between SLIM-PRC (as service provider) and KHPU (as Hotel owner) for the provision of Training Services

By order of the Board of  
**Shangri-La Asia Limited**  
**SEOW Chow Loong Iain**  
*Company Secretary*

Hong Kong, 30 December 2025

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

Executive directors

*Ms KUOK Hui Kwong (Chairman & Group Chief Executive Officer)*  
*Mr CHUA Chee Wui (Group Chief Financial Officer & Group Chief Investment Officer)*

Non-executive director

*Mr LIM Beng Chee*

Independent non-executive directors

*Professor LI Kwok Cheung Arthur*  
*Mr YAP Chee Keong*  
*Mr LI Xiaodong Forrest*  
*Mr ZHUANG Chenchao*  
*Ms KHOO Shulamite N K*