

SHANGRI-LA GROUP

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Shangri-La Asia Limited

(Incorporated in Bermuda with limited liability)
website: www.ir.shangri-la.com
(Stock code: 00069)

CONNECTED TRANSACTION – ENTERING INTO PROJECT SERVICES AGREEMENTS FOR THE PROJECT IN KUNMING, MAINLAND CHINA

CONTINUING CONNECTED TRANSACTION – ENTERING INTO HOTEL SERVICES AGREEMENTS IN RELATION TO THE HOTEL IN KUNMING, MAINLAND CHINA

On 29 April 2024, SLIM-HK, SLIM-PRC (both wholly owned subsidiaries of the Company) and the Project Co (a company ultimately owned as to 45% by the Company and 55% by KPL) entered into the Project Services Agreements and the Hotel Services Agreements, pursuant to which the Project Co engaged SLIM-HK and SLIM-PRC to (i) provide the Pre-opening Services, the Project Management Consultancy Services and the Technical Consultancy Services for the development and construction of the Project developed by the Project Co in Kunming, Mainland China, and (ii) provide the Hotel Management Services, the Sales and Marketing Services, the Proprietary Technology Services and the Property Management System Services, which are of a continuing nature, to the Hotel (a hotel in Kunming, Mainland China and owned by the Project Co).

The Project Co is a subsidiary of KPL which in turn is a subsidiary of KHL (substantial shareholder of the Company). Accordingly, the Project Co is an associate of the Company's substantial shareholder and is a connected person of the Company. The entering into of the Project Services Agreements and the Hotel Services Agreements constitutes connected transaction and continuing connected transaction for the Company respectively under the Listing Rules.

As the total amount of the project services fees receivable by SLIM-HK and SLIM-PRC from the Project Co under the Project Services Agreements exceeds 0.1% but is less than 5% of the applicable Percentage Ratios, the Company is subject to announcement and reporting requirements but is exempt from independent shareholders' approval requirements under the Listing Rules.

As the Annual Caps under 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 requirements under the Listing Rules.

Details of the Project Services Agreements and the Hotel Services Agreements and the actual amount of the Hotel Services Fees will be disclosed in the future annual reports and financial statements of the Company in accordance with the Listing Rules.

INTRODUCTION

On 29 April 2024, SLIM-HK, SLIM-PRC and the Project Co entered into the Project Services Agreements and the Hotel Services Agreements, pursuant to which the Project Co engaged SLIM-HK and SLIM-PRC to (i) provide the Pre-opening Services, the Project Management Consultancy Services and the Technical Consultancy Services for the development and construction of the Project developed by the Project Co in Kunming, Mainland China, and (ii) provide the Hotel Management Services, the Sales and Marketing Services, the Proprietary Technology Services and the Property Management System Services, which are of a continuing nature, to the Hotel.

I CONNECTED TRANSACTION:

MAIN TERMS OF THE PROJECT SERVICES AGREEMENTS

(1) POTS Agreement

- Date:** 29 April 2024
- Parties:** Project Co (as Hotel owner)
SLIM-HK (as consultant)
- Services:** SLIM-HK to provide Pre-opening Services to the Hotel
- Term:** Expires 3 months after the opening of phase 2 of the Hotel
- Fees:** RMB4,072,800 (equivalent to US\$574,000)
- Additional fee:** In the event the actual opening date of any phase of the Hotel is later than the expected opening date as stated in the agreement, an amount of RMB100,000 net of tax per calendar month or part thereof shall be paid to SLIM-HK for the period up to the actual opening date of that phase of the Hotel or the effective date of termination or expiry of the agreement, whichever is earlier
- Payment:** Payable in 8 instalments, of which the first instalment shall be payable on the signing of the agreement, with the remaining instalments payable in accordance with the schedule as set out in the agreement

(2) PMCS Agreement

Date: 29 April 2024

Parties: Project Co (as Project owner)
SLIM-PRC (as consultant)

Services: Project Management Consultancy Services relating to the design and construction of the Hotel and apartments being developed by the Project Co, with all related supporting facilities located at Panlong District, Kunming, Yunnan Province, Mainland China

Term: Until the date of completion of services or such other date as may be agreed by SLIM-PRC and the Project Co

Fees: RMB24,878,713.91 (equivalent to US\$3,504,000)

Additional fee: In the event that SLIM-PRC's performance of the Project Management Consultancy Services are extended or prolonged 6 months beyond the time as prescribed in the PMCS Agreement, SLIM-PRC reserves the right to charge the Project Co additional fees

Payment: Payment of fees shall be made by progress payments in accordance with the percentage completion of work for each stage as set out in the agreement

(3) TCS Agreement

Date: 29 April 2024

Parties: Project Co (as developer)
SLIM-HK (as consultant)

Services: Technical Consultancy Services relating to the planning, design and development of the apartments being developed by the Project Co, located at Panlong District, Kunming, Yunnan Province, Mainland China

Term: Until the date of completion of services or such other date as may be agreed by SLIM-HK and the Project Co

Fees: RMB767,040 (equivalent to US\$108,000)

Additional fee: SLIM-HK shall be entitled to be paid additional fees for any variation to the services if by reason of the variation, it is required to assign additional personnel, or is required to incur additional time, to perform such variation

Payment: Payment of fees shall be made by progress payments in accordance with the completion of work for each stage as set out in the agreement

The Directors (including the independent non-executive Directors) consider that the terms of the Project Services Agreements are on normal commercial terms and determined based primarily on the size and development requirements of the Project being developed by the Project Co under the agreements and arrived at after arm's length negotiations between the relevant parties.

II CONTINUING CONNECTED TRANSACTION:

MAIN TERMS OF THE HOTEL SERVICES AGREEMENTS

(1) Hotel Management Agreement

Date:	29 April 2024
Parties:	Project Co (as Hotel owner) SLIM-HK (as manager)
Services:	SLIM-HK to provide Hotel Management Services to the Hotel
Term:	Three years commencing on the opening date of phase 1 of the Hotel. The parties have the right to renew the term for successive three-year terms where agreeable by both parties, provided that the entire term as renewed shall not exceed 20 years from the opening date of phase 1 of the Hotel. The Company will comply with the relevant requirements under the Listing Rules upon each renewal.
Fees:	The fees payable under the Hotel Management Agreement are based on predetermined 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 Branding fund – a fixed amount per Hotel 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) Sales and Marketing Agreement

Date:	29 April 2024
Parties:	Project Co (as Hotel owner) SLIM-PRC (as service provider)
Services:	SLIM-PRC to provide Sales and Marketing Services to the Hotel
Term:	Same as the Hotel Management Agreement
Fees:	The fees payable under the Sales and Marketing Agreement are based on predetermined formulas set out in the Sales and Marketing Agreement and mainly comprise: Marketing fee – a fixed percentage of the gross operating revenue of the Hotel per annum 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) Technology Services Agreements

Date:	29 April 2024
Parties:	Project Co (as Hotel owner) SLIM-PRC (as service provider)
Services:	SLIM-PRC to provide Proprietary Technology Services and Property Management System Services to the Hotel
Term:	Same as the Hotel Management Agreement
Fee:	PTS Agreement – a fixed percentage of revenue from rooms of the Hotel per annum PMS Agreement – a fixed amount per Hotel room 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 Hotel Services Fees (including the specified fixed and variable percentages and fixed amounts as the basis for the Hotel Services Fees) are on normal commercial terms by reference to comparable fees under hotel services agreements of other hotels operated in the provinces of South West district of Mainland China which are managed by the Group (including one hotel owned by third parties or with interests from third parties), and confirm that the Hotel Services Fees are comparable to or no less favourable than fees charged to such other hotels.

EXPECTED MAXIMUM ANNUAL AGGREGATE AMOUNT OF HOTEL SERVICES FEES

Based on the terms of the Hotel Services Agreements, 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 amount of the Hotel Services Fees to be paid for each of the following financial years will not exceed the following respective Annual Caps:

<u>Financial year ending</u>	<u>Annual Caps (US\$)</u>
31 December 2024	1,700,000
31 December 2025	2,600,000
31 December 2026	3,300,000
31 December 2027 (for the entire year assuming the Hotel Services Agreements will be renewed upon expiry of the three-year term)	3,800,000

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

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE PROJECT SERVICES AGREEMENTS AND THE HOTEL SERVICES AGREEMENTS

As the provision of hotel management and related services (including provision of the relevant project management and consultancy services) is one of the main businesses of the Group, it is in the interest of the Group to enter into the Project Services Agreements and the Hotel Services Agreements.

The Directors (including the independent non-executive Directors) consider that (1) the terms of the Project Services Agreements are on normal commercial terms and determined based primarily on the size and development requirements of the Project being developed by the Project Co under the agreements and arrived at after arm's length negotiations between the relevant parties; and (2) the terms of the Hotel Services Agreements based on the pricing policy for the determination of the Hotel Services Fees (including the specified fixed and variable percentages and fixed amounts as the basis for the Hotel Services Fees) are on normal commercial terms by reference to comparable fees under hotel services agreements of other hotels operated in the provinces of South West district of Mainland China which are managed by the Group (including one hotel owned by third parties or with interests from third parties), and confirm that the Hotel Services Fees are comparable to or no less favourable than fees charged to such other hotels.

The Directors (including the independent non-executive Directors) also take the view that the entering into of the Project Services Agreements and the Hotel Services Agreements is in the ordinary and usual course of business of the Group, and believe that the terms of these agreements are on 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 any material interest in the Project Services Agreements and the Hotel Services Agreements, and accordingly none of such Directors was required to abstain from voting on the resolutions in relation to the entering into of the Project Services Agreements and the Hotel Services Agreements.

IMPLICATIONS UNDER THE LISTING RULES

SLIM-HK and SLIM-PRC are subsidiaries of the Company. The Project Co is a subsidiary of KPL which in turn is a subsidiary of KHL (substantial shareholder of the Company). Accordingly, the Project Co is an associate of the Company's substantial shareholder and is a connected person of the Company. The entering into of the Project Services Agreements and the Hotel Services Agreements constitutes connected transaction and continuing connected transaction for the Company respectively under the Listing Rules.

As the total amount of the project services fees receivable by SLIM-HK and SLIM-PRC from the Project Co under the Project Services Agreements exceeds 0.1% but is less than 5% of the applicable Percentage Ratios, the Company is subject to announcement and reporting requirements but is exempt from independent shareholders' approval requirements under the Listing Rules.

As the Annual Caps under 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 requirements under the Listing Rules.

Details of the Project Services Agreements and the Hotel Services Agreements and the actual amount of the Hotel Services Fees will be disclosed in the future annual reports and financial statements of the Company in accordance with the Listing Rules.

INFORMATION ABOUT THE GROUP, SLIM-HK, SLIM-PRC, THE PROJECT CO 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", "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 the Project Co include the ownership and development of the properties located at the site in Panlong District, Kunming, Yunnan Province, Mainland China, including the development of the Project.

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

DEFINITIONS

“Annual Caps”	the expected maximum Hotel Services Fee(s) for particular financial years as described under the heading of “Expected Maximum Annual Aggregate Amount of Hotel Services Fees” in this announcement
“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 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”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hotel”	JEN Kunming by Shangri-La (phase 1) and Shangri-La Kunming (phase 2), to be operated under two brand names at Panlong District, Kunming, Yunnan Province, Mainland China, and being developed and owned by the Project Co
“Hotel Management Agreement”	the hotel management agreement and the supplemental letter entered into between SLIM-HK and the Project Co for the provision of Hotel Management Services
“Hotel Management Services”	the hotel management services to be provided by SLIM-HK to the Hotel in accordance with the Hotel Management Agreement
“Hotel Services Agreements”	Hotel Management Agreement, Sales and Marketing Agreement and Technology Services Agreements
“Hotel Services Fee(s)”	the expected aggregate amount of the fee(s) payable by the Project Co to SLIM-HK, SLIM-PRC and/or the Group in respect of services to be rendered under the Hotel Services Agreements
“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
“Percentage Ratios”	has the meaning ascribed to it in Chapter 14 of the Listing Rules

“PMCS Agreement”	the project management consultancy services agreement entered into between SLIM-PRC and the Project Co for the provision of Project Management Consultancy Services to the Hotel and apartments
“PMS Agreement”	the property management system online hosting agreement entered into between SLIM-PRC and the Project Co for the provision of Property Management System Services
“POTS Agreement”	the hotel pre-opening technical services agreement entered into between SLIM-HK and the Project Co for the provision of Pre-opening Services
“Pre-opening Services”	the hotel pre-opening technical consultancy services to be provided by SLIM-HK relating to the development and construction of the Hotel in accordance with the POTS Agreement
“Project”	a multi-purpose complex with the Hotel and apartments together with all related supporting facilities located at Panlong District, Kunming, Yunnan Province, Mainland China, which is being developed by the Project Co
“Project Co”	Jian’an Real Estate (Kunming) Co, Ltd 建安置業(昆明)有限公司, a company incorporated in Mainland China and owned as to 45% by the Company and 55% by KPL
“Project Management Consultancy Services”	the project management consultancy services relating to the design and construction of the Hotel and apartments to be provided by SLIM-PRC to the Project Co in accordance with the PMCS Agreement
“Project Services Agreements”	POTS Agreement, PMCS Agreement and TCS Agreement
“Property Management System Services”	the property management system services to be provided by SLIM-PRC to the Hotel for hotel operation system online hosting service and online data storage, disaster recovery and security measure in accordance with the PMS Agreement
“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 PTS Agreement
“PTS Agreement”	the proprietary technology services agreement entered into between SLIM-PRC and the Project Co for the provision of Proprietary Technology Services
“Sales and Marketing Agreement”	the sales and marketing, training and Shangri-La Circle services agreement entered into between SLIM-PRC and the Project Co for the provision of Sales and Marketing Services

“Sales and Marketing Services”	the sales and marketing, training and Shangri-La Circle services to be provided by SLIM-PRC for the Hotel in accordance with the Sales and Marketing Agreement
“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
“TCS Agreement”	the technical consultancy services agreement entered into between SLIM-HK and the Project Co for the provision of Technical Consultancy Services for the apartments
“Technical Consultancy Services”	the technical consultancy services relating to the planning, design and development of the apartments to be provided by SLIM-HK to the Project Co in accordance with the TCS Agreement
“Technology Services Agreements”	PTS Agreement and PMS Agreement

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

Hong Kong, 29 April 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