

# 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)

## **2021 FINAL RESULTS ANNOUNCEMENT**

The board of directors (“**Board**”) of Shangri-La Asia Limited (“**Company**”) wishes to announce the results of the Company and its subsidiaries (“**Group**”), and associates for the year ended 31 December 2021. The consolidated financial statements for the year ended 31 December 2021 have been audited by the Company’s auditor, PricewaterhouseCoopers, in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants and reviewed by the audit & risk committee of the Board. The auditor’s report was unqualified.

The following table summarises the highlights of our financial results:

	<b>2021</b>	2020	2021/20
	<i>USD Million</i>	<i>USD Million</i>	% Change
Consolidated Revenue	<b>1,241.0</b>	1,033.4	20.1%
EBITDA <sup>(Note 1)</sup> of the Company and its subsidiaries	<b>132.8</b>	(84.9)	N/M
Effective share of EBITDA <sup>(Note 2)</sup> of the Company, subsidiaries and associates	<b>418.0</b>	181.6	130.2%
Loss attributable to owners of the Company			
– Operating items	<b>(193.2)</b>	(432.1)	55.3%
– Non-operating items	<b>(97.4)</b>	(28.1)	-246.6%
Total	<b>(290.6)</b>	(460.2)	36.9%
Loss per share (US cents per share)	<b>(8.13)</b>	(12.89)	36.9%
Net assets attributable to owners of the Company	<b>5,864.3</b>	6,061.6	-3.3%
Net assets per share attributable to owners of the Company (USD)	<b>1.64</b>	1.69	-3.0%

*(N/M: Not meaningful)*

*Notes:*

1. EBITDA, which is a non-HKFRS financial measure used to measure the Group's operating profitability, is defined as the earnings before finance costs, tax, depreciation and amortisation, gains/losses on disposal of fixed assets and non-operating items such as gains/losses on disposal of interest in investee companies; fair value gains/losses on investment properties and financial assets; and impairment losses on fixed assets.
2. Effective share of EBITDA is the aggregate total of the Company's EBITDA and the Group's share of EBITDA of subsidiaries and associates based on percentage of equity interests.

The Board recommends no final dividend for 2021 (2020: nil). As there is no interim dividend for 2021 (2020: nil), total dividend for full year 2021 is nil (2020: nil).

## DISCUSSION AND ANALYSIS

The principal activities of the Group remained the same as in 2020. The Group's business is organised into four main segments:





- **Hotel Properties** – development, ownership and operations of hotel properties (including hotels under leases)
- **Hotel Management and Related Services** for Group-owned hotels and for hotels owned by third parties
- **Investment Properties** – development, ownership and operations of office properties, commercial properties and serviced apartments/residences for rental purposes
- **Property Development for Sale** – development and sale of real estate properties

The Group continues to develop hotel properties, investment properties for rental purposes and properties for sales for the above mentioned business segments.

The Group currently owns and/or manages hotels under the following brands:

- **Shangri-La Hotels and Resorts**
- **Kerry Hotels**
- **JEN by Shangri-La**
- **Traders Hotels**

The following table summarises the hotels and rooms of the Group as at 31 December 2021:

	Owned/Leased		Managed		Total Operating Hotels		Hotels Under Development	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Owned/Leased Hotels	Hotels under Management contracts
		<i>in '000</i>		<i>in '000</i>		<i>in '000</i>		
	73	30.7	17	5.5	90	36.2	3	5
	3	1.6	–	–	3	1.6	–	–
	7	2.8	2	0.6	9	3.4	1	2
	–	–	2	0.9	2	0.9	1	–
<b>Total</b>	<b>83</b>	<b>35.1</b>	<b>21</b>	<b>7.0</b>	<b>104</b>	<b>42.1</b>	<b>5</b>	<b>7</b>

*Note:*

Two hotels under management contracts owned by third parties, namely Shangri-La Qiantan, Shanghai and Shangri-La Shougang Park, Beijing in Mainland China, opened for business in October 2021 and December 2021, respectively.

The following table summarises the total Gross Floor Area (“GFA”) of the operating investment properties for rental owned by subsidiaries and associates:

		Group’s equity interest	Total GFA of the operating investment properties as at 31 December 2021			
			Office spaces	Commercial spaces	Serviced apartments/residential	
<i>(in square metres)</i>						
Mainland China	China World Trade Center					
	– Phase I	40.32%-50%	90,177	102,478	80,124	
	– Phase II	43.23%	76,536	26,267	–	
	– Phase IIIA	40.32%	143,088	45,851	–	
	– Phase IIIB	40.32%	83,743	62,892	–	
			<u>393,544</u>	<u>237,488</u>	<u>80,124</u>	
		Century Tower, Beijing	50%	–	–	43,445
		Beijing Kerry Centre	23.75%	92,723	12,831	36,161
		Jing An Kerry Centre				
		– Phase I	24.75%	38,611	13,009	17,812
		Jing An Kerry Centre				
		– Phase II	49%	117,823	80,967	–
		Kerry Parkside Shanghai				
		– Pudong	23.2%	94,995	49,319	34,907
		Shangri-La Centre, Chengdu	80%	41,519	4,097	–
		Shangri-La Residences, Dalian	100%	–	–	54,004
		Shangri-La Centre, Qingdao	100%	31,911	8,029	–
		Tianjin Kerry Centre	20%	–	85,907	–
		Hangzhou Kerry Centre	25%	12,583	98,886	–
	Jinan Enterprise Square	45%	32,944	5,681	–	
	Shenyang Kerry Centre					
	– Phase II	25%	54,753	75,260	–	
	Shangri-La Centre, Wuhan	92%	41,519	2,369	–	
			<u>952,925</u>	<u>673,843</u>	<u>266,453</u>	
Malaysia	UBN Apartments, Malaysia	52.78%	–	–	17,356	
	UBN Tower, Malaysia	52.78%	45,175	8,530	–	
			<u>45,175</u>	<u>8,530</u>	<u>17,356</u>	

<i>(in square metres)</i>		Group's equity interest	Total GFA of the operating investment properties as at 31 December 2021		
			Office spaces	Commercial spaces	Serviced apartments/ residential
Singapore	Shangri-La Apartments, Singapore	100%	–	–	13,794
	Shangri-La Residences, Singapore	100%	–	–	10,941
	Tanglin Mall, Singapore	44.6%	–	21,267	–
	Tanglin Place, Singapore	44.6%	3,291	1,666	–
			<u>3,291</u>	<u>22,933</u>	<u>24,735</u>
Australia	The Pier Retail Complex, Cairns	100%	<u>515</u>	<u>11,370</u>	<u>–</u>
Mongolia	Central Tower, Ulaanbaatar	51%	29,487	8,480	–
	Shangri-La Centre, Ulaanbaatar	51%	<u>28,500</u>	<u>31,130</u>	<u>30,012</u>
			<u>57,987</u>	<u>39,610</u>	<u>30,012</u>
Myanmar	Shangri-La Residences, Yangon	55.86%	–	–	56,834
	Sule Square, Yangon	59.28%	<u>37,635</u>	<u>11,807</u>	<u>–</u>
			<u>37,635</u>	<u>11,807</u>	<u>56,834</u>
Sri Lanka	One Galle Face, Colombo	90%	<u>59,866</u>	<u>79,518</u>	<u>3,733</u>
<b>TOTAL</b>			<u>1,157,394</u>	<u>847,611</u>	<u>399,123</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The following table shows the Group's profit or loss for the year ended 31 December 2021 and 2020 presented in the conventional financial statement format and the effective share format, respectively. Amounts presented in the conventional financial statement format refer to the aggregate total of the Company and its subsidiaries at 100% basis less non-controlling interests and add share of profit of associates to come up with the Group's final reported profit or loss attributable to owners of the Company. The alternative presentation of the Group's profit or loss at effective share is a non-HKFRS financial presentation format and the amounts presented at effective share are the aggregate total of the Company and the Group's share of subsidiaries and associates based on percentage of equity interests.

	Profit or loss for the year ended 31 December 2021		Profit or loss for the year ended 31 December 2020		2021/20 % change	
	Financial statement format	Effective share	Financial statement format	Effective share	Financial statement format	Effective share
<i>(USD million)</i>						
<b>Revenue</b>	<b>1,241.0</b>	<b>1,749.3</b>	1,033.4	1,496.3	20.1%	16.9%
Cost of sales	<b>(696.5)</b>	<b>(853.1)</b>	(671.2)	(823.3)	-3.8%	-3.6%
<b>Gross profit</b>	<b>544.5</b>	<b>896.2</b>	362.2	673.0	50.3%	33.2%
Operating expenses	<b>(451.9)</b>	<b>(525.2)</b>	(499.9)	(544.8)	9.6%	3.6%
Other gains - operating items	<b>40.2</b>	<b>47.0</b>	52.8	53.4	-23.9%	-12.0%
<b>EBITDA</b>	<b>132.8</b>	<b>418.0</b>	(84.9)	181.6	N/M	130.2%
Depreciation and amortisation	<b>(318.7)</b>	<b>(346.3)</b>	(322.6)	(356.2)	1.2%	2.8%
Loss on disposal of fixed assets and intangible assets	<b>(1.6)</b>	<b>(1.4)</b>	(2.5)	(2.4)	36.0%	41.7%
Interest income	<b>10.1</b>	<b>18.5</b>	15.8	19.1	-36.1%	-3.1%
Other expenses – non-operating items	<b>(122.9)</b>	<b>(108.6)</b>	–	–	N/M	N/M
Other (losses)/gains – non-operating items	<b>(53.7)</b>	<b>26.2</b>	(38.4)	(27.5)	-39.8%	N/M
<b>Operating (loss)/profit</b>	<b>(354.0)</b>	<b>6.4</b>	(432.6)	(185.4)	18.2%	N/M
Finance cost						
– Operating items	<b>(212.7)</b>	<b>(210.5)</b>	(236.1)	(228.7)	9.9%	8.0%
– Non-operating items	<b>0.1</b>	<b>0.1</b>	(0.8)	(0.8)	N/M	N/M
Share of profit of associates	<b>209.6</b>	–	132.4	–	58.3%	N/M
<b>Loss before income tax</b>	<b>(357.0)</b>	<b>(204.0)</b>	(537.1)	(414.9)	33.5%	50.8%
Income tax credit/(expense)						
– Operating items	<b>5.8</b>	<b>(71.5)</b>	22.8	(45.7)	-74.6%	-56.5%
– Non-operating items	<b>6.8</b>	<b>(15.1)</b>	3.7	0.4	83.8%	N/M
<b>Loss for the year</b>	<b>(344.4)</b>	<b>(290.6)</b>	(510.6)	(460.2)	32.5%	36.9%
Add: Loss attributable to non-controlling interests	<b>53.8</b>	–	50.4	–	6.7%	N/M
<b>Loss attributable to owners of the Company</b>	<b>(290.6)</b>	<b>(290.6)</b>	(460.2)	(460.2)	36.9%	36.9%

N/M: not meaningful

## SUMMARY OF NET ASSET VALUE <sup>(note 1)</sup>

<i>(USD million)</i>	Carrying value of hotel properties (effective share) <i>(note 2)</i>	Replacement cost <sup>(note 3)</sup> of hotel properties (effective share) <i>(note 2)</i>
The People's Republic of China		
Hong Kong	757.0	958.7
Mainland China	2,790.7	6,480.2
Singapore	517.6	704.8
Malaysia	130.7	380.5
The Philippines	302.4	795.4
Thailand	96.7	330.3
Australia	217.4	353.7
Others <sup>(note 4)</sup>	689.7	1,396.3
<b>Total</b>	<b>5,502.2</b>	<b>11,399.9</b>
	<b>(A)</b>	<b>(B)</b>
Effective share of surplus value of hotel properties (B)-(A)		5,897.7
Reported NAV based on carrying value		<u>5,864.3</u>
Adjusted NAV based on replacement cost		<u><u>11,762.0</u></u>
Reported NAV per share		
– USD		1.64
– HKD equivalent		12.68
Adjusted NAV per share		
– USD		3.28
– HKD equivalent		25.44

### Notes:

- (1) Net asset value (“NAV”) refers to the Group’s total assets less total liabilities (i.e. equity) attributable to owners of the Company.
- (2) The effective share of the carrying value and replacement cost of hotel properties refer to the Group’s share of subsidiaries and associates based on percentage of equity interests. The carrying value of hotel properties is stated at historical cost less accumulated depreciation and impairment losses, if any.
- (3) Replacement cost is based on the estimated redevelopment cost, excludes land cost and is generally accepted by our insurers for coverage on property damage.
- (4) Others include France, Maldives, Turkey, Fiji, Myanmar, Indonesia, Mongolia, Mauritius, Sri Lanka, Japan and United Kingdom.

## RESULTS OF OPERATIONS

### Revenue

Consolidated revenue consisted of the following:

<i>(USD million)</i>	<b>Year ended 31 December</b>		<b>2021/20</b>
	<b>2021</b>	2020	<b>% change</b>
<b>Hotel Properties</b>			
Revenue from rooms	<b>452.5</b>	373.7	21.1%
Food and beverage sales	<b>509.7</b>	407.4	25.1%
Rendering of ancillary services	<b>87.2</b>	76.9	13.4%
Sub-total of hotel properties	<b>1,049.4</b>	858.0	22.3%
<b>Hotel Management and Related Services</b>			
Gross revenue (including revenue earned from subsidiaries)	<b>148.0</b>	114.7	29.0%
Less: Inter-segment sales elimination with subsidiaries	<b>(76.6)</b>	(57.3)	-33.7%
Net amount after elimination	<b>71.4</b>	57.4	24.4%
<b>Sub-total Hotel Operations</b>	<b>1,120.8</b>	915.4	22.4%
<b>Investment Properties</b>	<b>93.8</b>	89.8	4.5%
<b>Property Development for Sale</b>	<b>21.6</b>	24.2	-10.7%
<b>Other Business</b>	<b>4.8</b>	4.0	20.0%
<b>Consolidated Revenue</b>	<b>1,241.0</b>	1,033.4	20.1%

Consolidated revenue was USD1,241.0 million for the year ended 31 December 2021, an increase of 20.1% (or USD207.6 million), compared to USD1,033.4 million for the year ended 31 December 2020. The increase was mainly driven by:

- USD205.4 million increase in our Hotel Operations (net of inter-segment revenue) mainly supported by domestic demand in Mainland China and Hong Kong, where Hong Kong was further supported by the quarantine business. Our hotels in UK and France benefited from the gradual loosening of travel restrictions in the second half of the year.
- USD4.0 million increase in Investment Properties, mainly driven by our subsidiary investment properties located in Mainland China and Sri Lanka.
- Property Development for Sale decreased by USD2.6 million due to having less units for handover compared to last year.



(i) **Hotel Properties**

At 31 December 2021, the Group had equity interest in 80 operating hotels (2020: 80) and 3 hotels under operating lease (2020: 3), representing a room inventory of 35,154 (2020: 35,121) across Asia Pacific, Europe and Africa.

Details of these 83 hotels are as follows:

	<b>Group's equity interest</b>	<b>Available rooms</b>
<b>(A) Hotels owned by the Group</b>		
<i>Hong Kong</i>		
Kowloon Shangri-La, Hong Kong	100%	679
Island Shangri-La, Hong Kong	80%	559
JEN Hong Kong by Shangri-La	30%	283
Kerry Hotel, Hong Kong	100%	546
		<hr/>
<b>Sub-total Hong Kong</b>		<b>2,067</b>
		<hr/> <hr/>
<i>Mainland China</i>		
Shangri-La Beijing	38%	670
China World Hotel, Beijing	50%	584
China World Summit Wing, Beijing	40.32%	278
JEN Beijing by Shangri-La	40.32%	450
Kerry Hotel, Beijing	23.75%	486
Pudong Shangri-La, Shanghai	100%	950
Jing An Shangri-La, Shanghai	49%	508
Kerry Hotel Pudong, Shanghai	23.2%	574
Shangri-La Shenzhen	72%	522
Futian Shangri-La, Shenzhen	100%	528
Shangri-La Xian	100%	393
Shangri-La Hangzhou	45%	198
Shangri-La Beihai	100%	362
Shangri-La Changchun	100%	382
JEN Shenyang by Shangri-La	100%	407
Shangri-La Shenyang	25%	383
Shangri-La Qingdao	100%	702
Shangri-La Dalian	100%	560
Shangri-La Wuhan	92%	407
Shangri-La Harbin	100%	396
Shangri-La Fuzhou	100%	414
Shangri-La Guangzhou	80%	690
Shangri-La Chengdu	80%	593
Shangri-La Wenzhou	100%	409
Shangri-La Ningbo	95%	562
Shangri-La Guilin	100%	439
Shangri-La Baotou	100%	360
Shangri-La Huhhot	100%	365
Shangri-La Manzhouli	100%	235

	Group's equity interest	Available rooms
Shangri-La Yangzhou	100%	360
Shangri-La Qufu	100%	322
Shangri-La Lhasa	100%	289
Shangri-La Sanya	100%	496
Shangri-La Nanjing	55%	450
Shangri-La Qinhuangdao	100%	323
Shangri-La Hefei	100%	400
Shangri-La Resort, Shangri-La	100%	228
Shangri-La Tianjin	20%	304
Shangri-La Nanchang	20%	473
Shangri-La Tangshan	35%	301
Midtown Shangri-La, Hangzhou	25%	414
Shangri-La Songbei, Harbin	100%	344
Shangri-La Xiamen	100%	325
Shangri-La Jinan	45%	364
Shangri-La Zhoushan	100%	28
Shangri-La Putian	40%	125
		<hr/>
<b>Sub-total Mainland China</b>		<b>19,353</b>
		<hr/> <hr/>
<b>Singapore</b>		
Shangri-La Singapore	100%	792
Shangri-La Rasa Sentosa, Singapore	100%	454
JEN Singapore Tanglin by Shangri-La	44.6%	565
		<hr/>
<b>Sub-total Singapore</b>		<b>1,811</b>
		<hr/> <hr/>
<b>Malaysia</b>		
Shangri-La Kuala Lumpur	52.78%	655
Shangri-La Rasa Sayang, Penang	52.78%	303
Shangri-La Golden Sands, Penang	52.78%	387
JEN Penang Georgetown by Shangri-La	31.67%	443
Shangri-La Rasa Ria, Kota Kinabalu	64.59%	499
Shangri-La Tanjung Aru, Kota Kinabalu	40%	498
		<hr/>
<b>Sub-total Malaysia</b>		<b>2,785</b>
		<hr/> <hr/>
<b>The Philippines</b>		
Makati Shangri-La, Manila	100%	696
Edsa Shangri-La, Manila	100%	630
Shangri-La Mactan, Cebu	93.95%	530
Shangri-La Boracay	100%	219
Shangri-La at the Fort, Manila	40%	576
		<hr/>
<b>Sub-total The Philippines</b>		<b>2,651</b>
		<hr/> <hr/>

	<b>Group's equity interest</b>	<b>Available rooms</b>
<b>Thailand</b>		
Shangri-La Bangkok	73.61%	802
Shangri-La Chiang Mai	73.61%	277
		<hr/>
<b>Sub-total Thailand</b>		1,079
		<hr/> <hr/>
<b>Australia</b>		
Shangri-La Sydney	100%	564
Shangri-La The Marina, Cairns	100%	255
		<hr/>
<b>Sub-total Australia</b>		819
		<hr/> <hr/>
<b>Other areas</b>		
Shangri-La Paris	100%	100
Shangri-La's Villingili Resort & Spa, Maldives	70%	132
JEN Maldives Malé by Shangri-La	100%	114
Shangri-La Bosphorus, Istanbul	50%	186
Shangri-La, Yanuca Island, Fiji	71.64%	443
Sule Shangri-La, Yangon	59.16%	462
Shangri-La Jakarta	25%	619
Shangri-La Surabaya	11.34%	365
Shangri-La Ulaanbaatar	51%	290
Shangri-La Le Touessrok, Mauritius	26%	203
Shangri-La Hambantota	90%	274
Shangri-La Colombo	90%	500
		<hr/>
<b>Sub-total other areas</b>		3,688
		<hr/> <hr/>
<b>Total of 80 owned hotels</b>		34,253
		<hr/> <hr/>
<b>(B) Hotels under operating lease agreements</b>		
Shangri-La Tokyo		200
Shangri-La The Shard, London		202
JEN Singapore Orchardgateway by Shangri-La		499
		<hr/>
<b>Total of 3 leased hotels</b>		901
		<hr/> <hr/>
<b>Grand total</b>		35,154
		<hr/> <hr/>

Revenue from our consolidated hotel properties business for the year ended 31 December 2021 was USD1,049.4 million, an increase of 22.3% (or USD191.4 million), compared to USD858.0 million for the year ended 31 December 2020.

<i>(USD million)</i>	<b>Year ended 31 December</b>		<b>2021/20</b>
	<b>2021</b>	<b>2020</b>	<b>% change</b>
The People's Republic of China			
Hong Kong	<b>137.3</b>	82.5	66.4%
Mainland China	<b>588.1</b>	463.0	27.0%
Singapore	<b>104.2</b>	88.8	17.3%
Malaysia	<b>25.9</b>	34.9	-25.8%
The Philippines	<b>26.1</b>	49.0	-46.7%
Japan	<b>30.8</b>	24.2	27.3%
Thailand	<b>10.4</b>	20.7	-49.8%
France	<b>23.7</b>	7.3	224.7%
Australia	<b>37.3</b>	35.6	4.8%
United Kingdom	<b>38.3</b>	18.3	109.3%
Mongolia	<b>6.1</b>	3.9	56.4%
Sri Lanka	<b>12.3</b>	12.0	2.5%
Other countries	<b>8.9</b>	17.8	-50.0%
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Consolidated revenue from Hotel Properties business	<b><u>1,049.4</u></b>	<b><u>858.0</u></b>	<b><u>22.3%</u></b>

The key performance indicators of the Group-owned hotels (including hotels under lease) on an unconsolidated basis (including both subsidiaries and associates) for the years ended 31 December 2021 and 2020 are as follows:

Country	2021 Weighted Average			2020 Weighted Average		
	Occupancy (%)	Room Rate (USD)	RevPAR (USD)	Occupancy (%)	Room Rate (USD)	RevPAR (USD)
The People's Republic of China						
Hong Kong	38	146	56	15	182	28
Mainland China	49	114	56	41	103	42
Tier 1 Cities	52	152	79	39	143	56
Tier 2 Cities	51	94	48	43	86	37
Tier 3+4 cities	41	97	40	39	84	32
Singapore	37	147	54	45	114	51
Malaysia	17	98	16	22	109	24
The Philippines	21	105	22	19	175	33
Japan	33	395	129	30	517	156
Thailand	10	77	8	17	146	25
France	49	1,380	672	38	1,134	437
Australia	36	229	81	36	210	76
United Kingdom	37	886	331	26	643	167
Mongolia	24	112	26	8	123	10
Sri Lanka	12	122	14	14	108	16
Other countries	28	157	43	20	152	30
Weighted Average	<u>39</u>	<u>130</u>	<u>51</u>	<u>33</u>	<u>121</u>	<u>40</u>

The weighted average occupancy of our hotels was 39% for the year ended 31 December 2021, an increase of 6 percentage points, compared to 33% for the year ended 31 December 2020. The RevPAR was USD51 for the year ended 31 December 2021, an increase of 28%, compared to USD40 for the year ended 31 December 2020.

Below are comments on hotel performances on selected geographies that witnessed significant events:

## The People's Republic of China

### *Hong Kong*

For Hong Kong, the occupancy was 38% for the year ended 31 December 2021, an increase of 23 percentage points, compared to 15% for the year ended 31 December 2020. The RevPAR was USD56 for the year ended 31 December 2021, an increase of 100%, compared to USD28 for the year ended 31 December 2020. The increase was mainly driven by quarantine business for two of our four hotels, while the other two hotels saw improvement in food and beverage business as cases in Hong Kong were largely contained during the year. Total revenue from Hong Kong hotel properties for the year ended 31 December 2021 increased by 66.4% to USD137.3 million.

## *Mainland China*

The Group had equity interest in 46 operating hotels in Mainland China as at 31 December 2021.

For Mainland China, the occupancy was 49% for the year ended 31 December 2021, an increase of 8 percentage points, compared to 41% for the year ended 31 December 2020. The RevPAR was USD56 for the year ended 31 December 2021, an increase of 33%, compared to USD42 for the year ended 31 December 2020. The China hotel market continued its recovery path supported by healthy domestic leisure and corporate travel, as well as government businesses. However, sporadic local outbreaks in various cities have negatively impacted the momentum during the second half of the year.

Below is the performance of our hotels in different tiered cities;

- In Tier 1 cities, the occupancy was 52% for the year ended 31 December 2021, an increase of 13 percentage points, compared to 39% for the year ended 31 December 2020. The RevPAR was USD79 for the year ended 31 December 2021, an increase of 41%, compared to USD56 for the year ended 31 December 2020. Recovery of business in Tier 1 cities were helped by a general strong leisure and local corporate demand, making up for some of the shortfall from the loss of international travels. The recovery was generally stronger in Shanghai and Shenzhen, as Beijing government typically took a more conservative approach when implementing COVID control measures.
- In Tier 2 cities, the occupancy was 51% for the year ended 31 December 2021, an increase of 8 percentage points, compared to 43% for the year ended 31 December 2020. The RevPAR was USD48 for the year ended 31 December 2021, an increase of 30%, compared to USD37 for the year ended 31 December 2020. The recovery of business in Tier 2 cities was supported by continued demand from domestic leisure travel. In particular, cities such as Hangzhou and Chengdu continued to see strong local corporate demand for conferences and business activities.
- In Tier 3 and Tier 4 cities, the occupancy was 41% for the year ended 31 December 2021, an increase of 2 percentage points, compared to 39% for the year ended 31 December 2020. The RevPAR was USD40 for the year ended 31 December 2021, an increase of 25%, compared to USD32 for the year ended 31 December 2020. Various destinations such as Sanya and Lhasa saw robust domestic leisure demands during the first half of the year, however momentum was slowed down during the second half due to increasing restrictions as a result of the sporadic outbreak of COVID-19 in the period.

Total revenue from Mainland China hotel properties for the year ended 31 December 2021 increased by 27.0% to USD588.1 million.

## **Singapore**

For Singapore, the occupancy was 37% for the year ended 31 December 2021, a decrease of 8 percentage points, compared to 45% for the year ended 31 December 2020. The RevPAR was USD54 for the year ended 31 December 2021, an increase of 6%, compared to USD51 for the year ended 31 December 2020. The growth of RevPAR was mainly driven by domestic staycation business, which also contributed towards growth for our food and beverage businesses at the hotels. Furthermore, three of our hotels were also supported by the Government's Stay Home Notice program, of which two ended by end of 2021, with the remaining one ended in early 2022. Total revenue from Singapore hotel properties for the year ended 31 December 2021 increased by 17.3% to USD104.2 million.

## **Malaysia**

For Malaysia, the occupancy was 17% for the year ended 31 December 2021, a decrease of 5 percentage points, compared to 22% for the year ended 31 December 2020. The RevPAR was USD16 for the year ended 31 December 2021, a decrease of 33%, compared to USD24 for the year ended 31 December 2020. Our hotels in Malaysia were affected by various lockdowns in the first three quarters of 2021, and restrictions were only loosened from mid-October to allow for inter-state travelling. Total revenue from Malaysia hotel properties for the year ended 31 December 2021 decreased by 25.8% to USD25.9 million.

## **The Philippines**

For The Philippines, the occupancy was 21% for the year ended 31 December 2021, an increase of 2 percentage points, compared to 19% for the year ended 31 December 2020. The RevPAR was USD22 for the year ended 31 December 2021, a decrease of 33%, compared to USD33 for the year ended 31 December 2020. Although the occupancy was largely supported by the quarantine business for returning residents, RevPAR was lower due to the lower room rate for this business. Total revenue from The Philippines hotel properties for the year ended 31 December 2021 decreased by 46.7% to USD26.1 million.

## **Australia**

For Australia, the occupancy was 36% for the year ended 31 December 2021, flat compared to 36% for the year ended 31 December 2020. The RevPAR was USD81 for the year ended 31 December 2021, an increase of 7%, compared to USD76 for the year ended 31 December 2020. Except for a period of lockdown from July to October due to the rise in cases, the hotels saw healthy domestic demand throughout the rest of the year. Total revenue from Australia hotel properties for the year ended 31 December 2021 increased by 4.8% to USD37.3 million.

## **Japan**

For Japan, the occupancy was 33% for the year ended 31 December 2021, an increase of 3 percentage points, compared to 30% for the year ended 31 December 2020. The RevPAR was USD129 for the year ended 31 December 2021, a decrease of 17%, compared to USD156 for the year ended 31 December 2020. Total revenue from our Japan hotel property for the year ended 31 December 2021 increased by 27.3% to USD30.8 million. Total revenue increased despite a drop in RevPAR due to recognition of deposit forfeiture as other revenue and the Olympic Games being postponed from 2020 to 2021.

## **United Kingdom**

For United Kingdom, the occupancy was 37% for the year ended 31 December 2021, an increase of 11 percentage points, compared to 26% for the year ended 31 December 2020. The RevPAR was USD331 for the year ended 31 December 2021, an increase of 98%, compared to USD167 for the year ended 31 December 2020. The hotel saw a robust performance since reopening in May due to strong pent-up domestic demand. Total revenue from our United Kingdom hotel property for the year ended 31 December 2021 increased by 109.3% to USD38.3 million.

## **France**

For France, the occupancy was 49% for the year ended 31 December 2021, an increase of 11 percentage points, compared to 38% for the year ended 31 December 2020. The RevPAR was USD672 for the year ended 31 December 2021, an increase of 54%, compared to USD437 for the year ended 31 December 2020. The hotel saw a robust performance since reopening in June due to strong pent-up demand. Total revenue from our France hotel property for the year ended 31 December 2021 increased by 224.7% to USD23.7 million.

### **(ii) Hotel Management & Related Services**

As at 31 December 2021, the Group managed a total of 104 hotels and resorts:

- 80 Group-owned hotels
- 3 hotels under lease agreements
- 21 hotels owned by third parties

The 21 operating hotels (6,988 available rooms) owned by third parties are located in the following destinations:

- Canada: Toronto and Vancouver
- The Philippines: Manila
- Oman: Muscat (2 hotels)
- UAE: Abu Dhabi (2 hotels) and Dubai
- Malaysia: Johor and Kuala Lumpur
- India: New Delhi and Bengaluru
- Taiwan: Taipei and Tainan
- Mainland China: Changzhou, Haikou, Suzhou (2 hotels), Yiwu, Shanghai and Beijing



Destinations	2021 Weighted Average			2020 Weighted Average		
	Occupancy (%)	Room Rate (USD)	RevPAR (USD)	Occupancy (%)	Room Rate (USD)	RevPAR (USD)
Canada	28	334	94	23	307	71
The Philippines	61	37	23	37	54	20
Oman	12	161	20	18	230	40
UAE	58	146	85	41	118	48
Malaysia	27	58	15	22	66	15
India	37	92	34	23	120	28
Taiwan	35	149	52	40	139	55
Mainland China	48	83	39	43	75	32
<b>Weighted Average</b>	<b>40</b>	<b>109</b>	<b>43</b>	<b>33</b>	<b>108</b>	<b>36</b>

For the year ended 31 December 2021, the overall weighted average occupancy of the hotels under third-party hotel management agreements increased to 40%, an increase of 7 percentage points, compared to 33% for the year ended 31 December 2020. The RevPAR was USD43 for the year ended 31 December 2021, an increase of 19%, compared to USD36 for the year ended 31 December 2020.

Gross revenue for hotel management and related services was USD148.0 million for the year ended 31 December 2021, an increase of 29.0% (or USD33.3 million) compared to USD114.7 million for the year ended 31 December 2020.

After eliminating inter-segment sales with subsidiaries, the net revenue for hotel management and related services was USD71.4 million for the year ended 31 December 2021, an increase of 24.4% (or USD14.0 million) compared to USD57.4 million for the year ended 31 December 2020. The increase of revenue was mainly due to the overall improvement of hotel operations and the corresponding increase in fees received.

During the year, the Group had ceased the management agreement of a hotel in Changzhou, Mainland China.

### (iii) Investment Properties

Consolidated revenue from our investment properties business for the year ended 31 December 2021 stood at USD93.8 million, an increase of 4.5% (or USD4.0 million), compared to USD89.8 million for the year ended 31 December 2020.

<i>(USD million)</i>	<u>Year ended 31 December</u>		<u>2021/20</u>
	<b>2021</b>	2020	% change
Mainland China	<b>25.5</b>	22.0	15.9%
Singapore	<b>9.3</b>	9.0	3.3%
Malaysia	<b>5.0</b>	5.3	-5.7%
Mongolia	<b>23.9</b>	22.6	5.8%
Sri Lanka	<b>11.0</b>	7.5	46.7%
Other countries	<b>19.1</b>	23.4	-18.4%
Consolidated revenue from Investment Properties business	<b><u>93.8</u></b>	<u>89.8</u>	4.5%

In 2021, we saw a resumption of growth in most of our subsidiary investment properties.

Comments on selected subsidiary investment properties by geography:

#### **Mainland China**

Revenue generated from our investment properties in China for the year ended 31 December 2021 increased by 15.9% to USD25.5 million. This was mainly driven by the improvement in occupancy rates of our offices in Shangri-La Centre Wuhan, which was soft opened in November 2020, as well as Shangri-La Residences, Dalian, driven by an increase in occupancy.

#### **Mongolia**

Revenue generated from our subsidiary investment properties in Mongolia for the year ended 31 December 2021 increased by 5.8% to USD23.9 million. This was mainly driven by an improvement of occupancies for both our investment properties Shangri-La Centre and Central Tower.

#### **Sri Lanka**

Revenue generated from our investment properties in Sri Lanka for the year ended 31 December 2021 increased by 46.7% to USD11.0 million. The increase was due to the continued ramp up after the opening of our One Galle Face office and shopping mall in November 2019.

#### **(iv) Property Development for Sale**

Revenue from property development for sale by subsidiaries for the year ended 31 December 2021 were USD21.6 million, a decrease of 10.7%, compared to USD24.2 million for the year ended 31 December 2020. The decrease was a result of having less residential units to handover at the residential tower of the Shangri-La, Dalian Phase II project (Yavis), Mainland China. Revenue from our residential project One Galle Face in Colombo, Sri Lanka was flat compared to last year.

In 2021, 1 unit of Yavis were sold and a total of 3 units have been handed over to the buyers. As at 31 December 2021, Yavis had sold an accumulated total of 86 units (61% of total) and had a remaining inventory of 56 units.

One Galle Face, Colombo (Sri Lanka) comprises 390 apartments (372 for sale and 18 for rental purpose) with total gross floor area of approximately 93,500 square metres. During the year, 21 apartments were handed over to the buyers and were recognised as revenue. At 31 December 2021, an accumulated total of 297 apartments (80% of total) have been sold of which 276 apartments (93% of sold) have been handed over to the buyers.

## EBITDA and Aggregate Effective Share of EBITDA

The following table summarises information related to the EBITDA of the Company and its subsidiaries and the aggregate effective share of EBITDA of the Company, subsidiaries and associates for the year ended 31 December 2021 and 2020 by geographical areas and by business segments.

		EBITDA of subsidiaries		Effective share of EBITDA of subsidiaries		Effective share of EBITDA of associates		Aggregate Effective share of EBITDA	
		2021	2020	2021	2020	2021	2020	2021	2020
<i>(USD million)</i>									
<b>Hotel Properties</b>	The People's Republic of China								
	Hong Kong	<b>(28.4)</b>	(46.7)	<b>(24.4)</b>	(43.1)	<b>(0.1)</b>	(0.7)	<b>(24.5)</b>	(43.8)
	Mainland China	<b>87.9</b>	74.7	<b>81.1</b>	68.6	<b>30.2</b>	15.4	<b>111.3</b>	84.0
	Singapore	<b>8.6</b>	4.9	<b>8.6</b>	5.1	<b>1.7</b>	2.6	<b>10.3</b>	7.7
	Malaysia	<b>(14.4)</b>	(18.0)	<b>(7.7)</b>	(9.8)	<b>1.2</b>	(0.7)	<b>(6.5)</b>	(10.5)
	The Philippines	<b>(10.8)</b>	(24.8)	<b>(10.5)</b>	(24.6)	<b>(0.1)</b>	(1.1)	<b>(10.6)</b>	(25.7)
	Japan	<b>8.6</b>	(2.8)	<b>8.6</b>	(2.8)	–	–	<b>8.6</b>	(2.8)
	Thailand	<b>(6.8)</b>	(5.5)	<b>(5.0)</b>	(4.0)	–	–	<b>(5.0)</b>	(4.0)
	France	<b>3.6</b>	(12.2)	<b>3.6</b>	(12.2)	–	–	<b>3.6</b>	(12.2)
	Australia	<b>1.0</b>	3.1	<b>1.0</b>	3.1	–	–	<b>1.0</b>	3.1
	United Kingdom	<b>21.1</b>	(5.7)	<b>21.1</b>	(5.7)	–	–	<b>21.1</b>	(5.7)
	Mongolia	<b>6.9</b>	(2.1)	<b>3.5</b>	(1.0)	–	–	<b>3.5</b>	(1.0)
	Sri Lanka	<b>(3.1)</b>	(6.2)	<b>(2.8)</b>	(5.5)	–	–	<b>(2.8)</b>	(5.5)
	Other countries	<b>(8.2)</b>	(14.9)	<b>(5.1)</b>	(10.4)	<b>4.6</b>	(1.0)	<b>(0.5)</b>	(11.4)
		<b>66.0</b>	(56.2)	<b>72.0</b>	(42.3)	<b>37.5</b>	14.5	<b>109.5</b>	(27.8)
<b>Hotel Management and Related Services</b>		<b>2.9</b>	(67.6)	<b>2.9</b>	(67.6)	–	–	<b>2.9</b>	(67.6)
<b>Sub-total Hotel Operations</b>		<b>68.9</b>	(123.8)	<b>74.9</b>	(109.9)	<b>37.5</b>	14.5	<b>112.4</b>	(95.4)
<b>Investment Properties</b>	Mainland China	<b>16.0</b>	12.6	<b>14.5</b>	11.4	<b>242.6</b>	207.2	<b>257.1</b>	218.6
	Singapore	<b>5.0</b>	4.6	<b>5.0</b>	4.6	<b>2.9</b>	3.1	<b>7.9</b>	7.7
	Malaysia	<b>2.7</b>	3.5	<b>1.4</b>	1.8	–	–	<b>1.4</b>	1.8
	Mongolia	<b>24.4</b>	14.7	<b>12.5</b>	7.5	–	–	<b>12.5</b>	7.5
	Sri Lanka	<b>4.3</b>	0.6	<b>3.9</b>	0.5	–	–	<b>3.9</b>	0.5
	Other countries	<b>10.3</b>	13.7	<b>6.1</b>	7.8	–	–	<b>6.1</b>	7.8
<b>Sub-total Investment Properties</b>		<b>62.7</b>	49.7	<b>43.4</b>	33.6	<b>245.5</b>	210.3	<b>288.9</b>	243.9
<b>Property Development For Sale &amp; Other Business</b>		<b>12.7</b>	2.5	<b>11.5</b>	1.5	<b>21.9</b>	47.5	<b>33.4</b>	49.0
<b>Sub-total</b>		<b>144.3</b>	(71.6)	<b>129.8</b>	(74.8)	<b>304.9</b>	272.3	<b>434.7</b>	197.5
<b>Corporate and Project Expenses</b>		<b>(11.5)</b>	(13.3)	<b>(11.6)</b>	(13.3)	<b>(5.1)</b>	(2.6)	<b>(16.7)</b>	(15.9)
<b>Grand Total</b>		<b>132.8</b>	(84.9)	<b>118.2</b>	(88.1)	<b>299.8</b>	269.7	<b>418.0</b>	181.6

Aggregate effective share of EBITDA was USD418.0 million for the year ended 31 December 2021, an increase of 130.2% (or USD236.4 million), compared to USD181.6 million for the year ended 31 December 2020. Commentaries of results by business segments are as follows:

### ***Hotel Properties***

Effective share of EBITDA from Hotel Properties business for the year ended 31 December 2021 was USD109.5 million, an increase of USD137.3 million, compared to a loss of USD27.8 million for the year ended 31 December 2020. The improvement was mainly due to the recovery in the overall environment, as explained in the revenue discussion. For certain countries such as France, UK, Japan and Singapore, we were also aided by various government subsidies and grants.

### ***Hotel Management and Related Services***

Effective share of EBITDA from Hotel Management and Related Services for the year ended 31 December 2021 was USD2.9 million, an improvement of USD70.5 million, compared to a loss of USD67.6 million for the year ended 31 December 2020. This improvement was mainly due to the overall improvement of the Hotel Properties business and the corresponding increase in the fees received.

### ***Investment Properties***

Effective share of EBITDA from Investment Properties business for the year ended 31 December 2021 was USD288.9 million, an increase of 18.5% (or USD45.0 million), compared to USD243.9 million for the year ended 31 December 2020. We saw an overall increase in business in our subsidiary investment properties during the year, as highlighted in our revenue discussion of Investment Properties business. Most of the investment properties held by our associates, predominantly located in Mainland China, also saw an increase in EBITDA due to the overall strong domestic consumption demand.

### ***Property Development for Sale & Other Business***

Effective share of EBITDA from Property Development for Sale & Other Business for the year ended 31 December 2021 was USD33.4 million, a decrease of 31.8% (or USD15.6 million), compared to USD49.0 million for the year ended 31 December 2020. The decrease was mainly due to having fewer residential units for handover at the residential projects held by our associates in Mainland China.

### ***Corporate and Project Expenses***

Corporate and project expenses, that offset the above effective share of EBITDA from business segments, were USD16.7 million for the year ended 31 December 2021, an increase of 5.0% (or USD0.8 million), compared to USD15.9 million for the year ended 31 December 2020. The increase in expenses was mainly due to increase of staff cost and share awards compared to last year.

### *Consolidated Profit or Loss Attributable to Owners of the Company*

The following table summarises information related to the consolidated profit or loss attributable to owners of the Company before and after non-operating items by geographical areas and by business segments:

<i>(USD million)</i>		<b>For the year ended</b>		<b>2021/20</b> <b>% change</b>
		<b>31 December</b>		
		<b>2021</b>	<b>2020</b>	
<b>Hotel Properties</b>	The People's Republic of China			
	Hong Kong	<b>(47.9)</b>	(61.0)	21.5%
	Mainland China	<b>(82.0)</b>	(111.7)	26.6%
	Singapore	<b>(10.8)</b>	(12.3)	12.2%
	Malaysia	<b>(12.9)</b>	(15.7)	17.8%
	The Philippines	<b>(27.0)</b>	(43.4)	37.8%
	Japan	<b>(0.9)</b>	(11.9)	92.4%
	Thailand	<b>(5.6)</b>	(4.7)	-19.1%
	France	<b>(5.8)</b>	(22.9)	74.7%
	Australia	<b>(13.0)</b>	(10.9)	-19.3%
	United Kingdom	<b>(1.9)</b>	(27.3)	93.0%
	Mongolia	<b>(2.5)</b>	(7.5)	66.7%
	Sri Lanka	<b>(21.0)</b>	(21.0)	0.0%
	Other countries	<b>(15.0)</b>	(27.5)	45.5%
		<b>(246.3)</b>	(377.8)	34.8%
<b>Hotel Management and Related Services</b>		<b>(18.5)</b>	(84.8)	78.2%
<b>Sub-total Hotel Operations</b>		<b>(264.8)</b>	(462.6)	42.8%
<b>Investment Properties</b>	Mainland China	<b>172.4</b>	149.1	15.6%
	Singapore	<b>7.4</b>	7.2	2.8%
	Malaysia	<b>1.0</b>	1.4	-28.6%
	Mongolia	<b>9.2</b>	2.9	217.2%
	Sri Lanka	<b>(13.4)</b>	(14.4)	6.9%
	Other countries	<b>4.0</b>	5.6	-28.6%
<b>Sub-total Investment Properties</b>		<b>180.6</b>	151.8	19.0%
<b>Property Development for Sale &amp; Other Business</b>		<b>12.9</b>	22.7	-43.2%
<b>Consolidated loss from operating properties</b>		<b>(71.3)</b>	(288.1)	75.3%
Net corporate finance costs (including foreign exchange gains and losses)		<b>(103.4)</b>	(124.6)	17.0%
Corporate and project expenses		<b>(18.5)</b>	(19.4)	4.6%
<b>Consolidated loss attributable to owners of the Company before non-operating items</b>		<b>(193.2)</b>	(432.1)	55.3%
<b>Non-operating items</b>		<b>(97.4)</b>	(28.1)	-246.6%
<b>Consolidated loss attributable to owners of the Company after non-operating items</b>		<b>(290.6)</b>	(460.2)	36.9%

Consolidated loss attributable to owners of the Company after non-operating items was USD290.6 million for the year ended 31 December 2021, an improvement of USD169.6 million, compared to a loss of USD460.2 million for the year ended 31 December 2020. Commentaries of results by business segments are as follows:

### **Hotel Properties**

Hotel Properties loss for the year ended 31 December 2021 was USD246.3 million, an improvement of USD131.5 million, compared to a loss of USD377.8 million for the year ended 31 December 2020. The improvement was mainly due to recovery in the overall environment, as explained in the revenue and EBITDA discussion.

### **Hotel Management and Related Services**

Hotel Management and Related Services loss for the year ended 31 December 2021 was USD18.5 million, an improvement of USD66.3 million, compared to a loss of USD84.8 million for the year ended 31 December 2020. This improvement was mainly due to the overall improvement of the Hotel Properties business and the corresponding increase in the fees received.

### **Investment Properties**

Investment Properties profit was USD180.6 million for the year ended 31 December 2021, an increase of 19.0% (or USD28.8 million), compared to USD151.8 million for the year ended 31 December 2020. The improvement was mainly attributed to the investment properties held by our associates in Mainland China, as discussed in previous sections.

### **Property Development for Sale & Other Business**

Property Development for Sale & Other Business profit for the year ended 31 December 2021 was USD12.9 million, a decrease of 43.2% (or USD9.8 million), compared to USD22.7 million for the year ended 31 December 2020. The decrease was mainly due to having fewer residential units for handover at the residential projects held by our associates in Mainland China.

## Others

Non-operating items for the year ended 31 December 2021 totalled a net charge of USD97.4 million, compared to a net charge of USD28.1 million for the year ended 31 December 2020. Major components included:

- i) Effective share of net fair value gain on investment properties was USD60.0 million for the year ended 31 December 2021, compared to net fair value loss of USD7.8 million for the year ended 31 December 2020.
- ii) Total impairment loss for assets amounted to USD172.7 million for the year ended 31 December 2021, compared to USD13.9 million for the year ended 31 December 2020. Please refer to the section headed “Impairment Provision” for further details.
- iii) A fair value gain of USD14.3 million for the financial assets and derivative financial instruments compared to a loss of USD7.9 million for the year ended 31 December 2020.

Details of all the non-operating items are disclosed in the segment profit or loss of Note 3 to the consolidated financial statements included in this announcement.

## CORPORATE DEBT AND FINANCIAL CONDITIONS

As at 31 December 2021, the Group’s net borrowings (total bank loans, bank overdrafts and fixed rate bonds less cash and bank balances and short-term fund placements) was USD4,803.0 million, an increase of USD74.9 million, compared to USD4,728.1 million as at 31 December 2020. As at 31 December 2021, the aggregate effective share of net borrowings of subsidiaries and associates based on percentage of equity interests was USD4,270.5 million, a decrease of USD221.6 million, compared to USD4,492.1 million as at 31 December 2020.

The Group’s net borrowings to total equity ratio, i.e. the gearing ratio, increased to 79.4% as at 31 December 2021 from 74.9% as at 31 December 2020. This increase was mainly driven by the aforesaid increase of the Group’s net borrowings as well as the decrease of total equity due to the loss recorded during the year.

At the corporate level, the Group executed two 5-year bank loan agreements of USD100 million and HKD780 million, respectively in 2021 for financing maturing loans as well as for working capital and project financing use. In February 2021, the Group issued 9-year term fixed rate bonds in an aggregate amount of SGD100 million with a coupon rate of 3.50% per annum.



At the subsidiary level, the Group also executed the following bank loan agreements in 2021 for financing maturing loans and working capital use:

- Three 3-year bank loan agreements totalling RMB675 million and one 3.5-year bank loan agreement of RMB160 million
- Two 5-year bank loan agreements totalling USD220 million and one 3-year bank loan agreement of FJD10 million
- Revolving credit of MYR30 million and USD25 million

The Group has not encountered any difficulty when drawing loans from committed banking facilities. None of the banking facilities were cancelled by the banks during the year or after 31 December 2021.

The Group has satisfactorily complied with all covenants under its borrowing agreements.

The analysis of borrowings outstanding as at 31 December 2021 is as follows:

<i>(USD million)</i>	<b>Maturities of Borrowings Contracted as at 31 December 2021</b>				
	<b>Repayment</b>				
	<b>Within 1 year</b>	<b>In the 2nd year</b>	<b>In the 3rd to 5th year</b>	<b>After 5 years</b>	<b>Total</b>
<b>Borrowings</b>					
Corporate borrowings					
– unsecured bank loans	695.6	548.4	1,426.5	281.6	2,952.1
– fixed rate bonds	–	–	744.3	380.5	1,124.8
Bank loans and overdrafts of subsidiaries					
– secured	3.6	–	–	–	3.6
– unsecured	362.9	341.0	686.1	117.4	1,507.4
Total outstanding balance	1,062.1	889.4	2,856.9	779.5	5,587.9
% of total outstanding balance	19.0%	15.9%	51.1%	14.0%	100.0%
<b>Undrawn but committed facilities</b>					
Bank loans	176.1	222.3	419.5	1,098.4	1,916.3

Out of the USD1,916 million undrawn but committed facilities, USD930 million is reserved to be drawn down to replace existing facilities from the same banks.

The currency mix of borrowings and cash and bank balances as at 31 December 2021 is as follows:

<i>(USD million)</i>	<b>Borrowings</b>	<b>Cash and Bank Balances</b> <i>(Note)</i>
In United States dollars	2,157.6	95.4
In Hong Kong dollars	1,458.2	39.5
In Singapore dollars	1,093.7	78.9
In Renminbi	599.4	416.2
In Euros	88.4	17.2
In Australian dollars	58.1	12.8
In Japanese yen	121.2	2.8
In Fiji dollars	10.1	2.3
In Philippines pesos	–	15.5
In Thai baht	–	33.8
In Malaysian ringgit	1.2	20.1
In British pounds	–	7.5
In Mongolian tugrik	–	16.3
In Sri Lankan rupee	–	25.0
In Myanmar kyat	–	0.3
In Maldivian rufiyaa	–	0.6
In other currencies	–	0.7
<b>Total</b>	<b>5,587.9</b>	<b>784.9</b>

*Note:* Cash and bank balances as stated included short-term fund placements.

Except for the fixed rate bonds, all borrowings are generally at floating interest rates.

Details of financial guarantees, contingencies and charges over assets as at 31 December 2021 are disclosed in Note 16 to the consolidated financial statements included in this announcement.

## TREASURY POLICIES

The Group's treasury policies are aimed at minimising interest and currency risks. The Group assesses the market environment and its financial position and adjusts its tactics from time to time.

### (A) Minimising Interest Risks

The majority of the Group's borrowings are in US dollars, HK dollars and Singapore dollars and arranged at the corporate level. The corporate bonds were issued at fixed rates. The Group has closely monitored the cash flow forecasts of all its subsidiaries and arranged to transfer any surplus cash to the corporate to reduce corporate debts. In order to minimise the overall interest cost, the Group also arranged intra-group loans and implemented RMB cash pooling in Mainland China to utilise the surplus cash of certain subsidiaries to meet the funding requirements of other group companies. The Group reviews the intra-group financing arrangements from time to time in response to changes in currency exchange rates and bank loan interest rates.

The Group has endeavoured to hedge its medium term interest rate risks arising from the Group's bank loans by entering into fixed HIBOR, LIBOR and SHIBOR interest-rate swap contracts. As at 31 December 2021, the outstanding interest-rate swap contracts are:

- USD1,265.0 million at fixed rates ranging between 1.365% and 3.045% per annum maturing during April 2022 to July 2024
- HKD6,170.0 million at fixed rates ranging between 1.505% and 1.855% per annum maturing during July 2023 to August 2026
- RMB359.2 million at fixed rates ranging between 3.370% and 3.550% per annum maturing during June 2022 to October 2022

Taking into account the fixed rate bonds, fixed rate bank loans and the interest-rate swap contracts (including the cross-currency swap contracts that also fix the interest rates of certain bank borrowings), the Group has fixed its interest liability on 61.7% of its outstanding borrowings as at 31 December 2021, compared to 59.6% as at 31 December 2020.

All these interest-rate swap contracts qualify for hedge accounting.

## **(B) Minimising Currency Risks**

The Group aims at using bank borrowings in local currency to finance the capital expenditure and operational funding requirements of the properties and/or development projects in the corresponding country to achieve natural hedging of its assets. The Group would also execute cross-currency swap contracts to hedge the currency risks arising from foreign currency borrowings.

As at 31 December 2021, the Group has the following cross-currency swap contracts:

- 7-year term USD35 million between US dollar and Singapore dollar to hedge the US dollar fixed rate bonds at fixed interest rate of 4.25% per annum maturing November 2025
- 7-year term JPY8,000 million between Japanese yen and HK dollar to hedge the Japanese yen bank borrowings at fixed interest rate of 3.345% per annum maturing July 2026
- 3-year term EUR100 million between HK dollar and Euro to swap bank borrowings from HK dollar at floating interest rates to Euro at fixed interest rates ranging between 0.39% and 0.395% per annum maturing August 2023

It is also the Group's practice, wherever and to the extent possible, to quote tariffs in the stronger currency and maintain bank balances in that currency, if legally permitted.

## INVESTMENT PROPERTIES VALUATION

Investment properties of subsidiaries and associates continue to be stated at fair value and are reviewed semi-annually (including those properties being constructed for future use as investment properties for which fair value becomes reliably determinable). The fair values of investment properties are based on opinions from independent professional valuers as obtained by the Group and the relevant associates which own the investment properties. All changes in the fair values of investment properties (including those under construction) are recorded in the statement of profit or loss. For the year ended 31 December 2021, the Group recorded an overall effective share of net fair value gains of USD60.0 million for its investment properties.

The following table shows the fair value gains/(losses) of the investment properties held by the Group's subsidiaries and associates for the year ended 31 December 2021:

<i>(USD million)</i>	<b>Subsidiaries</b>		<b>Associates</b>		<b>Total</b>	
	<b>100%</b>	<b>Effective Share</b>	<b>100%</b>	<b>Effective Share</b>	<b>100%</b>	<b>Effective Share</b>
Gains/(Losses)	(8.9)	0.6	179.6	78.5	170.7	79.1
Deferred tax	2.8	0.9	(45.8)	(20.0)	(43.0)	(19.1)
Net gains/(losses)	<u>(6.1)</u>	<u>1.5</u>	<u>133.8</u>	<u>58.5</u>	<u>127.7</u>	<u>60.0</u>

Investment properties are stated at professional valuations carried out by the following independent firms of professional valuers engaged by the Group or the relevant associates as at 31 December 2021:

Crowe Horwath First Trust Appraisals Pte Ltd, Jones Lang LaSalle Ltd, Cushman & Wakefield Limited and Savills Valuation and Professional Services Limited	:	For properties in Mainland China
Crowe Horwath First Trust Appraisals Pte Ltd	:	For properties in Mongolia
Colliers International Consultancy & Valuation (Singapore) Pte Ltd	:	For properties in Singapore
W. M. Malik & Kamaruzaman Sdn. Bhd.	:	For properties in Malaysia
Jones Lang LaSalle Advisory Services Pty Ltd	:	For properties in Australia
Knight Frank Chartered (Thailand) Company Limited	:	For properties in Myanmar
Sunil Fernando & Associates Pvt Ltd.	:	For properties in Sri Lanka

## **IMPAIRMENT PROVISION**

The Group assesses the carrying value of a group-owned property during the year when there is any indication that the asset may be impaired. Indicative criteria include continuing adverse changes in the local market conditions in which the property operates or will operate, or when the property continues to operate at a loss position or materially behind budget. At year end, the Group assesses the carrying value of all group-owned operating hotels and properties under development. Professional valuations have been carried out by independent professional firms for those properties for which the internal assessment results need independent confirmation. Based on the Group's internal assessment and the professional valuation at 31 December 2021, the Group provided a total impairment loss of USD104.5 million for its operating hotels in Mainland China, Sri Lanka, Myanmar and Mongolia as well as a property pending for re-development in Italy. The Group has also written off the assets and liabilities amounted to USD64.3 million for a development project in Mainland China as the Group has decided not to proceed with the development. On the other hand, an intangible asset of USD2.5 million and the right-of-use asset amounted to USD1.4 million of a restaurant business were also impaired during the year. As a result, a total impairment loss of USD172.7 million was recognised by the Group in 2021.

## **FINANCIAL ASSETS – TRADING SECURITIES**

As at 31 December 2021, the market value of the Group's investment portfolio was USD22.5 million, which mainly included 4,483,451 ordinary shares in Kerry Properties Limited amounting to USD11.7 million; 2,241,725 ordinary shares in Kerry Logistics Network Limited amounting to USD5.5 million; and 15,193,700 ordinary shares in Don Muang Tollway PCL amounting to USD5.3 million. The Group recorded effective share of gains of USD1.0 million and USD2.7 million through profit or loss and other comprehensive income, respectively for the year ended 31 December 2021. Effective share of dividend income of USD4.7 million was recognised during the year.

## DEVELOPMENT PROGRAMMES

Construction work on the following projects is on-going:

### (A) Hotel Developments

	Group's Equity Interest	Hotel Rooms	Projected Opening
<b>In Mainland China</b>			
JEN Kunming by Shangri-La (part of a composite development project in Kunming City)	45%	274	2023
Shangri-La Zhengzhou	45%	314	2024
<b>In Japan</b>			
Shangri-La Kyoto	51%*	80	2024

\* The project in which the Group originally has 100% equity interests and the Group entered into a conditional sale and purchase agreement with an independent third party in April 2021 to dispose 80% of its equity interest by stages. As at 31 December 2021, the Group has already disposed 49% equity interest and retain 51% equity interest in the project. Please refer to the section headed "Disposal" for more details.

The Shangri-La and Traders Hongqiao Airport which will be operated under operating lease will open for business in 2024.

### (B) Composite Developments and Investment Property Developments

	Group's Equity Interest	Total gross floor area upon completion (excluding hotel component) <i>(approximate in square metres)</i>			Scheduled Completion
		Residential	Office	Commercial	
<b>In Mainland China</b>					
Shenyang Kerry Centre					
– Phase III	25%	308,521	69,176	96,468	2022 onwards*
Kunming City Project	45%	20,917	–	–	2023
Phase II of Shangri-La, Fuzhou	100%	–	34,319	50,447	2023
Composite development project in Zhengzhou	45%	94,025	58,946	3,932	2023 onwards*
Nanchang City Project					
– Phase II	20%	–	57,630	2,100	2023
Tianjin Kerry Centre					
– Phase II	20%	28,530	92,651	17,490	2025
TOTAL		<u>451,993</u>	<u>312,722</u>	<u>170,437</u>	

\* Being developed in phases

The Group is currently reviewing the development plans of the following projects:

***Hotel development***

- Shangri-La Kunming, Mainland China (45% equity interest owned by the Group)
- Rome, Italy (wholly owned by the Group)
- Lakeside Shangri-La, Yangon, Myanmar (55.86% equity interest owned by the Group)
- Bangkok, Thailand (73.61% equity interest owned by the Group)

***Composite development***

- Accra, the Republic of Ghana (45% equity interest owned by the Group)

The Group continues to review its asset portfolio and may sell assets it considers non-core at an acceptable price and introduce strategic investors for some of its operating assets/development projects. The Group adjusts its development plans and investment strategy from time to time in response to changing market conditions and to improve the financial position of the Group.

**DISPOSAL**

In April 2021, the Group entered into a sale and purchase agreement with an independent third party to dispose of its 80% equity interest in a project company which owns a parcel of land in Kyoto, Japan for the development of a luxury hotel at a cash consideration of approximately USD67.4 million, subject to adjustment. Up to 31 December 2021, a total deposit of USD41.5 million has already been received by the Group. The disposal would be completed by stages which is conditional upon the fulfilment of certain conditions precedent and the final completion of the sale and purchase agreement is expected to take place in the first half of 2022. As at 31 December 2021, 49% equity interest in the project company has already been transferred to the buyer and the Group retained an equity interest of 51% in the project company. The Group's equity interest in the project company will be ultimately reduced from 100% to 20% after the completion of the transaction.



## **MANAGEMENT CONTRACTS FOR HOTELS OWNED BY THIRD PARTIES**

In 2021, two hotels under management agreements owned by third parties, namely Shangri-La Qiantan, Shanghai and Shangri-La Shougang Park, Beijing in Mainland China, opened for operation. In February 2022, Shangri-La Jeddah in Saudi Arabia also opened for business. As at the date of this announcement, the Group has management agreements for 22 operating hotels owned by third parties. In addition, the Group also has agreements on hand for the development of 6 new hotels currently under development and owned by third parties. The development projects are located in Nanning, Shenzhen (2 hotels) and Hangzhou (Mainland China), Phnom Penh (Cambodia) and Melbourne (Australia).

The Group continues to review proposals it receives for management opportunities and intends to secure management agreements for third-party owned hotels that do not require capital commitment in locations/cities which it considers to be of long-term strategic interest.

## **HUMAN RESOURCES**

As at 31 December 2021, the Company and its subsidiaries had approximately 23,200 employees. The number of people employed at Shangri-La, including all operating hotels, was 39,000. Salaries and benefits, including provident fund contributions, insurance and medical coverage, housing and share award scheme, were maintained at competitive levels. Bonuses were awarded based on contract terms and individual performance as well as the financial performance of business units. The Group introduced the Balance Scorecard to measure the performance of business units in the areas of financial performance, guest satisfaction, people development, initiatives, community responsibility and compliance.

The Group has granted shares under the share award scheme in order to attract, retain and motivate key talents to achieve long term growth and to align management with shareholders' value creation. The Group has not granted any new share option under the share option scheme in 2021.

The Group's total employee benefit expenses net of wage subsidy received from government (excluding directors' emoluments) amounted to USD582.5 million (2020: USD538.2 million).

Average voluntary turnover was 22% which consistently reflected the challenges faced by the hospitality industry. Concerted efforts have been focused on attracting, retaining, developing and engaging the workforce; as well as succession planning for critical roles.

COVID-19 prevention continued to be a critical focus on Learning & Development in 2021. To ensure the safety of our guests and colleagues, all our colleagues completed the Shangri-La Cares course to learn the highest standards we have enforced to prevent and protect everyone against COVID 19 infection. Acknowledging new norms for work, especially working remotely for some, the Shangri-La Academy expanded the series of learning courses called: Live Well, with new content, providing tools and tips for colleagues related to mental health, dealing with anxiety and stress, mindfulness exercises and ways to acquire new skills during the lull periods.

The focus on functional capability enhancement continued with new courses co-created between Shangri-La Academy and functional subject matter experts in Sales, Human Resources, Food & Beverage, Technology, Engineering & Security. In 2021, more than 200 new blended learning resources administered via the Shangri-la Academy Online platform.

Leadership Development was given significant focus in 2021 to develop current and future leadership capabilities. The Shangri-La Academy in collaboration with Senior Business Leaders developed and launched the Business Leaders Programme – for future General Managers; the Operations Leaders Programme – for future Resident Managers; the Future Leaders Programme – for future Heads of Department; the Emerging Leaders Programme – for existing managers; and the Junior Leaders Programme – for first time supervisors. These leadership programmes included a series of assessments such as 360 leadership survey, virtual panel interviews, psychometric tools and the use of Business cases for the participants to learn and work together to resolve and lead business related events. In 2021, over 400 leaders in the organisation started with these programmes, their leadership development encompasses a duration between 6 to 18 months of customised learning pathways. These programmes were designed with an experiential learning approach, where leaders complete tasks to enhance targeted capabilities. Each participant was also supported by an assigned a trained mentor.

Governance has always been a foundational component of our learning. In 2021, our 40,000 colleagues completed update courses on Cyber Security, Phishing E-mails, Fire Life Safety, Global Security Orientation, Engineering & Sustainability and Food Safety.

In addition, we introduced a new blended programme: the Shangri-La Culture which aimed to enhance our colleagues' understanding on our Vision, Purpose, Business & Shared Values at Shangri-La. The combination of an online course with virtual or face to face sessions in regions where this was possible, made of the Shangri-La Culture an important platform to galvanise colleagues to live and breathe our culture. The entire population completed this course in 2021 and it became part of the new onboarding learning for new colleagues.

Finally, we introduced many courses to support business strategies including the new Shangri-La Orientation programme – which through a gamified approach offers new joiners all the relevant information they need to integrate to our organisation.

Through volunteering in community activities, such as giving out amenities and food supplies to families in need, our colleagues have come together in unity to do good and bring positive impact to our communities.

## PROSPECTS

We expect 2022 to be broadly similar to 2021, where we observed a tale of two worlds. One for Mainland China and Hong Kong, enclosed in a bubble as an effort to fully contain the spread of the virus. Their path of recoveries will depend on the severity and frequency of local outbreaks. In 2020 and 2021, during periods where there were no cases, we saw strong recovery driven by local consumption demand. Our Group's value proposition, in particular, is well placed to benefit from Mainland China's premiumisation trend, as the rising middle-class travellers are restricted in spending only within the borders.

Meanwhile largely for the rest of the world, they are navigating their ways to live with the virus. Our strong results from UK and France in particular provide us with optimism that the hotel industry is set to benefit from the pent-up demand as restrictions continue to loosen. With the continued push for vaccination and booster shots around the globe together with the development of a cure for infected patients, we see increasing chances of resumption of normality.

Under this "tale of two worlds" backdrop, our teams globally are staying vigilant especially with the recent worldwide Omicron variant outbreak. For example in Hong Kong since February 2022, we are once again bracing for a period of high restrictions as we provide isolation and quarantine services for the city. Nevertheless, in other destinations such as Malaysia and the Philippines, we are also preparing for business resumption as they are carefully relaxing border and gathering restrictions.

We are also closely monitoring other recent challenges that may arise from Ukraine, inflation and interest rate hikes, and will focus on actions we can control. As an example, we have already hedged around 60% of our total debts against rising interest rates. We will also continue to closely monitor our Group's financial health. As at 31 December 2021, the Group had cash balances of USD784.9 million and committed undrawn facilities of USD1.9 billion (of which USD930 million is reserved to be drawn down to replace existing facilities from the same banks). As at 1 March 2022, we have already completed refinancing arrangement for 80% of our 2022 refinancing needs, and will continue to sustain our cash conservation efforts in order to ensure the Group can endure a prolonged period of uncertainties.

Having opened our new managed hotel in Jeddah in February 2022 and soft opening of another in Nanning in March 2022, we look forward to the new openings of another two managed hotels in Phnom Penh, Cambodia and Qianhai, Mainland China during the rest of the year. We are hopeful and will continue to tirelessly prepare ourselves to once again welcome our guests with our well-known Asian hospitality.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2021</b>	<b>2020</b>
		<i>USD'000</i>	<i>USD'000</i>
<b>ASSETS</b>			
<i>Non-current assets</i>			
Property, plant and equipment		4,634,879	5,093,983
Investment properties		1,758,979	1,748,296
Right-of-use assets		1,174,309	1,279,746
Intangible assets		110,024	115,400
Interest in associates		4,341,708	4,207,367
Deferred income tax assets		73,484	51,911
Financial assets at fair value through other comprehensive income		7,364	4,498
Financial assets at fair value through profit or loss		12,626	9,948
Derivative financial instruments		1,949	–
Other receivables		14,882	16,428
		<u>12,130,204</u>	<u>12,527,577</u>
<i>Current assets</i>			
Inventories		28,956	30,590
Properties for sale		74,976	86,529
Accounts receivable, prepayments and deposits	4	200,803	231,837
Amounts due from associates		147,987	124,501
Derivative financial instruments		2,793	–
Financial assets at fair value through profit or loss		17,251	16,273
Short-term deposits with original maturities over 3 months		39,326	66,394
Cash and cash equivalents		745,540	924,457
		<u>1,257,632</u>	<u>1,480,581</u>
Assets of disposal group classified as held for sale	8	<u>86,431</u>	–
		<u>1,344,063</u>	<u>1,480,581</u>
<b>Total assets</b>		<u><u>13,474,267</u></u>	<u><u>14,008,158</u></u>

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2021</b>	<b>2020</b>
		<i>USD'000</i>	<i>USD'000</i>
<b>EQUITY</b>			
<i>Capital and reserves attributable to owners of the Company</i>			
Share capital and premium	5	<b>3,201,995</b>	3,201,995
Shares held for share award scheme	5	<b>(2,858)</b>	(4,265)
Other reserves		<b>1,073,259</b>	985,882
Retained earnings		<b>1,591,897</b>	1,877,977
		<hr/> <b>5,864,293</b>	<hr/> 6,061,589
<b>Non-controlling interests</b>		<b>185,571</b>	253,158
		<hr/> <b>6,049,864</b>	<hr/> 6,314,747
<b>LIABILITIES</b>			
<i>Non-current liabilities</i>			
Bank loans		<b>3,400,972</b>	4,030,440
Fixed rate bonds		<b>1,124,794</b>	1,072,033
Derivative financial instruments		<b>25,507</b>	71,579
Amounts due to non-controlling shareholders		<b>46,550</b>	46,550
Long term lease liabilities		<b>570,726</b>	601,639
Deferred income tax liabilities		<b>303,768</b>	329,923
		<hr/> <b>5,472,317</b>	<hr/> 6,152,164
<i>Current liabilities</i>			
Accounts payable and accruals	7	<b>614,869</b>	601,477
Contract liabilities		<b>140,823</b>	170,867
Short term lease liabilities		<b>48,072</b>	65,891
Amounts due to non-controlling shareholders		<b>50,018</b>	45,366
Current income tax liabilities		<b>4,205</b>	5,881
Bank loans		<b>1,062,086</b>	616,439
Derivative financial instruments		<b>19,622</b>	35,326
		<hr/> <b>1,939,695</b>	<hr/> 1,541,247
<b>Liabilities of disposal group classified as held for sale</b>	8	<b>12,391</b>	–
		<hr/> <b>1,952,086</b>	<hr/> 1,541,247
<b>Total liabilities</b>		<b>7,424,403</b>	7,693,411
<b>Total equity and liabilities</b>		<b>13,474,267</b>	14,008,158

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
	Note	2021	2020
		USD'000	USD'000
<b>Revenue</b>	3	<b>1,241,049</b>	1,033,431
Cost of sales	9	<u>(696,527)</u>	<u>(671,194)</u>
<b>Gross profit</b>		<b>544,522</b>	362,237
Other (losses)/gains – net	10	(3,435)	30,219
Marketing costs	9	(57,415)	(62,030)
Administrative expenses	9	(193,424)	(233,147)
Other operating expenses	9	<u>(644,244)</u>	<u>(529,893)</u>
<b>Operating loss</b>		<b>(353,996)</b>	(432,614)
Finance costs – net	11	(212,594)	(236,837)
Share of profit of associates	12	<u>209,644</u>	<u>132,390</u>
<b>Loss before income tax</b>		<b>(356,946)</b>	(537,061)
Income tax credit	13	<u>12,527</u>	<u>26,477</u>
<b>Loss for the year</b>		<b><u>(344,419)</u></b>	<b><u>(510,584)</u></b>
<i>Loss attributable to:</i>			
Owners of the Company		(290,575)	(460,161)
Non-controlling interests		<u>(53,844)</u>	<u>(50,423)</u>
		<b><u>(344,419)</u></b>	<b><u>(510,584)</u></b>
<i>Loss per share for loss attributable to the owners of the Company during the year (expressed in US cents per share)</i>			
– basic	14	<u>(8.13)</u>	<u>(12.89)</u>
– diluted	14	<u>(8.13)</u>	<u>(12.89)</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2021 <i>USD'000</i>	2020 <i>USD'000</i>
<b>Loss for the year</b>	<b>(344,419)</b>	<b>(510,584)</b>
<b><i>Other comprehensive income/(loss):</i></b>		
<b><i>Item that will not be reclassified subsequently to profit or loss</i></b>		
Fair value changes of financial assets at fair value through other comprehensive income	4,955	–
Revaluation of a property held by a subsidiary upon reclassification from property, plant and equipment and right-of-use assets to investment properties	–	246
Remeasurements of post-employment benefit obligations	2,878	(1,506)
<b><i>Items that may be reclassified subsequently to profit or loss</i></b>		
Fair value changes of interest-rate swap and cross-currency swap contracts – hedging	55,823	(90,253)
Currency translation differences – subsidiaries	(49,146)	187,274
Currency translation differences – associates	64,994	238,190
<b>Other comprehensive income for the year</b>	<b>79,504</b>	<b>333,951</b>
<b>Total comprehensive loss for the year</b>	<b>(264,915)</b>	<b>(176,633)</b>
<b><i>Total comprehensive loss attributable to:</i></b>		
Owners of the Company	(201,815)	(129,143)
Non-controlling interests	(63,100)	(47,490)
	<b>(264,915)</b>	<b>(176,633)</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Note	Attributable to owners of the Company						Non- controlling interests USD'000	Total equity USD'000
	Share capital and premium USD'000	Shares held for share award scheme USD'000	Other reserves USD'000	Retained earnings USD'000	Total USD'000	Total USD'000		
<b>Balance at 1 January 2021</b>	3,201,995	(4,265)	985,882	1,877,977	6,061,589	253,158	6,314,747	
Remeasurements of post-employment benefit obligations	-	-	-	2,498	2,498	380	2,878	
Fair value changes of interest-rate swap and cross-currency swap contracts – hedging	-	-	52,519	-	52,519	3,304	55,823	
Currency translation differences	-	-	31,090	-	31,090	(15,242)	15,848	
Fair value changes of financial assets at fair value through other comprehensive income	-	-	2,653	-	2,653	2,302	4,955	
Other comprehensive income/ (loss) for the year recognised directly in equity	-	-	86,262	2,498	88,760	(9,256)	79,504	
Loss for the year	-	-	-	(290,575)	(290,575)	(53,844)	(344,419)	
Total comprehensive income/ (loss) for the year ended 31 December 2021	-	-	86,262	(288,077)	(201,815)	(63,100)	(264,915)	
Share-based compensation under share award scheme	-	-	2,337	-	2,337	-	2,337	
Vesting of shares under share award scheme	5	1,407	(1,222)	(185)	-	-	-	
Dividend paid and payable to non-controlling shareholders	-	-	-	-	-	(4,487)	(4,487)	
Adjustment on the difference between the consideration and the portion of the non-controlling interests arising from acquisition of partial equity interest in a subsidiary from a non-controlling shareholder	-	-	-	2,182	2,182	-	2,182	
	-	1,407	1,115	1,997	4,519	(4,487)	32	
<b>Balance at 31 December 2021</b>	<b>3,201,995</b>	<b>(2,858)</b>	<b>1,073,259</b>	<b>1,591,897</b>	<b>5,864,293</b>	<b>185,571</b>	<b>6,049,864</b>	



		Attributable to owners of the Company						
Note	Share capital and premium USD'000	Shares held for share award scheme USD'000	Other reserves USD'000	Retained earnings USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000	
	<b>Balance at 1 January 2020</b>	<b>3,201,995</b>	<b>(5,985)</b>	<b>653,684</b>	<b>2,339,885</b>	<b>6,189,579</b>	<b>314,454</b>	<b>6,504,033</b>
	Remeasurements of post-employment benefit obligations	-	-	-	(1,487)	(1,487)	(19)	(1,506)
	Fair value changes of interest-rate swap and cross-currency swap contracts – hedging	-	-	(86,876)	-	(86,876)	(3,377)	(90,253)
	Currency translation differences	-	-	419,135	-	419,135	6,329	425,464
	Revaluation of a property held by a subsidiary upon reclassification from property, plant and equipment and right-of-use assets to investment properties	-	-	246	-	246	-	246
	Other comprehensive income/ (loss) for the year recognised directly in equity	-	-	332,505	(1,487)	331,018	2,933	333,951
	Loss for the year	-	-	-	(460,161)	(460,161)	(50,423)	(510,584)
	Total comprehensive income/ (loss) for the year ended 31 December 2020	-	-	332,505	(461,648)	(129,143)	(47,490)	(176,633)
	Share-based compensation under share award scheme	-	-	1,153	-	1,153	-	1,153
	Vesting of shares under share award scheme	5	1,720	(1,460)	(260)	-	-	-
	Dividend paid and payable to non-controlling shareholders	-	-	-	-	-	(12,624)	(12,624)
	Net change in equity loans due to non-controlling shareholders	-	-	-	-	-	(1,182)	(1,182)
		-	1,720	(307)	(260)	1,153	(13,806)	(12,653)
	<b>Balance at 31 December 2020</b>	<b>3,201,995</b>	<b>(4,265)</b>	<b>985,882</b>	<b>1,877,977</b>	<b>6,061,589</b>	<b>253,158</b>	<b>6,314,747</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 General information

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 operations of investment properties and property development for sale.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Victoria Place, 5/F, 31 Victoria Street, Hamilton HM10, Bermuda.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (“HKSE”) with secondary listing on the Singapore Exchange Securities Trading Limited.

## 2 Basis of preparation and accounting policies

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention except that certain financial assets, financial liabilities (including derivative financial instruments) and investment properties are stated at fair value.

### *Going concern*

The consolidated financial statements as at 31 December 2021 have been prepared on a going-concern basis although the Group’s consolidated current liabilities exceeded its consolidated current assets by USD608,023,000 and the Group was running at a cash loss from its operation due to the impact of COVID-19 pandemic during the current year. The future funding requirements can be met through the committed and available undrawn bank loan facilities of USD1,740,226,000 which are maturing after 31 December 2022 (of which USD930,000,000 is reserved to be drawn down to replace the existing facilities from the same banks). The Group has adequate resources to continue its operation for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

### *New accounting standards, amendments and interpretation to accounting standards adopted by the Group*

The Group has applied the following amendments to accounting standards for the first time for the financial year beginning on 1 January 2021:

Amendments to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

Except for the amendments to HKFRS 16 mentioned below, the adoption of other amendments to accounting standards has no material impact on the Group’s financial statements.

## **Amendment to HKFRS 16, COVID-19 Related Rent Concessions beyond 30 June 2021 (“2021 amendment”)**

The Group previously applied the practical expedient in HKFRS 16 such that a lessee was able to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, account for those rent concessions as if they were variable lease payments and were not lease modifications. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from the original 30 June 2021 to 30 June 2022.

Following the adoption of the original practical expedient in HKFRS 16 in 2020, the Group has elected to adopt the 2021 amendment and continues to apply the practical expedient to all qualifying COVID-19 related rent concessions granted to the Group during the current reporting period. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in “Other (losses)/gains – net” in the consolidated statement of profit or loss during the year in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2021.

### ***New standards, amendments and interpretation to existing standards not yet adopted by the Group***

Certain new accounting standards, amendments and interpretations to existing standards have been published that are not mandatory for the year 2021 and have not been early adopted by the Group. These standards are not expected to have a material impact to the Group in the current or future reporting periods and on foreseeable future transactions.

### **3 Revenue and segment information**

The Group owns/leases and operates hotels and associated properties; and provides hotel management and related services. The Group also owns investment properties for property rentals and engages in property sales business. Most of the associates are engaged in hotel ownership, property rentals and property sales businesses and these revenues of the associates are not included in the consolidated revenue of the Group. Revenue recognised in the consolidated financial statements during the year are as follows:

	<b>2021</b>	2020
	<b>USD'000</b>	USD'000
<b><i>Revenue</i></b>		
Hotel properties		
Revenue from rooms	<b>452,407</b>	373,740
Food and beverage sales	<b>509,663</b>	407,351
Rendering of ancillary services	<b>87,244</b>	76,887
Hotel management and related services	<b>71,470</b>	57,379
Property development for sale	<b>21,607</b>	24,188
Other business	<b>4,816</b>	4,017
	<hr/>	<hr/>
Revenue from contracts with customers	<b>1,147,207</b>	943,562
Investment properties	<b>93,842</b>	89,869
	<hr/>	<hr/>
Total consolidated revenue	<b>1,241,049</b>	1,033,431
	<hr/> <hr/>	<hr/> <hr/>

The Group is domiciled in Hong Kong. The revenue from external customers attributed to Hong Kong and other countries are USD184,349,000 (2020: USD129,559,000) and USD1,056,700,000 (2020: USD903,872,000), respectively.

The total of non-current assets other than financial assets at fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVPL”), derivative financial instruments, deferred income tax assets and interest in associates, located in Hong Kong and other countries are USD871,398,000 (2020: USD884,139,000) and USD6,821,675,000 (2020: USD7,369,714,000), respectively.

In accordance with HKFRS 8 “Operating Segments”, segment information disclosed in the financial statements has been prepared in a manner consistent with the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group’s revenue is derived from various external customers in which there is no significant sales revenue derived from a single external customer of the Group. The Group’s management considers the business from both a geographic and business perspective.

The Group is managed on a worldwide basis in the following main segments:

- i. Hotel properties – development, ownership and operations of hotel properties (including hotels under leases)*
  - The People’s Republic of China
    - Hong Kong
    - Mainland China
  - Singapore
  - Malaysia
  - The Philippines
  - Japan
  - Thailand
  - France
  - Australia
  - United Kingdom
  - Mongolia
  - Sri Lanka
  - Other countries (including Fiji, Myanmar, Maldives, Indonesia, Turkey and Mauritius)
- ii. Hotel management and related services for Group-owned hotels and for hotels owned by third parties*
- iii. Investment properties – development, ownership and operations of office properties, commercial properties and serviced apartments/residences for rental purpose*
  - Mainland China
  - Singapore
  - Malaysia
  - Mongolia
  - Sri Lanka
  - Other countries (including Australia and Myanmar)
- iv. Property development for sale – development and sale of real estate properties*

The Group is also engaged in other businesses including wines trading, amusement park, retail business and restaurant operation outside hotel. These other businesses did not have a material impact on the Group’s results.

The chief operating decision-maker assesses the performance of the operating segments based on a measure of the share of profit after tax and non-controlling interests. This measurement basis excludes the effects of pre-opening expenses of projects, corporate expenses and other non-operating items such as fair value gains or losses on investment properties, fair value adjustments on monetary items and impairments for any isolated non-recurring event.

### Segment profit or loss

For the year ended 31 December 2021 and 2020 (USD million)

	2021		2020	
	Revenue (Note b)	Profit/(Loss) after tax (Note a)	Revenue (Note b)	Profit/(Loss) after tax (Note a)
<b>Hotel properties</b>				
The People's Republic of China				
Hong Kong	137.3	(47.9)	82.5	(61.0)
Mainland China	588.1	(82.0)	463.0	(111.7)
Singapore	104.2	(10.8)	88.8	(12.3)
Malaysia	25.9	(12.9)	34.9	(15.7)
The Philippines	26.1	(27.0)	49.0	(43.4)
Japan	30.8	(0.9)	24.2	(11.9)
Thailand	10.4	(5.6)	20.7	(4.7)
France	23.7	(5.8)	7.3	(22.9)
Australia	37.3	(13.0)	35.6	(10.9)
United Kingdom	38.3	(1.9)	18.3	(27.3)
Mongolia	6.1	(2.5)	3.9	(7.5)
Sri Lanka	12.3	(21.0)	12.0	(21.0)
Other countries	8.9	(15.0)	17.8	(27.5)
	<b>1,049.4</b>	<b>(246.3)</b>	858.0	(377.8)
<b>Hotel management and related services</b>	<b>148.0</b>	<b>(18.5)</b>	114.7	(84.8)
<b>Sub-total hotel operation</b>	<b>1,197.4</b>	<b>(264.8)</b>	972.7	(462.6)
<b>Investment properties</b>				
Mainland China	25.5	172.4	22.0	149.1
Singapore	9.3	7.4	9.0	7.2
Malaysia	5.0	1.0	5.3	1.4
Mongolia	23.9	9.2	22.6	2.9
Sri Lanka	11.0	(13.4)	7.5	(14.4)
Other countries	19.1	4.0	23.4	5.6
	<b>93.8</b>	<b>180.6</b>	89.8	151.8
<b>Property development for sale</b>	<b>21.6</b>	<b>14.2</b>	24.2	25.0
<b>Other businesses</b>	<b>4.8</b>	<b>(1.3)</b>	4.0	(2.3)
<b>Total</b>	<b>1,317.6</b>	<b>(71.3)</b>	1,090.7	(288.1)
Less: Hotel management – Inter-segment revenue	(76.6)		(57.3)	
<b>Total external revenue</b>	<b>1,241.0</b>		1,033.4	
Corporate finance costs (net)		(117.6)		(118.1)
Land cost amortisation and project expenses		(4.0)		(7.8)
Corporate expenses		(14.5)		(11.6)
Exchange gains/(losses) of corporate investment holding companies		14.2		(6.5)
<b>Loss before non-operating items</b>		<b>(193.2)</b>		<b>(432.1)</b>

	<b>2021</b>	2020
	<b>Profit/(Loss)</b>	Profit/(Loss)
	<b>after tax</b>	after tax
	<b>(Note a)</b>	<b>(Note a)</b>
<b>Loss before non-operating items</b>	<b>(193.2)</b>	<b>(432.1)</b>
<b>Non-operating items</b>		
Share of net fair value gains/(losses) on investment properties	<b>60.0</b>	(7.8)
Net unrealised gains/(losses) on financial assets at fair value through profit or loss	<b>3.6</b>	(1.9)
Fair value adjustments on security deposit on leased premises	<b>0.1</b>	(0.8)
Provision for impairment losses on properties, plant and equipment	<b>(108.5)</b>	–
Provision for impairment losses on right-of use-assets	<b>(49.2)</b>	(13.9)
Write-off of miscellaneous assets and liabilities for a terminated development project	<b>(12.5)</b>	–
Provision for impairment losses on intangible assets	<b>(2.5)</b>	–
Discarding of property, plant and equipment and associated expenses spent due to a bombing incident	–	(0.4)
Insurance claim recovered from a bombing incident	<b>0.9</b>	3.8
Fair value changes on cross-currency swap – non-hedging	<b>10.7</b>	(6.0)
Impairment loss on a loan to a third party	–	(1.1)
	<hr/>	<hr/>
Total non-operating items	<b>(97.4)</b>	(28.1)
	<hr/>	<hr/>
<b>Consolidated loss attributable to owners of the Company</b>	<b>(290.6)</b>	<b>(460.2)</b>
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

- a. Profit/(Loss) after tax includes net of tax results from both associates and subsidiaries after share of non-controlling interests.
- b. Revenue excludes revenue of associates.

The Group's share of profit/(loss) of associates (excluding projects under development) by operating segments included in loss before non-operating items in the segment profit or loss is analysed as follows:

	<b>2021</b>	2020
	<b>Share of profit/(loss) of associates</b>	Share of profit/(loss) of associates
<b><i>Hotel properties</i></b>		
The People's Republic of China		
Hong Kong	<b>(0.6)</b>	(1.3)
Mainland China	<b>(14.2)</b>	(25.0)
Singapore	<b>(1.2)</b>	(1.1)
Malaysia	<b>(1.8)</b>	(2.5)
The Philippines	<b>(7.2)</b>	(7.4)
Other countries	<b>(2.3)</b>	(6.9)
	<u><b>(27.3)</b></u>	<u>(44.2)</u>
<b><i>Investment properties</i></b>		
Mainland China	<b>175.7</b>	149.1
Singapore	<b>2.5</b>	2.6
	<u><b>178.2</b></u>	<u>151.7</u>
<b><i>Property development for sale</i></b>		
	<b>2.8</b>	24.5
<b><i>Other business</i></b>	<b>0.2</b>	0.2
	<u><b>153.9</b></u>	<u>132.2</u>
<b>Total</b>	<u><b>153.9</b></u>	<u>132.2</u>

The amount of depreciation and amortisation and income tax expense/(credit) before share of non-controlling interests included in the results of operating segments from subsidiaries (excluding projects under development) are analysed as follows:

	2021		2020	
	Depreciation and amortisation	Income tax expense/(credit)	Depreciation and amortisation	Income tax expense/(credit)
<b><i>Hotel properties</i></b>				
The People's Republic of China				
Hong Kong	34.6	(10.5)	32.7	(16.8)
Mainland China	126.4	14.3	131.4	9.3
Singapore	18.9	(0.4)	19.4	(3.4)
Malaysia	13.3	(6.4)	14.4	(7.1)
The Philippines	23.6	(19.5)	25.2	(17.1)
Japan	6.3	–	6.7	(1.2)
Thailand	6.3	(5.5)	7.1	(5.6)
France	8.2	–	8.7	–
Australia	13.6	(4.6)	12.6	(4.0)
United Kingdom	9.2	–	8.4	–
Mongolia	9.1	0.1	8.6	0.4
Sri Lanka	14.7	1.2	14.6	0.6
Other countries	11.0	0.8	12.8	0.9
	<u>295.2</u>	<u>(30.5)</u>	<u>302.6</u>	<u>(44.0)</u>
<b><i>Hotel management and related services</i></b>	<u>20.1</u>	<u>0.2</u>	<u>16.9</u>	<u>(1.1)</u>
<b><i>Sub-total hotel operations</i></b>	<u>315.3</u>	<u>(30.3)</u>	<u>319.5</u>	<u>(45.1)</u>
<b><i>Investment properties</i></b>				
Mainland China	–	16.3	–	12.1
Malaysia	–	0.7	0.1	0.8
Mongolia	–	5.7	–	4.5
Sri Lanka	0.3	1.2	0.3	1.1
Other countries	0.1	1.6	0.1	1.6
	<u>0.4</u>	<u>25.5</u>	<u>0.5</u>	<u>20.1</u>
<b><i>Property development for sale</i></b>	–	(0.8)	–	1.9
<b><i>Other business</i></b>	<u>1.7</u>	<u>–</u>	<u>1.9</u>	<u>–</u>
<b>Total</b>	<u><u>317.4</u></u>	<u><u>(5.6)</u></u>	<u><u>321.9</u></u>	<u><u>(23.1)</u></u>



**Segment assets**  
**As at 31 December 2021 and 2020 (USD million)**

	<b>As at 31 December</b>	
	<b>2021</b>	<b>2020</b>
<b><i>Hotel properties</i></b>		
The People's Republic of China		
Hong Kong	<b>813.1</b>	795.4
Mainland China	<b>2,615.9</b>	2,860.9
Singapore	<b>515.1</b>	546.9
Malaysia	<b>251.1</b>	286.3
The Philippines	<b>296.2</b>	325.3
Japan	<b>71.2</b>	91.3
Thailand	<b>193.1</b>	228.4
France	<b>273.6</b>	287.8
Australia	<b>319.7</b>	345.0
United Kingdom	<b>279.0</b>	292.0
Mongolia	<b>122.5</b>	146.8
Sri Lanka	<b>184.4</b>	221.9
Other countries	<b>182.2</b>	215.8
	<b>6,117.1</b>	6,643.8
<b><i>Investment properties</i></b>		
Mainland China	<b>593.0</b>	530.0
Singapore	<b>429.8</b>	430.2
Malaysia	<b>73.1</b>	75.4
Mongolia	<b>319.1</b>	309.4
Sri Lanka	<b>272.6</b>	278.5
Other countries	<b>247.3</b>	298.3
	<b>1,934.9</b>	1,921.8
<b><i>Property development for sale</i></b>		
Mainland China	<b>38.3</b>	39.1
Sri Lanka	<b>36.7</b>	47.4
	<b>75.0</b>	86.5
<b><i>Hotel management and related services</i></b>		
Elimination	<b>324.0</b>	238.2
	<b>(52.5)</b>	(58.4)
<b>Total segment assets</b>	<b>8,398.5</b>	8,831.9
<b>Assets allocated to projects and other businesses</b>	<b>291.0</b>	461.7
<b>Unallocated assets</b>	<b>246.7</b>	391.8
<b>Intangible assets</b>	<b>110.0</b>	115.4
<b>Assets of disposal group classified as held for sale</b>	<b>86.4</b>	–
<b>Total assets of the Company and its subsidiaries</b>	<b>9,132.6</b>	9,800.8
<b>Interest in associates</b>	<b>4,341.7</b>	4,207.4
<b>Total assets</b>	<b>13,474.3</b>	14,008.2

Unallocated assets mainly comprise other assets of the Company and non-properties holding companies of the Group as well as the financial assets at FVOCI and FVPL, derivative financial instruments and deferred income tax assets.

#### 4 Accounts receivable, prepayments and deposits

	2021 <i>USD'000</i>	2020 <i>USD'000</i>
Trade receivables	63,496	55,364
Less: Provision for impairment of receivables	<u>(13,810)</u>	<u>(9,663)</u>
Trade receivables – net ( <i>note (b)</i> )	49,686	45,701
Other receivables	69,454	96,983
Prepayments and other deposits	<u>81,663</u>	<u>89,153</u>
	<u><b>200,803</b></u>	<u><b>231,837</b></u>

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

- (a) The fair values of the trade and other receivables are not materially different from their carrying values.
- (b) A significant part of the Group's sales are by credit cards or against payment of deposits. The remaining amounts are with general credit term of 30 days. The Group has a defined credit policy. The ageing analysis of the trade receivables based on invoice date after provision for impairment is as follows:

	2021 <i>USD'000</i>	2020 <i>USD'000</i>
0 – 3 months	47,742	38,179
4 – 6 months	1,809	3,428
Over 6 months	<u>135</u>	<u>4,094</u>
	<u><b>49,686</b></u>	<u><b>45,701</b></u>

## 5 Share capital and premium and shares held for share award scheme

	No. of shares ( <i>'000</i> )	Amount		
		Ordinary shares <i>USD '000</i>	Share premium <i>USD '000</i>	Total <i>USD '000</i>
<b>Share capital and premium</b>				
<b>Authorised</b>				
– Ordinary shares of HKD1 each				
<b>At 31 December 2020 and 31 December 2021</b>	<b>5,000,000</b>	<b>646,496</b>	<b>–</b>	<b>646,496</b>
<b>Issued and fully paid</b>				
– Ordinary shares of HKD1 each				
<b>At 1 January 2020</b>	<b>3,585,525</b>	<b>462,904</b>	<b>2,739,091</b>	<b>3,201,995</b>
Exercise of share options				
– allotment of shares	–	–	–	–
– transfer from share option reserve	–	–	–	–
<b>At 31 December 2020 and 1 January 2021</b>	<b>3,585,525</b>	<b>462,904</b>	<b>2,739,091</b>	<b>3,201,995</b>
Exercise of share options				
– allotment of shares	–	–	–	–
– transfer from share option reserve	–	–	–	–
<b>At 31 December 2021</b>	<b>3,585,525</b>	<b>462,904</b>	<b>2,739,091</b>	<b>3,201,995</b>
<b>Shares held for share award scheme</b>				
<b>At 1 January 2020</b>	<b>(4,557)</b>	<b>(588)</b>	<b>(5,397)</b>	<b>(5,985)</b>
Share purchase for share award scheme				
Vesting of shares under share award scheme	1,144	148	1,572	1,720
<b>At 31 December 2020 and 1 January 2021</b>	<b>(3,413)</b>	<b>(440)</b>	<b>(3,825)</b>	<b>(4,265)</b>
Share purchase for share award scheme				
Vesting of shares under share award scheme	936	121	1,286	1,407
<b>At 31 December 2021</b>	<b>(2,477)</b>	<b>(319)</b>	<b>(2,539)</b>	<b>(2,858)</b>

As at 31 December 2021, except for shares held for share award scheme as shown above, 10,501,055 (2020: 10,501,055) ordinary shares in the Company were held by a subsidiary which was acquired in late 1999. The cost of these shares was recognised in equity in prior years.

### *Share awards*

During the year ended 31 December 2021, the share award scheme of the Group had not acquired ordinary shares in the Company through purchases on the open market and 936,000 shares were transferred to the awardees upon vesting of the awarded shares. The remaining 2,477,000 shares were held in trust under the share award scheme as at 31 December 2021. Details of the share award scheme were disclosed in Note 6 to this consolidated financial statements.

### *Share options*

The shareholders of the Company approved the adoption of a share option scheme on 28 May 2012 (“**Share Option Scheme**”). The options granted on 23 August 2013 under the Share Option Scheme are immediately exercisable on the grant date and have a contractual option term of ten years with 22 August 2023 being the last exercisable date. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

No share option was exercised during the year ended 31 December 2021 (2020: Nil).

Movements in the number of outstanding option shares with exercise price of HKD12.11 per option share and their related weighted average exercise prices are as follows:

	<b>For the year ended 31 December 2021</b>		<b>For the year ended 31 December 2020</b>	
	<b>Weighted average exercise price in HKD per option share</b>	<b>Number of outstanding option Shares</b>	<b>Weighted average exercise price in HKD per option share</b>	<b>Number of Outstanding option shares</b>
<b>At 1 January</b>	<b>12.11</b>	<b>6,928,000</b>	12.11	7,563,000
Exercised	–	–	–	–
Lapsed	<b>12.11</b>	<b>(420,000)</b>	12.11	<b>(635,000)</b>
<b>At 31 December</b>	<b>12.11</b>	<b>6,508,000</b>	12.11	<b>6,928,000</b>

No new option was granted during the year ended 31 December 2021 and 2020.

No option was exercised subsequent to 31 December 2021 and up to the approval date of the financial statements.

## **6 Share award scheme**

The Group operates the share award scheme as part of the benefits for its employees and the Company's directors which allows shares of the Company to be granted to the awardees. The awarded shares can either be purchased on the open market or newly issued by the Company.

Most of the awarded shares vest progressively over the vesting period after the awards are granted and the ultimate number of shares being vested is conditional on the satisfaction of performance conditions set by the management of the Group.

For the year ended 31 December 2021, a total of 6,386,000 shares and 936,000 shares were granted and vested to the qualified awardees, respectively. A total of 2,477,000 shares were held in trust under the share award scheme as at 31 December 2021. During the year, an expense of USD2,337,000 (2020: USD1,153,000) for the award shares granted was charged to the consolidated statement of profit or loss.

Details of the awarded shares granted and vested during 2021 and 2020 are as follows:

Grant date	Fair value per share	Number of awarded shares granted	Maximum deliverable awarded shares on grant date subject to adjustment	Number of awarded shares vested			Vesting period
				Before 2020	2020	2021	
<b>In year 2018</b>							
11 Apr 2018	HKD15.82	1,418,000	1,418,000	1,418,000	–	–	Nil
20 Jul 2018	HKD13.00	707,678	1,228,000	174,000	52,000	<b>52,000</b>	20 Jul 2018 to 1 Apr 2021
30 Aug 2018	HKD11.78	975,893	1,736,000	196,000	196,000	<b>200,000</b>	30 Aug 2018 to 1 Apr 2021
Total for 2018		<u>3,101,571</u>	<u>4,382,000</u>				
<b>In year 2019</b>							
1 Apr 2019	HKD11.56	1,477,169	2,338,000	285,000	364,000	<b>274,000</b>	1 Apr 2019 to 1 Apr 2022
15 Jun 2019	HKD9.45	1,547,200	2,754,000	–	56,000	<b>56,000</b>	15 Jun 2019 to 1 Apr 2022
30 Jun 2019	HKD9.85	751,515	1,292,000	60,000	24,000	<b>24,000</b>	30 Jun 2019 to 1 Apr 2022
1 Nov 2019	HKD8.41	494,000	494,000	–	238,000	<b>134,000</b>	1 Nov 2019 to 1 Apr 2022
Total for 2019		<u>4,269,884</u>	<u>6,878,000</u>				
<b>In year 2020</b>							
30 Sep 2020	HKD6.34	214,000	214,000		214,000	–	Nil
Total for 2020		<u>214,000</u>	<u>214,000</u>				
<b>In year 2021</b>							
1 Apr 2021	HKD7.86	52,000	52,000			<b>52,000</b>	Nil
7 Jun 2021	HKD7.27	5,986,000	5,986,000			<b>64,000</b>	7 Jun 2021 to 7 Jun 2024
15 Oct 2021	HKD6.35	80,000	80,000			<b>80,000</b>	Nil
15 Oct 2021	HKD6.35	268,000	268,000			–	15 Oct 2021 to 15 Oct 2024
Total for 2021		<u>6,386,000</u>	<u>6,386,000</u>				
<b>Grand Total</b>		<u><b>13,971,455</b></u>	<u><b>17,860,000</b></u>	<u><b>2,133,000</b></u>	<u><b>1,144,000</b></u>	<u><b>936,000</b></u>	

**7 Accounts payable and accruals**

	<b>2021</b> <i>USD'000</i>	2020 <i>USD'000</i>
Trade payables	<b>68,293</b>	81,753
Other payables and accrued expenses	<b>546,576</b>	519,724
	<b>614,869</b>	601,477

The ageing analysis of the trade payables based on invoice date is as follows:

	<b>2021</b> <i>USD'000</i>	2020 <i>USD'000</i>
0 – 3 months	<b>62,246</b>	68,512
4 – 6 months	<b>3,116</b>	6,644
Over 6 months	<b>2,931</b>	6,597
	<b>68,293</b>	81,753

## 8 Assets/(Liabilities) of disposal group classified as held for sale

On 1 April 2021, the Group entered into a sale and purchase agreement with an independent third party to dispose of its 80% equity interest in a project company which owns a parcel of land in Kyoto, Japan for the development of a luxury hotel at a cash consideration of approximately JPY7,689,414,000 (equivalent to USD67,416,000), subject to adjustment. Up to 31 December 2021, a total deposit of USD41,452,000 has already been received by the Group. The disposal would be completed by stages which is conditional upon the fulfilment of certain conditions precedent and the final completion of the sale and purchase agreement is expected to take place in the first half of 2022. As at 31 December 2021, 49% equity interest in the project company has already been transferred to the buyer and the Group retained an equity interest of 51% in the project company. The Group's equity interest in the project will be ultimately reduced from 100% to 20% after the completion of the transaction. Major classes of assets and liabilities of the project company to be disposed as at 31 December 2021 are as follows:

	<b>As at 31 December 2021 USD'000</b>
<b>Assets</b>	
Property, plant and equipment	76,112
Accounts receivable, prepayments and deposits	1,734
Cash and cash equivalents	8,585
	<hr/>
<b>Assets of disposal group classified as held for sale</b>	<b>86,431</b>
	<hr/> <hr/>
<b>Liabilities</b>	
Accounts payable and accruals	(218)
Bank loan	(12,162)
Deferred income tax liabilities	(11)
	<hr/>
<b>Liabilities of disposal group classified as held for sale</b>	<b>(12,391)</b>
	<hr/> <hr/>



## 9 Expenses by nature

Expenses included in cost of sales, marketing costs, administrative expenses and other operating expenses are analysed as follows:

	<b>2021</b>	2020
	<i>USD'000</i>	<i>USD'000</i>
Depreciation of property, plant and equipment (net of amount capitalised of USD3,000 (2020: USD13,000))	<b>258,641</b>	265,635
Amortisation of trademark, and website and system development	<b>7,149</b>	3,485
Depreciation of right-of-use assets	<b>52,946</b>	53,523
Provision for impairment losses on hotels and properties	<b>118,813</b>	–
Provision for impairment losses on right-of-use assets for other business	<b>1,441</b>	–
Employee benefit expenses excluding directors' emoluments and wage subsidy received from government (net of amount capitalised and amount grouped under pre-opening expenses)	<b>604,218</b>	586,398
Cost of sales of properties	<b>8,133</b>	9,940
Cost of inventories sold or consumed in operation	<b>194,512</b>	156,168
Loss on disposal of property, plant and equipment; and partial replacement of investment properties	<b>1,643</b>	1,188
Impairment of intangible assets	<b>2,467</b>	1,256
Operating lease expenses	<b>6,954</b>	8,939
Pre-opening expenses	<b>136</b>	1,223
Auditors' remuneration for audit services	<b>1,986</b>	2,080

**10 Other (losses)/gains – net**

	2021 <i>USD'000</i>	2020 <i>USD'000</i>
Provision for impairment losses on properties under development for a development project	(4,042)	–
Fair value losses on investment properties (2020: net of amount recognised in other comprehensive income of USD328,000)	(8,899)	(19,418)
Provision for impairment losses on right-of-use assets for a development project	(47,726)	–
Provision for impairment losses on right-of-use assets of hotel premises	–	(13,861)
Write-off of miscellaneous assets and liabilities for a terminated development project	(16,491)	–
Provision for impairment losses on a loan to a third party	–	(1,050)
Net unrealised gains/(losses) on listed securities	978	(1,915)
Fair value gains of club debentures	2,653	48
Fair value changes of cross-currency swap contracts	10,698	(5,981)
Gain on sale of investment properties	2,707	–
Discarding of property, plant and equipment and associated expenses spent due to a bombing incident	–	(489)
Insurance claim recovered from a bombing incident	1,000	4,249
Government grants due to COVID-19 pandemic	21,837	48,640
Rent concessions provided by lessors	19,000	3,174
	<u>(18,285)</u>	<u>13,397</u>
Interest income	10,138	15,815
Dividend income	4,712	1,007
	<u>(3,435)</u>	<u>30,219</u>

**11 Finance costs – net**

	2021 <i>USD'000</i>	2020 <i>USD'000</i>
Interest expense		
– bank loans	123,504	133,646
– fixed rate bonds	47,789	43,616
– other loans	4,384	5,799
– interest on lease liability	30,697	31,938
	<u>206,374</u>	<u>214,999</u>
Less: amount capitalised	(2,412)	(2,425)
	<u>203,962</u>	<u>212,574</u>
Net foreign exchange losses	8,632	24,263
	<u>212,594</u>	<u>236,837</u>

The effective capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 3.1% per annum (2020: 3.2%).

## 12 Share of profit of associates

	2021 <i>USD'000</i>	2020 <i>USD'000</i>
Share of profit before tax of associates before share of net fair value gains of investment properties and share of disposal gain	228,838	196,353
Share of net fair value gains of investment properties	<u>78,470</u>	<u>4,457</u>
Share of profit before tax of associates	<u>307,308</u>	<u>200,810</u>
Share of tax before provision for deferred tax liabilities on fair value gains of investment properties	(77,669)	(66,901)
Share of provision for deferred tax liabilities on fair value gains of investment properties	<u>(19,995)</u>	<u>(1,519)</u>
Share of associates' taxation	<u>(97,664)</u>	<u>(68,420)</u>
Share of profit of associates	<u><u>209,644</u></u>	<u><u>132,390</u></u>

## 13 Income tax (credit)/expense

	2021 <i>USD'000</i>	2020 <i>USD'000</i>
Current income tax		
– Hong Kong profits tax	160	(182)
– overseas taxation	35,139	26,638
Deferred income tax	<u>(47,826)</u>	<u>(52,933)</u>
	<u><u>(12,527)</u></u>	<u><u>(26,477)</u></u>

Share of associates' taxation for the year ended 31 December 2021 of USD97,664,000 (2020: USD68,420,000) is included in the consolidated statement of profit or loss as share of profit of associates.

- (a) Hong Kong profits tax is provided at a rate of 16.5% (2020: 16.5%) on the estimated assessable profits of group companies operating in Hong Kong.
- (b) Taxation outside Hong Kong includes withholding tax paid and payable on dividends from subsidiaries and tax provided at the prevailing rates on the estimated assessable profits of group companies operating outside Hong Kong.

## 14 Loss per share

### *Basic*

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year after adjustment of those issued ordinary shares of the Company held by a subsidiary and the share award scheme.

	2021	2020
Loss attributable to owners of the Company (USD'000)	<b>(290,575)</b>	(460,161)
Weighted average number of ordinary shares in issue (thousands)	<b>3,572,233</b>	3,571,061
Basic loss per share (US cents per share)	<b><u>(8.13)</u></b>	<u>(12.89)</u>

### *Diluted*

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has the potential dilutive effect of the outstanding share options and non-vested awarded shares under the share award scheme for the year ended 31 December 2021 and 2020. For the share options, a calculation is done to determine the number of shares that would be issued at fair value (determined as the average annual market share price of the Company's shares for the year) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is increased by the number of shares that would have been issued assuming the exercise of the share options and vesting of awarded shares.

As the Group incurred losses for the year ended 31 December 2021 and 31 December 2020, the potential dilutive ordinary shares were not included in the calculation of the dilutive loss per share as their inclusion would be anti-dilutive and the diluted loss per share is the same as the basic loss per share.

	2021	2020
Loss attributable to owners of the Company (USD'000)	<b>(290,575)</b>	(460,161)
Weighted average number of ordinary shares in issue (thousands)	<b>3,572,233</b>	3,571,061
Adjustments (thousands)	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for diluted loss per share (thousands)	<b><u>3,572,233</u></b>	<u>3,571,061</u>
Diluted loss per share (US cents per share)	<b><u>(8.13)</u></b>	<u>(12.89)</u>

## 15 Dividends

	Group		Company	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
No interim dividend has been proposed (2020: Nil)	–	–	–	–
No final dividend has been proposed (2020: Nil)	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

At a meeting held on 24 March 2022, the Board proposed no final dividend for the year ended 31 December 2021.

## 16 Financial guarantees, contingencies and charges over assets

### (a) Financial guarantees

The Group executed proportionate guarantees in favour of banks for securing banking facilities granted to certain associates. The utilised amount of such facilities covered by the Group's guarantees for these associates amounted to USD185,579,000 (2020: USD91,615,000).

Guarantees are stated at their respective contracted amounts. The Board is of the opinion that it is not probable that the above guarantees will be called upon.

### (b) Contingent liabilities

As at 31 December 2021, there were no material contingent liabilities (2020: Nil).

### (c) Charges over assets

As at 31 December 2021, bank loan of a subsidiary amounting to USD3,555,000 (2020: USD11,585,000) was secured by legal mortgage over the property owned by the subsidiary with a net book value of USD95,610,000 (2020: USD108,241,000).

## 17 Commitments

The Group's commitment for capital expenditure at the date of the consolidated statement of financial position but not yet incurred is as follows:

	<b>2021</b>	2020
	<i>USD'000</i>	<i>USD'000</i>
Existing properties - property, plant and equipment and investment properties		
– contracted but not provided for	<b>32,491</b>	40,084
– authorised but not contracted for	<b>63,955</b>	74,924
Development projects		
– contracted but not provided for	<b>204,101</b>	148,092
– authorised but not contracted for	<b>84,575</b>	290,658
	<b>385,122</b>	553,758

### SCOPE OF WORK ON ANNUAL ANNOUNCEMENT

The Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes in respect of this results announcement of the Group's results for the year ended 31 December 2021 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor on this results announcement.

## REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2021, neither the Company nor any of its subsidiaries had repurchased, sold or redeemed any of the listed securities of the Company.

## CORPORATE GOVERNANCE

The Company recognises the importance of transparency in governance and accountability to shareholders and that shareholders benefit from good corporate governance. The Company reviews its corporate governance framework on an ongoing basis to ensure compliance with best practices.

The Board has adopted a composite handbook ("**Directors Handbook**") comprising (among other principles) a set of corporate governance principles of the Company, whose terms align with or are stricter than the requirements set out in the code provisions under the Corporate Governance Code ("**CG Model Code**") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, save for the provision in the Directors Handbook that the positions of the chairman and the chief executive officer of the Company may be served by the same person. The Directors Handbook serves as a comprehensive guidebook for all directors of the Company.

The Company has complied with the CG Model Code throughout the year ended 31 December 2021.

On behalf of the Board of  
**Shangri-La Asia Limited**  
**KUOK Hui Kwong**  
*Chairman*

Hong Kong, 24 March 2022

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

Executive director(s)  
*Ms KUOK Hui Kwong (Chairman)*  
*Mr LIM Beng Chee (Group CEO)*

Independent non-executive director(s)  
*Professor LI Kwok Cheung Arthur*  
*Mr YAP Chee Keong*  
*Mr LI Xiaodong Forrest*  
*Mr ZHUANG Chenchao*  
*Ms KHOO Shulamite N K*