

# 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 MANAGEMENT AGREEMENT IN RELATION TO JEN SINGAPORE TANGLIN BY SHANGRI-LA**

Reference is made to the 2021 Announcement regarding the Hotel Management Agreement entered into between SLIM-SG (as manager) and Project Co (as owner) pursuant to which Project Co engaged SLIM-SG to provide Hotel Management Services for the Hotel (a hotel owned by Project Co) for the initial term which will expire on 31 March 2024.

Pursuant to the terms of the Hotel Management Agreement, SLIM-SG has decided to renew the Hotel Management Agreement for a successive three-year term which will expire on 31 March 2027. All existing terms and conditions of the Hotel Management Agreement will remain unchanged.

Project Co is an associate of Allgreen which is an associate of KHL (a substantial shareholder of the Company). Accordingly, Project Co is a connected person of the Company. The renewal of the Hotel Management Agreement whereby SLIM-SG will continue to provide Hotel Management Services to the Hotel constitutes a continuing connected transaction for the Company under the Listing Rules.

As the Caps in the renewed term of the Hotel Management Agreement exceeds 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 under the Listing Rules. 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**

Reference is made to the 2021 Announcement regarding the Hotel Management Agreement entered into between SLIM-SG (as manager) and Project Co (as owner) pursuant to which Project Co engaged SLIM-SG to provide Hotel Management Services for the Hotel (a hotel owned by Project Co) for the initial term which will expire on 31 March 2024.

## **RENEWAL OF THE HOTEL MANAGEMENT AGREEMENT**

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## MAIN TERMS OF THE HOTEL MANAGEMENT AGREEMENT

**Date:** 8 March 2021

**Parties:** (i) Project Co (as Hotel owner)  
(ii) SLIM-SG (as service provider)

**Services:** SLIM-SG to provide Hotel Management Services for the Hotel

**Term:** The initial term of the Hotel Management Agreement commenced from 1 April 2021 (“**Commencement Date**”) and will end on 31 March 2024. Under and subject to the terms of the Hotel Management Agreement, the term will be renewed for successive three-year periods until the date falling nine years after the Commencement Date save where SLIM-SG determines that it is not able to comply with the applicable requirements under the Listing Rules.

**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
- Incentive management fee variable percentage of the gross operating profit of the Hotel
- Reservation fees a fixed percentage of room revenue per booking for reservation services
- Sales and Marketing fee a fixed percentage of the gross operating revenue of the Hotel per annum
- Branding fund a fixed amount per room per annum
- Training fee a fixed percentage of the annual total base salary of the employees of the Hotel

The Directors (including the independent non-executive Directors) consider that the pricing policy for the determination of the Fees (including the specified fixed percentages and fixed amounts as the basis for the Fees) was conducted on normal commercial terms by reference to comparable fees under the hotel management agreements of other hotels operated under the brand “JEN by Shangri-La” in Asia 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.

## **EXPECTED MAXIMUM ANNUAL AGGREGATE AMOUNT OF FEES**

Based on the terms of the Hotel Management Agreement, the expected occupancy of the Hotel, possible inflation and change in foreign exchange rates, reasonable increase in occupancy and reasonable allowance for unexpected increase in occupancy and/or room rate of the Hotel, the Board expects that the maximum annual amount of the Fees for each of the following financial years will not exceed the following respective Caps:

<u>Financial year ending</u>	<u>Cap (US\$)</u>
31 December 2024	5,000,000
31 December 2025	5,300,000
31 December 2026	5,500,000
31 December 2027 (for the entire year assuming the Hotel Management Agreement will be renewed upon expiry of the three-year term)	5,800,000

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

## **REASONS FOR RENEWAL OF THE HOTEL MANAGEMENT AGREEMENT**

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 Management Agreement.

The Directors (including the independent non-executive Directors) consider that the pricing policy for the determination of the Fees (including the specified fixed percentages and fixed amounts as the basis for the Fees) was conducted on normal commercial terms by reference to comparable fees under the hotel management agreements of other hotels operated under the brand “JEN by Shangri-La” in Asia 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 (including the independent non-executive Directors) take the view that the renewal of the Hotel Management Agreement is in the ordinary and usual course of business of the Group and believe that the terms of the Hotel Management Agreement remain as normal commercial terms, and are fair and reasonable and in the interest of the Company and its shareholder as a whole.

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

## **INFORMATION ABOUT THE GROUP, SLIM-SG, PROJECT CO, ALLGREEN AND ITS ULTIMATE BENEFICIAL OWNER**

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”, “Kerry Hotel”, “JEN by Shangri-La”, “Traders Hotel”, “Rasa”, “Summer Palace”, “Shang Palace” and “CHI, The Spa at Shangri-La”.

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

The principal activities of Project Co are the ownership and operation of the Hotel.

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

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

## **IMPLICATIONS UNDER THE LISTING RULES**

Project Co is an associate of Allgreen which is an associate of KHL (a substantial shareholder of the Company). Accordingly, Project Co is a connected person of the Company. The renewal of the Hotel Management Agreement whereby SLIM-SG will continue to provide Hotel Management Services to the Hotel constitutes a continuing connected transaction for the Company under the Listing Rules.

As the Caps in the renewed term of the Hotel Management Agreement 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 under the Listing Rules. 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**

“2021 Announcement”	the announcement of the Company dated 8 March 2021 in relation to the entering into of the Hotel Management Agreement
“Allgreen”	Allgreen Properties Limited, a company incorporated in Singapore with limited liability, and is an associate of KHL
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Caps”	the expected maximum annual aggregate amounts of the Fees for the financial years as described under the heading of “Expected Maximum Annual Aggregate Amount of Fees”
“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
“connected person”	has the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company
“Fees”	the fees payable by Project Co to SLIM-SG for the Hotel Management Services under the Hotel Management Agreement
“Group”	the Company and its subsidiaries

“Hotel”	JEN Singapore Tanglin by Shangri-La, a hotel owned by Project Co
“Hotel Management Agreement”	the hotel management agreement dated 8 March 2021 entered into between Project Co and SLIM-SG for the provision of Hotel Management Services by SLIM-SG for the Hotel
“Hotel Management Services”	hotel management services involving the provision of hotel management, marketing, communication, reservation and other related services by SLIM-SG pursuant to the Hotel Management Agreement
“KHL”	Kerry Holdings Limited, a substantial shareholder of the Company
“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
“Project Co”	Cuscaden Properties Pte Ltd, a company incorporated in Singapore which is owned as to 44.60% by the Company and 55.40% by Allgreen
“SLIM-SG”	Shangri-La International Hotel Management Pte Ltd, a company incorporated in Singapore and 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

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

Hong Kong, 26 March 2024

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

*Executive directors*

*Ms KUOK Hui Kwong (Chairman)*  
*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*