

SHANGRI-LA GROUP

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Shangri-La Asia Limited

(Incorporated in Bermuda with limited liability)

website: www.ir.shangri-la.com

(Stock code: 00069)

2020 FINAL RESULTS ANNOUNCEMENT

The board of directors (“**Board**”) of Shangri-La Asia Limited (“**Company**”) wishes to announce the audited results of the Company and its subsidiaries (“**Group**”), and associates for the year ended 31 December 2020. These results 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:

	2020	2019	2020/19
	<i>USD Million</i>	<i>USD Million</i>	% Change
Consolidated Revenue	1,033.4	2,431.2	-57.5%
EBITDA ^(Note 1) of the Company and its subsidiaries	(84.9)	584.0	N/M
Effective share of EBITDA ^(Note 2) of the Company, subsidiaries and associates	181.6	864.9	-79.0%
(Loss)/Profit attributable to owners of the Company			
– Operating items	(432.1)	113.8	N/M
– Non-operating items	(28.1)	38.7	N/M
Total	(460.2)	152.5	N/M
(Loss)/Earnings per share (US cents per share)	(12.89)	4.27	N/M
Dividends per share (HK cents per share)	Nil	8	N/A
Net assets attributable to owners of the Company	6,061.6	6,189.6	-2.1%
Net assets per share attributable to owners of the Company (USD)	1.69	1.73	-2.1%

(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 2020 (2019: nil). As there is no interim dividend for 2020 (2019: HK8 cents per share), total dividend for full year 2020 is nil (2019: HK8 cents per share).

DISCUSSION AND ANALYSIS

The principal activities of the Group remained the same as in 2019. 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
- **Property Development for Sale**

The Group continues to develop hotel properties, investment properties for rental purpose 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 2020:

	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	15	4.7	88	35.4	3	9
	3	1.6	–	–	3	1.6	–	–
	7	2.8	2	0.6	9	3.4	1	2
	–	–	3	1.2	3	1.2	–	–
Total	83	35.1	20	6.5	103	41.6	4	11

Note:

Shangri-La Zhoushan (wholly owned by the Group) and Shangri-La Putian (40% equity interest owned by the Group) in Mainland China opened for business in January 2020 and December 2020, respectively.

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

<i>(in square metres)</i>		Group’s equity interest	Total GFA of the operating investment properties as at 31 December 2020		
			Office spaces	Commercial spaces	Serviced apartments/residential
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%	–	82,494	–
	Hangzhou Kerry Centre	25%	12,583	98,886	–
	Jinan Enterprise Square	45%	32,944	5,681	–
	Shangri-La Centre, Wuhan	92%	41,519	2,369	–
			<u>898,172</u>	<u>595,170</u>	<u>266,453</u>

		Total GFA of the operating investment properties as at 31 December 2020			
<i>(in square metres)</i>		Group's equity interest	Office spaces	Commercial spaces	Serviced apartments/ residential
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>
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%	515	11,370	–
Mongolia	Central Tower, Ulaanbaatar	51%	29,487	8,480	–
	Shangri-La Centre, Ulaanbaatar	51%	28,500	31,130	30,012
			<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%	37,635	11,807	–
			<u>37,635</u>	<u>11,807</u>	<u>56,834</u>
Sri Lanka	One Galle Face, Colombo	90%	59,866	79,518	3,733
TOTAL			<u>1,102,641</u>	<u>768,938</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 2020 and 2019 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 2020		Profit or loss for the year ended 31 December 2019		2020/19 % change	
	Financial statement format	Effective share	Financial statement format	Effective share	Financial statement format	Effective share
<i>(USD million)</i>						
Revenue	1,033.4	1,496.3	2,431.2	2,916.0	-57.5%	-48.7%
Cost of sales	(671.2)	(823.3)	(1,108.6)	(1,253.2)	39.5%	34.3%
Gross profit	362.2	673.0	1,322.6	1,662.8	-72.6%	-59.5%
Operating expenses	(499.9)	(544.8)	(739.8)	(799.1)	32.4%	31.8%
Other gain – operating items	52.8	53.4	1.2	1.2	N/M	N/M
EBITDA	(84.9)	181.6	584.0	864.9	N/M	-79.0%
Depreciation and amortisation	(322.6)	(356.2)	(340.0)	(376.2)	5.1%	5.3%
Discarding of fixed assets and intangible assets	(2.5)	(2.4)	(2.5)	(2.4)	–	–
Interest income	15.8	19.1	22.2	26.5	-28.8%	-27.9%
Other (losses)/gain – non-operating items	(38.4)	(27.5)	31.1	53.8	N/M	N/M
Operating (loss)/profit	(432.6)	(185.4)	294.8	566.6	N/M	N/M
Finance cost						
– Operating items	(236.1)	(228.7)	(233.5)	(233.7)	-1.1%	2.1%
– Non-operating items	(0.8)	(0.8)	–	–	N/M	N/M
Share of profit of associates	132.4	–	220.4	–	-39.9%	N/M
(Loss)/Profit before income tax	(537.1)	(414.9)	281.7	332.9	N/M	N/M
Income tax credit/(expense)						
– Operating items	22.8	(45.7)	(114.2)	(165.2)	N/M	72.3%
– Non-operating items	3.7	0.4	2.2	(15.2)	68.2%	N/M
(Loss)/Profit for the year	(510.6)	(460.2)	169.7	152.5	N/M	N/M
Add/(Less): Loss/(Profit) attributable to non-controlling interests	50.4	–	(17.2)	–	N/M	N/M
(Loss)/Profit attributable to owners of the Company	(460.2)	(460.2)	152.5	152.5	N/M	N/M

SUMMARY OF NET ASSET VALUE *(note 1)*

<i>(USD million)</i>	Carrying value of hotel properties (effective share) <i>(Note 2)</i>	Replacement cost <i>(Note 3)</i> of hotel properties (effective share) <i>(Note 2)</i>
The People's Republic of China		
Hong Kong	761.4	958.5
Mainland China	2,924.7	5,792.3
Singapore	546.9	563.9
Malaysia	143.0	355.8
The Philippines	343.8	937.0
Thailand	112.0	323.1
Australia	240.5	340.0
Others <i>(Note 4)</i>	807.7	1,353.9
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Total	5,880.0	10,624.5
	(A)	(B)
Effective share of surplus value of hotel properties (B)-(A)		4,744.5
Reported NAV based on carrying value		<u>6,061.6</u>
Adjusted NAV based on replacement cost		<u><u>10,806.1</u></u>
Reported NAV per share		
– USD		1.69
– HKD equivalent		13.11
Adjusted NAV per share		
– USD		3.02
– HKD equivalent		23.38

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 excluding 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>	Year ended 31 December		2020/19
	2020	2019	% change
Hotel Properties			
Revenue from rooms	373.7	1,067.3	-65.0%
Food and beverage sales	407.4	881.2	-53.8%
Rendering of ancillary services	76.9	117.9	-34.8%
Sub-total of hotel properties	858.0	2,066.4	-58.5%
Hotel Management and Related Services			
Gross revenue (including revenue earned from subsidiaries)	114.7	231.8	-50.5%
Less: Inter-segment sales elimination with subsidiaries	(57.3)	(124.9)	54.1%
Net amount after elimination	57.4	106.9	-46.3%
Sub-total Hotel Operations	915.4	2,173.3	-57.9%
Investment Properties	89.8	91.7	-2.1%
Property Development for Sale	24.2	160.8	-85.0%
Other Business	4.0	5.4	-25.9%
Consolidated Revenue	1,033.4	2,431.2	-57.5%

Consolidated revenue was USD1,033.4 million for the year ended 31 December 2020, a decrease of 57.5% (or USD1,397.8 million), compared to USD2,431.2 million for the year ended 31 December 2019. The decrease was mainly driven by:

- USD1,257.9 million drop in our Hotel Operations (net of inter-segment revenue) due to COVID-19's impact on the international and domestic travel industries
- USD136.6 million drop in our Property Development for Sale due to having fewer units for handover compared to last year, as well as some impact from the COVID-19 pandemic
- USD1.9 million drop in Investment Properties operations mainly due to weakness of our serviced apartments in Singapore, partially offset by the ramp up of One Galle Face Mall and Tower (opened November 2019) as well as continued growth of our subsidiary Investment Properties in Mainland China

(i) Hotel Properties

At 31 December 2020, the Group had equity interest in 80 operating hotels (2019: 78) and 3 hotels under operating lease (2019: 3), representing a room inventory of 35,121 (2019: 34,996) across Asia Pacific, Europe and Africa.

Details of these 83 hotels are as follows:

	Group's equity interest	Available rooms
(A) Hotels owned by the Group		
The People's Republic of China		
<i>Hong Kong</i>		
Kowloon Shangri-La, Hong Kong	100%	679
Island Shangri-La, Hong Kong	80%	561
JEN Hong Kong by Shangri-La	30%	283
Kerry Hotel, Hong Kong	100%	546
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Sub-total Hong Kong		2,069
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<i>Mainland China</i>		
Shangri-La Hotel, 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, East Shanghai	100%	950
Jing An Shangri-La, West Shanghai	49%	508
Kerry Hotel Pudong, Shanghai	23.2%	574
Shangri-La Hotel, Shenzhen	72%	522
Futian Shangri-La, Shenzhen	100%	528
Shangri-La Hotel, Xian	100%	393
Shangri-La Hotel, Hangzhou	45%	198
Shangri-La Hotel, Beihai	100%	362
Shangri-La Hotel, Changchun	100%	382
JEN Shenyang by Shangri-La	100%	407
Shangri-La Hotel, Shenyang	25%	383
Shangri-La Hotel, Qingdao	100%	702
Shangri-La Hotel, Dalian	100%	560
Shangri-La Hotel, Wuhan	92%	386
Shangri-La Hotel, Harbin	100%	396
Shangri-La Hotel, Fuzhou	100%	414
Shangri-La Hotel, Guangzhou	80%	690
Shangri-La Hotel, Chengdu	80%	593
Shangri-La Hotel, Wenzhou	100%	409
Shangri-La Hotel, Ningbo	95%	562
Shangri-La Hotel, Guilin	100%	439
Shangri-La Hotel, Baotou	100%	360
Shangri-La Hotel, Huhhot	100%	365
Shangri-La Hotel, Manzhouli	100%	235
Shangri-La Hotel, Yangzhou	100%	343
Shangri-La Hotel, Qufu	100%	322

	Group's equity interest	Available rooms
Shangri-La Hotel, Lhasa	100%	289
Shangri-La's Sanya Resort & Spa, Hainan	100%	496
Shangri-La Hotel, Nanjing	55%	450
Shangri-La Hotel, Qinhuangdao	100%	323
Shangri-La Hotel, Hefei	100%	400
Shangri-La Resort, Shangri-La	100%	228
Shangri-La Hotel, Tianjin	20%	304
Shangri-La Hotel, Nanchang	20%	473
Shangri-La Hotel, Tangshan	35%	301
Midtown Shangri-La, Hangzhou	25%	414
Songbei Shangri-La, Harbin	100%	344
Shangri-La Hotel, Xiamen	100%	325
Shangri-La Hotel, Jinan	45%	364
Shangri-La Zhoushan	100%	28
Shangri-La Putian	40%	128
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Sub-total Mainland China		19,318
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Singapore		
Shangri-La Hotel, Singapore	100%	792
Shangri-La's Rasa Sentosa Resort & Spa, Singapore	100%	454
JEN Singapore Tanglin by Shangri-La	44.6%	565
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Sub-total Singapore		1,811
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Malaysia		
Shangri-La Hotel, Kuala Lumpur	52.78%	655
Shangri-La's Rasa Sayang Resort & Spa, Penang	52.78%	303
Golden Sands Resort, Penang	52.78%	387
JEN Penang Georgetown by Shangri-La	31.67%	443
Shangri-La's Rasa Ria Resort & Spa, Kota Kinabalu	64.59%	499
Shangri-La's Tanjung Aru Resort & Spa, Kota Kinabalu	40%	498
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Sub-total Malaysia		2,785
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The Philippines		
Makati Shangri-La, Manila	100%	696
Edsa Shangri-La, Manila	100%	630
Shangri-La's Mactan Resort & Spa, Cebu	93.95%	530
Shangri-La's Boracay Resort & Spa	100%	219
Shangri-La at the Fort, Manila	40%	576
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Sub-total The Philippines		2,651
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	Group's equity interest	Available rooms
Thailand		
Shangri-La Hotel, Bangkok	73.61%	802
Shangri-La Hotel, Chiang Mai	73.61%	277
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Sub-total Thailand		1,079
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Australia		
Shangri-La Hotel, Sydney	100%	564
Shangri-La Hotel, The Marina, Cairns	100%	255
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Sub-total Australia		819
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Other areas		
Shangri-La Hotel, Paris	100%	100
Shangri-La's Villingili Resort & Spa, Maldives	70%	132
JEN Maldives Malé, by Shangri-La	100%	114
Shangri-La Bosphorus, Istanbul, Turkey	50%	186
Shangri-La's Fijian Resort & Spa, Yanuca, Fiji	71.64%	443
Sule Shangri-La, Yangon, Myanmar	59.16%	462
Shangri-La Hotel, Jakarta, Indonesia	25%	619
Shangri-La Hotel, Surabaya, Indonesia	11.34%	365
Shangri-La Hotel, Ulaanbaatar, Mongolia	51%	290
Shangri-La's Le Touessrok Resort & Spa, Mauritius	26%	203
Shangri-La's Hambantota Golf Resort & Spa, Sri Lanka	90%	274
Shangri-La Hotel, Colombo, Sri Lanka	90%	500
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Sub-total other areas		3,688
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Total of 80 owned hotels		34,220
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(B) Hotels under operating lease agreements		
Shangri-La Hotel, Tokyo, Japan		200
Shangri-La Hotel, At The Shard, London, United Kingdom		202
JEN Singapore Orchardgateway by Shangri-La		499
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Total of 3 leased hotels		901
		<hr/> <hr/>
Grand total		35,121
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Revenue from our consolidated hotel properties business for the year ended 31 December 2020 was USD858.0 million, a decrease of 58.5% (or USD1,208.4 million), compared to USD2,066.4 million for the year ended 31 December 2019.

<i>(USD million)</i>	Year ended 31 December		2020/19
	2020	2019	% change
The People's Republic of China			
Hong Kong	82.5	296.0	-72.1%
Mainland China	463.0	781.9	-40.8%
Singapore	88.8	236.7	-62.5%
Malaysia	34.9	119.2	-70.7%
The Philippines	49.0	189.9	-74.2%
Japan	24.2	66.7	-63.7%
Thailand	20.7	81.2	-74.5%
France	7.3	46.2	-84.2%
Australia	35.6	85.1	-58.2%
United Kingdom	18.3	52.9	-65.4%
Mongolia	3.9	17.4	-77.6%
Sri Lanka	12.0	27.1	-55.7%
Other countries	17.8	66.1	-73.1%
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Consolidated revenue from Hotel Properties business	858.0	2,066.4	-58.5%
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The key performance indicators of the Group-owned hotels (including hotels under leases) on an unconsolidated basis (including both subsidiaries and associates) for the years ended 31 December 2020 and 2019 are as follows:

Country	2020 Weighted Average			2019 Weighted Average		
	Occupancy (%)	Room Rate (USD)	RevPAR (USD)	Occupancy (%)	Room Rate (USD)	RevPAR (USD)
The People's Republic of China						
Hong Kong	15	182	28	69	266	183
Mainland China	41	103	42	67	120	81
Tier 1 cities	39	143	56	79	165	130
Tier 2 cities	43	86	37	67	94	63
Tier 3+4 cities	39	84	32	51	86	44
Singapore	45	114	51	82	218	179
Malaysia	22	109	24	73	131	96
The Philippines	19	175	33	71	197	140
Japan	30	517	156	78	654	511
Thailand	17	146	25	71	168	119
France	38	1,134	437	62	1,219	751
Australia	36	210	76	87	229	200
United Kingdom	26	643	167	83	581	480
Mongolia	8	123	10	40	204	81
Sri Lanka	14	108	16	30	147	44
Other countries	20	152	30	57	179	102
Weighted Average	<u>33</u>	<u>121</u>	<u>40</u>	<u>68</u>	<u>162</u>	<u>110</u>

The weighted average occupancy of our hotels was 33% for the year ended 31 December 2020, a decrease of 35 percentage points, compared to 68% for the year ended 31 December 2019. The RevPAR was USD40 for the year ended 31 December 2020, a decrease of 64%, compared to USD110 for the year ended 31 December 2019.

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 15% for the year ended 31 December 2020, a decrease of 54 percentage points, compared to 69% for the year ended 31 December 2019. The RevPAR was USD28 for the year ended 31 December 2020, a decrease of 85%, compared to USD183 for the year ended 31 December 2019. Our hotels in Hong Kong saw a sharp decline of business as the city saw its first confirmed COVID-19 case in late January. The number of new infections has stabilised throughout the year with periods of new waves, however the overall business has still been significantly impacted due to its reliance on international travel. Total revenue from Hong Kong hotel properties for the year ended 31 December 2020 decreased by 72.1% to USD82.5 million.

Mainland China

The Group had equity interest in 46 operating hotels in Mainland China as at 31 December 2020.

For Mainland China, the occupancy was 41% for the year ended 31 December 2020, a decrease of 26 percentage points, compared to 67% for the year ended 31 December 2019. The RevPAR was USD42 for the year ended 31 December 2020, a decrease of 48%, compared to USD81 for the year ended 31 December 2019. The China hotel market has marked a bottom in early February with low single-digit occupancy due to COVID-19, and has since seen a gradual recover throughout the year, with certain localised outbreaks in various cities that were quickly under control.

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

- In Tier 1 cities, the occupancy was 39% for the year ended 31 December 2020, a decrease of 40 percentage points, compared to 79% for the year ended 31 December 2019. The RevPAR was USD56 for the year ended 31 December 2020, a decrease of 57%, compared to USD130 for the year ended 31 December 2019. Recovery of business in Tier 1 cities was slower than the country's average, as historically there was a higher proportion of business from international travel which is still severely restricted.

- In Tier 2 cities, the occupancy was 43% for the year ended 31 December 2020, a decrease of 24 percentage points, compared to 67% for the year ended 31 December 2019. The RevPAR was USD37 for the year ended 31 December 2020, a decrease of 41%, compared to USD63 for the year ended 31 December 2019. The recovery of business in Tier 2 cities was helped by a strong rise in domestic leisure travel, where it has helped make up for some of the loss of international travel. Furthermore, cities such as Hangzhou and Chengdu were also benefited from local business demands for corporate events such as exhibitions and training events. This has helped both hotels achieve monthly occupancies at over 70% from July to November.
- In Tier 3 and Tier 4 cities, the occupancy was 39% for the year ended 31 December 2020, a decrease of 12 percentage point, compared to 51% for the year ended 31 December 2019. The RevPAR was USD32 for the year ended 31 December 2020, a decrease of 27%, compared to USD44 for the year ended 31 December 2019. Strong domestic leisure demand has continued to help recovery in cities such as Lhasa, Diqing, Hainan and Qinhuangdao, where their occupancies have reached over 80% during the height of summer vacations. Local businesses such as steel mills, construction and energy companies have continue to help Tangshan sustain occupancies at nearly 60% in the second half of the year.

Total revenue from Mainland China hotel properties for the year ended 31 December 2020 decreased by 40.8% to USD463.0 million.

Singapore

For Singapore, the occupancy was 45% for the year ended 31 December 2020, a decrease of 37 percentage points, compared to 82% for the year ended 31 December 2019. The RevPAR was USD51 for the year ended 31 December 2020, a decrease of 72%, compared to USD179 for the year ended 31 December 2019. A strong start of the year was quickly disrupted by COVID-19, where occupancy dropped to below 30% in March. Our hotels then saw a gradual recover from April onwards thanks to the Government's contracts for overseas workers and stay home notice programme for returning residents. They were also helped by staycation towards the end of the year. Total revenue from Singapore hotel properties for the year ended 31 December 2020 decreased by 62.5% to USD88.8 million.

Malaysia

For Malaysia, the occupancy was 22% for the year ended 31 December 2020, a decrease of 51 percentage points, compared to 73% for the year ended 31 December 2019. The RevPAR was USD24 for the year ended 31 December 2020, a decrease of 75%, compared to USD96 for the year ended 31 December 2019. Hotels in Malaysia were closed for business from late March to early June, with some that was closed again in October due to rising number of cases of COVID-19. Total revenue from Malaysia hotel properties for the year ended 31 December 2020 decreased by 70.7% to USD34.9 million.

The Philippines

For The Philippines, the occupancy was 19% for the year ended 31 December 2020, a decrease of 52 percentage points, compared to 71% for the year ended 31 December 2019. The RevPAR was USD33 for the year ended 31 December 2020, a decrease of 76%, compared to USD140 for the year ended 31 December 2019. The Philippines hotels have been facing challenges since the lockdown and closure of borders in March due to the COVID-19 pandemic. Total revenue from The Philippines hotel properties for the year ended 31 December 2020 decreased by 74.2% to USD49.0 million.

Thailand

For Thailand, the occupancy was 17% for the year ended 31 December 2020, a decrease of 54 percentage points, compared to 71% for the year ended 31 December 2019. The RevPAR was USD25 for the year ended 31 December 2020, a decrease of 79%, compared to USD119 for the year ended 31 December 2019. Our two hotels were closed for two months in April and May during the height of the pandemic in the country. The performance remain challenging as Thailand's economy relies heavily on international tourism. Total revenue from Thailand hotel properties for the year ended 31 December 2020 decreased by 74.5% to USD20.7 million.

(ii) Hotel Management & Related Services

As at 31 December 2020, the Group's wholly owned subsidiary, SLIM International Limited, together with its subsidiaries and certain fellow subsidiaries ("SLIM") managed a total of 103 hotels and resorts:

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

The 20 operating hotels (6,499 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 (2 hotels), Haikou, Suzhou (2 hotels) and Yiwu

Destinations	2020 Weighted Average			2019 Weighted Average		
	Occupancy (%)	Room Rate (USD)	RevPAR (USD)	Occupancy (%)	Room Rate (USD)	RevPAR (USD)
Canada	23	307	71	71	348	247
The Philippines	37	54	20	72	68	49
Oman	18	230	40	55	270	149
UAE	41	118	48	67	165	111
Malaysia	22	66	15	67	93	62
India	23	120	28	67	134	91
Taiwan	40	139	55	72	164	118
Mainland China	41	71	29	58	73	43
Weighted Average	33	105	35	64	140	90

For the year ended 31 December 2020, the overall weighted average occupancy of the hotels under third-party hotel management agreements decreased to 33%, a decrease of 31 percentage points, compared to 64% for the year ended 31 December 2019. The RevPAR was USD35 for the year ended 31 December 2020, a decrease of 61%, compared to USD90 for the year ended 31 December 2019.

Gross revenues from SLIM was USD114.7 million for the year ended 31 December 2020, a decrease of 50.5% (or USD117.1 million) compared to USD231.8 million for the year ended 31 December 2019.

After eliminating inter-segment sales with subsidiaries, the net revenues from SLIM was USD57.4 million for the year ended 31 December 2020, a decrease of 46.3% (or USD49.5 million) compared to USD106.9 million for the year ended 31 December 2019. The decrease of revenue was caused by lower hotel management fees due to weakness of hotel operations.

During the year, SLIM had signed new management agreements with third parties for the management and operation of two hotel projects in Shenzhen Bay and Hangzhou, both in Mainland China and had ceased the management agreement of a hotel project in Kota Kinabalu, Malaysia. As at 31 December 2020, SLIM had management agreements on hand for 11 new hotel projects which were owned by third parties.

(iii) Investment Properties

Consolidated revenue from our investment properties business for the year ended 31 December 2020 stood at USD89.8 million, a decrease of 2.1% (or USD1.9 million), compared to USD91.7 million for the year ended 31 December 2019.

<i>(USD million)</i>	<u>Year ended 31 December</u>		<u>2020/19</u>
	2020	2019	% change
Mainland China	22.0	20.3	8.4%
Singapore	9.0	13.6	-33.8%
Malaysia	5.3	6.4	-17.2%
Mongolia	22.6	22.9	-1.3%
Sri Lanka	7.5	2.0	275.0%
Other countries	23.4	26.5	-11.7%
Consolidated revenue from Investment Properties business	<u>89.8</u>	<u>91.7</u>	-2.1%

In 2020, we saw mixed performances across our subsidiary investment properties, resulting in a slight decline of consolidated revenue during the year.

Comments on subsidiary investment properties by geography:

Mainland China

Revenue generated from our investment properties in China for the year ended 31 December 2020 increased by 8.4% to USD22.0 million. This was mainly driven by continued improvement in occupancy rates of our offices in Chengdu Shangri-La Centre, as well as an improvement in rental rates of our serviced apartments at Shangri-La Residences, Dalian.

Singapore

Revenue generated from our serviced apartments in Singapore for the year ended 31 December 2020 decreased by 33.8% to USD9.0 million. This was mainly driven by the drop in occupancy rates for both Shangri-La Apartments and Shangri-La Residences.

Malaysia

Revenue generated from our subsidiary investment properties in Malaysia for the year ended 31 December 2020 decreased by 17.2% to USD5.3 million. This was mainly driven by drop occupancy rates for our serviced apartments, offices and commercial units at UBN Tower.

Mongolia

Revenue generated from our subsidiary investment properties in Mongolia for the year ended 31 December 2020 decreased by 1.3% to USD22.6 million. This was mainly driven by a drop in occupancies for Shangri-La Centre, Ulaanbaatar.

Sri Lanka

Revenue generated from our investment properties in Sri Lanka for the year ended 31 December 2020 increased by 275.0% to USD7.5 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.

Other countries

Revenue generated from our subsidiary investment properties in other countries for the year ended 31 December 2020 decreased by 11.7% to USD23.4 million. This was mainly driven by a decrease in occupancy of serviced apartments at Shangri-La Residence, Yangon.

(iv) Property Development for Sale

Property development for sale by subsidiaries for the year ended 31 December 2020 were USD24.2 million, a decrease of 85.0%, compared to USD160.8 million for the year ended 31 December 2019. The decrease was mainly due to us having fewer residential units to handover at One Galle Face, Colombo (Sri Lanka), as well as the residential tower of the Shangri-La Hotel, Dalian Phase II project (Yavis), Mainland China.

In 2020, 8 units of Yavis were sold and a total of 9 units have been handed over to the buyers. As at 31 December 2020, Yavis had sold an accumulated total of 85 units (60% of total) and had a remaining inventory of 57 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, 17 apartments were handed over to the buyers and were recognised as revenue. At 31 December 2020, an accumulated total of 284 apartments (76% of total) have been sold of which 255 apartments (90% 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 2020 and 2019 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	
		2020	2019	2020	2019	2020	2019	2020	2019
<i>(USD million)</i>									
Hotel Properties	The People's Republic of China								
	Hong Kong	(46.7)	63.4	(43.1)	57.6	(0.7)	0.9	(43.8)	58.5
	Mainland China	74.7	205.8	68.6	190.5	15.4	60.3	84.0	250.8
	Singapore	4.9	59.8	5.1	59.9	2.6	5.7	7.7	65.6
	Malaysia	(18.0)	31.2	(9.8)	18.0	(0.7)	7.8	(10.5)	25.8
	The Philippines	(24.8)	58.4	(24.6)	57.1	(1.1)	11.3	(25.7)	68.4
	Japan	(2.8)	13.9	(2.8)	13.9	–	–	(2.8)	13.9
	Thailand	(5.5)	32.8	(4.0)	24.3	–	–	(4.0)	24.3
	France	(12.2)	(3.1)	(12.2)	(3.1)	–	–	(12.2)	(3.1)
	Australia	3.1	18.3	3.1	18.3	–	–	3.1	18.3
	United Kingdom	(5.7)	10.4	(5.7)	10.4	–	–	(5.7)	10.4
	Mongolia	(2.1)	2.3	(1.0)	1.3	–	–	(1.0)	1.3
	Sri Lanka	(6.2)	(0.3)	(5.5)	(0.3)	–	–	(5.5)	(0.3)
	Other countries	(14.9)	2.8	(10.4)	2.8	(1.0)	8.5	(11.4)	11.3
		(56.2)	495.7	(42.3)	450.7	14.5	94.5	(27.8)	545.2
Hotel Management and Related Services		(67.6)	(26.4)	(67.6)	(26.4)	–	–	(67.6)	(26.4)
Sub-total Hotel Operations		(123.8)	469.3	(109.9)	424.3	14.5	94.5	(95.4)	518.8
Investment Properties	Mainland China	12.6	10.4	11.4	9.5	207.2	223.0	218.6	232.5
	Singapore	4.6	5.6	4.6	5.6	3.1	4.3	7.7	9.9
	Malaysia	3.5	4.4	1.8	2.3	–	–	1.8	2.3
	Mongolia	14.7	12.5	7.5	6.4	–	–	7.5	6.4
	Sri Lanka	0.6	(0.9)	0.5	(0.8)	–	–	0.5	(0.8)
	Other countries	13.7	15.6	7.8	9.1	–	–	7.8	9.1
Sub-total Investment Properties		49.7	47.6	33.6	32.1	210.3	227.3	243.9	259.4
Property Development for Sale & Other Business		2.5	93.5	1.5	84.4	47.5	28.9	49.0	113.3
Sub-total		(71.6)	610.4	(74.8)	540.8	272.3	350.7	197.5	891.5
Corporate and pre-opening expenses		(13.3)	(26.4)	(13.3)	(26.1)	(2.6)	(0.5)	(15.9)	(26.6)
Grand total		(84.9)	584.0	(88.1)	514.7	269.7	350.2	181.6	864.9

Aggregate effective share of EBITDA was USD181.6 million for the year ended 31 December 2020, a decrease of 79.0% (or USD683.3 million), compared to USD864.9 million for the year ended 31 December 2019. 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 2020 was a loss of USD27.8 million, a decrease of USD573.0 million, compared to a profit of USD545.2 million for the year ended 31 December 2019. The drop was due to the COVID-19 pandemic, as explained in the revenue discussion.

Hotel Management and Related Services

SLIM effective share of EBITDA for the year ended 31 December 2020 was a loss of USD67.6 million, compared to a loss of USD26.4 million for the year ended 31 December 2019. This was mainly due to a decrease in hotel management fees as a result of a drop in Hotel Properties business.

Investment Properties

Effective share of EBITDA from Investment Properties business for the year ended 31 December 2020 was USD243.9 million, a decrease of 6.0% (or USD15.5 million), compared to USD259.4 million for the year ended 31 December 2019. We saw an overall decrease in business in our subsidiary investment properties during the year, as highlighted in our revenue discussion of Investment Properties business. Most of our associated investment properties, predominantly located in Mainland China, saw a decrease in EBITDA due to the temporary rental concessions they provided to their tenants during the height of the pandemic. However, on a full year basis, the overall decline was much lower than what we observed from our hotel properties, creating a much more stable and resilient base for the Group.

Property Development for Sale & Other Business

Effective share of EBITDA from property development for sale & other business for the year ended 31 December 2020 was USD49.0 million, a decrease of 56.8% (or USD64.3 million), compared to USD113.3 million for the year ended 31 December 2019. The decrease was mainly due to having fewer residential units for handover at Shangri-La's One Galle Face development in Colombo, Sri Lanka.

Corporate and Pre-opening Expenses

Corporate and pre-opening expenses, that offset the above effective share of EBITDA from business segments, were USD15.9 million for the year ended 31 December 2020, a decrease of 40.2% (or USD10.7 million), compared to USD26.6 million for the year ended 31 December 2019. The decrease in expenses was mainly due to lowering of staff cost and share awards at headquarters 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:

		For the year ended		2020/19
		31 December		
<i>(USD million)</i>		2020	2019	% change
Hotel Properties	The People's Republic of China			
	Hong Kong	(61.0)	21.3	N/M
	Mainland China	(111.7)	8.7	N/M
	Singapore	(12.3)	32.4	N/M
	Malaysia	(15.7)	12.4	N/M
	The Philippines	(43.4)	16.3	N/M
	Japan	(11.9)	3.3	N/M
	Thailand	(4.7)	14.6	N/M
	France	(22.9)	(14.6)	-56.8%
	Australia	(10.9)	(0.8)	-1,262.5%
	United Kingdom	(27.3)	(10.0)	-173.0%
	Mongolia	(7.5)	(4.1)	-82.9%
	Sri Lanka	(21.0)	(15.3)	-37.3%
	Other countries	(27.5)	(4.1)	-570.7%
		(377.8)	60.1	N/M
Hotel Management and Related Services		(84.8)	(48.3)	-75.6%
Sub-total Hotel Operations		(462.6)	11.8	N/M
Investment Properties	Mainland China	149.1	153.5	-2.9%
	Singapore	7.2	7.8	-7.7%
	Malaysia	1.4	1.8	-22.2%
	Mongolia	2.9	2.4	20.8%
	Sri Lanka	(14.4)	(4.8)	-200.0%
	Other countries	5.6	6.0	-6.7%
Sub-total Investment Properties		151.8	166.7	-8.9%
Property Development for Sale & Other Business		22.7	101.1	-77.5%
Consolidated (loss)/profit from operating properties		(288.1)	279.6	N/M
Net corporate finance costs (including foreign exchange gains and losses)		(124.6)	(134.6)	7.4%
Land cost amortisation & pre-opening expenses for projects & corporate expenses		(19.4)	(31.2)	37.8%
Consolidated (loss)/profit attributable to owners of the Company before non-operating items		(432.1)	113.8	N/M
Non-operating items		(28.1)	38.7	N/M
Consolidated (loss)/profit attributable to owners of the Company after non-operating items		(460.2)	152.5	N/M

Consolidated loss attributable to owners of the Company after non-operating items was USD460.2 million for the year ended 31 December 2020, a decrease of USD612.7 million, compared to a profit of USD152.5 million for the year ended 31 December 2019. Commentaries of results by business segments are as follows:

Hotel Properties

Hotel properties loss for the year ended 31 December 2020 was USD377.8 million, compared to a profit of USD60.1 million for the year ended 31 December 2019. The decrease was mainly due to the weaknesses in the hotel operating environment as highlighted in our revenue discussion of our Hotel Properties business.

Hotel Management and Related Services

SLIM loss for the year ended 31 December 2020 was USD84.8 million, an increase of USD36.5 million, compared to a loss of USD48.3 million for the year ended 31 December 2019. The reasons for the loss increase were highlighted in our EBITDA discussion of our Hotel Management and Related Services business.

Investment Properties

Investment Properties profit was USD151.8 million for the year ended 31 December 2020, a decrease of 8.9% (or USD14.9 million), compared to USD166.7 million for the year ended 31 December 2019. The decrease was mainly due to the recognition of foreign exchange loss amounted to USD11.0 million arising from the foreign currency bank loans borrowed by an entity in Sri Lanka. The decrease was also attributed to our associated investment properties 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 2020 was USD22.7 million, a decrease of 77.5% (or USD78.4 million), compared to USD101.1 million for the year ended 31 December 2019. The decrease was mainly due to having fewer residential units for handover at Shangri-La's One Galle Face development in Colombo, Sri Lanka.

Others

Non-operating items for the year ended 31 December 2020 totalled a net charge of USD28.1 million compared to a net credit of USD38.7 million for the year ended 31 December 2019. Major components included:

- i) Effective share of net fair value losses on investment properties was USD7.8 million for the year ended 31 December 2020 compared to effective share of net fair value gains of USD53.6 million for the year ended 31 December 2019.
- ii) Impairment loss for the right-of-use asset arising from the operating lease of the hotel premises of Shangri-La Hotel, At The Shard, London amounted to USD13.9 million for the year ended 31 December 2020 compared to a total impairment loss of USD20.4 million for JEN Maldives Malé, by Shangri-La and project in Rome for the year ended 31 December 2019.
- iii) A fair value loss of USD6.0 million for the derivative financial instruments for the year ended 31 December 2020 compared to a gain of USD0.7 million for the year ended 31 December 2019.

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 2020, 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 USD4,728.1 million, an increase of USD504.2 million, compared to USD4,223.9 million as at 31 December 2019. As at 31 December 2020, the aggregate effective share of net borrowings of subsidiaries and associates based on percentage of equity interests was USD4,492.1 million, an increase of USD321.4 million, compared to USD4,170.7 million as at 31 December 2019. The increase was mainly driven by the operating cash deficits from hotel operations as affected by COVID-19 pandemic during the year.

The Group's net borrowings to total equity ratio, i.e. the gearing ratio, increased to 74.9% as at 31 December 2020 from 64.9% as at 31 December 2019. 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 the following bank loan agreements in 2020 for financing maturing loans as well as for working capital and project financing use:

- One 3-year bank loan agreement of USD50 million
- Two 5-year bank loan agreements totalling USD840 million
- One 7-year bank loan agreement of HKD500 million
- Two 7-year bank loan agreements totalling USD208.5 million
- One 10-year bank loan agreement of JPY4,700 million

In January 2020, the Group issued 10-year term fixed rate bonds in an aggregate amount of SGD250 million with a coupon rate of 3.50% per annum.

At the subsidiary level, the Group also executed the following bank loan agreements in 2020:

- Two 3-year bank loan agreements totalling RMB157.2 million, two 5-year bank loan agreements totalling RMB496.7 million and one 5-year bank loan agreement of USD50.0 million for refinancing maturing loans
- One 5-year bank loan agreement of HKD1,190.0 million and one 15-year bank loan agreement of RMB1,100.0 million for funding requirements of renovation and project development

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 or after 31 December 2020.

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

The analysis of borrowings outstanding as at 31 December 2020 is as follows:

Maturities of Borrowings Contracted as at 31 December 2020					
<i>(USD million)</i>	Within 1 year	In the 2nd year	Repayment In the 3rd to 5th year	After 5 years	Total
Borrowings					
Corporate borrowings					
– unsecured bank loans	332.1	723.5	1,263.2	864.0	3,182.8
– fixed rate bonds	–	–	759.0	313.0	1,072.0
Bank loans and overdrafts of subsidiaries					
– secured	7.7	3.9	–	–	11.6
– unsecured	276.6	316.5	655.2	204.2	1,452.5
Total outstanding balance	616.4	1,043.9	2,677.4	1,381.2	5,718.9
% of total outstanding balance	10.8%	18.2%	46.8%	24.2%	100.0%
Undrawn but committed facilities					
Bank loans and overdrafts	254.0	138.7	355.2	1,250.1	1,998.0

Out of the USD1,998 million undrawn but committed facilities, USD725 million is reserved to be drawn down to replace existing facilities from the same banks.

Subsequent to the year end of 2020, the Group issued 9-year term principal amount of SGD100 million fixed rate bonds at 3.50% per annum in February 2021 to act as additional cash reserve for the Group.

The currency mix of borrowings and cash and bank balances as at 31 December 2020 is as follows:

<i>(USD million)</i>	Borrowings	Cash and Bank Balances <i>(Note)</i>
In United States dollars	2,137.6	256.3
In Hong Kong dollars	1,620.2	70.5
In Singapore dollars	1,041.0	96.8
In Renminbi	575.4	424.6
In Euros	103.8	2.2
In Australian dollars	61.4	15.6
In Japanese yen	168.8	12.4
In Fiji dollars	10.7	3.7
In Philippines pesos	–	8.6
In Thai baht	–	41.0
In Malaysian ringgit	–	33.2
In British pounds	–	6.1
In Mongolian tugrik	–	6.6
In Sri Lankan rupee	–	12.2
In Myanmar kyat	–	0.5
In Maldivian rufiyaa	–	0.1
In other currencies	–	0.5
	<hr/>	<hr/>
Total	5,718.9	990.9
	<hr/> <hr/>	<hr/> <hr/>

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 2020 are disclosed in Notes 15 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 within Mainland China during the year 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 2020, the outstanding interest-rate swap contracts are:

- USD1,265 million at fixed rates ranging between 1.365% and 3.045% per annum maturing during April 2022 to July 2024
- HKD6,170 million at fixed rates ranging between 1.505% and 1.855% per annum maturing during July 2023 to August 2026
- RMB428.6 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 59.6% of its outstanding borrowings as at 31 December 2020, compared to 66.3% as at 31 December 2019.

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.

In 2020, the Group has arranged a new Japanese yen bank borrowings of JPY4,700 million to hedge the Japanese yen investment in the new Kyoto project in Japan. The Group has also executed two 3-year term cross-currency swap contracts totalling EUR100 million in order to swap bank borrowings from HK dollar to Euro to hedge the Euro investment for hotels in Europe. The Group would also execute cross-currency swap contracts to hedge the currency risks arising from foreign currency borrowings.

As at 31 December 2020, 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 2020, the Group recorded an overall effective share of net fair value losses of USD7.8 million for its investment properties.

The following table shows the fair value (losses)/gains of the investment properties held by the Group's subsidiaries and associates for the year ended 31 December 2020:

<i>(USD million)</i>	Subsidiaries		Associates		Total	
	100%	Effective Share	100%	Effective Share	100%	Effective Share
(Losses)/Gains	(19.4)	(12.6)	15.1	4.4	(4.3)	(8.2)
Deferred tax	3.7	1.9	(4.7)	(1.5)	(1.0)	0.4
Net (losses)/gains	<u>(15.7)</u>	<u>(10.7)</u>	<u>10.4</u>	<u>2.9</u>	<u>(5.3)</u>	<u>(7.8)</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 2020:

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 operating hotel 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 hotel operates or will operate, or when the hotel 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 2020, the Group provided USD13.9 million of impairment losses for the right-of-use asset of a leased hotel in the United Kingdom (2019: USD5.3 million for a wholly owned hotel and USD15.1 million for a wholly owned property pending for re-development).

FINANCIAL ASSETS – TRADING SECURITIES

As at 31 December 2020, the market value of the Group's investment portfolio was USD16.3 million, which mainly included 4,483,451 ordinary shares in Kerry Properties Limited amounting to USD11.4 million, and 2,241,725 ordinary shares in Kerry Logistics Network Limited amounting to USD4.9 million. The Group recorded an unrealised net fair value loss of USD1.9 million and dividend income of USD1.0 million during the year.

DEVELOPMENT PROGRAMMES

The Shangri-La Zhoushan (wholly owned by the Group) and Shangri-La Putian (40% equity interest owned by the Group) in Mainland China opened for business in January 2020 and December 2020, respectively.

Construction work on the following projects is on-going:

(A) Hotel Developments

	Group's Equity Interest	Hotel Rooms	Projected Opening
In Mainland China			
JEN Kunming by Shangri-La	45%	274	2023
Shangri-La Hotel, Kunming (part of a composite development project in Kunming City)	45%	81	TBD*
Shangri-La Hotel, Zhengzhou	45%	211	2024

* TBD: To be determined

The Shangri-La Hotel, 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) (approximate in square metres)			Scheduled Completion
		Residential	Office	Commercial	
In Mainland China					
Kunming City Project	45%	21,141	–	–	2023
Shenyang Kerry Centre – Phase III	25%	308,985	71,448	74,530	2022 onwards*
Phase II of Shangri-La Hotel, Fuzhou	100%	–	34,319	50,447	2023
Composite development project in Zhengzhou	45%	94,026	58,946	3,932	2023 onwards*
		<u>424,152</u>	<u>164,713</u>	<u>128,909</u>	

* Being developed in phases

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

Hotel development

- Wolong Bay in Dalian, Mainland China (wholly 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)
- Kyoto, Japan (wholly owned by the Group)

Composite development

- Nanchang city project – Phase II, Mainland China (20% equity interest owned by the Group)
- Tianjin Kerry Centre – Phase II, Mainland China (20% equity interest owned by the Group)
- 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 introduces 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 in order to improve the financial position of the Group.

MANAGEMENT CONTRACTS FOR HOTELS OWNED BY THIRD PARTIES

In 2020, the Group signed two new management agreements with third parties for the management of a Shangri-La hotel in Shenzhen Bay Huiyun Centre and JEN Hangzhou by Shangri-La in Mainland China scheduled to open in 2024 and 2025, respectively.

As at the date of this announcement, the Group has management agreements for 20 operating hotels owned by third parties. In addition, the Group also has agreements on hand for the development of 11 new hotels currently under development and owned by third parties. The development projects are located in Nanning, Qiantan, Beijing, Shenzhen (2 hotels) and Hangzhou (Mainland China), Bali (Indonesia), Jeddah (Saudi Arabia), Phnom Penh (Cambodia), Melbourne (Australia) and Manama (Bahrain).

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 2020, the Company and its subsidiaries had approximately 25,600 employees. The number of people employed at Shangri-La, including all operating hotels, was 42,300. Salaries and benefits, including provident fund contributions, insurance and medical coverage, housing and share option 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.

Details of the share option scheme and share award scheme adopted by the shareholders on 28 May 2012 are provided in the section headed “Share Option Scheme” and “Share Award Scheme” of the Directors’ Report, respectively. 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 details of shares granted under the share award scheme in 2020 is provided in Directors’ Report. The Group has not granted any new share option under the share option scheme in 2020.

The Group’s total employee benefit expenses net of wage subsidy received from government (excluding directors’ emoluments) amounted to USD538.2 million (2019: USD842.0 million).

Average voluntary turnover was 19% and is consistent to reflect the challenges faced by the hospitality industry. Much effort is focused on attracting, retaining, developing and engaging the young workforce.

Despite the COVID-19 pandemic, 2020 was a year that focused on the continuation of the upskilling of our colleagues through a variety of learning courses via Shangri-La Academy Online. Prioritising on keeping our teams and guests safe, the Shangri-La Academy team implemented multiple courses on COVID prevention, new hygiene and safety measures, content with tips to boost a person's immune system and a major development was the "Shangri-La Cares" learning course which outlined the standards that Shangri-La implemented globally to safeguard everyone in all the touch points that our guests and employees experience.

In average each course had a duration of 45 minutes, and more than 40,000 colleagues completed these courses. With the temporary suspension of our operations in multiple regions, we took the opportunity to offer new, highly interactive, developed in-house functional courses for our teams to remain engaged with Shangri-La while learning. These courses offered new sets of skills, and were designed in partnership between the Shangri-La Academy and the Global Functional Leaders.

In 2020, we set a new record launching 97 new courses to our library, and we were proud to see that in average each individual learner spent 2 hours and 40 minutes per month learning. This helped us solidify our culture of learning rather than training, in which our teams at Shangri-La feel highly empowered to drive their own development. We also launched new leadership development modules, specifically targeting first time leaders through the Junior Leaders Programme, as a reminder that despite the context we could still contribute significantly to offer leadership learning to help prepare our leaders with newly acquired knowledge. We also made significant efforts to facilitate learning resources for our teams to remain positive, focused and hopeful. To achieve this, a series of learning programmes called: Live Well featuring tips to improve mental health were launched. Although these courses were optional, the statistics showed that 10,000+ colleagues completed the learning courses.

With the evolving operating environment brought by the pandemic, we elevated our internal communications to keep our colleagues informed and engaged by providing them with a holistic view of Shangri-La. Leveraging the technology of live streaming, in 2020 we introduced new global virtual townhalls to provide timely updates on business performances, health & safety measures and organisational changes. We also made use of this channel to give recognition to our high-performing teams across our regions and to foster two-way communications between the leadership team and our colleagues. More than 94% of the attendees showed support to this new way of interactions.

To further drive bottom-up communications and collaborations, we launched a Shangri-La Best Practice online group for our people to share how they had been innovating during the crisis, such as changing existing processes to reflect new needs or repurposing resources to help our guests, colleagues and communities. The experiences shared had provided our leaders that were facing similar work-related challenges and issues with new insights.

Keeping our collaborative spirit alive, various community support initiatives were rolled out across regions to enable our colleagues to bond and feel empowered. 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

The recovery we have witnessed in Mainland China throughout the latter half of 2020 has mostly sustained its momentum into 2021. Our earlier investments into new products related to enhancing the family experience has begun to yield returns, helping our hotels generate a new source of growth. We also saw reassuring outcome from our efforts in venturing into new markets such as home deliveries and takeaways, and we will continue to innovate and expand our product offerings. More specifically, we achieved very encouraging results from our 2021 Chinese New Year goodies sales promotions, which served as a strong testament in the general health of China's consumption demand as well as their trust in our products. The improvement of business were also apparent from the retail stores in our investment properties, where some of our tenants have seen year-on-year growth during the 2020 October Golden Week holidays.

In 2020, we implemented "Shangri-La Cares", our strict safety and hygiene commitment program that helps ensure the health and wellbeing of all our guests and staff. In 2021, we will provide regular training so we can continue to provide adequate protection at all times. We have received very positive feedback and responses from our guests through the TrustYou platform, where our Shangri-La brand is placed ahead of most competitors on positive sentiments in the "Public Health" category. We will continue to do our utmost in keeping up with our highest standards of health and safety.

We will also continue to closely monitor our Group's financial health. As at 31 December 2020, the Group had cash and cash equivalent of USD990.9 million and committed undrawn facilities of USD2.0 billion (of which USD725 million is reserved to be drawn down to replace existing facilities from the same banks), which has remained largely stable over the past twelve months despite the pandemic outbreak. This is a strong testament to our Group's collective effort in generating new avenues of income while reducing costs sustainably during our company structure streamlining exercises, as well as our ability to utilise capital sources effectively. As at 1 March 2021, we have already completed almost 50% of our refinancing needs for 2021 and 2022, and will continue to sustain our cash conservation efforts in order to ensure the Group can endure a prolonged period of uncertainties.

All-in-all, we believe 2021 has so far provided us with reasons to be hopeful. The sustained recovery momentum we currently see in Mainland China demonstrates our innate strong desire to travel and enjoy new experiences. As different countries around the world have begun their vaccination programs, we hope that it is only a matter of time when our lives can once again resume normality by end of 2021. At the meantime, we will continue to remain vigilant and cautious, while also be fully prepared for any recoveries and welcome our returning international guests with our signature Shangri-La warmth and hospitality.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	<i>Note</i>	2020	2019
		<i>USD'000</i>	<i>USD'000</i>
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment		5,093,983	5,092,022
Investment properties		1,748,296	1,658,560
Right-of-use assets		1,279,746	1,318,451
Intangible assets		115,400	108,363
Interest in associates		4,207,367	3,912,827
Deferred income tax assets		51,911	27,694
Financial assets at fair value through other comprehensive income		4,498	4,357
Financial assets at fair value through profit or loss		9,948	9,866
Derivative financial instruments		–	8,979
Other receivables		16,428	14,963
		<u>12,527,577</u>	<u>12,156,082</u>
<i>Current assets</i>			
Inventories		30,590	33,951
Properties for sale		86,529	90,569
Accounts receivable, prepayments and deposits	4	231,837	291,661
Amounts due from associates		124,501	112,788
Derivative financial instruments		–	2,157
Financial assets at fair value through profit or loss		16,273	18,188
Short-term deposits with original maturities over 3 months		66,394	107,181
Cash and cash equivalents		924,457	909,496
		<u>1,480,581</u>	<u>1,565,991</u>
Total assets		<u>14,008,158</u>	<u>13,722,073</u>

		As at 31 December	
	<i>Note</i>	2020	2019
		<i>USD'000</i>	<i>USD'000</i>
EQUITY			
<i>Capital and reserves attributable to owners of the Company</i>			
Share capital and premium	5	3,201,995	3,201,995
Shares held for share award scheme	5	(4,265)	(5,985)
Other reserves		985,882	653,684
Retained earnings		1,877,977	2,339,885
		<hr/>	<hr/>
		6,061,589	6,189,579
Non-controlling interests		253,158	314,454
		<hr/>	<hr/>
Total equity		6,314,747	6,504,033
		<hr/>	<hr/>
LIABILITIES			
<i>Non-current liabilities</i>			
Bank loans		4,030,440	3,997,098
Fixed rate bonds		1,072,033	868,137
Derivative financial instruments		71,579	15,668
Amounts due to non-controlling shareholders		46,550	46,550
Long term lease liabilities		601,639	588,530
Deferred income tax liabilities		329,923	357,971
		<hr/>	<hr/>
		6,152,164	5,873,954
		<hr/>	<hr/>
<i>Current liabilities</i>			
Accounts payable and accruals	7	601,477	666,377
Contract liabilities		170,867	175,001
Short term lease liabilities		65,891	51,603
Amounts due to non-controlling shareholders		45,366	39,528
Current income tax liabilities		5,881	30,105
Bank loans		616,439	375,329
Derivative financial instruments		35,326	6,143
		<hr/>	<hr/>
		1,541,247	1,344,086
		<hr/>	<hr/>
Total liabilities		7,693,411	7,218,040
		<hr/>	<hr/>
Total equity and liabilities		14,008,158	13,722,073
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended 31 December	
		2020 USD'000	2019 USD'000
Revenue	3	1,033,431	2,431,216
Cost of sales	8	<u>(671,194)</u>	<u>(1,108,647)</u>
Gross profit		362,237	1,322,569
Other gains – net	9	30,219	54,508
Marketing costs	8	(62,030)	(96,149)
Administrative expenses	8	(233,147)	(285,292)
Other operating expenses	8	<u>(529,893)</u>	<u>(700,871)</u>
Operating (loss)/profit		(432,614)	294,765
Finance costs – net	10	(236,837)	(233,524)
Share of profit of associates	11	<u>132,390</u>	<u>220,423</u>
(Loss)/Profit before income tax		(537,061)	281,664
Income tax credit/(expense)	12	<u>26,477</u>	<u>(111,944)</u>
(Loss)/Profit for the year		<u>(510,584)</u>	<u>169,720</u>
<i>(Loss)/Profit attributable to:</i>			
Owners of the Company		(460,161)	152,485
Non-controlling interests		<u>(50,423)</u>	<u>17,235</u>
		<u>(510,584)</u>	<u>169,720</u>
<i>(Loss)/Earnings per share for (loss)/profit attributable to the owners of the Company during the year (expressed in US cents per share)</i>			
– basic	13	<u>(12.89)</u>	<u>4.27</u>
– diluted	13	<u>(12.89)</u>	<u>4.27</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2020	2019
	<i>USD'000</i>	<i>USD'000</i>
(Loss)/Profit for the year	(510,584)	169,720
<i>Other comprehensive income/(loss):</i>		
<i>Item that will not be reclassified subsequently to profit or loss</i>		
Remeasurements of post-employment benefit obligations	(1,506)	(1,270)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value changes of interest-rate swap and cross-currency swap contracts – hedging	(90,253)	(15,146)
Currency translation differences – subsidiaries	187,274	20,731
Currency translation differences – associates	238,190	(67,373)
Revaluation of a property held by a subsidiary/ an associate upon reclassification from property, plant and equipment and right-of-use assets to investment properties	246	20,577
Other comprehensive income/(loss) for the year	333,951	(42,481)
Total comprehensive (loss)/income for the year	(176,633)	127,239
<i>Total comprehensive (loss)/income attributable to:</i>		
Owners of the Company	(129,143)	110,548
Non-controlling interests	(47,490)	16,691
	(176,633)	127,239

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	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
Balance at 1 January 2020		3,201,995	(5,985)	653,684	2,339,885	6,189,579	314,454	6,504,033
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)
Balance at 31 December 2020		<u>3,201,995</u>	<u>(4,265)</u>	<u>985,882</u>	<u>1,877,977</u>	<u>6,061,589</u>	<u>253,158</u>	<u>6,314,747</u>

		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
Balance at 1 January 2019		3,201,995	(4,996)	693,368	2,309,009	6,199,376	382,329	6,581,705
Remeasurements of post-employment benefit obligations		-	-	-	(1,200)	(1,200)	(70)	(1,270)
Fair value changes of interest-rate swap and cross-currency swap contracts – hedging		-	-	(7,790)	-	(7,790)	(7,356)	(15,146)
Currency translation differences		-	-	(53,524)	-	(53,524)	6,882	(46,642)
Revaluation of a property held by an associate upon reclassification from property, plant and equipment to investment properties		-	-	20,577	-	20,577	-	20,577
Other comprehensive loss for the year recognised directly in equity		-	-	(40,737)	(1,200)	(41,937)	(544)	(42,481)
Profit for the year		-	-	-	152,485	152,485	17,235	169,720
Total comprehensive (loss)/ income for the year ended 31 December 2019		-	-	(40,737)	151,285	110,548	16,691	127,239
Shares purchase for share award scheme	5	-	(2,129)	-	-	(2,129)	-	(2,129)
Share-based compensation under share award scheme		-	-	2,077	-	2,077	-	2,077
Vesting of shares under share award scheme	5	-	1,140	(1,024)	(116)	-	-	-
Payment of 2018 final dividend		-	-	-	(64,531)	(64,531)	-	(64,531)
Payment of 2019 interim dividend		-	-	-	(36,856)	(36,856)	-	(36,856)
Dividend paid and payable to non-controlling shareholders		-	-	-	-	-	(18,219)	(18,219)
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		-	-	-	(18,906)	(18,906)	-	(18,906)
Equity interest in a subsidiary acquired from a non-controlling shareholder		-	-	-	-	-	(16,914)	(16,914)
Net change in equity loans due to non-controlling shareholders		-	-	-	-	-	(49,433)	(49,433)
		-	(989)	1,053	(120,409)	(120,345)	(84,566)	(204,911)
Balance at 31 December 2019		3,201,995	(5,985)	653,684	2,339,885	6,189,579	314,454	6,504,033

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

The principal activities of Shangri-La Asia Limited (“**Company**”) and its subsidiaries (together, “**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 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

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 2020 have been prepared on a going-concern basis although the Group’s consolidated current liabilities exceeded its consolidated current assets by USD60,666,000 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 bank loan facilities of USD1,743,986,000 which are maturing after 31 December 2021 (of which USD725,000,000 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 2020:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 16	COVID-19 Related Rent Concessions
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

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.

Amendments to HKFRS 16, COVID-19 Related Rent Concessions

The amendment provides a practical expedient that allows a lessee 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.

The Group has elected to early adopt the amendment and applies the practical expedient to all qualifying COVID-19 related rent concessions granted to the Group during the current year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in "Other 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 2020.

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 2020 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:

	2020 <i>USD'000</i>	2019 <i>USD'000</i>
Revenue		
Hotel properties		
Revenue from rooms	373,740	1,067,308
Food and beverage sales	407,351	881,214
Rendering of ancillary services	76,887	117,921
Hotel management and related services	57,379	106,873
Property development for sale	24,188	160,758
Other business	4,017	5,367
	<hr/>	<hr/>
Revenue from contracts with customers	943,562	2,339,441
Investment properties	89,869	91,775
	<hr/>	<hr/>
Total consolidated revenue	1,033,431	2,431,216
	<hr/> <hr/>	<hr/> <hr/>

The Group is domiciled in Hong Kong. The revenue from external customers attributed to Hong Kong and other countries are USD129,559,000 (2019: USD382,041,000) and USD903,872,000 (2019: USD2,049,175,000), 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 USD884,139,000 (2019: USD883,276,000) and USD7,369,714,000 (2019: USD7,309,083,000), 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*
 - Mainland China
 - Singapore
 - Malaysia
 - Mongolia
 - Sri Lanka
 - Other countries (including Australia and Myanmar)

- iv. Property development for sale*

The Group is also engaged in other businesses including wines trading, amusement park 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 2020 and 2019 (USD million)

	2020		2019	
	Revenue (Note b)	Profit/(Loss) after tax (Note a)	Revenue (Note b)	Profit/(Loss) after tax (Note a)
Hotel properties				
The People's Republic of China				
Hong Kong	82.5	(61.0)	296.0	21.3
Mainland China	463.0	(111.7)	781.9	8.7
Singapore	88.8	(12.3)	236.7	32.4
Malaysia	34.9	(15.7)	119.2	12.4
The Philippines	49.0	(43.4)	189.9	16.3
Japan	24.2	(11.9)	66.7	3.3
Thailand	20.7	(4.7)	81.2	14.6
France	7.3	(22.9)	46.2	(14.6)
Australia	35.6	(10.9)	85.1	(0.8)
United Kingdom	18.3	(27.3)	52.9	(10.0)
Mongolia	3.9	(7.5)	17.4	(4.1)
Sri Lanka	12.0	(21.0)	27.1	(15.3)
Other countries	17.8	(27.5)	66.1	(4.1)
	858.0	(377.8)	2,066.4	60.1
Hotel management and related services	114.7	(84.8)	231.8	(48.3)
Sub-total hotel operation	972.7	(462.6)	2,298.2	11.8
Investment properties				
Mainland China	22.0	149.1	20.3	153.5
Singapore	9.0	7.2	13.6	7.8
Malaysia	5.3	1.4	6.4	1.8
Mongolia	22.6	2.9	22.9	2.4
Sri Lanka	7.5	(14.4)	2.0	(4.8)
Other countries	23.4	5.6	26.5	6.0
	89.8	151.8	91.7	166.7
Property development for sale	24.2	25.0	160.8	103.3
Other businesses	4.0	(2.3)	5.4	(2.2)
Total	1,090.7	(288.1)	2,556.1	279.6
Less: Hotel management – Inter-segment revenue	(57.3)		(124.9)	
Total external revenue	1,033.4		2,431.2	
Corporate finance costs (net)		(118.1)		(130.9)
Land cost amortisation and pre-opening expenses for projects		(7.8)		(9.1)
Corporate expenses		(11.6)		(22.1)
Exchange losses of corporate investment holding companies		(6.5)		(3.7)
(Loss)/Profit before non-operating items		(432.1)		113.8

	2020	2019
	Profit/(Loss)	Profit/(Loss)
	after tax	after tax
	<i>(Note a)</i>	<i>(Note a)</i>
(Loss)/Profit before non-operating items	(432.1)	113.8
Non-operating items		
Share of net fair value (losses)/gains on investment properties	(7.8)	53.6
Net unrealised losses on financial assets at fair value through profit or loss	(1.9)	(1.4)
Fair value adjustments on security deposit on leased premises	(0.8)	0.1
Provision for impairment losses on right-of-use assets	(13.9)	–
Provision for impairment losses on properties	–	(20.4)
Discarding of property, plant and equipment and associated expenses spent due to a bombing incident	(0.4)	(3.6)
Insurance claim recovered from a bombing incident	3.8	4.5
Fair value (losses)/gains on cross-currency swap – Non-hedging	(6.0)	0.7
Impairment loss on a loan to a third party	(1.1)	–
Gain on disposal of properties	–	7.0
Others	–	(1.8)
	<hr/>	<hr/>
Total non-operating items	(28.1)	38.7
	<hr/>	<hr/>
Consolidated (loss)/profit attributable to owners of the Company	(460.2)	152.5
	<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 of associates (excluding projects under development) by operating segments included in (loss)/profit before non-operating items in the segment profit or loss is analysed as follows:

	2020	2019
	Share of profit/(loss) of associates	Share of profit/(loss) of associates
<i>Hotel properties</i>		
The People's Republic of China		
Hong Kong	(1.3)	(0.2)
Mainland China	(25.0)	6.1
Singapore	(1.1)	(0.3)
Malaysia	(2.5)	4.9
The Philippines	(7.4)	1.5
Other countries	(6.9)	3.1
	<u>(44.2)</u>	<u>15.1</u>
<i>Investment properties</i>		
Mainland China	149.1	153.8
Singapore	2.6	3.4
	<u>151.7</u>	<u>157.2</u>
<i>Property development for sale</i>		
	24.5	20.1
<i>Other business</i>	<u>0.2</u>	<u>0.2</u>
Total	<u><u>132.2</u></u>	<u><u>192.6</u></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:

	2020		2019	
	Depreciation and amortisation	Income tax expense/(credit)	Depreciation and amortisation	Income tax expense/(credit)
<i>Hotel properties</i>				
The People's Republic of China				
Hong Kong	32.7	(16.8)	33.2	4.3
Mainland China	131.4	9.3	144.4	36.5
Singapore	19.4	(3.4)	20.0	7.6
Malaysia	14.4	(7.1)	15.2	4.1
The Philippines	25.2	(17.1)	28.8	11.5
Japan	6.7	(1.2)	6.7	0.3
Thailand	7.1	(5.6)	7.3	7.3
France	8.7	–	9.7	–
Australia	12.6	(4.0)	12.9	0.2
United Kingdom	8.4	–	8.1	(0.4)
Mongolia	8.6	0.4	6.7	–
Sri Lanka	14.6	0.6	14.6	1.1
Other countries	12.8	0.9	14.3	(0.9)
	302.6	(44.0)	321.9	71.6
<i>Hotel management and related services</i>				
	16.9	(1.1)	14.4	6.1
<i>Sub-total hotel operations</i>				
	319.5	(45.1)	336.3	77.7
<i>Investment properties</i>				
Mainland China	–	12.1	–	11.7
Singapore	–	–	–	1.2
Malaysia	0.1	0.8	0.1	1.0
Mongolia	–	4.5	–	5.2
Sri Lanka	0.3	1.1	0.2	1.2
Other countries	0.1	1.6	0.1	2.0
	0.5	20.1	0.4	22.3
<i>Property development for sale</i>				
	–	1.9	–	1.2
<i>Other business</i>				
	1.9	–	1.4	0.1
Total	321.9	(23.1)	338.1	101.3

Segment assets

As at 31 December 2020 and 2019 (USD million)

	As at 31 December	
	2020	2019
<i>Hotel properties</i>		
The People's Republic of China		
Hong Kong	795.4	833.6
Mainland China	2,860.9	3,033.3
Singapore	546.9	588.9
Malaysia	286.3	318.4
The Philippines	325.3	388.1
Japan	91.3	100.0
Thailand	228.4	270.3
France	287.8	273.8
Australia	345.0	333.8
United Kingdom	292.0	289.3
Mongolia	146.8	153.8
Sri Lanka	221.9	243.1
Other countries	215.8	248.7
	<u>6,643.8</u>	<u>7,075.1</u>
<i>Investment properties</i>		
Mainland China	530.0	361.6
Singapore	430.2	450.6
Malaysia	75.4	84.3
Mongolia	309.4	337.7
Sri Lanka	278.5	287.9
Other countries	298.3	307.8
	<u>1,921.8</u>	<u>1,829.9</u>
<i>Property development for sale</i>		
Mainland China	39.1	33.8
Sri Lanka	47.4	56.8
	<u>86.5</u>	<u>90.6</u>
<i>Hotel management and related services</i>		
Elimination	238.2	203.0
	<u>(58.4)</u>	<u>(59.0)</u>
Total segment assets	8,831.9	9,139.6
Assets allocated to projects and other businesses	461.7	411.1
Unallocated assets	391.8	150.2
Intangible assets	115.4	108.4
	<u>9,800.8</u>	<u>9,809.3</u>
Total assets of the Company and its subsidiaries	9,800.8	9,809.3
Interest in associates	4,207.4	3,912.8
	<u>4,207.4</u>	<u>3,912.8</u>
Total assets	14,008.2	13,722.1
	<u><u>14,008.2</u></u>	<u><u>13,722.1</u></u>

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 and deferred income tax assets.

4 Accounts receivable, prepayments and deposits

	2020 <i>USD'000</i>	2019 <i>USD'000</i>
Trade receivables	55,364	101,442
Less: Provision for impairment of receivables	(9,663)	(5,341)
	<hr/>	<hr/>
Trade receivables – net (<i>note (b)</i>)	45,701	96,101
Other receivables	96,983	106,866
Prepayments and other deposits	89,153	87,644
Short term advance to a third party (<i>note (c)</i>)	–	1,050
	<hr/>	<hr/>
	231,837	291,661
	<hr/> <hr/>	<hr/> <hr/>

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:

	2020 <i>USD'000</i>	2019 <i>USD'000</i>
0 – 3 months	38,179	85,604
4 – 6 months	3,428	3,768
Over 6 months	4,094	6,729
	<hr/>	<hr/>
	45,701	96,101
	<hr/> <hr/>	<hr/> <hr/>

- (c) The outstanding balance for a short term advance of USD1,050,000 provided to a third party and the associated interest receivable of USD456,000 totalling USD1,506,000 was entirely impaired during the year ended 31 December 2020.

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>
Share capital and premium				
Authorised				
– Ordinary shares of HKD1 each				
At 31 December 2019 and 31 December 2020	5,000,000	646,496	–	646,496
Issued and fully paid				
– Ordinary shares of HKD1 each				
At 1 January 2019	3,585,525	462,904	2,739,091	3,201,995
Exercise of share options				
– allotment of shares	–	–	–	–
– transfer from share option reserve	–	–	–	–
At 31 December 2019 and 1 January 2020	3,585,525	462,904	2,739,091	3,201,995
Exercise of share options				
– allotment of shares	–	–	–	–
– transfer from share option reserve	–	–	–	–
At 31 December 2020	3,585,525	462,904	2,739,091	3,201,995
Shares held for share award scheme				
At 1 January 2019	(3,232)	(417)	(4,579)	(4,996)
Share purchase for share award scheme	(2,000)	(258)	(1,871)	(2,129)
Vesting of shares under share award scheme	675	87	1,053	1,140
At 31 December 2019 and 1 January 2020	(4,557)	(588)	(5,397)	(5,985)
Share purchase for share award scheme	–	–	–	–
Vesting of shares under share award scheme	1,144	148	1,572	1,720
At 31 December 2020	(3,413)	(440)	(3,825)	(4,265)

As at 31 December 2020, except for shares held for share award scheme as shown above, 10,501,055 (2019: 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 2020, the share award scheme of the Group had not acquired ordinary shares in the Company through purchases on the open market and 1,144,000 shares were transferred to the awardees upon vesting of the awarded shares. The remaining 3,413,000 shares were held in trust under the share award scheme as at 31 December 2020. 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 2020 (2019: 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:

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	Weighted average exercise price in HKD per option share	Number of outstanding option Shares	Weighted average exercise price in HKD per option share	Number of outstanding option shares
At 1 January	12.11	7,563,000	12.11	8,188,000
Exercised	–	–	–	–
Lapsed	12.11	(635,000)	12.11	(625,000)
At 31 December	12.11	6,928,000	12.11	7,563,000

No new option was granted during the year ended 31 December 2020 and 2019.

No option was exercised subsequent to 31 December 2020 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 2020, a total of 214,000 shares and 1,144,000 shares were granted and vested to the qualified awardees, respectively. A total of 3,413,000 shares were held in trust under the share award scheme as at 31 December 2020. During the year, an expense of USD1,153,000 (2019: USD2,077,000) for the award shares granted was charged to the consolidated statement of profit or loss.

Details of the awarded shares granted and vested during 2020 and 2019 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 2019	2019	2020	
In year 2018							
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	40,000	134,000	52,000	20 Jul 2018 to 1 Apr 2021
30 Aug 2018	HKD11.78	975,893	1,736,000	–	196,000	196,000	30 Aug 2018 to 1 Apr 2021
Total for 2018		<u>3,101,571</u>	<u>4,382,000</u>	<u>1,458,000</u>			
In year 2019							
1 Apr 2019	HKD11.56	1,477,169	2,338,000		285,000	364,000	1 Apr 2019 to 1 Apr 2022
15 Jun 2019	HKD9.45	1,547,200	2,754,000		–	56,000	15 Jun 2019 to 1 Apr 2022
30 Jun 2019	HKD9.85	751,515	1,292,000		60,000	24,000	30 Jun 2019 to 1 Apr 2022
1 Nov 2019	HKD8.41	494,000	494,000		–	238,000	1 Nov 2019 to 1 Apr 2022
Total for 2019		<u>4,269,884</u>	<u>6,878,000</u>		<u>675,000</u>		
In year 2020							
30 Sep 2020	HKD6.34	214,000	214,000			214,000	Nil
Total for 2020		<u>214,000</u>	<u>214,000</u>			<u>1,144,000</u>	

7 Accounts payable and accruals

	2020 <i>USD'000</i>	2019 <i>USD'000</i>
Trade payables	81,753	94,432
Other payables and accrued expenses	519,724	571,945
	601,477	666,377

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

	2020 <i>USD'000</i>	2019 <i>USD'000</i>
0 – 3 months	68,512	85,316
4 – 6 months	6,644	2,834
Over 6 months	6,597	6,282
	81,753	94,432

8 Expenses by nature

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

	2020 <i>USD'000</i>	2019 <i>USD'000</i>
Depreciation of property, plant and equipment (net of amount capitalised of USD13,000 (2019: USD14,000))	265,635	283,237
Amortisation of trademark; and website and system development	3,485	3,028
Depreciation of right-of-use assets	53,523	53,743
Employee benefit expenses excluding directors' emoluments and wage subsidy received from government (net of amount capitalised and amount grouped under pre-opening expenses)	586,398	840,179
Cost of sales of properties	9,940	65,450
Cost of inventories sold or consumed in operation	156,168	299,479
Loss on disposal of property, plant and equipment; and partial replacement of investment properties	1,188	2,515
Impairment of intangible assets	1,256	–
Operating lease expenses	8,939	32,849
Pre-opening expenses	1,223	4,882
Auditors' remuneration for audit services	2,080	2,035

9 Other gains – net

	2020 <i>USD'000</i>	2019 <i>USD'000</i>
Fair value (losses)/gains on investment properties (net of amount recognised in other comprehensive income of USD328,000 (2019: nil))	(19,418)	52,615
Net unrealised losses on listed securities	(1,915)	(648)
Provision for impairment losses on properties	–	(20,467)
Provision for impairment losses on right-of-use assets	(13,861)	–
Provision for impairment losses on a loan to a third party	(1,050)	–
Fair value changes of club debentures	48	(519)
Fair value changes of cross-currency swap contracts	(5,981)	734
Discarding of property, plant and equipment and associated expenses spent due to a bombing incident	(489)	(3,964)
Insurance claim recovered from a bombing incident	4,249	5,036
Government grants due to COVID-19 pandemic	48,640	–
Rent concessions received from lessors	3,174	–
Others	–	(1,654)
	<u>13,397</u>	<u>31,133</u>
Interest income	15,815	22,147
Dividend income	1,007	1,228
	<u>30,219</u>	<u>54,508</u>

10 Finance costs – net

	2020 <i>USD'000</i>	2019 <i>USD'000</i>
Interest expense		
– bank loans	133,646	161,662
– fixed rate bonds	43,616	34,318
– other loans	5,799	5,618
– interest on lease liability	31,938	31,517
	<u>214,999</u>	<u>233,115</u>
Less: amount capitalised	(2,425)	(8,849)
	<u>212,574</u>	<u>224,266</u>
Net foreign exchange losses	24,263	9,258
	<u>236,837</u>	<u>233,524</u>

The effective capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 3.2% per annum (2019: 3.6%).

11 Share of profit of associates

	2020 <i>USD'000</i>	2019 <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	196,353	265,841
Share of net fair value gains of investment properties	4,457	29,270
Share of disposal gain of a subsidiary held by an associate	—	6,983
	<u>200,810</u>	<u>302,094</u>
Share of tax before provision for deferred tax liabilities on fair value gains of investment properties	(66,901)	(74,404)
Share of provision for deferred tax liabilities on fair value gains of investment properties	(1,519)	(7,267)
	<u>(68,420)</u>	<u>(81,671)</u>
Share of associates' taxation	<u>(68,420)</u>	<u>(81,671)</u>
Share of profit of associates	<u><u>132,390</u></u>	<u><u>220,423</u></u>

12 Income tax (credit)/expense

	2020 <i>USD'000</i>	2019 <i>USD'000</i>
Current income tax		
– Hong Kong profits tax	(182)	4,693
– overseas taxation	26,638	83,492
Deferred income tax	(52,933)	23,759
	<u>(26,477)</u>	<u>111,944</u>

Share of associates' taxation for the year ended 31 December 2020 of USD68,420,000 (2019: USD81,671,000) 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% (2019: 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.

13 (Loss)/Earnings per share

Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit 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.

	2020	2019
(Loss)/Profit attributable to owners of the Company (USD'000)	(460,161)	152,485
Weighted average number of ordinary shares in issue (thousands)	3,571,061	3,571,564
Basic (loss)/earnings per share (US cents per share)	<u><u>(12.89)</u></u>	<u><u>4.27</u></u>

Diluted

Diluted (loss)/earnings 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 for the year ended 31 December 2020 and 2019. 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.

For the year ended 31 December 2020 and 31 December 2019, there is anti-dilution on the loss per share and earnings per share, respectively. As the Group incurred losses for the year ended 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.

	2020	2019
(Loss)/Profit attributable to owners of the Company (USD'000)	(460,161)	152,485
Weighted average number of ordinary shares in issue (thousands)	3,571,061	3,571,564
Adjustments (thousands)	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for diluted (loss)/earnings per share (thousands)	<u>3,571,061</u>	<u>3,571,564</u>
Diluted (loss)/earnings per share (US cents per share)	<u><u>(12.89)</u></u>	<u><u>4.27</u></u>

14 Dividends

	Group		Company	
	2020	2019	2020	2019
	USD'000	USD'000	USD'000	USD'000
No interim dividend has been proposed (2019: HK8 cents per ordinary share)	–	36,856	–	36,965
No final dividend has been proposed (2019: Nil)	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>–</u>	<u>36,856</u>	<u>–</u>	<u>36,965</u>

At a meeting held on 26 March 2021, the Board proposed no final dividend for the year ended 31 December 2020.

15 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 USD91,615,000 (2019: USD96,909,000).

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 2020, there were no material contingent liabilities (2019: the Group executed guarantees for securing standby documentary credit granted by banks in favour of certain building contractors relating to the execution of construction works for hotel buildings with the amount of USD333,000).

(c) Charges over assets

As at 31 December 2020, bank loan of a subsidiary amounting to USD11,585,000 (2019: USD17,613,000) was secured by legal mortgage over the property owned by the subsidiary with a net book value of USD108,241,000 (2019: USD113,923,000).

16 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:

	2020 <i>USD'000</i>	2019 <i>USD'000</i>
Existing properties – property, plant and equipment and investment properties		
– contracted but not provided for	40,084	44,914
– authorised but not contracted for	74,924	98,291
Development projects		
– contracted but not provided for	148,092	53,143
– authorised but not contracted for	290,658	221,984
	553,758	418,332

17 Events after the reporting period

In February 2021, the Group issued 9-year term fixed rate bonds of SGD100,000,000 (equivalent to USD75,919,000) at 3.50% per annum.

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

During the year ended 31 December 2020, 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 ("**CG Principles**"), whose terms align with or are stricter than the requirements set out in the code provisions under the Corporate Governance Code and Corporate Governance Report ("**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 Principles and the CG Model Code throughout the year ended 31 December 2020.

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

Hong Kong, 26 March 2021

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)

Non-executive director(s)

Mr HO Kian Guan (alternate – Mr HO Chung Tao)

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