

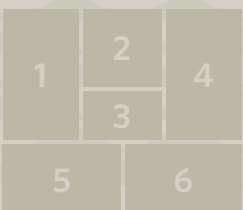
Annual Report 2020

SHANGRI-LA ASIA LIMITED

Incorporated in Bermuda with Limited Liability

Stock Code: 69





Cover Photos:

1. Shangri-La Hotel, Qaryat Al Beri, Abu Dhabi
2. China World Mall
3. Shangri-La Hotel, At The Shard, London
4. Shangri-La's Fijian Resort and Spa, Yanuca Island, Fiji
5. Shangri-La's Le Touessrok Resort & Spa, Mauritius
6. Shangri-La Hotel, Ulaanbaatar

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The Group's Business Presence



As at 31 December 2020
 ● Business in operation
 ● Projects under development

Asia

- Bahrain** ●
- Cambodia**
Phnom Penh ●
- Hong Kong SAR** ●
- India**
Bengaluru ●
New Delhi ●
- Indonesia**
Jakarta ●
Surabaya ●
- Japan**
Tokyo ●
Kyoto ●
- Mainland China**
Baotou ●
Beihai ●
Beijing ●●
Changchun ●
Changzhou ●
Chengdu ●
Dalian ●
Fuzhou ●
Guangzhou ●
Guilin ●
Haikou ●
Hangzhou ●●
Harbin ●
Hefei ●
Huhhot ●
Jinan ●
Kunming ●
Lhasa ●
Manzhouli ●
Nanchang ●
Nanjing ●
Nanning ●
Ningbo ●
Putian ●
Qingdao ●
Qinhuangdao ●
- Qufu ●
Sanya ●
Shanghai ●●
Shangri-La ●
Shenyang ●
Shenzhen ●●
Suzhou ●
Tangshan ●
Tianjin ●
Wenzhou ●
Wuhan ●
Xiamen ●
Xian ●
- Yangzhou ●
Yiwu ●
Zhengzhou ●
Zhoushan ●
- Malaysia**
Johor ●
Kota Kinabalu ●
Penang ●
Kuala Lumpur ●
- Maldives**
Male ●
Villingili ●
- Mongolia**
Ulaanbaatar ●
- Myanmar**
Yangon ●
- Oman**
Muscat ●
- Philippines**
Boracay ●
Cebu ●
Manila ●
- Saudi Arabia**
Jeddah ●
- Singapore** ●
- Sri Lanka**
Colombo ●
Hambantota ●
- Taiwan**
Tainan ●
Taipei ●
- Thailand**
Bangkok ●
Chiang Mai ●
- United Arab Emirates**
Abu Dhabi ●
Dubai ●



- Oceania**
Australia
Cairns ●
Sydney ●
Melbourne ●
- Fiji**
Yanuca ●
- Europe**
France
Paris ●
Turkey
Istanbul ●
- United Kingdom**
London ●
- Africa**
Mauritius ●
- North America**
Canada
Toronto ●
Vancouver ●

Financial Highlights

The following table summarises the highlights of our financial results:

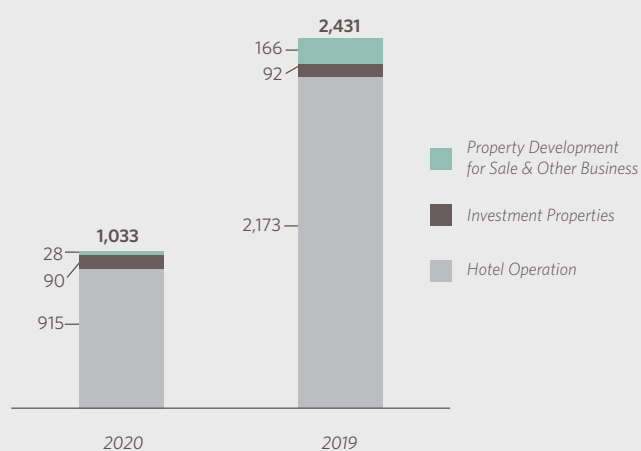
	2020 USD Million	2019 USD Million	2020/19 % Change
Consolidated Revenue	1,033.4	2,431.2	-57.5%
EBITDA ^(Note 1) of the Company and its subsidiaries	(84.9)	584.0	N/M
Effective share of EBITDA ^(Note 2) of the Company, subsidiaries and associates	181.6	864.9	-79.0%
(Loss)/Profit attributable to owners 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)

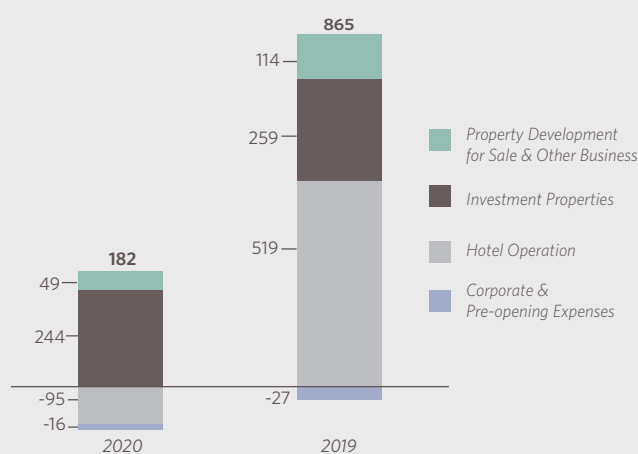
Notes:

- 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.
- 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.

**Segment Revenue by Category
(USD Million)**

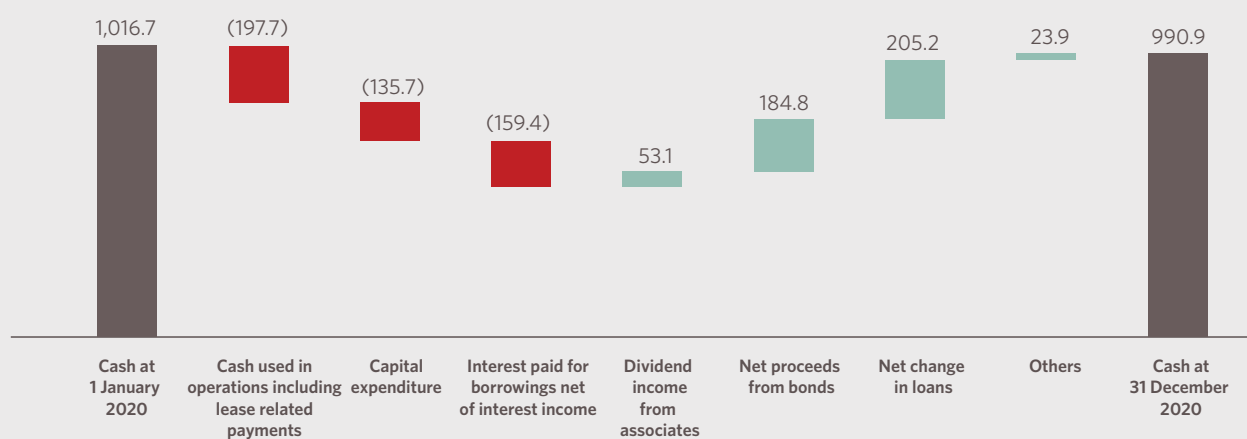


**Effective Share of EBITDA by Category
(USD Million)**



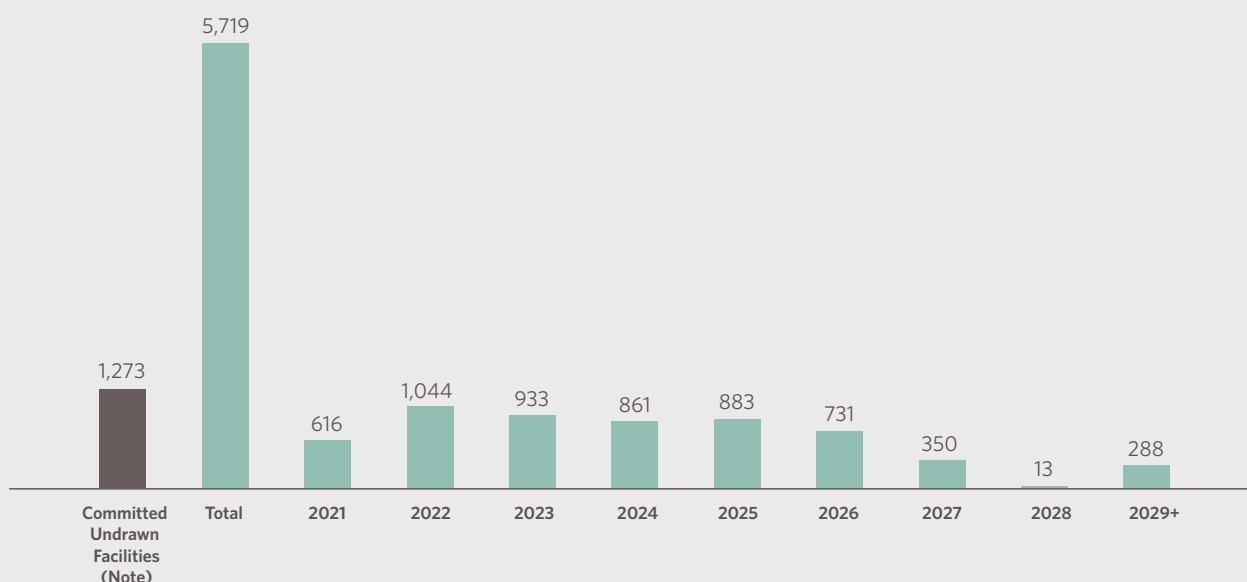
Financial Highlights

Movement of Cashflow ^(Note) (USD Million)



Note: Movement of cashflow is presented from management's perspective which may be different from the cashflow presented in accordance with HKFRS disclosure requirements

Debt refinancing schedule chart including undrawn facilities (USD Million) Weighted Average Term: 4.06 years



Note: Committed undrawn facilities of USD1,273 million is stated after deducting USD725 million being reserved for drawdown to replace existing facilities from the same banks

Corporate Information

As at 26 March 2021

BOARD OF DIRECTORS

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 (*from 1 November 2020*)

EXECUTIVE COMMITTEE

Ms KUOK Hui Kwong (*chairman*)

Mr LIM Beng Chee

NOMINATION COMMITTEE

Ms KUOK Hui Kwong (*chairman*)

Professor LI Kwok Cheung Arthur

Mr LI Xiaodong Forrest

Ms KHOO Shulamite N K (*from 1 November 2020*)

REMUNERATION COMMITTEE

Professor LI Kwok Cheung Arthur (*chairman*)

Ms KUOK Hui Kwong

Mr YAP Chee Keong

Ms KHOO Shulamite N K (*from 1 November 2020*)

AUDIT & RISK COMMITTEE

Mr YAP Chee Keong (*chairman*)

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

Professor LI Kwok Cheung Arthur

COMPANY SECRETARY

Mr SEOW Chow Loong Iain

AUDITOR

PricewaterhouseCoopers

Certified Public Accountants

Registered Public Interest Entity Auditor

22/F Prince's Building

Central

Hong Kong SAR

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

28/F Kerry Centre

683 King's Road

Quarry Bay

Hong Kong SAR

REGISTERED ADDRESS

Victoria Place

5/F, 31 Victoria Street

Hamilton HM10

Bermuda

PRINCIPAL SHARE REGISTRAR IN BERMUDA

MUFG Fund Services (Bermuda) Limited

4/F North

Cedar House

41 Cedar Avenue

Hamilton HM12

Bermuda

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Abacus Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong SAR

STOCK CODES

HKSE – 00069

Singapore stock exchange – S07

American Depositary Receipt – SHALY

WEBSITES

Corporate – www.ir.shangri-la.com

Business – www.shangri-la.com/group

INVESTOR RELATIONS CONTACT

admin.ir@shangri-la.com

28/F Kerry Centre

683 King's Road

Quarry Bay

Hong Kong SAR

KEY DATES

Closure of registers of members for

Annual General Meeting

25 May 2021 to 28 May 2021, both dates inclusive

Annual General Meeting

28 May 2021

Announcement of 2021 interim results

August 2021

Year in Review



January

Phase I of Shangri-La Zhoushan debuted with a focus on CHAO No.18, its standalone F&B outlet and a premium event and catering offering.



April

Caring for people is the bedrock of Shangri-La's service value. As a way to support the city's fight against the pandemic, Shangri-La Hotel, Wuhan prepared up to 30,000 meals for frontliners at four local hospitals and hosted 236 medical workers from Jiangxi and Hebei during the city's lockdown between January and March. The hotel remained in operation to support the local community and received 75 diplomats from 16 countries during the period.



May

On International Nurses Day, Shangri-La joined hands with Yihai Kerry to launch the "Cherish You" initiative to deliver special meals with thank-you messages to over 15,000 medical workers in 39 cities across Mainland China. The programme aimed to show gratitude for the dedication of those on the frontline.



May

Shangri-La Group launched the "Caring for Our Community" programme in collaboration with Tzu Chi Foundation, supporting households in need in Hong Kong SAR by delivering healthy food packs.



June

Shangri-La Group introduced the “Shangri-La Cares” commitment, elevating already rigorous hygiene and safety protocols for all properties worldwide, ensuring guests’ and colleagues’ continued well-being.



July

21 Shangri-La hotels in Southeast Asia and Sri Lanka partnered with Diversey to upcycle 12,500 kg of hotel linen into reusable face masks for vulnerable members of the local community.



September

Shangri-La Hotel, Singapore launched the Splash Zone – Singapore’s largest outdoor water playground in a luxury hotel.



October

The collaboration between Shougang Group and Shangri-La Group reached a new milestone as the standalone restaurant and craft brewery, Shang Brew, debuted in Shougang Park, Beijing.



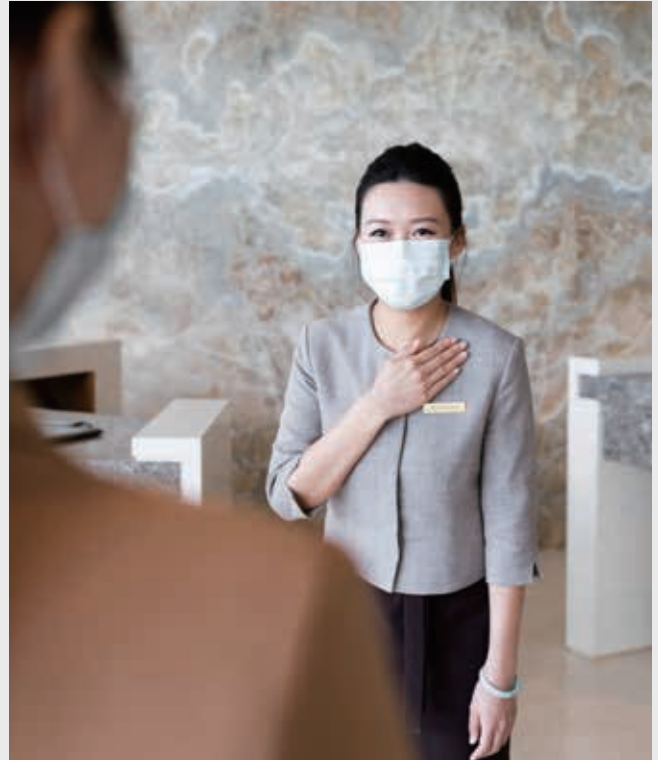
November

Shangri-La Centre, Wuhan, connected with the existing Shangri-La hotel in the city, celebrated its soft opening. It offers all-encompassing commercial services as part of the revitalisation of the city’s financial centre.



November

Shangri-La Group reached a management cooperation agreement with Shenzhen Metro Group and China Vanke for a Shangri-La hotel in Shenzhen Bay Huiyun Centre.



December

Shangri-La Group announced COVID-19 emergency medical coverage at no additional charge for international guests staying in the Group's four hotels in Singapore, starting 1 January 2021, offering greater peace of mind for travellers.



December

The first phase of Shangri-La Putian soft opened, which marked the third hotel of Shangri-La Group in Fujian Province, Mainland China.

Awards of the Year

Best Business Hotel Brand in Asia-Pacific
Business Traveller Asia-Pacific Awards 2020

Top 3 Best Luxury Hotel Brand in Asia-Pacific
Business Traveller Asia-Pacific Awards 2020

Best Business Hotel Brand in Asia-Pacific
Business Traveller UK Awards 2020

Top 4 Best Luxury Hotel Brand
Business Traveller UK Awards 2020

Top 5 Best Business Hotel Brand Worldwide
Business Traveller UK Awards 2020

Best Business Hotel Brand in Asia
Business Traveler USA 2020
Best in Business Travel Awards

Top 60 Hotel Group in China 2019
China Tourist Hotel Association

Best Hotel Brand for Business
DestinAsian Readers' Choice Awards 2020

Top 2 Best Hotel Brand for Leisure
DestinAsian Readers' Choice Awards 2020

MSC Leadership in Sustainable Seafood Award
Marine Stewardship Council

Best of Show Award in Package Design
Mobius Awards 2020

Gold Winner of the Best Hotel Chain
The Stella Awards 2020

The Best Service Hotel Brand 2019
Travel + Leisure China Travel Awards

Top 25 Hotel Brand in the World
Travel + Leisure World's Best Awards 2020

Best Luxury Hotel Brand in Greater China
TTG China Travel Awards 2020

Best Food and Beverage Hotel Group
2019 WOW Travel Award



Chairman's Statement



Dear Shareholders,

On behalf of the Board, I would like to present the annual results of Shangri-La Asia Limited for the financial year ended 31 December 2020.

Consolidated revenue for the year decreased 57.5% to USD1,033.4 million and aggregate effective share of EBITDA decreased 79.0% to USD181.6 million under the impact of the COVID-19 global pandemic. Consolidated loss attributable to owners of the Company came to USD432.1 million and USD460.2 million before and after non-operating items were taken into account respectively.

The pandemic caused unprecedented disruption to our businesses and continues to threaten not just the hospitality and travel industries, but also our very way of life. In response, the Group took exceptional measures to protect and care for our people, mitigate the impact of the pandemic on our businesses, support affected local communities, while operating in an environmentally sustainable manner.

Our People

Our first priority was the safety and wellbeing of our guests and colleagues at our properties. Drawing from the experiences of our hotels in Mainland China, the Group shared early lessons and vital information with other hotels and properties within the Group as infection levels in different regions and countries rose.

We implemented the "Shangri-La Cares" programme which elevated the Group's already rigorous hygiene and safety protocols to all Group properties worldwide to ensure that guests were safe when staying at or visiting any of our properties. The Group was the first to develop a hygiene and disinfection certification programme with an independent service provider that was implemented in all its hotels. This was subsequently reinforced by the use of remote inspection protocols to enable real-time audits of guestroom cleanliness compliance.

For their safety, our front-line colleagues were provided with personal protective equipment, hygiene kits, and underwent regular health screening. Strict workplace hygiene, social distancing and infection control policies including the mandatory use of face masks were implemented at all properties.

To enhance human capital management and talent development, we welcomed Ms Shulamite KHOO to the Board as an Independent Non-executive Director of the Company and a member of the Company's Nomination Committee and Remuneration Committee. Ms KHOO brings with her a wealth of experience in this area having served as a senior human resources executive of various financial institutions and the Board will no doubt benefit from her expertise and guidance.

Our Business

As travel restrictions and governmental orders caused occupancy rates and business activities at all our properties to decline dramatically, the Group took important mitigation measures to protect its business operations and finances from the full impact of the pandemic.

We undertook extensive organisational restructuring and carefully streamlined operational and headcount costs throughout the year, initially at headquarters and eventually at our properties. Our Board members, management team and colleagues accepted voluntary salary reductions in support of the Company. The painful decision to put in place headcount reduction measures was taken as a last resort to preserve the longer-term value of the Company. We leveraged on technology to ensure that key functions could be performed more efficiently without compromising service levels. At the same time, we strengthened our Integrated Assurance Framework to ensure the integrity of our business processes.

We worked tirelessly throughout the year to safeguard the robustness of our balance sheet. We obtained new facilities of USD1,915 million for general corporate use and to refinance loans due in 2020-2022. As of 31 December 2020, the Group had cash and cash equivalents of USD991 million and committed undrawn bank facilities of USD2.0 billion (of which USD725 million is reserved to be drawn down to replace existing facilities from the same banks), with USD616 million of debt to be refinanced in 2021. We will continue to adopt a prudent approach in managing our cash reserves. Our capital expenditure plans will continue to be delayed where appropriate, and no final dividend has been proposed for the year.

As the Group has substantial investments in non-hotel assets, our portfolio of investment properties, especially in Mainland China, provided us with a stable foundation of recurring income, where effective share of EBITDA for the segment only dropped 6.0% to USD243.9 million.

Mainland China

With more than 50% of our hotels and almost 80% of our investment properties located in Mainland China, this remains our key market. The decisive government response to the pandemic allowed the Chinese economy to rebound strongly in the second half of the year. Our hotel properties saw EBITDA bottom out in March and recovering to 70% of 2019 levels by year end as domestic leisure travellers and food and beverage patrons returned.

Similarly, the initial downturn in revenue of our investment properties portfolio caused by temporary rental relief and the fall in foot traffic due to lockdowns was quickly reversed by the strong increase in domestic consumption and consumer discretionary spending in the second half of the year when restrictions were loosened, and where some of our tenants in our shopping malls saw year-on-year growth especially during the October Golden Week holidays. Our investment properties portfolio ended the year 94% of 2019 levels.

With the introduction of vaccines and continued strong government leadership, I am cautiously optimistic that the momentum of recovery in Mainland China can be sustained into the rest of 2021.

We celebrated the opening of new hotels in Zhoushan and Putian in January and December respectively. We also opened our office investment property in Wuhan in November which is connected to our existing hotel in the city. Last but not least, we entered into an exciting new collaboration with the Shougang Group which saw a new standalone restaurant and craft brewery, Shang Brew, open in Shougang Park in October. For 2021, we plan to open three managed Shangri-La hotels in Qiantan, Nanning, and Shougang Park. A managed hotel will also be opened in Jeddah, Saudi Arabia.

Chairman's Statement

Our Communities

I am proud of the care and family values our colleagues around the world have shown to their local communities, where more than half of our colleagues participated in volunteering activities in support of hospital workers, frontline workers, schools, and under-privileged families.

During the early days of the outbreak in Wuhan, I was extremely moved by the commitment and sacrifice of so many of our colleagues who volunteered to stay on in the hotel to care for guests who were stranded in the city. Going beyond the call of duty, our colleagues provided up to 30,000 complimentary meal boxes to four local hospitals during the city's lockdown. They also hosted over 200 medical officers that were brought in from Hebei and Jiangxi to assist in the fight against the virus, providing these medical heroes a warm home and Shangri-La hospitality.

Our hotels in Mainland China initiated a "Cherish You" campaign on International Nurses Day and delivered hotel-prepared meals with thank-you notes to over 15,000 local medical workers in 39 cities. In Hong Kong, colleagues from our hotels and headquarter jointly donated 16,800 food packages to over 4,000 underprivileged families. In South East Asia and Sri Lanka, 21 of our hotels worked with Diversey on the "Linens for Life" programme to upcycle hotel linens into 500,000 face masks for the vulnerable. In Middle East, India, Europe and Americas, our 12 hotels provided over 100 complimentary rooms for local medical personnel.

Our Environment

The global pandemic was a stark reminder of the fragility of our way of life and the need for us to do more for our environment. We have to hold ourselves to higher standards in our commitment to run our businesses in an ecologically sustainable manner to limit the impact we make on the environment.

Throughout the year, we maintained our commitment to Shangri-La's signature programmes to care for nature and to promote biodiversity, marine life protection, and responsible seafood consumption. We implemented new utility and energy management systems to improve energy consumption and efficiency across all our properties. We also introduced robust environmental management systems to integrate environmental considerations into our daily operations, as well as improved our waste management systems.

After introducing our single-use plastic reduction roadmap in 2019, we continued to make progress in this area in 2020, where 14 of our hotels now provide in-room re-fillable water bottles to reduce the use of plastic bottles.

In December, the Board formally endorsed the Shangri-La's Environmental, Social and Governance ("ESG") Framework to embed the Group's core values and culture into 4 key areas – the respect we have for our environment, the manner in which we conduct business, the care we show our people, and the contributions we make to our communities. At the heart of our ESG Framework is our commitment to make a positive impact on the communities we operate in.

With the launch of vaccine programmes around the world, I sincerely hope that it will not be long before we welcome international travellers and guests back into our properties with our signature Asian hospitality.

I would like to take this opportunity to thank my colleagues for their resilience and unwavering dedication in ensuring that we continue to serve our guests and care for our communities with the same Shangri-La spirit of excellence even during these challenging times. I would also like to thank all our guests, business partners, and shareholders for their unending support and trust throughout the year.

KUOK Hui Kwong

Chairman

26 March 2021

Board of Directors, Company Secretary and Senior Management

EXECUTIVE DIRECTOR(S)



KUOK Hui Kwong

Aged 43, Malaysian
Executive Director
Chairman

Period of service with the Group

- Non-executive Director from October 2014 to June 2016
- Executive Director and Deputy Chairman from June 2016 to December 2016
- Executive Director and Chairman since January 2017

Other current major position(s) held within the Group

- Executive Committee - chairman
- Nomination Committee - chairman
- Remuneration Committee - member

Directorship of listed company(ies) in the past three years

- China World Trade Center Company Limited (listed on the Shanghai stock exchange), an associate of the Company - director since April 2015; executive director since April 2018

Other current major appointment(s)

- Kerry Group Kuok Foundation (Hong Kong) Limited (charitable organisation) - governor

Other previous experience and major appointment(s)

- SCMP Group Limited (currently known as Great Wall Pan Asia Holdings Limited) (listed on HKSE with stock code 00583) - joined in October 2003; executive director from February 2004 to June 2016 (managing director and chief executive officer from January 2009 to June 2012)
- The Post Publishing Public Company Limited (listed on the Thailand stock exchange) - director from November 2012 to June 2016

Academic/professional qualification(s)

- Bachelor's degree in East Asian Studies - Harvard University, United States

Relationship with significant shareholder(s)

- **Shareholding interest**
 - KGL (Substantial Shareholder) - deemed interest of more than 5%
 - Kuok Brothers Sdn Berhad (Other Major Shareholder) - deemed interest of less than 5%
 - Kuok (Singapore) Limited (Other Major Shareholder) - deemed interest of less than 5%
- **Directorship/office/employment**
 - KGL (Substantial Shareholder) - director
 - KHL (Substantial Shareholder) - director

Board of Directors, Company Secretary and Senior Management



LIM Beng Chee

Aged 53, Singaporean
Executive Director
Group CEO

Period of service with the Group

- Non-executive Director from September 2016 to December 2016
- Executive Director and Group CEO since January 2017

Other current major position(s) held within the Group

- Executive Committee - member

Directorship of listed company(ies) in the past three years

- Raffles Medical Group Limited (listed on the Singapore stock exchange) - independent director from July 2015 to April 2019
- China World Trade Center Company Limited (listed on the Shanghai stock exchange), an associate of the Company - chairman and executive director since April 2018

Other previous experience and major appointment(s)

- CapitaMalls Asia Limited (currently known as CapitaLand Mall Asia Limited) (listed on the Singapore stock exchange, delisted in July 2014) - director and chief executive officer from November 2008 to September 2014
- Changi Airports International Pte Limited - non-executive director and audit committee member from May 2015 to June 2017

Academic/professional qualification(s)

- Bachelor's degree in Physics - University of Oxford, United Kingdom
- MBA (Accountancy) - Nanyang Technological University, Singapore

Board of Directors, Company Secretary and Senior Management

NON-EXECUTIVE DIRECTOR(S)



HO Kian Guan
(*alias: HO Kim Swee*)
Aged 75, Singaporean
Non-executive Director

Period of service with the Group

- Non-executive Director since May 1993

Other current major position(s) held within the Group

- Audit & Risk Committee - member

Directorship of listed company(ies) in the past three years

- Keck Seng (Malaysia) Berhad (listed on the Malaysia stock exchange) - executive director since September 1970; executive chairman since September 1987
- Keck Seng Investments (Hong Kong) Limited (listed on HKSE with stock code 00184) - executive director since December 1979; executive chairman since August 1988
- Parkway Life REIT (listed on the Singapore stock exchange) - independent director since October 2016; chairman since April 2017

Other previous experience and major appointment(s)

- Parkway Holdings Limited (listed on the Singapore stock exchange, delisted in November 2010) - director from June 1985 to October 2011
- Shangri-La Hotel Public Company Limited (listed on the Thailand stock exchange), a subsidiary of the Company - director from May 1994 to March 2010

Academic/professional qualification(s)

- Bachelor's degree in Business Administration and Commerce - Nanyang University, Singapore

Relationship with Director(s) and Senior Management

- father of HO Chung Tao (his alternate)



HO Chung Tao
Aged 46, Singaporean
Alternate Director
to HO Kian Guan

Period of service with the Group

- alternate Director since October 2016

Other current major position(s) held within the Group

- Audit & Risk Committee - alternate member (to HO Kian Guan)

Directorship of listed company(ies) in the past three years

- Keck Seng Investments (Hong Kong) Limited (listed on HKSE with stock code 00184) - executive director since October 2008
- Keck Seng (Malaysia) Berhad (listed on the Malaysia stock exchange) - alternate director since June 2014

Other previous experience and major appointment(s)

- worked for a securities firm in Singapore, a venture capital firm in Japan and a major US investment bank based in Japan focusing on real estate acquisitions

Academic/professional qualification(s)

- Bachelor's degree in Hotel Administration - Cornell University, United States

Relationship with Director(s) and Senior Management

- son of HO Kian Guan (Non-executive Director)

Board of Directors, Company Secretary and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTOR(S)



LI Kwok Cheung Arthur

Aged 75, Chinese
Independent Non-executive Director

Period of service with the Group

- Independent Non-executive Director since March 2011

Other current major position(s) held within the Group

- Nomination Committee - member
- Remuneration Committee - chairman
- Audit & Risk Committee - member

Directorship of listed company(ies) in the past three years

- The Bank of East Asia, Limited (listed on HKSE with stock code 00023) - non-executive director since January 2008; non-executive deputy chairman since April 2009
- Nature Home Holding Company Limited (listed on HKSE with stock code 02083) - independent non-executive director since May 2011

Other current major appointment(s)

- The Government of the Hong Kong Special Administrative Region, Executive Council - member since July 2002
- The Chinese University of Hong Kong, Department of Surgery - emeritus professor since 2005
- The University of Hong Kong - council member since March 2015; council chairman since January 2016
- Greater Bay Airlines Company Limited - non-executive director since December 2020

Other previous experience and major appointment(s)

- The Chinese University of Hong Kong - dean of Faculty of Medicine from 1992 to 1996; vice-chancellor (president) from 1996 to 2002
- The National Committee of the Chinese People's Political Consultative Conference - member from 1998 to March 2018
- Hong Kong Applied Science and Technology Research Institute Company Limited - director from May 2000 to July 2002
- Hong Kong Science and Technology Parks Corporation - director from March 2001 to July 2002
- The Government of the Hong Kong Special Administrative Region, Education and Manpower Bureau - secretary from August 2002 to June 2007
- The Government of the Hong Kong Special Administrative Region, Council for Sustainable Development - chairman from March 2015 to February 2021
- Glaxo Wellcome Plc (currently known as GlaxoSmithKline Plc after merger) (listed on the London and the New York stock exchanges) - non-executive director from January 1997 to July 2002
- China Mobile (Hong Kong) Limited (currently known as China Mobile Limited) (listed on HKSE with stock code 00941) - independent non-executive director from September 1997 to July 2002
- The Wharf (Holdings) Limited (listed on HKSE with stock code 00004) - independent non-executive director from October 2001 to July 2002

Academic/professional qualification(s)

- Medical degree - University of Cambridge, United Kingdom

Board of Directors, Company Secretary and Senior Management



YAP Chee Keong

Aged 60, Singaporean
Independent Non-executive Director

Period of service with the Group

- Independent Non-executive Director since December 2017

Other current major position(s) held within the Group

- Remuneration Committee – member
- Audit & Risk Committee – chairman

Directorship of listed company(ies) in the past three years

- The Straits Trading Company Limited (listed on the Singapore stock exchange) – director from May 2009 to April 2018
- Olam International Limited (listed on the Singapore stock exchange) – independent non-executive director since December 2015
- Malaysia Smelting Corporation Berhad – (listed on both the Malaysia and the Singapore stock exchanges) – non-executive director from May 2016 to May 2018
- Sembcorp Industries Limited (listed on the Singapore stock exchange) – independent non-executive director since October 2016
- Maxeon Solar Technologies, Limited (listed on the Nasdaq) – independent non-executive director since August 2020

Other current major appointment(s)

- MediaCorp Pte Limited – independent non-executive director since November 2015
- Ensign Infosecurity Pte Limited – independent non-executive director since September 2019

Other previous experience and major appointment(s)

- Singapore Power Limited – chief financial officer from September 2002 to January 2009

- CapitaMalls Asia Limited (currently known as CapitaLand Mall Asia Limited) (listed on the Singapore stock exchange, delisted in July 2014) – independent non-executive director from October 2009 to April 2013
- Tiger Airways Holdings Limited (listed on the Singapore stock exchange, delisted in May 2016) – independent non-executive director from December 2009 to May 2016
- Hup Soon Global Corporation Limited (listed on the Singapore stock exchange, delisted in April 2013) – independent non-executive director from April 2010 to April 2013
- Citibank Singapore Limited – independent non-executive director from December 2011 to June 2020
- The Straits Trading Company Limited – executive director from January 2013 to August 2014
- ARA Asset Management Limited (listed on the Singapore stock exchange, delisted in April 2017) – non-executive director from January 2014 to April 2017
- Certis CISCO Security Pte Limited – independent non-executive director from December 2014 to November 2020
- InterOil Corporation (listed on the New York stock exchange, delisted in February 2017) – independent non-executive director from March 2015 to February 2017

Academic/professional qualification(s)

- Bachelor's degree in Accountancy – National University of Singapore
- Fellow – CPA, Australia
- Fellow – Institute of Singapore Chartered Accountants
- Fellow – Singapore Institute of Directors

Board of Directors, Company Secretary and Senior Management



LI Xiaodong Forrest

Aged 43, Singaporean
Independent Non-executive
Director

Period of service with the Group

- Independent Non-executive Director since May 2019

Other current major position(s) held within the Group

- Nomination Committee - member

Directorship of listed company(ies) in the past three years

- Sea Limited (listed on the New York stock exchange) - chairman and group chief executive officer since May 2009

Other current major appointment(s)

- Singapore Economic Development Board - board member since February 2020

Other previous experience and major appointment(s)

- Singapore's Committee on the Future Economy - member from January 2016 to February 2017

Academic/professional qualification(s)

- Bachelor's degree in Engineering - Shanghai Jiao Tong University, Mainland China
- MBA - Stanford Graduate School of Business, Stanford University, United States



ZHUANG Chenchao

Aged 45, Singaporean
Independent Non-executive
Director

Period of service with the Group

- Independent Non-executive Director since December 2019

Directorship of listed company(ies) in the past three years

- Jianpu Technology Inc (listed on the New York stock exchange) - director since February 2014

Other current major appointment(s)

- Zebra Global Capital - partner since March 2016

Other previous experience and major appointment(s)

- Shawei.com - chief technology officer from April 1999 to June 2001
- World Bank - system architect from September 2001 to January 2005
- Qunar.com - president from February 2005 to June 2011; chief executive officer from July 2011 to January 2016

Academic/professional qualification(s)

- Bachelor's degree in Electrical Engineering - Peking University, Mainland China

Board of Directors, Company Secretary and Senior Management



KHOO Shulamite N K

Aged 59, Singaporean
Independent Non-executive
Director (from 1 November
2020)

Period of service with the Group

- Independent Non-executive Director since November 2020

Other current major position(s) held within the Group

- Nomination Committee - member (from 1 November 2020)
- Remuneration Committee - member (from 1 November 2020)

Directorship of listed company(ies) in the past three years

- Kerry Logistics Network Limited (listed on HKSE with stock code 00636) - independent non-executive director since July 2017
- CIMB Group Holdings Berhad (listed on the Malaysia stock exchange) - independent director since May 2020

Other previous experience and major appointment(s)

- Prudential plc - different frontline businesses, client services and operational roles in Singapore and Hong Kong from 1984 to December 2004
- AXA Group SA - regional head, human resources & internal communications from 2005 to 2008; group executive vice president and global head of human resources from 2008 to 2010
- International Advisory Panel of Singapore Public Service Division - member from 2011 to 2017
- AIA Group Limited - group chief human resources officer from January 2011 to February 2018; executive committee member from January 2011 to June 2017

Academic/professional qualification(s)

- Bachelor's degree in Science - University of Toronto, Canada
- Fellow - Chartered Institute of Personnel and Development

Board of Directors, Company Secretary and Senior Management

COMPANY SECRETARY

SEOW Chow Loong Iain

Aged 55, Singaporean
Company Secretary

Period of service with the Group

- joined the Group in November 2011 as Senior Legal Counsel
- General Counsel since June 2017
- Company Secretary since January 2019

Directorship of listed company(ies) in the past three years

- CMON Limited (listed on HKSE with stock code 01792) – independent non-executive director from November 2016 to April 2020

Other previous experience and major appointment(s)

- Jones Day – partner

Academic/professional qualification(s)

- Bachelor's degree in Laws – King's College London, United Kingdom
- Solicitor – Hong Kong, England and Wales
- Advocate and solicitor (non-practising) – Supreme Court of Singapore

SENIOR MANAGEMENT

KUOK Hui Kwong

Aged 43, Malaysian
Chairman

- The biography is set out in the previous subsection.

LIM Beng Chee

Aged 53, Singaporean
Group CEO

- The biography is set out in the previous subsection.

Sven Oliver BONKE

Aged 57, American
Regional CEO (Middle East, Europe, India and the Americas) (until 6 April 2021)

Period of service with the Group

- joined the Group in September 2017 as President & Chief Operating Officer
- Regional CEO since January 2020

Other previous experience and major appointment(s)

- Starwood Hotels & Resorts group – senior vice president, sales & marketing in Asia Pacific, Europe, Middle East and Africa
- InterContinental Hotels group – chief commercial officer
- Loews Hotels group – chief commercial officer
- over 30 years of experience in the hospitality industry

Academic/professional qualification(s)

- Bachelor's degree in Business Administration & Sociology – Loyola University New Orleans, United States
 - Advanced Management Program – Harvard Business School, Harvard University, United States
-

Board of Directors, Company Secretary and Senior Management

SENIOR MANAGEMENT (CONTINUED)

CHAN Kong Leong

Aged 48, Singaporean

Regional CEO (Southeast Asia & Australasia)

Period of service with the Group

- joined the Group in January 2019 as Regional CEO

Directorship of listed company(ies) in the past three years

- Suntec Real Estate Investment Trust (Suntec REIT, listed on the Singapore stock exchange and its manager was ARA Trust Management (Suntec) Limited) – executive director and chief executive officer of the manager from January 2017 to December 2018

Other previous experience and major appointment(s)

- CapitaLand Limited – senior vice president, head of regional investment, assets and fund management and regional general manager, West China
- over 20 years of private and public sector experience in managing investment, project development, asset management, operations, strategic planning and different corporate functions

Academic/professional qualification(s)

- Bachelor's degree in Building – National University of Singapore
 - Charter holder – Chartered Financial Analyst
-

TAN Lay Beng

Aged 54, Malaysian

CFO

Period of service with the Group

- joined the Group in March 2019 as CFO Designate
- CFO since April 2019

Other previous experience and major appointment(s)

- DHL Express Asia Pacific – chief financial officer and executive vice president

Academic/professional qualification(s)

- Bachelor's degree in Accountancy – National University of Singapore
 - MBA – Manchester Business School, The University of Manchester, United Kingdom
 - Fellow – Institute of Singapore Chartered Accountants
-

Board of Directors, Company Secretary and Senior Management

SENIOR MANAGEMENT (CONTINUED)

TAN Chen Kiong George

Aged 54, Singaporean

CHRO (from 3 February 2020)

Period of service with the Group

- joined the Group in February 2020 as CHRO

Other previous experience and major appointment(s)

- AIA group – regional director (group human resources)

Academic/professional qualification(s)

- Bachelor's degree in Behavioural Science – La Trobe University, Australia
 - Master of Philosophy in Industrial and Organisational Psychology – The University of Hong Kong
-

CHUA Chee Wui

Aged 54, Singaporean

CIO & CTO

Period of service with the Group

- joined the Group in February 2018 as Executive Vice President of Special Projects
- Head of Investment and Asset Management from January 2019 to August 2019
- CIO since September 2019
- CTO since April 2020

Other previous experience and major appointment(s)

- Keppel Integrated Engineering – chief executive officer
- Keppel Group Strategic Development – general manager
- Singbridge – executive vice president

Academic/professional qualification(s)

- Bachelor's degree in Engineering Science – University of Oxford, United Kingdom
-

Board of Directors, Company Secretary and Senior Management

SENIOR MANAGEMENT (CONTINUED)

PAW Chuen Kee

Aged 63, Singaporean

Deputy CEO (China) and Executive Vice President, Operations (China)

Period of service with the Group

- joined the Group in March 1994 as Hotel Manager of Traders Hotel, Beijing
- General Manager of several Shangri-La and Traders hotels in Mainland China from October 1995 to November 1999 and October 2008 to December 2011
- Vice President, Sales & Marketing in Mainland China from November 1999 to October 2008
- Executive Vice President, Operations (North China) from December 2011 to October 2019
- Deputy Regional CEO (North China) from November 2019 to November 2020
- Deputy CEO (China) and Executive Vice President, Operations (China) since November 2020

Other previous experience and major appointment(s)

- Over 35 years of experience in hospitality industry and held management posts in Mainland China, United States and Singapore

Academic/professional qualification(s)

- Bachelor's degree in Hotel Management, Computer Science and Psychology – Brigham Young University, Hawaii, United States
-

Discussion and Analysis





徐小琳
Emily Xu

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 in '000	Hotels	Rooms in '000	Hotels	Rooms in '000	Owned/ Leased Hotels	Hotels under Management Contracts
	73	30.7	15	4.7	88	35.4	3	8
	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	10

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:

(in square metres)		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	—
			393,544	237,488	80,124
	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	—
			898,172	595,170	266,453
Malaysia	UBN Apartments, Malaysia	52.78%	—	—	17,356
	UBN Tower, Malaysia	52.78%	45,175	8,530	—
			45,175	8,530	17,356
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	—
			3,291	22,933	24,735
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
			57,987	39,610	30,012
Myanmar	Shangri-La Residences, Yangon	55.86%	—	—	56,834
	Sule Square, Yangon	59.28%	37,635	11,807	—
			37,635	11,807	56,834
Sri Lanka	One Galle Face, Colombo	90%	59,866	79,518	3,733
TOTAL			1,102,641	768,938	399,123

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)/gains - 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
Total	5,880.0 (A)	10,624.5 (B)
Effective share of surplus value of hotel properties (B)-(A)		4,744.5
Reported NAV based on carrying value		6,061.6
Adjusted NAV based on replacement cost		10,806.1
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		
Hong Kong		
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
Sub-total Hong Kong		2,069
Mainland China		
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
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

	Group's equity interest	Available rooms
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
Sub-total Mainland China		19,318
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
Sub-total Singapore		1,811
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
Sub-total Malaysia		2,785
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
Sub-total The Philippines		2,651
Thailand		
Shangri-La Hotel, Bangkok	73.61%	802
Shangri-La Hotel, Chiang Mai	73.61%	277
Sub-total Thailand		1,079
Australia		
Shangri-La Hotel, Sydney	100%	564
Shangri-La Hotel, The Marina, Cairns	100%	255
Sub-total Australia		819

	Group's equity interest	Available rooms
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
Sub-total other areas		3,688
Total of 80 owned hotels		34,220
(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
Total of 3 leased hotels		901
Grand total		35,121

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.

(USD million)	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%
Consolidated revenue from Hotel Properties business	858.0	2,066.4	-58.5%

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	33	121	40	68	162	110

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 recovery 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 to make up for some of the losses of international travels. 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 to 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 points, 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 continued to help Tangshan to 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 recovery 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 remains 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. As at 31 December 2020, SLIM had management agreements on hand for 10 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.

(USD million)	Year ended 31 December		2020/19
	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	89.8	91.7	-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 Mainland 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 the drop in 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 31 December		2020/19 % change
		2020	2019	
<i>(USD million)</i>				
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 5 to the consolidated financial statements included in this annual report.

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 (Note)
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
Total	5,718.9	990.9

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 38 to the consolidated financial statements included in this annual report.

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	(15.7)	(10.7)	10.4	2.9	(5.3)	(7.8)

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 (part of a composite development project in Kunming City)	45%	274	2023
Shangri-La Hotel, Zhengzhou	45%	211	2024
In Japan			
Shangri-La Hotel, Kyoto	100%	80 to 100	2024

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) <i>(approximate in square metres)</i>			Scheduled Completion
		Residential	Office	Commercial	
In Mainland China					
Shenyang Kerry Centre - Phase III	25%	308,985	71,448	74,530	2022 onwards*
Kunming City Project	45%	21,141	—	—	2023
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*
Nanchang City Project - Phase II	20%	—	57,630	2,100	2023
Tianjin Kerry Centre - Phase II	20%	28,530	92,651	17,490	2025
		452,682	314,994	148,499	

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

Composite development

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

The Group continues to review its asset portfolio and may sell assets it considers non-core at an acceptable price and 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 report, 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 10 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), 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 Mainland 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 programme 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 programmes, 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.

Properties Under Development





Agri-La hotel
PARIS
Cyrille Lecomte
Chef de Cuisine

(A) HOTELS OWNED/LEASED AND MANAGED BY THE GROUP

Location	Properties	Group's equity interest as at Year End	Approximate total site area (m ²)	Approximate total gross floor area (m ²)	Number of projected rooms	
Hotels in Mainland China						
1	Kunming, China	JEN by Shangri-La (part of composite development)	45%	N/A	33,975	274
2	Zhengzhou, China	Shangri-La Hotel (part of composite development)	45%	N/A	38,234	211
3	Shanghai Hongqiao, China	Shangri-La Hotel	Operating lease	N/A	57,035	611
Hotel in Japan						
4	Kyoto, Japan	Shangri-La Hotel	100%	5,830	11,760	80 to 100
Total					1,176 to 1,196	

(B) OTHER PROPERTIES OWNED BY THE GROUP

Location	Properties/Purpose	Group's equity interest as at Year End	Approximate total site area (m ²)	Approximate total gross floor area (m ²)	
In Mainland China					
1	Shenyang, China	Shenyang Kerry Centre (Phase III)	25%	66,410	
		- Residential			308,985
		- Office			71,448
		- Commercial			74,530
2	Kunming, China	Composite development	45%	15,446	
		- Residential			21,141
3	Fuzhou, China	Composite development	100%	17,315	
		- Office			34,319
		- Commercial			50,447
4	Zhengzhou, China	Composite development	45%	44,573	
		- Residential			94,026
		- Office			58,946
		- Commercial			3,932
5	Nanchang, China	Composite development (Phase II)	20%	6,568	
		- Office			57,630
		- Commercial			2,100
6	Tianjin, China	Composite development (Phase II)	20%	28,413	
		- Residential			28,530
		- Office			92,651
		- Commercial			17,490

Stage of completion	Projected opening	Address
Basement structural work in progress	2023	88-96 Dong Feng Road, Panlong District, Kunming, Yunnan Province, China
Superstructure work in progress, Excavation and lateral support work in progress	2024	East of Huayuan Road, South of Weier Road, Zhengzhou, Henan Province, China
Construction started in December 2020	2024	II-H5 Land Lot, North of Shanghai Hongqiao International Airport T2, Shanghai, China
Archaeological survey completed	2024	536-71, Maruta-machidori Kuromon Higashiiru Waraya-cho, Kamigyo-ku Kyoto

Stage of completion	Projected opening	Address
Phase III: Superstructure work in progress	In phases from 2022 onwards	Lot No. 2007-053, No. 8 Golden Corridor, 113 Qingnian Da Street, Shenhe District, Shenyang, Liaoning Province, China
Basement structural work in progress	2023	88-96 Dong Feng Road, Panlong District, Kunming, Yunnan Province, China
Piling & Foundation work completed	2023	9 Xinquan Nan Road, Fuzhou, Fujian Province, China
Residential: Superstructure work in progress Office: Excavation and lateral support work in progress	In phases from 2023 onwards	East of Huayuan Road, South of Weier Road, Zhengzhou, Henan Province, China
Basement excavation work in progress	2023	667 Cui Lin Road, Honggutan New District, Nanchang, Jiangxi Province, China
Piling work in progress	2025	Junction of Liuwei Road and Liujin Road, Hedong District, Tianjin, China

(C) PROPERTIES UNDER CONCEPT PLANNING

Location	Purpose	Group's equity interest as at Year End	Approximate total site area (m ²)	Approximate total gross floor area (m ²)
In Mainland China				
1 Dalian Wolong Bay, China	Hotel	100%	47,615	151,094
2 Kunming, China	Hotel	45%	N/A	9,565
In other countries				
3 Accra, The Republic of Ghana	Composite development	45%	49,874	35,545
4 Rome, Italy	Hotel	100%	1,489	8,840
5 Yangon, Myanmar	Hotel	55.86%	36,038	75,035
6 Bangkok, Thailand	Hotel	73.61%	2,820	27,000

Address

Zhong Yang Chuang Zhi District, Xiao Yao Bay, Jin Zhou Xin District, Dalian, Liaoning Province, China

88-96 Dong Feng Road, Panlong District, Kunming, Yunnan Province, China

Airport North on Spintex Road, City of Accra, The Republic of Ghana

Roma via Vittorio Veneto 90, 92, 94, 96, 98, 98A, 100, 102 and Roma via Lombardia 4, 6, 8, Rome, Italy

No. 150/150 (A), Kan Yeik Thar Road, Between Upper Pansodan Road and Thein Phyu Road, Mingalar Tuang Nyunt Township, Yangon, Myanmar

Soi Sukhumvit 55 (Thonglor) Sukhumvit Road, Klongton Nua, Vadhana, Bangkok, Thailand



Divers

Soa
Li

CEDAR

RESPONSIBLE BUSINESS

- We are committed to operating in an economically, socially and environmentally sustainable manner while balancing the interests of diverse stakeholders in order to make a positive impact on our local communities in every location.
- We strive to be leaders in corporate citizenship and sustainable development; holding ourselves accountable to international standards to serve as good stewards of society and the environment.
- Our Environmental, Social and Governance (ESG) Framework is underpinned by strong corporate governance with emphasis on material topics for our business and our stakeholders organised into four pillars: Our Business, Our Communities, Our Environment and Our People.

Environmental, Social and Governance disclosures

2020 marks 10-years since the publication of Shangri-La's first sustainability report in 2010. Even though our business has grown substantially in the intervening decade, we remain as committed as ever to meaningful and timely disclosure of our performance. In keeping with previous years, the focus of this Responsible Business report is on material Environmental, Social and Governance (ESG) impacts of the Group's hotel management services. The scope of this section includes 101 properties that were in operation for at least one full calendar year as of 31 December 2020.



To learn more about our approach to sustainable development, please download a copy of our 2020 Sustainability Report, which fulfils relevant provisions of HKEX Main Board Listing Rule 13.91 and the ESG Reporting Guide, and also references GRI Standards from the Global Reporting Initiative.

Good governance and business resilience

The Board has overall responsibility to provide oversight for the Group's ESG framework. Execution of the ESG framework is the purview of our ESG Management Committee — which comprises senior managers from all major divisions at Group-level — and our hotels. The Group's ESG Framework is underpinned by a strong governance foundation based on the Integrated Assurance Framework, Balanced Score Card, Internal Audit and, where necessary, the use of independent experts.

Leadership for sustainable development

Our commitment to leadership for sustainable development reflects the core values that have informed every aspect of our business since the first Shangri-La hotel was opened in Singapore in 1971. In 2020, Shangri-La was listed on the Hang Seng Corporate Sustainability Index and Dow Jones Sustainability Asia Pacific Index. In addition to participating in annual CDP Climate Change and Water Security surveys, we also subscribe to the UN Global Compact and have pledged our support for sustainable fisheries.



Hang Seng Corporate Sustainability Index Series Member 2020-2021



Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA



Caring for People

It is in our nature to look after people, to anticipate their needs and to care for them. Our “Shangri-La Cares” commitment underpins the spirit of our brand and guides our unrelenting efforts to ensure the well-being and comfort of our guests, colleagues and other stakeholders. This commitment has assumed even greater significance in 2020 due to the COVID-19 pandemic.

“To meet new challenges and evolving customer expectations, we are focusing on enhanced hygiene protocols, enabling our people and elevating our standards in order to safeguard our guests and colleagues’ well-being.”

LIM Beng Chee, Group Chief Executive Officer

Creating a trusted and nurturing environment

The Group has well-established policies in place to safeguard the safety and security of our guests, including but not limited to hygiene and disinfection, food and fire life safety, security, crime prevention, medical emergencies, and privacy and data protection. We also strive to ensure that feedback from our guests always receives the top-priority that it deserves. We track guest satisfaction through our Balanced Score Card and utilise this data when conducting regular reviews of our hotels’ and colleagues’ performance.

GUEST EXPERIENCE AND SAFETY HIGHLIGHTS FOR 2020



64.5% of guests rate us 5 out of 5 for Overall Stay Experience

49,710 instances of feedback reported by our guests were recorded and resolved

85 hotels obtained ISO 22000: FSMS/HACCP certified for food safety

100% of medium and high risk F&B suppliers fulfilled stringent hygiene and safety standards

The “Shangri-La Cares” commitment elevates our culture of health and safety to new heights



In June 2020, we rolled out enhanced hygiene protocols across the Group to comply with recommendations from the World Health Organisation and other local directives. In addition to equipping our colleagues with personal protective equipment, we enhanced our training, learning and development resources on essential preparatory and prevention measures in order to reinforce our strong culture of health and safety.

As part of our comprehensive monitoring and compliance regime, Group Hygiene Quality Teams (HQT) utilise a specially developed smart phone app to record and report the results of cleanliness inspections in all hotels. This data is tabulated at group-level in a dynamic dashboard to facilitate transparency and accountability for strict adherence to high standards at every level of our organisation. We will continue to review and improve our practices as the situation evolves towards a “new normal”.

ESSENTIAL ELEMENTS OF ENHANCED HYGIENE PROTOCOLS

- ✓ Deep cleaning of high-touch surfaces
- ✓ Medical grade sanitisers and disinfectants
- ✓ Optimal air quality
- ✓ Physical distancing and enhanced food safety

We are leading the way with our proactive response to new challenges

Shangri-La was the first hotel group to implement a hygiene and disinfection certification programme with an independent services provider in response to the COVID-19 pandemic.

Throughout the year, we worked closely with our valued, long-term supply chain partner, Diversey, to design and implement Shangri-La's Official Certification Programme on Hygiene & Disinfection. The course covers personal hygiene and the correct use of preventative equipment, approved cleaning products and tools, as well as detailed disinfection and inspection process flows.



Enabling and empowering our colleagues

We are continually reviewing and improving our training and development resources in order to engage our colleagues in a culture of active learning. Shangri-La Academy Online, for example, is our bespoke virtual platform for learning anytime, anywhere. It now contains more than 460 courses comprising over 1,500 multimedia files.

TRAINING & DEVELOPMENT HIGHLIGHTS FOR 2020



Shangri-La Academy Online

41,314 colleagues

2.1 million hours

51 hours/ colleague, on average

100% of full-time employees completed:

- Code of Conduct & Ethics Learning
- Global Security and Fire Life Safety Orientation
- Shangri-La Cares: COVID prevention standards

100% of 34,635 employees involved in food services also completed:

- Shangri-La Food Safety course

Clock In, Get In: Keeping our colleagues connected and engaged during lockdown

In early 2020, government lockdown orders required many of our colleagues to remain at home rather than report for duty in our hotels and offices.

In order to keep our workforce engaged and connected during this challenging time, we launched a special on-line learning programme covering a range of core functional areas in hotel operations, such as culinary skills, customer service, foreign language-learning and office administration, as well as additional resources on staying healthy in body and mind during the pandemic. Many colleagues made the most of this extraordinary opportunity for self-directed learning and self-care.



A colleague from Shangri-La Beijing joined the "Clock In Get In" session from home

Supporting our colleagues through challenging times

Shangri-La has always prioritised the health, safety and well-being of our workforce; and this is a commitment that we have proudly upheld in spite of additional challenges associated with the COVID-19 pandemic. To reduce the risk of cross-infection in our workplaces, we implemented effective prevention and control measures in a timely way throughout the Group. These include provision and mandatory use of personal protective equipment, split team working arrangements and staggered mealtimes to increase social distancing.

Regretfully, a number of our colleagues have been personally impacted either by COVID-19 infection or close contact with confirmed cases. We provided paid sick leave and offered our full support, including psychological counselling. In one particularly heart-warming instance, we were able to step in and provide care for the child of a colleague in Wuhan when she and all adult members of her family were taken into central isolation for treatment and quarantine by local authorities.

Nurturing long-term partnerships with local communities

Embrace, Shangri-La's Care for People Project, has been running since 2009 to promote health, well-being and/or education in local communities. Many of our hotels have formed long-standing partnerships in order to provide children and young adults with life-changing educational opportunities or health services.

EMBRACE HIGHLIGHTS FOR 2020



76
projects

\$735,000
project expenses

>21,700
child and young adult
beneficiaries

477
internships and
apprenticeships

14
job placements

Hearing The World: Embracing young children with impaired hearing



Since 2015, Shangri-La Hotel, Suzhou has partnered with Suzhou Jiayue Early Intervention Center to implement our Embrace project entitled Hearing the World. Over six years, the hotel has invested RMB 818,000 (~ USD 120,000) to provide treatment for six children, including artificial cochlear implant surgery, physical therapy and rehabilitation.

In 2020, the hotel also helped to build a new Multimedia Interactive Teaching System for Hearing Rehabilitation. This system will enhance the quality of rehabilitation teaching in the centre so that even more children can benefit from life-changing support to improve their hearing and speaking ability.

Volunteering our support; combating COVID-19 together

Despite the impact of social distancing restrictions, more than half of our colleagues participated in volunteering activities in 2020. From donating essential supplies to hosting medical professionals in our hotels for a well-deserved break, Shangri-La has extended hospitality from the heart to support our local communities during the COVID-19 global pandemic.

VOLUNTEERING HIGHLIGHTS FOR 2020



2,000 +
volunteer activities

22,489
volunteers

118,200 +
volunteer hours



In the early days of the outbreak, Shangri-La Wuhan provided complimentary meal boxes to local hospitals during the city-wide lockdown.

- Up to 30,000 meal boxes
- 4 local hospitals



On International Nurses Day in May, 51 hotels across Mainland China delivered thank-you cards and meal boxes to frontline medical workers.

- 15,000+ medical workers
- 39 cities



Medical professionals received complimentary stays at our hotels the Middle East, India, Indian Ocean, Europe and Americas.

- 100 room nights
- 14 hotels



Colleagues from our Hong Kong headquarters and hotels packed and distributed food parcels for underprivileged families.

- 16,800+ healthy food packs
- 4,000+ households



21 hotels in Southeast Asia and Sri Lanka partnered with Diversey to upcycle hotel linen into reusable face masks for donation to local communities.

- 12,500kg recycled linen
- 500,000 face masks

Caring for the Environment

Our name, Shangri-La, evokes images of a mystical earthly paradise. The significance of this name is underpinned by two integral elements of our Asian heritage: respect for the environment and deep appreciation of natural beauty. In every place we operate, our hotels aspire to live up to our name and our heritage by providing stewardship for harmony with nature.

Taking action in response to climate change

Shangri-La recognises climate change as one of the greatest sustainability challenges facing our business and the communities we serve. As we look forwards toward business recovery, we aspire to 'build back better' by further enhancing the eco-efficiency of our operations and strengthening the resilience of our portfolio to climate-related risks. Across the Group, we are currently working on utility saving initiatives that could reduce energy consumption and operating costs in our hotels by an estimated US\$59.5 million per year. These projects include variable control strategies for major systems, hot water system upgrades, energy benchmarking and a low-load energy efficiency strategy.

Climate Change 2020



In 2020, we continued to improve our CDP scores for water security and climate change. We participate annually in the CDP reporting process in order to promote full transparency and accountability for our environmental performance.

Water Security 2020



For more information, you may access our recent submissions and results on the CDP website.

Investing in the future: Retrofit enhances eco-efficiency at Island Shangri-La, Hong Kong



In December 2020, Island Shangri-La, Hong Kong unveiled an eco-friendly water filtering system as part of the brand new retrofit for its Horizon Club Harbour View rooms and suites. Guests immediately remarked on the convenience of the new system, which displaces the traditional in-room kettle and plastic water bottles with instant hot, boiling and cold water at the turn of a tap.

From an environmental point of view, this relatively small and yet revolutionary initiative provides a glimpse at the future of continual eco-efficiency improvements in our hotels. The new system makes better use of space, electricity and water by delivering just the right amount on demand. We estimate that up to 45,000 plastic bottles will be saved per year as a result of this investment.

Mitigating environmental impacts from our properties

We invest in green buildings certified to local and international standards and implement robust Environmental Management Systems (EMS) to integrate environmental considerations into the daily operations of our hotels. Improved waste management is an important focus area of our ESG strategy, particularly for food waste: Our hotels strive to divert waste from disposal in landfills through waste prevention as well as recycling.

In 2020, the Group took proactive measures to manage operating costs, including temporary closure of some hotels and resorts. As a result, KPIs for the environmental footprint of our portfolio have declined substantially year on year. We expect these adjustments to be temporary, pending the resumption of normal business in 2021 and beyond.

ENVIRONMENTAL FOOTPRINT HIGHLIGHTS FOR 2020



37 certified green buildings



1,350.9 GWh
Total Energy (down 31% YOY)

748.1 kilo-tonnes CO₂e
Scope 1&2 Greenhouse Gases (down 29% YOY)

11,780 mega-litres
Total Water (down 35% YOY)



55% waste diversion from landfills achieved

26.1 kilo-tonnes
Total Non-hazardous Waste (down 46% YOY)

Making responsible choices and encouraging our guests to do the same

One of the most important ways in which the Group strives to have long-lasting, positive impact on the environment is by leveraging our influence over guests and suppliers to promote ecologically responsible choices. Our Rooted in Nature initiative has been running since 2014 to promote local and ethically-sourced ingredients in our hotels, including sustainably harvested seafood and organic produce.

RESPONSIBLE CHOICE HIGHLIGHTS FOR 2020



88 hotels support our "Rooted in Nature" initiative

2,138 "Rooted in Nature" menu items are promoted to guests around the world

Protecting biodiversity for future generations to enjoy

Shangri-La is proud to invest in some of the most beautiful and ecologically diverse regions of the world. In 2020, 10 hotels and resorts worked with local communities to help protect and conserve their natural habitats under the banner of Sanctuary, Shangri-La's Signature Programme for the Nature.

SANCTUARY HIGHLIGHTS IN 2020

US\$ 51,000

project investment
worldwide



974

students engaged in
environmental education



1,057

colleagues volunteered for
conservation activities



54

species at risk of
global extinction
protected



5,500

turtle hatchlings
released



137

corals
planted



100

mangroves
planted



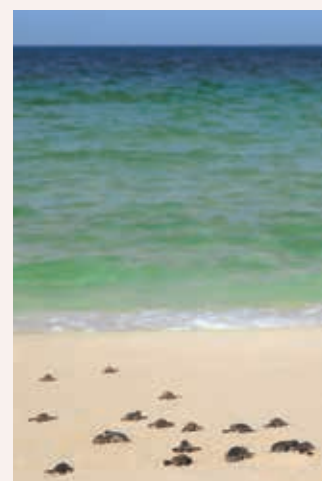
515

fish houses
dropped

Sanctuary for endangered turtles: Shangri-La's Care for Nature project in Oman

Shangri-La Barr Al Jissah Resort & Spa is home to one of only five turtle nesting sites in Oman; hosting up to 100 turtle nests each year. Our Turtle Care Project focuses on ensuring the safety of the endangered hawksbill and green turtles species that are native to the beautiful beaches of this area.

In 2020, the resort recorded over 50 nests containing 5,000 eggs. The first group of hatchlings were welcomed on April 19 - leaving the comfort of their shells to crawl towards the ocean and embark on adventures around the world. The resort's dedicated turtle ranger ensures the nests are sheltered from threats and raises awareness about the plight of these extraordinary creatures through educational activities for our guests and local communities.



9 years of project
implementation

44,204 turtle hatchlings
released

1,225 volunteer hours
(2017-2020)

\$65,758 Project
investment

Directors' Report





The Directors submit this Directors' Report together with the Financial Statements for the Financial Year.

GENERAL DISCLOSURE ITEMS

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding.

The principal activities of the Group are the development, ownership and operations 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 Group operates its business under various brand names including "Shangri-La", "Kerry Hotel", "JEN by Shangri-La", "Traders Hotel", "Rasa", "Summer Palace", "Shang Palace" and "CHI, The Spa at Shangri-La".

The principal activities of the Group's associates are the development, ownership and operations of hotel properties, the development, ownership and operations of investment properties as well as property development for sale.

An analysis of the performance of the Group for the Financial Year by geographical and business segments is set out in Note 5 to the Financial Statements.

Business Review

The details of the Group's business review are set out in:

- (1) the section entitled "Discussion and Analysis" for the review of business and financial performances; and
- (2) the section entitled "Responsible Business" for the review of corporate social responsibilities.

Dividends

The Board did not recommend the payment of any interim and final dividend for the Financial Year.

Reserves

The details of movements in reserves during the Financial Year are set out in Notes 18 and 20 to the Financial Statements.

Donations

Charitable donations and other donations made by the Group during the Financial Year amounted to USD923,000.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Bye-Laws or the laws of Bermuda.

Share Capital

The details of the Company's share capital are set out in Note 18 to the Financial Statements.

Management Contracts

No contract with any person or entity concerning the management and administration of the whole or any substantial part of the business of the Group (other than contract of service with any Director or employee of the Group) was entered into or existed during the Financial Year.

Directors and Officers Liability Insurance

An insurance policy with permitted indemnity provision insuring claims made against, amongst others, the directors and the management officers of the Group members and the persons representing the Group in associates as directors or management officers was in effect throughout the Financial Year and remained in effect up to the date of the Annual Report.

Major Customers and Suppliers

The percentages of the five largest customers combined and the five largest suppliers combined are less than 10% of the Group's total revenue and purchases, respectively.

DIRECTORS

The Directors who held office during the Financial Year and the period thereafter up to the date of this Directors' Report were:

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 (*appointment effective on 1 November 2020*)

At the Annual General Meeting, (1) Ms KUOK Hui Kwong and Mr YAP Chee Keong will retire by rotation in accordance with Bye-Law 99, and (2) Ms KHOO Shulamite N K will retire in accordance with Bye-Law 102(B). All retiring Directors, being eligible, have offered themselves for re-election.

Independence of Independent Non-executive Directors

The Board has received from each Independent Non-executive Director confirmation of his independence according to the guidelines set out in Rule 3.13 of the Listing Rules. The Nomination Committee, on behalf of the Board, has assessed the independence of each of the existing Independent Non-executive Directors and considers all the Independent Non-executive Directors independent.

Changes in Directors' Information

There have been changes in the information of some of the Director(s) since the date of the Company's last interim report. Detail of the changes required to be disclosed under Rule 13.51B(1) of the Listing Rules are as follows:

- (1) On 1 November 2020, Ms KHOO Shulamite N K was appointed an Independent Non-executive Director and a member of each of the Nomination Committee and the Remuneration Committee.
- (2) Mr YAP Chee Keong ceased to act as an independent non-executive director of Certis CISCO Security Pte Limited on 30 November 2020.
- (3) Professor LI Kwok Cheung Arthur was appointed a non-executive director of Greater Bay Airlines Company Limited on 10 December 2020 and ceased to act as the chairman of the Council for Sustainable Development of The Government of the Hong Kong Special Administrative Region on 28 February 2021.

SIGNIFICANT SHAREHOLDERS' INTERESTS

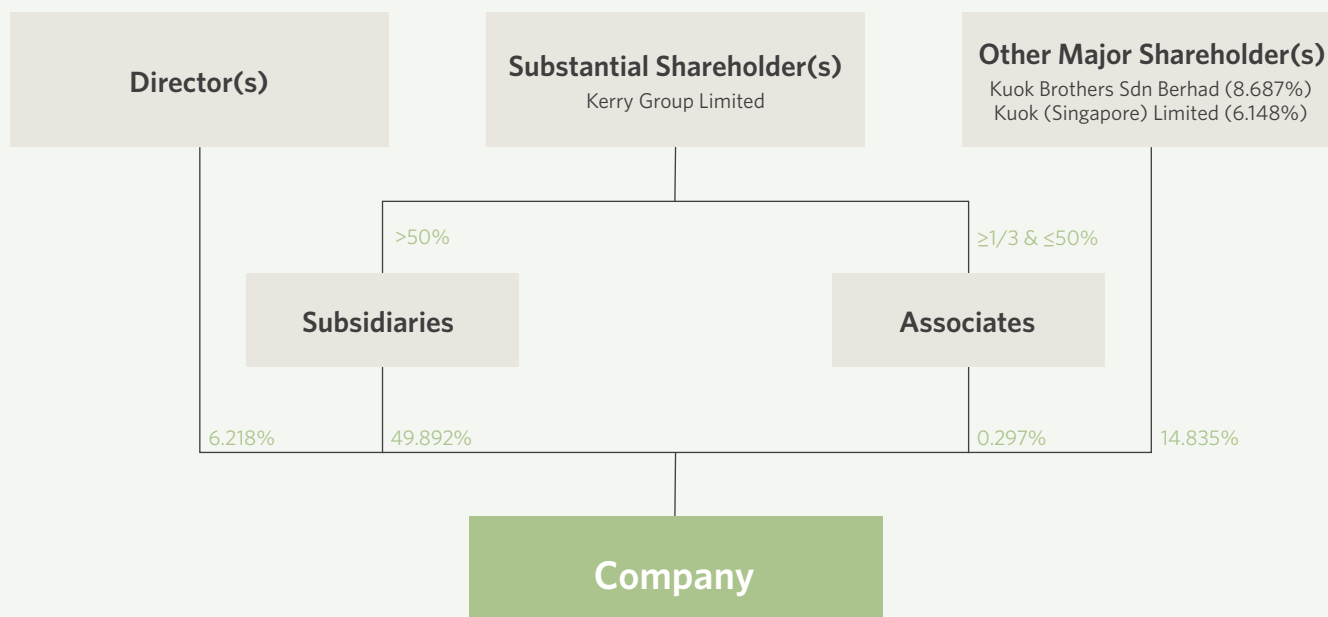
As at Year End, the interests and short positions of those persons (other than the Directors) in Shares and underlying Shares as recorded in the register that is required to be kept by the Company under Section 336 of the SFO or as ascertained by the Company after reasonable enquiry were as follows:

Name	Capacity	Number of Shares held	Approximate% of total issued Shares
Substantial Shareholders			
KGL (Note 1)	Interest of controlled corporation(s)	1,799,537,010	50.189
KHL (Notes 1 and 2)	Beneficial owner	87,237,052	2.433
	Interest of controlled corporation(s)	1,538,441,491	42.907
Caninco Investments Limited ("Caninco") (Note 2)	Beneficial owner	568,568,684	15.857
	Interest of controlled corporation(s)	157,280,233	4.387
Paruni Limited ("Paruni") (Note 2)	Beneficial owner	382,904,547	10.679
	Interest of controlled corporation(s)	36,667,449	1.023
Other Major Shareholders			
Darmex Holdings Limited ("Darmex") (Note 2)	Beneficial owner	267,068,070	7.449
Kuok Brothers Sdn Berhad	Beneficial owner	84,441,251	2.355
	Interest of controlled corporation(s)	227,043,761	6.332
Kuok (Singapore) Limited ("KSL") (Note 3)	Interest of controlled corporation(s)	220,444,907	6.148
Baylite Company Limited ("Baylite") (Note 3)	Beneficial owner	220,444,907	6.148

Notes:

- KHL is a wholly owned subsidiary of KGL and accordingly, the Shares in which KHL is shown as interested are also included in the Shares in which KGL is shown as interested. The number of Shares shown were the holdings as at Year End and might be different from the latest public record having been filed by the relevant Shareholder(s) before Year End as required under SFO.
- Caninco, Paruni and Darmex are wholly owned subsidiaries of KHL and accordingly, the Shares in which Caninco, Paruni and Darmex are shown as interested are also included in the Shares in which KHL is shown as interested. The number of Shares shown were the holdings as at Year End and might be different from the latest public record having been filed by the relevant Shareholder(s) before Year End as required under SFO.
- Baylite is a wholly owned subsidiary of KSL and accordingly, the Shares in which Baylite is shown as interested are also included in the Shares in which KSL is shown as interested.

Deemed interests of Director(s), Substantial Shareholder(s) and Other Major Shareholder(s) (as at Year End)



DIRECTORS' INTERESTS

Director's Interest in Securities of the Company and its Associated Corporation(s)

As at Year End, the interests and short positions of the Directors in shares, underlying shares and debentures in/of the Company and its associated corporation(s) (within the meaning of Part XV of the SFO) ("**Associated Corporation(s)**") as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and HKSE pursuant to the Securities Model Code were as follows:

(A) Long positions in shares in the Company and Associated Corporations

Name of company	Name of Director	Class of shares	Number of shares held				Total	Approximate% of total issued shares in the relevant company
			Personal interests	Family interests	Corporate interests	Other interests		
The Company	KUOK Hui Kwong	Ordinary	⁽¹⁾ 690,833	⁽²⁾ 1,038,000	⁽³⁾ 2,000,000	⁽⁴⁾ 71,251,718	74,980,551	2.091
	LIM Beng Chee	Ordinary	754,000	-	-	-	754,000	0.021
	HO Kian Guan	Ordinary	1,341,116	-	⁽⁵⁾ 145,887,718	-	147,228,834	4.106
	Total		2,785,949	1,038,000	147,887,718	71,251,718	222,963,385	6.218

Notes:

- 32,000 shares were held jointly by Ms KUOK Hui Kwong and her spouse.
- These shares were the deemed interest of Ms KUOK Hui Kwong's spouse.
- These shares were held through the company which was owned by Ms KUOK Hui Kwong.
- These shares were held through discretionary trusts of which Ms KUOK Hui Kwong is a discretionary beneficiary.
- 106,620,788 shares were held through companies that were owned as to 33.33% by Mr HO Kian Guan.
39,266,930 shares were held through companies that were owned as to 6.79% by Mr HO Kian Guan.

(B) Long positions in underlying shares in the Company and Associated Corporations

As at Year End, there were share options and/or share awards held by Directors with rights to Shares. Details of such underlying shares are set out in the sections entitled "Share Option Scheme" and "Share Award Scheme" of this Directors' Report.

Directors' Dealings

During the Financial Year, the particulars of the deemed dealings in Shares by the Directors (other than exercise/acceptance of share options and share awards, if any) having been notified to the Company are set out below:

Director	Dealing entity/Capacity	Date of dealing	Number of Shares bought/(sold)	Average dealing price per Share (HKD)
KUOK Hui Kwong	Discretionary Trust(s)	23 April 2020	8,500,000	6.040
		12 May 2020	16,821,548	6.480
HO Kian Guan	Personal Interest	31 March 2020	40,000	5.330

Directors' Interests in Contracts

Save as disclosed, if any, in the section entitled "Connected Transaction(s)" and "Continuing Connected Transaction(s)", no contract of significance in relation to the Group's business to which any member of the Group was a party and in which any Director had a material interest subsisted at Year End or at any time during the Financial Year.

Directors' Service Contracts

None of the Directors proposed for re-election at the Annual General Meeting has entered into service contracts with any member of the Group, and in which such contracts are not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Directors' Interests in Competing Business

Pursuant to Rule 8.10(2) of the Listing Rules, the Directors below have disclosed that during the Financial Year and up to the date of this Directors' Report (for the period the respective Directors acted as Directors), they are considered to have interests (other than as directors representing the Group's interest) in businesses that compete or are likely to compete, either directly or indirectly, with the businesses of the Group:

- (1) Mr HO Kian Guan and Mr HO Chung Tao are substantial shareholders and/or directors of companies that hold various hotels, investment properties and development properties for sale, and such properties are situated across different territories.

While such businesses may compete with the Group's businesses, the Directors believe that this competition does not pose any material threat to the Group's business prospects because:

- (a) the hotels operated by the Group and those by the above Directors with competing interests are targeting different geographical markets and/or different segments or groups of customers in the market, and the differentiation of the clientele segments is based on a combination of factors, such as the geographical locations of the hotels, the breadth of services and amenities available, the positioning of the hotels in the local market, the level of room rates, the size and scale of the hotels, and the guest recognition programme; and/or
- (b) the Group's hotel business is effectively marketed on the strength of the Group's renowned position in the hotel industry worldwide built on its strong brand recognition and high-quality services; and/or
- (c) the investment properties and the development properties held for sale as interested by the above Directors either (i) are situated in territories/locations in which the Group maintains no similar business operations, or (ii) do not have direct competition with those of the Group.

The above-mentioned competing businesses are operated and managed by companies with independent management and administration. The Board is independent of the board of each of the above-mentioned companies operating the competing businesses.

Accordingly, the Group is capable of operating its business independent of, and at arm's length from, the competing businesses mentioned above.

SHARE OPTION SCHEME

A share option scheme of the Company was adopted by Shareholders on 28 May 2012 ("**Option Scheme**").

The major terms of the Option Scheme are as follows:

(1) Purpose of the Option Scheme

The purpose of the Option Scheme is to motivate eligible participants of the Option Scheme to optimise their future contributions to the Company and its subsidiaries and associates, and the entities in which any of the aforesaid companies holds an interest (collectively referred to as "**Enlarged Group**"); and/or to reward them for their past contributions; and to attract and retain or otherwise maintain on-going relationships with such eligible participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Enlarged Group.

(2) Eligible participants of the Option Scheme

The eligible participants of the Option Scheme include:

- (a) an employee or proposed employee of any member of the Enlarged Group or a person seconded to work for any member of the Enlarged Group;
- (b) a director or proposed director of any member of the Enlarged Group;
- (c) an officer or proposed officer of any member of the Enlarged Group;
- (d) a direct or indirect shareholder of any member of the Enlarged Group;
- (e) a supplier of goods or services to any member of the Enlarged Group;
- (f) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Enlarged Group;
- (g) a person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Enlarged Group;
- (h) a landlord or tenant (including a sub-tenant) of any member of the Enlarged Group;
- (i) any person approved by Shareholders; and
- (j) an associate of any of the foregoing persons.

(3) Life of the Option Scheme

The Option Scheme shall remain valid and effective for 10 years from its date of adoption unless the Option Scheme is terminated early by a resolution of Shareholders.

(4) Maximum number of Shares available to be granted under the Option Scheme

The maximum number of Shares in respect of which options may be granted under the Option Scheme (and under any other share option scheme) shall not in aggregate exceed 10% of the Shares in issue as at the adoption date of the Option Scheme. The Company may from time to time as the Board may think fit seek approval from Shareholders to refresh this limit, save that the maximum number of Shares that may be issued upon exercise of all options to be granted under the Option Scheme (and under any other share option scheme) shall not exceed 10% of the Shares in issue as at the date of Shareholders' resolution refreshing the limit. Notwithstanding the above, the maximum number of Shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the Option Scheme (and under any other share option scheme) shall not exceed 30% of the Shares in issue from time to time.

As at the date of this Directors' Report, right to subscribe for a total of 300,604,679 Shares (representing about 8.38% of the issued Shares thereby) were available for grant under the Option Scheme.

(5) Maximum number of Shares allowed to be granted to any one grantee under the Option Scheme

The maximum number of Shares issued and issuable upon full exercise of the options granted to any one grantee (including exercised, lapsed, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time.

(6) Exercise period

The period within which an option may be exercised shall be such period as the Board may in its absolute discretion determine at the time of grant, save that the period shall not be beyond 10 years commencing on the date of grant of an option. The minimum period for which an option must be held (if any) or the fulfilment of any condition (if any) before it can be exercised shall be determined by the Board upon the grant of an option. The full amount of the exercise price for the subscription of Shares must be paid upon exercise of an option.

(7) Exercise price for Shares under the Option Scheme

The exercise price for any particular option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option, but the exercise price shall not be less than the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of the Shares as stated in HKSE's daily quotation sheets on the date of the resolution of the Board approving the grant of options which must be a day on which HKSE is open for the business of dealing in securities; and
- (c) the average of the closing price of the Shares as stated in HKSE's daily quotation sheets for the five trading days immediately preceding the date of grant.

Details and movements of option shares that were granted under the Option Scheme and remained outstanding during the Financial Year are as follows:

Grantees	Date of grant	Held as at 1 Jan 2020	Number of option shares						Held as at 31 Dec 2020	Exercise price per option share (HKD)	Exercise period
			Granted during the year	Transferred from other category during the year	Transferred to other category during the year	Exercised during the year	Lapsed during the year				
1. Directors											
LI Kwok Cheung Arthur	23 Aug 2013	100,000	-	-	-	-	-	100,000	12.11	23 Aug 2013 - 22 Aug 2023	
2. Employees	23 Aug 2013	4,343,000	-	-	(75,000)	-	(635,000)	3,633,000	12.11	23 Aug 2013 - 22 Aug 2023	
3. Other participants	23 Aug 2013	3,120,000	-	75,000	-	-	-	3,195,000	12.11	23 Aug 2013 - 22 Aug 2023	
Total		7,563,000	-	75,000	(75,000)	-	(635,000)	6,928,000			

Note:

1. No options were cancelled during the Financial Year.

SHARE AWARD SCHEME

A share award scheme of the Company was adopted by Shareholders on 28 May 2012 and was revised on 10 August 2012 and 31 May 2018 with further restraints/limits/changes imposed ("**Award Scheme**").

The major terms of the Award Scheme (as amended) are as follows:

(1) Purpose of the Award Scheme

The purpose of the Award Scheme is to support the long-term growth of the Group and enhance its reputation as an employer-of-choice in the industry. In particular, the Award Scheme is intended to attract suitable personnel for the further development of the Group, to recognise contributions by qualified participants and incentivise them to continue making contributions to the Group and to retain talent. The Award Scheme will also help to align the interests of Directors and senior management of the Group with the Group's long-term performance.

(2) Qualified participants of the Award Scheme

The qualified participants of the Award Scheme include:

- (a) a director;
- (b) an employee; or
- (c) an officer,

of any member of the Group other than those who reside in jurisdictions where the grant of Shares or the transfer of Shares to such persons under the Award Scheme will not be permitted under the laws and regulations of such jurisdictions, or will be subject to requirements with which compliance will, at the Board's sole discretion, be unduly burdensome or impractical.

(3) Life of the Award Scheme

The Award Scheme shall remain valid and effective for an initial term of 10 years from its date of adoption ("**Initial Term**") which shall be automatically extended by 7 successive extended terms of 10 years each ("**Subsequent Term**") unless (a) the Board decides not to continue with any new Subsequent Term; or (b) the Award Scheme is terminated early by a resolution of the Board or the Shareholders, provided that the duration of the Award Scheme shall not exceed 80 years.

(4) Maximum number of Shares available to be granted under the Award Scheme

The total number of the Shares, excluding those that would not be vested or have been forfeited (“**Lapsed Shares**”), granted and to be granted to qualified participants under the Award Scheme shall not exceed 10% of the Shares in issue from time to time. Subject to the aforesaid limit, in addition, no further grant may be made under the Award Scheme if (i) in the Initial Term, the total number of Shares (excluding Lapsed Shares) granted and to be granted pursuant to the Award Scheme exceed 3% of the Shares in issue at the time of the relevant grant; and (ii) in each Subsequent Term, the total number of Shares (excluding Lapsed Shares) granted and to be granted pursuant to the Award Scheme exceed such limit as determined by the Board from time to time for each such Subsequent Term. No further grant may be made under the Award Scheme if this will result in any of the aforesaid limits being exceeded.

As at the date of this Directors' Report, a maximum of 100,571,255 Shares (representing 2.80% of the issued Shares thereby) were available for grant under the Award Scheme.

(5) Maximum number of Shares allowed to be granted to any one grantee under the Award Scheme

The maximum number of Shares granted and to be granted to any one grantee (including Shares that have been vested and/or accepted and Lapsed Shares) in any 12-month period shall not exceed 0.1% of the Shares in issue from time to time.

(6) Vesting

The vesting conditions (if any) of Shares granted under the Award Scheme shall be determined by the Board in its absolute discretion at the time of grant, provided that the grantee shall accept the Shares within 6 months from the Shares becoming vested. If no acceptance is received within the stipulated period, such unaccepted vested Shares shall be forfeited.

(7) Consideration for Shares granted under the Award Scheme

The price/consideration (if any) per Share to be granted under the Award Scheme shall be determined by the Board in its absolute discretion at the time of grant and shall be payable by the grantee upon the grantee accepting the vested Shares.

(8) Operation and administration of the Award Scheme

The Board may select and grant to any qualified participant Shares under the Award Scheme for free or at a price/consideration per Share. A trust has been set up for the operation of the Award Scheme. The Board may from time to time (i) pay to the trustee monies to enable the trustee to purchase Shares on HKSE and/or (ii) allot new Shares to the trustee pursuant to specific/general mandate, in accordance with all applicable laws and regulations, and pay to the trustee such monetary amount for the purpose of subscribing to such new Shares, and in each case, such Shares will be held upon trust pending the making of grants to or acceptance by qualified participants under the Award Scheme. A trustee has been appointed for the purpose of the trust and the trustee will hold and deal with the assets of the trust for the benefit of the qualified participants.

Details and movements of award shares that were granted under the Award Scheme and remained outstanding during the Financial Year are as follows:

Grantees	Date of grant	Number of granted award shares					Held as at 31 Dec 2020	Max upside adjustment	Change to upside adjustment during the year	Upside delivered during the year	Max deliverable award shares as at 31 Dec 2020	Consideration per award share (HKD)	Vesting date/period
		Held as at 1 Jan 2020	Granted during the year	Accepted during the year	Lapsed during the year	Held as at 31 Dec 2020							
1. Directors													
KUOK Hui Kwong	30 Aug 2018	63,609	-	(63,609)	-	-	24,391	-	(24,391)	-	Nil	1 Apr 2020	
	30 Aug 2018	306,520	-	-	-	306,520	263,480	-	-	570,000	Nil	1 Apr 2021	
	15 Jun 2019	658,605	-	(24,000)	(586,605)	48,000	513,395	(513,395)	-	48,000	Nil	1 Apr 2020 - 1 Apr 2022	
LIM Beng Chee	30 Aug 2018	79,509	-	(79,509)	-	-	28,491	-	(28,491)	-	Nil	1 Apr 2020	
	30 Aug 2018	383,137	-	-	-	383,137	330,827	-	-	713,964	Nil	1 Apr 2021	
	15 Jun 2019	888,595	-	(32,000)	(792,595)	64,000	693,405	(693,405)	-	64,000	Nil	1 Apr 2020 - 1 Apr 2022	
2. Employees													
	20 Jul 2018	97,917	-	(37,449)	(60,468)	-	14,083	468	(14,551)	-	Nil	1 Apr 2020	
	20 Jul 2018	471,844	-	-	(291,382)	180,462	264,156	(108,618)	-	336,000	Nil	1 Apr 2021	
	1 Apr 2019	1,192,169	-	(364,000)	(91,239)	736,930	860,831	(651,761)	-	946,000	Nil	1 Apr 2019 - 1 Apr 2022	
	30 Jun 2019	691,515	-	(24,000)	(231,380)	436,135	540,485	(154,620)	-	822,000	Nil	30 Jun 2019 - 1 Apr 2022	
	1 Nov 2019	494,000	-	(238,000)	(38,000)	218,000	-	-	-	218,000	Nil	1 Oct 2020 - 1 Apr 2022	
	30 Sep 2020	-	214,000	(214,000)	-	-	-	-	-	-	Nil	30 Sep 2020	
Total		5,327,420	214,000	(1,076,567)	(2,091,669)	2,373,184	3,533,544	(2,121,331)	(67,433)	3,717,964			

Note:

- During the Financial Year, there were no new Shares allotted or planned for allotment under any special/general mandate for the purpose of the Award Scheme.

CONNECTED TRANSACTION(S)

During the Financial Year, the Group entered into a connected transaction that is subject to the reporting requirements under Chapter 14A of the Listing Rules. Details of the transaction are as follows:

- (1) On 11 September 2020, Shangri-La Yangon Company Limited ("**Myanmar Co A**") and Traders Yangon Company Limited ("**Myanmar Co B**") (collectively "**Myanmar Cos**", both being non-wholly owned subsidiaries of the Company) entered into a cash advance agreement pursuant to which Myanmar Co A will provide the loan facility of up to USD5,000,000 ("**Loan Facility**") to Myanmar Co B. The Loan Facility is surplus cash from Myanmar Co A and Myanmar Co B will apply the Loan Facility as operating cash for the operations of its owned hotel property.

KHL (Substantial Shareholder) owns more than 10% in each of the Myanmar Cos. Accordingly, the Myanmar Cos are connected persons of the Company at holding level, and the agreement as described above constitutes a connected transaction for the Company.

CONTINUING CONNECTED TRANSACTION(S)

During the Financial Year, there were also continuing connected transactions for the Company in effect that are subject to the reporting requirements under Chapter 14A of the Listing Rules. Details of these transactions are as follows:

- (1) On 28 January 1995, the Company entered into a disclosable and connected transaction to acquire various hotel interests from certain parties, including connected persons of the Company. Included in these hotel interests was Edsa Shangri-La, Manila ("**Edsa Hotel**") which was built on land leased from Shang Properties, Inc ("**SPI**") under a 25-year lease commencing in 1992, with an option to renew the lease for a further term of 25 years ("**Renewal Term**"). SPI agreed that, upon expiration of the Renewal Term, it would grant to Edsa Shangri-La Hotel & Resort, Inc ("**Edsa Co**", the owner of Edsa Hotel) a new lease term of 25 years subject to the prevailing Philippines laws.

On 28 August 2017, the Company announced that the lease had been renewed for another three-year term that would expire on 27 August 2020. Upon expiry of the initial three-year term and thereafter, Edsa Co has the right to decide whether the term shall be renewed for succeeding terms of three years each provided that the entirety of the Renewal Term shall not be longer than 25 years from 28 August 2017.

On 27 August 2020, the Company announced that the said lease had been further renewed for another three-year term that would expire on 27 August 2023.

SPI is an associate of KPL which in turn is a subsidiary of KHL (Substantial Shareholder). Accordingly, SPI is a connected person of the Company at holding level, and the lease as described above constitutes a continuing connected transaction for the Company.

Based on the terms of the said lease and the expected occupancy of the hotel, taking into account of possible inflation and fluctuation in currency exchange rates, as well as buffer for reasonable increases in occupancy and room rates, the Company has set an annual cap (as further revised on 2 October 2018) for each of the following financial year(s):

Financial year	Annual cap (USD)
2020	3,400,000
2021	1,800,000
2022	2,300,000
2023 (for the entire year assuming the lease will be renewed upon expiry in the year)	2,800,000

For the Financial Year, the actual aggregate transaction amount with SPI under the said lease was USD528,000 (2019: USD1,955,000).

- (2) SLIM provided Hotel Management Services to various hotel(s) (which are owned by certain connected persons of the Company) pursuant to certain hotel management, marketing and related agreements entered into between a member of SLIM and each of the said connected persons of the Company. The provision of Hotel Management Services to the following entity remained as a continuing connected transaction for the Company during the Financial Year and is required for disclosure in the Annual Report.

JEN Singapore Tanglin by Shangri-La

JEN Singapore Tanglin by Shangri-La (previously known as Traders Hotel, Singapore) is owned by Cuscaden Properties Pte Limited ("**Cuscaden Co**") which is owned as to 44.6% by the Company and 55.4% by Allgreen Properties Limited ("**Allgreen**"). Allgreen is owned by KHL, Kuok (Singapore) Limited ("**KSL**") and Kuok Brother Sdn Bhd ("**KB**") as to 43%, 29% and 8% respectively and its principal activities are real estate investment and development. Allgreen, KHL, KSL and KB are members of the Kuok Group, being companies which are owned or controlled by Mr KUOK Hock Nien and/or interests associated with him. The principal activities of Kuok Group are in the commodities, hospitality, logistics, maritime and real estate sectors and the principal activity of each of KHL, KSL and KB is investment holding. As Cuscaden Co is a subsidiary of Allgreen which in turn is an associate of KHL (Substantial Shareholder). Cuscaden Co is regarded as a connected person of the Company at holding level.

Details of agreement in relation to the Hotel Management Services for the above and the transaction amount involved in the Financial Year and the prior year are set out below:

Date of transaction	Nature of agreement	Actual aggregate transaction amount with SLIM (USD)	
		2020	2019
1 March 1994 (as supplemented)	Management agreement	891,000	1,945,000

The transaction also constitutes a related party transaction in accordance with HKFRS and the amount of this transaction for the Financial Year is included in the receipt of hotel management, consultancy and related services and royalty fees under Note 40(b) to the Financial Statements.

The above information concerning Allgreen is supplemental to the announcement of the Company dated 8 March 2021.

- (3) On 2 June 2010, SLIM-HK and Shanghai Pudong Kerry City Properties Co, Limited ("**Pudong Kerry Co**", a company owned as to 23.2% by the Company, 40.8% by KPL, 16% by Allgreen and 20% by a third party) entered into a hotel management agreement pursuant to which SLIM-HK was appointed the manager to provide Hotel Management Services to Kerry Hotel Pudong, Shanghai, a hotel owned by Pudong Kerry Co. The agreement has a three-year term commencing on the date of approval of the said agreement by the Mainland China government. Upon expiry of the initial three-year term and thereafter, SLIM-HK has the right to decide whether the term shall be renewed for succeeding terms of three years each provided that the entire term of the agreement as renewed shall not be longer than 20 years. The said agreement was renewed on 11 June 2013 and on 26 January 2017, and the Company had made timely announcements accordingly.

On 23 December 2019, the Company announced that the said agreement had been further renewed for another consecutive three-year term that would expire on 5 January 2023.

Pudong Kerry Co is an associate of KPL which in turn is a subsidiary of KHL (Substantial Shareholder). Accordingly, Pudong Kerry Co is a connected person of the Company at holding level, and the agreement as described above constitutes a continuing connected transaction for the Company.

Based on the terms of the said agreement and the expected occupancy of the hotel, taking into account of possible inflation and fluctuation in currency exchange rates, as well as buffer for reasonable increases in occupancy and room rates, the Company has set an annual cap for each of the following financial year(s):

Financial year	Annual cap (USD)
2020	5,900,000
2021	6,100,000
2022	6,200,000

For the Financial Year, the actual aggregate transaction amount with Pudong Kerry Co was USD1,972,000 (2019: USD4,508,000). The transaction also constitutes a related party transaction in accordance with HKFRS and the amount of the transaction for the Financial Year is included in the receipt of hotel management, consultancy and related services and royalty fees under Note 40(b) to the Financial Statements.

- (4) On 17 October 2012, SLIM-HK and Shanghai Ji Xiang Properties Co, Limited ("**Jing An Co**", a company owned as to 49% by the Company and 51% by KPL) entered into a hotel management agreement pursuant to which SLIM-HK would provide Hotel Management Services to Jing An Shangri-La, West Shanghai ("**Jing An Hotel**"), a hotel owned by Jing An Co. The agreement has a 20-year term commencing on the opening date of Jing An Hotel. The Company has obtained an independent financial adviser's opinion confirming that it is normal business practice for the agreement to be of such duration.

Jing An Co is a subsidiary of KPL which in turn is a subsidiary of KHL (Substantial Shareholder). Accordingly, Jing An Co is a connected person of the Company at holding level, and the agreement as described above constitutes a continuing connected transaction for the Company.

Based on the terms of the said agreement and the expected occupancy of the hotel, taking into account of possible inflation and fluctuation in currency exchange rates, as well as buffer for reasonable increases in occupancy and room rates, the annual cap for each financial year throughout the duration of the said agreement ending 31 December 2033 will not exceed USD14,000,000.

For the Financial Year, the actual aggregate transaction amount with Jing An Co was USD3,463,000 (2019: USD5,808,000). The transaction also constitutes a related party transaction in accordance with HKFRS and the amount of the transaction for the Financial Year is included in the receipt of hotel management, consultancy and related services and royalty fees under Note 40(a) to the Financial Statements.

- (5) On 26 June 2014, SLIM-HK and Shangri-La Hotel (Nanjing) Co, Limited (previously known as Ji Xiang Real Estate (Nanjing) Co, Limited) ("**Nanjing Co**", a company owned as to 55% by the Company and 45% by KPL) entered into a hotel management agreement pursuant to which SLIM-HK would provide Hotel Management Services to Shangri-La Hotel, Nanjing ("**Nanjing Hotel**") which is owned by Nanjing Co. The said agreement has a three-year term commencing on the opening date of Nanjing Hotel. Upon expiry of the initial three-year term and thereafter, SLIM-HK has the right to decide whether the term shall be renewed for succeeding terms of three years each provided that the entire term of the said agreement shall not be longer than 20 years. The said agreement was renewed on 23 October 2017, and the Company had made timely announcement accordingly.

On 23 October 2020, the Company announced that the said agreement had been further renewed for another consecutive three-year term that would expire on 25 October 2023.

Nanjing Co is an associate of KPL which in turn is a subsidiary of KHL (Substantial Shareholder). Accordingly, Nanjing Co is a connected person of the Company at holding level, and the agreement as described above constitutes a continuing connected transaction for the Company.

Based on the terms of the said agreement and the expected occupancy of the hotel, taking into account of possible inflation and fluctuation in currency exchange rates, as well as buffer for reasonable increases in occupancy and room rates, the Company has set annual cap for each of the following financial year(s):

Financial year	Annual cap (USD)
2020	4,000,000
2021	2,600,000
2022	3,400,000
2023 (for the entire year assuming the relevant agreement(s) will be renewed upon expiry in the year)	4,000,000

For the Financial Year, the actual aggregate transaction amount with Nanjing Co was USD1,542,000 (2019: USD2,245,000).

- (6) On 17 July 2015, SLIM-HK and Ruihe Real Estate (Tangshan) Co, Limited ("**Tangshan Co**", a company owned as to 35% by the Company, 40% by KPL and 25% by Allgreen) entered into a hotel management agreement pursuant to which SLIM-HK would provide Hotel Management Services to Shangri-La Hotel, Tangshan ("**Tangshan Hotel**"), a hotel owned by Tangshan Co. The agreement has a 20-year term commencing on the opening date of Tangshan Hotel. The Company has obtained an independent financial adviser's opinion confirming that it is normal business practice for the agreement to be of such duration.

Tangshan Co is an associate of KPL which in turn is a subsidiary of KHL (Substantial Shareholder). Accordingly, Tangshan Co is a connected person of the Company at holding level, and the agreement as described above constitutes a continuing connected transaction for the Company.

Based on the terms of the said agreement and the expected occupancy of the hotel, taking into account of possible inflation and fluctuation in currency exchange rates, as well as buffer for reasonable increases in occupancy and room rates, the annual cap for each financial year throughout the duration of the said agreement ending 31 December 2035 will not exceed RMB39,000,000.

For the Financial Year, the actual aggregate transaction amount with Tangshan Co was USD640,000 (equivalent to RMB4,406,000) (2019: USD788,000). The transaction also constitutes a related party transaction in accordance with HKFRS and the amount of the transaction for the Financial Year is included in the receipt of hotel management, consultancy and related services and royalty fees under Note 40(b) to the Financial Statements.

- (7) On 4 March 2016, each of SLIM-HK and SLIM-PRC, and Kerry Real Estate (Hangzhou) Co, Limited ("**Hangzhou Co**", a company owned as to 25% by the Company and 75% by KPL) entered into a hotel management agreement and a marketing services agreement, respectively, pursuant to which SLIM-HK and SLIM-PRC would provide Hotel Management Services to Midtown Shangri-La Hotel, Hangzhou ("**Hangzhou Midtown Hotel**") which is owned by Hangzhou Co. Each of the said agreements has a 20-year term commencing on the opening date of Hangzhou Midtown Hotel. The Company has obtained an independent financial adviser's opinion confirming that it is normal business practice for the agreements to be of such duration.

Hangzhou Co is a subsidiary of KPL which in turn is a subsidiary of KHL (Substantial Shareholder). Accordingly, Hangzhou Co is a connected person of the Company at holding level, and the agreements as described above constitute continuing connected transactions for the Company.

Based on the terms of the said agreements and the expected occupancy of the hotel, taking into account of possible inflation and fluctuation in currency exchange rates, as well as buffer for reasonable increases in occupancy and room rates, the annual cap for each financial year throughout the duration of the said agreements ending 31 December 2036 will not exceed RMB93,000,000.

For the Financial Year, the actual aggregate transaction amount with Hangzhou Co was USD1,697,000 (equivalent to RMB11,684,000) (2019: USD2,443,000). The transactions also constitute related party transactions in accordance with HKFRS and the amount of the transactions for the Financial Year is included in the receipt of hotel management, consultancy and related services and royalty fees under Note 40(a) to the Financial Statements.

- (8) On 24 January 2018, the Company announced that Shang Global City Properties, Inc ("**Fort Manila Co**", a company owned as to 40% by the Company and 60% by SPI) entered into hotel agreements, being (a) the marketing and reservations agreement dated 10 December 2014 (as varied) with SLIM-HK, (b) the licence agreement dated 10 December 2014 (as varied) with Shangri-La International Hotel Management Limited, incorporated in the British Virgin Islands, ("**SLIM-BVI**", the head-licensor of the intellectual property in relation to the brand of Shangri-La ("**IP**")) and (c) the licence agreement dated 10 December 2014 (as varied) with Shangri-La International Hotel Management Pte Ltd ("**SLIM-SG**", the current IP sub-licensor) in relation to the provision of (i) the Hotel Management Services for Shangri-La at the Fort, Manila ("**Fort Manila Hotel**", a hotel owned by Fort Manila Co), and (ii) the licence of the IP to Fort Manila Co enabling it to operate its hotel bearing the name of Shangri-La for a term which would expire on 31 December 2020.

Each of the said agreements lists the operating term which commenced on the opening date of Fort Manila Hotel (being 1 March 2016) and ended on 31 December of the first anniversary of such opening date (ie, 31 December 2017). Each of SLIM-HK, SLIM-BVI and SLIM-SG under its respective agreement has the right to decide whether the term shall be renewed for another consecutive three-year term (or part thereof of the remaining term) provided that the entire initial term of each agreement shall not be longer than 10 years from the opening date of the said hotel. Upon expiry of the said initial term of 10 years, the relevant parties may elect to extend the term for successive three-year terms (or part thereof) provided that the aggregate term of the renewal period shall not exceed a further 10 years.

On 31 December 2020, the Company announced that the said agreements had been renewed for another consecutive three-year term that would expire on 31 December 2023.

Fort Manila Co is a subsidiary of SPI, an associate of KPL which in turn is a subsidiary of KHL (Substantial Shareholder). Accordingly, Fort Manila Co is a connected person of the Company at holding level, and the agreements as described above constitute continuing connected transactions for the Company.

Based on the terms of the said agreements and the expected occupancy of the hotel, taking into account of possible inflation and fluctuation in currency exchange rates, as well as buffer for reasonable increases in occupancy and room rates, the Company has set an annual cap for each of the following financial year(s):

Financial year	Annual cap (USD)
2020	5,800,000
2021	2,600,000
2022	4,100,000
2023	5,200,000

For the Financial Year, the actual aggregate transaction amount with Fort Manila Co was USD1,594,000 (2019: USD4,178,000). The transactions also constitute related party transactions in accordance with HKFRS and the amounts of the transactions for the Financial Year are included in the receipt of hotel management, consultancy and related services and royalty fees under Note 40(b) to the Financial Statements.

- (9) On 24 April 2019, each of SLIM-HK and SLIM-PRC, and Million Fortune Development (Shenzhen) Co, Limited ("**Qianhai Co**", a company owned as to 50% by KHL, 25% by KPL and 25% by The Bank of East Asia, Limited) entered into a hotel management agreement and a sales and marketing services agreement, respectively, pursuant to which SLIM-HK and SLIM-PRC would provide Hotel Management Services to JEN Qianhai by Shangri-La ("**Qianhai Hotel**") which is owned by Qianhai Co. Each of the said agreements has a 20-year term commencing on the date of agreements.

Qianhai Co is an associate of KHL (Substantial Shareholder). Accordingly, Qianhai Co is a connected person of the Company at holding level, and the agreements as described above constitute continuing connected transactions for the Company.

Based on the terms of the said agreements and the expected occupancy of the hotel, taking into account of possible inflation and fluctuation in currency exchange rates, as well as buffer for reasonable increases in occupancy and room rates, the Company has set up annual cap for each of the following financial year(s):

Financial year	Annual cap (RMB)
2020	Nil
2021	3,000,000
2022	17,300,000
2023	24,200,000
2024 (for the entire year assuming the relevant agreement(s) will be renewed upon expiry in the year)	28,700,000

As the Qianhai Hotel has yet to commence business, no fees are payable under the agreements during the Financial Year.

- (10) SLIM-HK and Beijing Kerry Hotel Co, Limited ("**Beijing Co**", a company owned as to 23.75% by the Company, 71.25% by KPL and 5% by Beijing Beiao Group Corp, Limited) had entered into a management and marketing services agreement, pursuant to which SLIM-HK managed and operated Kerry Hotel, Beijing ("**Beijing Kerry Hotel**") which is owned by Beijing Co. Such agreement expired on 27 August 2019.

On 26 August 2019, each of SLIM-HK and SLIM-PRC, and Beijing Co entered into a hotel management agreement and a marketing and training services agreement, respectively, pursuant to which SLIM-HK and SLIM-PRC would continue to provide Hotel Management Services to Beijing Kerry Hotel. Each of the said agreements has a 20-year term commencing on 28 August 2019. The Company has obtained an independent financial adviser's opinion confirming that it is normal business practice for the agreements to be of such duration.

Beijing Co is a subsidiary of KPL which in turn is a subsidiary of KHL (Substantial Shareholder). Accordingly, Beijing Co is a connected person of the Company at holding level, and the agreements as described above constitute continuing connected transactions for the Company.

Based on the terms of the said agreements and the expected occupancy of the hotel, taking into account of possible inflation and fluctuation in currency exchange rates, as well as buffer for reasonable increases in occupancy and room rates, the annual cap for each financial year up to expiry will not exceed RMB110,000,000.

For the Financial Year, the actual aggregate transaction amount with Beijing Co was USD1,407,000 (equivalent to RMB9,690,000) (2019: USD3,979,000). The transactions also constitute related party transactions in accordance with HKFRS and the amount of the transactions for the Financial Year is included in the receipt of hotel management, consultancy and related services and royalty fees under Note 40(a) to the Financial Statements

The continuing connected transactions mentioned in (1) to (10) above have been reviewed by the Independent Non-executive Directors. The Independent Non-executive Directors have confirmed that the transactions have been entered into:

1. in the ordinary and usual course of business of the Group;
2. either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
3. in accordance with the relevant agreements governing such transactions and on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in the Annual Report in accordance with Rule 14A.56 of the Listing Rules. A copy of the Auditor's letter has been provided by the Company to HKSE.

On behalf of the Board

KUOK Hui Kwong

Chairman

Hong Kong, 26 March 2021

Corporate Governance Report





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.

DIRECTORS HANDBOOK AND CORPORATE GOVERNANCE FUNCTIONS

Directors Handbook

The Board has adopted a composite handbook (“**Directors Handbook**”) comprising the Securities Principles and the CG Principles, whose terms align with or are stricter than the requirements set out in the Securities Model Code and the CG Model Code, save for the provision in the Directors Handbook that the positions of the Chairman and the CEO may be served by the same person. The Directors Handbook serves as a comprehensive guidebook for all Directors.

The Directors Handbook incorporates (amongst other things):

(1) Securities Principles

- (a) restrictions on Directors’ dealings in relation to the Company’s securities;
- (b) the Directors’ obligations and the board procedures for the mandatory notification to and acknowledgement from the Company prior to any deemed dealings of Directors and the required notification to the Company subsequent to such dealings;
- (c) the requirements of the Directors’ mandatory filing with the regulatory body(ies) of their deemed dealings; and
- (d) extended application of the Securities Principles to non-Directors.

(2) CG Principles

- (a) the terms of the operation of the Board including the obligations of each Director;
- (b) the establishment of each Board committee, including the terms of reference of and/or the policy for each such committee;
- (c) the terms of the corporate governance functions;
- (d) the rights of each Director (including members of any Board committee) for and/or the procedures for independent access to the Group’s information and professional advice;
- (e) the written procedures resolved by the Board for Shareholders to exercise certain rights in the Company; and
- (f) the references to and/or the summary of various important regulatory rules and the Company’s corporate policies that the Directors are obliged to strictly observe.

The Directors Handbook is updated and revised from time to time where necessary to, amongst other things, (a) align with the relevant mandatory requirements under the Listing Rules and/or any other governing rules, and (b) incorporate any corporate governance terms that the Board considers necessary for better corporate governance of the Company. Any change to the terms of the Securities Principles and the CG Principles shall be determined and approved by the Board.

Code on Securities Transactions

The Company has made specific enquiry of each of the Directors, and all the Directors have confirmed compliance with the Securities Principles throughout the Financial Year.

The Securities Principles also apply to certain employees (“**Relevant Employees**”) in respect of their dealings in the securities of the Company for the Financial Year. The code with which the Relevant Employees are obliged to comply is similar to that with which the Directors are obliged to comply except that the Relevant Employees are not required to fulfil the public filing requirement.

Code on Corporate Governance

The Company has complied with the CG Principles and the CG Model Code throughout the Financial Year.

Corporate Governance Functions

Under the CG Principles, the Audit & Risk Committee has the delegated responsibility to oversee, monitor and observe the terms of the Company’s corporate governance functions which include the following major duties:

- (1) to review the Company’s policies and practices on corporate governance and to make recommendations to the Board;
- (2) to review and monitor the training and continuous professional development of Directors and senior management;
- (3) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- (4) to review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the members of the Group;
- (5) to review the Company’s compliance with the relevant code and disclosure requirements in relation to corporate governance in accordance with the Listing Rules;
- (6) to review the Directors Handbook from time to time to ensure the Directors Handbook has sufficiently covered the corporate governance matters that the Board and the Company are required to observe under the Listing Rules; and
- (7) to monitor whether the terms set out in the Directors Handbook are duly observed and complied with.

The Audit & Risk Committee had duly performed its duties relating to the corporate governance functions and it was not aware of any terms of corporate governance being violated during the Financial Year.

BOARD

The Board is accountable to Shareholders for leading the Group in a responsible and effective manner.

The list of the members of the Board and their designations during the Financial Year and up to the date of the Annual Report has been set out in the Directors' Report.

Members, Meeting(s) Held and Attendance

During the Financial Year, the Board held four board meetings. The Directors during the Financial Year, along with the attendance of each of them at the meetings, are as follows:

Name of Director	Meeting(s) attended/ eligible to attend
Executive Director(s)	
KUOK Hui Kwong	4/4
LIM Beng Chee	4/4
Non-executive Director(s)	
HO Kian Guan (alternate - HO Chung Tao)	2 (4)/4
Independent Non-executive Director(s)	
LI Kwok Cheung Arthur	4/4
YAP Chee Keong	4/4
LI Xiaodong Forrest	4/4
ZHUANG Chenchao	4/4
KHOO Shulamite N K (<i>appointment effective on 1 November 2020</i>)	1/1

Other than the above full Board meetings, the Chairman also held an annual meeting in December 2020 with the Independent Non-executive Directors without the presence of the other Directors. The attendance of the Directors at the meeting was as follows:

Name of Director	Attendance
Chairman	
KUOK Hui Kwong	✓
Independent Non-executive Director(s)	
LI Kwok Cheung Arthur	✓
YAP Chee Keong	✓
LI Xiaodong Forrest	✓
ZHUANG Chenchao	✓
KHOO Shulamite N K (<i>appointment effective on 1 November 2020</i>)	✓
Total attendance	6/6

The relationship between members of the Board, if any, is set out in the section entitled "Board of Directors, Company Secretary and Senior Management" in the Annual Report.

Term of Appointment of Directors

Each Director shall be subject to terms of retirement, but shall be eligible for re-election, in accordance with the Bye-Laws, the Listing Rules and the Company's nomination policy, in particular:

- (1) any Director who was newly appointed by the Board or by the Shareholders in a general meeting to fill a casual vacancy, or as an addition to the Board, shall retire from office at the next general meeting of the Company;
- (2) every Director shall retire from office by rotation no later than the third annual general meeting after he was last elected or re-elected; and
- (3) at each annual general meeting, not less than one-third (or otherwise the number nearest one-third) of the Directors for the time being shall retire from office by rotation.

Accordingly, the term of appointment of each Director is effectively not more than about three years.

Directors' Training

The Directors participate in continuous professional development to enhance and refresh their skills and knowledge for their role as Directors. The Company also organises presentations and training sessions and circulates reading materials that help update Directors on the latest corporate governance and regulatory/legal issues as well as other current topics (including the Group's business developments/operations). In addition to these activities, some Directors also attend external training sessions and presentations.

On 11 December 2020, all the Directors attended a presentation on the requirements and guidelines for ESG (Environmental, Social and Governance) reporting as well as the relevant framework of the Group as part of the professional development training for Directors.

EXECUTIVE COMMITTEE

The Executive Committee was established by the Board on 21 June 1993. The Executive Committee is delegated with the power and authority to oversee the Group's ordinary business, transactions and development. The Executive Committee's written terms of reference include its defined powers and duties, except that the following matters are explicitly reserved for the Board for decision:

- (1) constitution and share capital
- (2) corporate objectives and strategy
- (3) corporate policies relating to securities transactions by Directors and senior management
- (4) interim and annual results
- (5) significant investments
- (6) major financings, borrowings and guarantees other than those of ordinary terms and for the ordinary operations or for general working capital requirements of the Group
- (7) corporate governance and internal controls
- (8) risk management
- (9) major acquisitions and disposals

- (10) material contracts
- (11) Board members and Auditor
- (12) any other significant matters that will affect the operations of the Group as a whole

During the Financial Year, the majority of the Executive Committee's material decisions were recorded by written resolutions. The members of the Executive Committee during the Financial Year and up to the date of the Annual Report were as follows:

Member	Board capacity during committee membership
KUOK Hui Kwong (<i>chairman</i>)	ED & Chairman
LIM Beng Chee	ED & Group CEO

NOMINATION COMMITTEE

The Nomination Committee was established by the Board on 19 March 2012. The Nomination Committee, amongst other things, considers any proposed change to members or composition of the Board and/or evaluates the performance of Directors in accordance with the Company's nomination policy. The written terms of reference of the Nomination Committee included the following major duties:

- (1) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and to make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (2) to identify individuals suitably qualified to become members of the Board and to select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (3) to assess the independence of each newly proposed Independent Non-executive Director and existing Independent Non-executive Director on an annual basis or as and when the Nomination Committee considers necessary;
- (4) to evaluate/assess the performance and/or contribution of each Director who is considered or proposed to be elected or re-elected as a Director;
- (5) to make recommendations to the Board on the proposed appointment, designation, election or re-election of Directors and succession planning for Directors, in particular the Chairman and the CEO;
- (6) to make recommendations to the Board on proposed removal of Directors;
- (7) to provide opinions on any proposed election or re-election of person(s) as Independent Non-executive Director(s) at general meeting(s) of the Company and to provide reasons why they consider the nominated person(s) to be independent;
- (8) if a Director has been serving the Board as an Independent Non-executive Director for more than nine years and will make himself available for re-election at a general meeting of the Company, to consider if such Director remains independent and suitable to continue to act as an Independent Non-executive Director and to make recommendations to the Board accordingly; and
- (9) to observe the terms of the Company's nomination policy and to make recommendations to the Board on the nomination policy.

The latest full version of the terms of reference of the Nomination Committee has been posted on the Company's corporate website.

Members, Meeting(s) Held and Attendance

During the Financial Year, the majority of the Nomination Committee's material decisions were recorded by written resolutions. The members of the Nomination Committee during the Financial Year and up to the date of the Annual Report were as follows:

Member	Board capacity during committee membership
KUOK Hui Kwong (<i>chairman</i>)	ED & Chairman
LI Kwok Cheung Arthur	INED
LI Xiaodong Forrest	INED
KHOO Shulamite N K (<i>as member with effect from 1 November 2020</i>)	INED

During the Financial Year, the work performed by the Nomination Committee included:

- (i) For the purpose of re-election of the retiring Directors at the 2020 annual general meeting of the Company, the Nomination Committee had:
 - assessed and confirmed the independence of all Independent Non-executive Directors;
 - evaluated and confirmed the contribution of each of the retiring Directors who offered themselves for re-election; and
 - recommended to the Board to propose the re-election of each of the retiring Directors who offered themselves for re-election at the 2020 annual general meeting of the Company.
- (ii) The Nomination Committee had, on an annual and regular basis, assessed the Board's composition and the Directors' particulars against the parameters set in the nomination policy (including board size, board diversity policy, skills/knowledge/experience, Directors' performance review) and recommended that the structure, size and composition of the Board was satisfactory.
- (iii) In relation to the proposed new appointment to the Board, the Nomination Committee had:
 - assessed the record and personal particulars of Ms KHOO Shulamite N K; and
 - considered the structure, size and composition of the Board assuming the appointment was effected.
- (iv) In relation to the change(s) and/or re-designation(s) of the Board members proposed during the Financial Year, the Nomination Committee had, after due assessment and/or consideration, recommended to the Board the approval/acceptance of:
 - Ms KHOO Shulamite N K's appointment to the Board as Independent Non-executive Director in November 2020.

Nomination Policy

The terms of the nomination policy of the Company in effect during the Financial Year were as follows:

- (1) the total number of Directors (excluding their alternates) shall not exceed 20, with at least three Independent Non-executive Directors and at least one-third of the Board members being Independent Non-executive Directors;
- (2) the Board shall be composed of members with mixed skills and experience, with appropriate qualifications necessary to accomplish the Group's business development, strategies, operation, challenges and opportunities;
- (3) each new Director shall complement the existing Board composition to ensure that there is an appropriate mix of Directors with different abilities and experiences; shall have the required skills, knowledge and expertise to add value to the Board; and shall be able to commit the necessary time to the position;
- (4) each Independent Non-executive Director shall meet the mandatory qualification requirements as set out in the Listing Rules from time to time;
- (5) the Board shall observe the board diversity policy and shall, subject to merit and suitability, continue in its endeavours to introduce more diversity into the Board, including diversity of age, culture and gender;
- (6) the Board shall have the primary responsibility for identifying appropriate candidates to act as new members of the Board;
- (7) Shareholders may also propose candidates for election as a Director provided that the proposal follows the procedures posted on the Company's corporate website;
- (8) each proposed new appointment, election or re-election of a Director shall be evaluated, assessed and/or considered against the criteria and qualifications set out in the Company's nomination policy by the Nomination Committee which shall recommend its views to the Board and/or the Shareholders for consideration and determination; and
- (9) each removal of a Director shall also be considered by the Nomination Committee which shall recommend its views to the Board and/or the Shareholders for consideration and determination.

REMUNERATION COMMITTEE

The Remuneration Committee was established by the Board on 17 October 1997. The Remuneration Committee shall, amongst other things, review, endorse and/or approve the remuneration of each Director and the Senior Management in accordance with the Company's remuneration policy for Directors and Senior Management. During the Financial Year, the written terms of reference of the Remuneration Committee included the following major duties:

- (1) to make recommendations to the Board on the Company's policy and structure for the remuneration of all Directors and Senior Management and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (2) to determine the remuneration packages of individual Executive Directors and Senior Management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, taking into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities, and employment conditions elsewhere in the Group;
- (3) to make recommendations to the Board on the Directors' fees and the fees for members of each committee of the Board;
- (4) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (5) to review and approve compensation payable to Executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (6) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are reasonable and appropriate; and
- (7) to advise Shareholders on how to vote with respect to any Director's service contract that requires Shareholders' approval under the Listing Rules.

The latest full version of the Remuneration Committee's terms of reference has been posted on the Company's corporate website.

Members, Meeting(s) Held and Attendance

During the Financial Year, the Remuneration Committee held two meetings in January 2020 and February 2020. The members of the Remuneration Committee during the Financial Year and up to the date of the Annual Report and the attendance of each of them at the meetings held during the Financial Year are as follows:

Member	Board capacity during committee membership	Meeting(s) attended/ eligible to attend
LI Kwok Cheung Arthur (<i>chairman</i>)	INED	2/2
KUOK Hui Kwong	ED & Chairman	2/2
YAP Chee Keong	INED	2/2
KHOO Shulamite N K (<i>as member with effect from 1 November 2020</i>)	INED	N/A

During the Financial Year, the work performed by the Remuneration Committee included:

- (i) assessing the performance of the Executive Directors and Senior Management in the context of the financial performance of the Group and its development strategy in the medium term;
- (ii) approving the terms of remuneration and/or bonus of the Executive Directors and Senior Management (including the annual salary review), having considered the financial results of the Group, its growth plans, the competitive environment in the hotel industry for obtaining competent management talent, and the need to adequately reward outstanding performances;
- (iii) recommending to the Board the fees payable to the Non-executive Directors and the members of the Board committees; and
- (iv) considering and approving grant(s) of share awards under the Company's share award scheme to qualified participants.

Remuneration Policy for Executive Directors and Senior Management

The Remuneration Committee has the delegated responsibility to determine the remuneration packages of the individual Executive Directors and the Senior Management.

The remuneration for the Executive Directors and Senior Management comprises salary, discretionary bonus, pensions and/or housing, and annual leave fare for expatriate Executive Directors and expatriate Senior Management.

Salaries are reviewed annually. Salary increases of Executive Directors and Senior Management are made where the Remuneration Committee believes that adjustments are appropriate to reflect performance, contribution, increased responsibilities and/or by reference to market/sector trends.

In addition to salary, Executive Directors and Senior Management are eligible to receive a discretionary bonus the amount of which shall be reviewed and approved by the Remuneration Committee which shall take into consideration factors such as market conditions as well as corporate and individual performances.

In order to attract, retain and motivate executives and key employees serving any member of the Group, Directors and Senior Management are also eligible to participate in the Company's share option scheme and share award scheme. The grant of share options and share awards to Directors and/or Senior Management and the terms thereto shall be approved by the Remuneration Committee.

Remuneration of Directors and Senior Management

The Non-executive Directors (including Independent Non-executive Directors) and the members of the Board committees (other than Executive Director(s)) were entitled to annual fees that were approved by Shareholders at the annual general meeting prior to payment. Such annual fees are determined with reference to the level of fees payable by listed companies in Hong Kong and the respective level of responsibilities, skills and commitments required of the Non-executive Directors, and the amount for the Financial Year and the previous year are as follows:

Annual fee	Amount (HKD)		
	2020	2019	
As NED/INED	196,000	230,000	per year of directorship
As Nomination Committee member	42,000	50,000	per year of membership
As Remuneration Committee member	42,000	50,000	per year of membership
As Audit & Risk Committee chairman/member	161,000/ 140,000	180,000/ 150,000	per year of chairmanship/ membership
	Dispensed	100,000	for attendance at all meetings of the committee held during the year

In view of the difficult business environment caused by COVID-19, the Directors and the Senior Management have voluntarily agreed to take a reduction of their fee/salary.

Details of the remuneration paid to each of the Directors for the Financial Year and the previous year are set out in Note 31 to the Financial Statements.

The remuneration (including bonus, allowances and other benefits) paid to the current Senior Management (which included certain current Executive Directors) for the Financial Year are set out below (by band):

Range of remuneration (HKD)	Number of members of Senior Management
2,000,001 to 4,000,000	3
4,000,001 to 6,000,000	3
6,000,001 to 8,000,000	2
	8

Note: One member of the Senior Management joined the Group during the Financial Year. The remuneration of such member is the actual amount received for the Financial Year.

AUDIT & RISK COMMITTEE

The Audit & Risk Committee was established by the Board on 25 August 1998. The Audit & Risk Committee shall, amongst other things, supervise the financial reporting and the internal controls within the Group. During the Financial Year, the written terms of reference of the Audit & Risk Committee included the following major duties:

- (1) to make recommendations to the Board on the appointment, re-appointment and removal of the Auditor, to approve the remuneration and terms of engagement of the Auditor, and to consider any questions of its resignation or dismissal;
- (2) to review and monitor the Auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- (3) to review and monitor the integrity of the Company's interim and annual financial statements, reports and accounts, and to review significant financial reporting judgements contained therein, before submission to the Board;
- (4) to review the Company's financial controls, risk management and internal control systems;
- (5) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems;
- (6) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the management's response to these findings;
- (7) to review the internal audit programme to ensure co-ordination between the internal and the external auditors, and to review and monitor its effectiveness;
- (8) to review the Group's financial and accounting policies and practices;
- (9) to report to the Board on the matters set out in the terms of reference and, in particular, the matters required to be performed by the Audit & Risk Committee under the Listing Rules;
- (10) to review whistleblowing policy(ies) or arrangements established for employees of and/or those who deal with the Group who may, in confidence, raise concerns about possible improprieties in financial reporting, internal controls or other matters; and
- (11) to oversee, monitor and observe the Company's corporate governance matters.

The latest full version of the terms of reference of the Audit & Risk Committee has been posted on the Company's corporate website.

The whistleblowing and whistleblower protection policy (for external users) has also been posted on the Company's corporate website for external users' use.

Members, Meeting(s) Held and Attendance

During the Financial Year, the Audit & Risk Committee held four meetings. The members of the Audit & Risk Committee during the Financial Year and up to the date of the Annual Report and the attendance of each of them at the meetings held during the Financial Year are as follows:

Member	Board capacity during committee membership	Meeting(s) attended/ eligible to attend
YAP Chee Keong (<i>chairman</i>)	INED	4/4
HO Kian Guan (alternate - HO Chung Tao)	NED	3 (3)/4
LI Kwok Cheung Arthur	INED	4/4

During the Financial Year, the work performed by the Audit & Risk Committee included:

- (i) reviewing the Group's financial controls, internal controls and risk management systems;
- (ii) overseeing and supervising the internal audit functions and programmes of the Group;
- (iii) reviewing the financial and accounting policies and practices of the Group;
- (iv) verifying and confirming the Auditor's independence and objectivity;
- (v) making recommendations on the remuneration payable to the Auditor for the Financial Year and the re-appointment of the Auditor;
- (vi) reviewing financial and audit issues with the Auditor;
- (vii) reviewing interim and annual financial statements for approval by the Board;
- (viii) reviewing the reports issued by the Group's internal audit and risk management teams and discussing the same with the Group's management;
- (ix) reviewing significant legal matters and litigation cases of the Group;
- (x) reviewing connected transaction(s) and continuing connected transaction(s) involving the Group; and
- (xi) overseeing the Company's corporate governance functions with reference to the Company's terms of reference for such corporate governance functions.

The Audit & Risk Committee was satisfied with its review for the Financial Year and concluded that no material issues were identified that needed to be brought to the particular attention of the Board or the Shareholders.

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Management

A high standard of corporate governance is crucial in safeguarding our long-term shareholder value. The Board believes that a sound and effective risk management and internal control system is the cornerstone for good corporate governance.

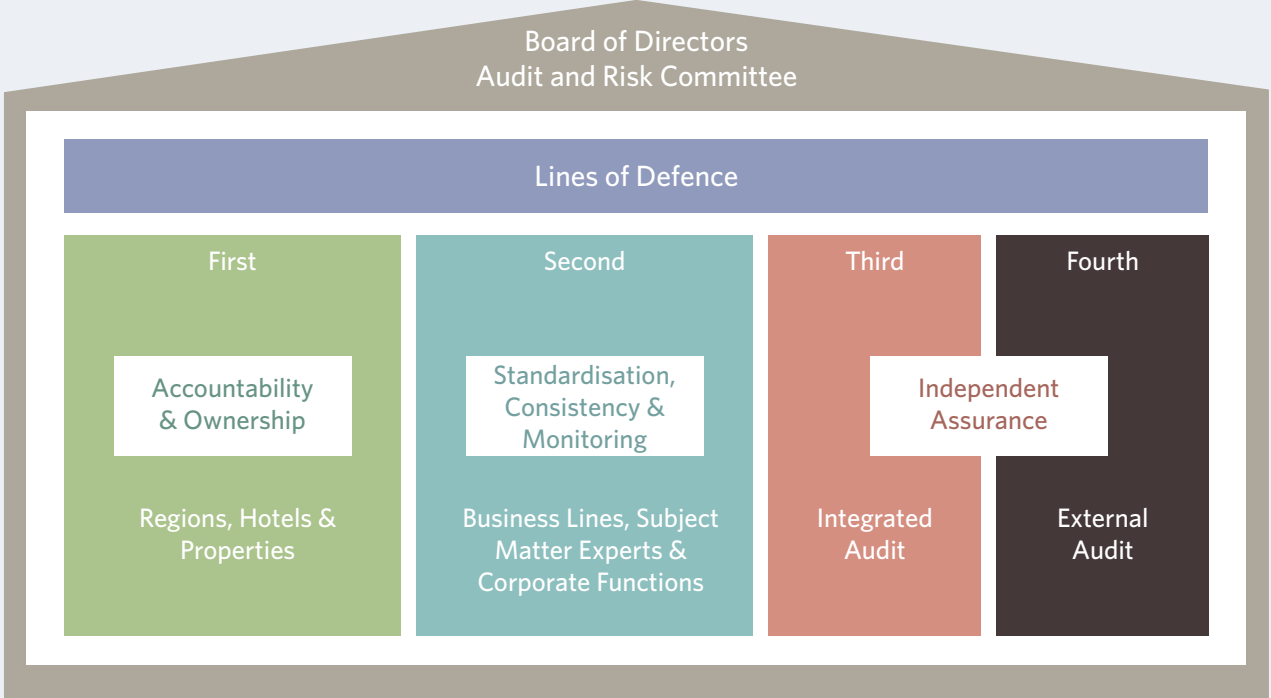
The Board has overall responsibility for risk governance and the effectiveness of internal controls in the Group's business. The Board's Audit & Risk Committee ("**ARC**") assists the Board in overseeing the Group's risk management and audit process; assess the adequacy and effectiveness of the Group's risk management system including the framework and process for the identification and management of material risks.

The ARC reports to the Board on material matters, findings and recommendations pertaining to risk management. In addition, the ARC reviews the effectiveness of the Group's internal control and compliance systems on an ongoing basis as required by the revised corporate governance code released by the HKSE and in accordance with the risk appetite as defined by the Board.

Management is responsible for the effective implementation of the Board endorsed risk management strategy, policies and processes to facilitate the achievement of business plans and goals; ensuring key risks are proactively identified, addressed and reviewed on an on-going basis.

Shangri-La's Integrated Assurance Framework

Since 2018, we have progressively implemented an integrated assurance framework ("**IAF**") to provide a more holistic and robust basis of assurance for the adequacy and effectiveness of our risk management and internal control system. The process identifies risk from a top-down strategic perspective and a bottom-up perspective from each markets and business lines. IAF is designed to manage rather than eliminate all potential risk of failure to achieve business objectives and can only provide reasonable assurance and not absolute assurance against material misstatement or loss.



Adopting the key concept of IAF, the Group has structured its risk management governance into four Lines of Defence (“**LOD**”) with the following roles and responsibilities:

- The First Line of Defence (“**1st LOD**”) is where the Regions and Properties are empowered to manage day-to-day operational risks of their businesses. In addition, the Regions are to assist the corporate headquarters in ensuring that Hotels implement and comply with the Group’s global strategies, policies, programmes and initiatives. Hotel and Property General Managers together with their executive committees are collectively responsible to the Regional leaders in the management of their respective Hotel risks and in compliance with Group-wide policies and procedures. They are required to report to the Regions and corporate headquarters on any risk change and deviation from existing controls on an on-going basis.
- The Second Line of Defence (“**2nd LOD**”) comprises the corporate headquarters divisions and functions. Their primary responsibility is to formulate strategy and policies. In addition, they are to ensure the standardisation and consistency of policies and procedures and the effective monitoring of their compliance across the Regions, Hotels and Properties. The respective Heads of Corporate Functions are appointed Risk Owners of the Group’s key risks. The Risk Owners are responsible to ensure that the key risks identified by the Group are being reviewed and managed effectively as part of the management assurance process.
- The Third Line of Defence (“**3rd LOD**”) is formed by the Group Internal Audit (“**GIA**”) department. The GIA Department reports results of integrated audits to the ARC. GIA department is responsible to assess the robustness of the controls at Group’s 1st and 2nd LOD and to make recommendation to the Senior Management and ARC to improve the Group’s overall internal control effectiveness and process.
- The Fourth Line of Defence (“**4th LOD**”) is the Group’s External Auditors. The Group’s External Auditor reports the results of the statutory audit and provides an independent view on the status of Internal Controls of the Group to the ARC. From time to time, external professionals are engaged to perform system penetration tests, Food Safety audits, other assurance and advisory services.
- Beyond the four lines of defence, the Board remains ultimately responsible for the adequacy and effectiveness of risk management and internal control systems. The Board, through the ARC provides guidance to the Management to define the risk appetite and tolerance of the Group and to ensure that the Group’s Risk Management and Internal Controls are align with its strategy. The Board considers the works, findings and advice of the ARC in forming its own view on the effectiveness of the respective systems. The ARC members report to the Board of Directors in the quarterly Board meetings.
- The CFO was also appointed as the Chief Risk Officer in 2018. In that role, he oversees the risk management and governance process, reviews regularly the risk profile of the Group and ensures that all risks faced by the Company are properly identified.

Policies and Guidelines

Throughout 2020, reviews and updates to key corporate policy, manuals, procedural guidelines and delegation of authority are being performed to ensure relevance which provide adequate and effective controls for the Regions and Hotels/Properties owned and/or managed by the Group. These policies and guidelines are communicated via electronic circulars and are posted on the Group’s SharePoint folders. In addition, the respective corporate headquarters divisions and functions conduct periodic divisional audits to ensure compliance at the Region and Hotel levels. Audit findings and results are being shared as lessons learnt and for performance management.

Code of Conduct, Handling and Dissemination of Inside Information

- The Group has a Code of Conduct and Ethics (“**Code**”) which emphasizes the Group’s integrity and ethical values set against its fundamental business principles and guidelines. This code applies to all officers, employees and directors of the Group, its subsidiaries, business units and controlled affiliates as well as employees of properties managed by the Group. Employees are also obliged to maintain and protect the confidentiality of all non-public information relating to the Group’s affairs (“**Confidential Information**”). Employees must not disclose Confidential Information to outside parties unless authorised to do so by the Group or unless such disclosure is required by law. Employees may not use Confidential Information for any other purpose other than work-related matters. Employees must at all times take reasonable precaution to safeguard inadvertent disclosure of Confidential Information. All employees have been provided with a copy of the Code when hired and are required to confirm compliance with the Code.
- The Group has standard procedures to handle the reporting of financial and operating performance to its shareholders, the issuing of public announcements and addressing the inquiries of its Shareholders and investors. These procedures are detailed under the heading “Shareholder and Investor Communications” of this report.
- The Directors and relevant executives of the Group are required to observe the Securities Principles.
- The Group has provided a Directors Handbook to all Directors. Key responsibilities and legal obligations under the Listing Rules and the SFO have been included in this handbook. They are reminded to take reasonable measures to ensure that proper safeguards exist to prevent a breach of the rules.

Whistleblowing Policy

The Whistleblowing Policy is administered by the GIA Department. The Group has posted on the Group’s corporate website a whistleblowing and whistleblower protection policy which aims:

- to encourage business associates to report suspected wrongdoings as soon as possible with the confidence that their concerns will be taken seriously and investigated as appropriate, and that their confidentiality will be respected;
- to provide avenues for business associates to raise concerns and define a way to handle these concerns;
- to enable the Group’s management to be informed at an early stage about acts of misconduct;
- to reassure business associates that they can raise genuine concerns in good faith without fear of reprisals, even if they turn out to be mistaken;
- to help develop a culture of openness, accountability and integrity;
- to ensure all reported cases will be properly documented including initial investigation result, undertaking of detailed investigation (if any) and result; and the final action taken; and
- to ensure all reported cases will be forwarded to the Chief Auditor who is also the Head of the GIA Department for investigation. A working committee comprising Group CEO, CFO, CHRO, General Counsel and the Chief Auditor will review the investigation process and outcome. The working committee will provide a quarterly summary of all reported cases and their investigation results to the ARC.

Annual Review Cycle

For the Financial Year, four (4) ARC meetings were held with attendance by all ARC members and the Management team comprising the Group CEO, CFO, CTO, CIO, Chief Auditor and the General Counsel who were also invited. The ARC also held private sessions with the General Counsel, Chief Auditor and External Auditors.

Periods	Key Activates
1 st Quarter	<ol style="list-style-type: none"> 1. Review report from External Auditor 2. Approval of the audited financial statements of the previous financial year 3. Update on Integrated Assurance Framework 4. Approval of internal audit plan for current year
2 nd Quarter	<ol style="list-style-type: none"> 1. Review results from Internal Audit 2. Update on Integrated Assurance Framework
3 rd Quarter	<ol style="list-style-type: none"> 1. Review report from External Auditor 2. Approval of first half interim results 3. Review results from Internal Audit 4. Update on Integrated Assurance Framework
4 th Quarter	<ol style="list-style-type: none"> 1. Review results from Internal Audit 2. Update on Integrated Assurance Framework

The Group's Key Risks

The Group has reviewed and updated the risk categories and key risks of the Group under the Integrated Assurance Framework:

Safety & Security	Legal, Regulatory & Compliance	Human Capital	Procurement	Systems & Cyber Security
<ul style="list-style-type: none"> • Engineering risk • Fire Life Safety risk • Security risk • Food Safety risk 	<ul style="list-style-type: none"> • Non-compliance to prevailing laws risk • Operating Licenses risk • Intellectual Property Rights risk 	<ul style="list-style-type: none"> • Succession risk • Key man risk 	<ul style="list-style-type: none"> • Supply Chain disruption risk • Fraud & Collusion risk 	<ul style="list-style-type: none"> • New technology disruptions risk • Cyber Security risk
Commercial & Economics	Reputation	Concentration	Investment & Geopolitics	Finance
<ul style="list-style-type: none"> • Sales & Distribution risk • Revenue risk • Customer Experience risk 	<ul style="list-style-type: none"> • Branding risk • Crisis risk 	<ul style="list-style-type: none"> • Risk of over-reliance on single source of market and supplier 	<ul style="list-style-type: none"> • Geopolitical risk • Investment risk 	<ul style="list-style-type: none"> • Treasury risk • Financial Reporting risk • Counterparty/Credit risk

Group Internal Audit

The Group also monitors its internal financial control systems through management reviews and a programme of internal audits. The internal audit team reviews the major operational and financial systems of the Group on a continuing basis and aims to cover all major operations within every division on a rotational basis. The scope of its review and of the audit programme is determined and approved by the ARC at the beginning of each financial year. The internal audit reports directly to the ARC and submits regular reports for its review in accordance with the approved programme.

Internal Controls

Internal control policies and procedures are designed to identify and manage the risks that the Group may be exposed to, thereby providing reasonable assurance regarding the achievement of corporate objectives. Internal financial systems also allow the Board to monitor the Group's overall financial position, to protect the Group's assets and to mitigate against material financial misstatement or loss. Through the ARC, the Board has conducted reviews of the effectiveness of the system of internal controls of the Group. The reviews cover all material controls, including financial, operational and compliance controls and risk management functions.

2020 Effectiveness of the Group's Risk Management and Internal Control Systems

The ARC has received the management's annual confirmation that the Company's risk management and internal control systems are effective and adequate for the Financial Year. The annual review of the ARC has not identified any significant control failings or weaknesses during the Financial Year, and it concurred with the management's confirmation.

The ARC has also reviewed and ensured the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions. Based on the duties performed by the ARC and its recommendation, the Board confirmed that the Company's risk management and internal control systems were effective and adequate for the Financial Year; and the Group's processes for financial reporting and Listing Rule compliance were effective.

EXTERNAL AUDITORS

The Company's Auditor is PricewaterhouseCoopers, Hong Kong.

For the Financial Year, the external auditors (including their other member firms) that provided audit and non-audit services to the Group are as follows:

Services	Fees charged (USD'000)
PricewaterhouseCoopers	
Audit services (including interim review)	1,588
Non-audit services	
(a) tax services	164
(b) other advisory services	102
Total	1,854
Other auditor(s)	
Audit services	492
Non-audit services	
(a) tax services	61
(b) other advisory services	25
Total	578

Auditor

The Financial Statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment as the Auditor at the Annual General Meeting.

Responsibility for Financial Statements

The Directors acknowledge their responsibility for the preparation of the Financial Statements. In preparing the Financial Statements, the generally accepted accounting standards in Hong Kong have been adopted, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt over the Group's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the Financial Statements.

The statement of the Auditor in regard to its reporting responsibilities on the Financial Statements is set out in the section entitled "Independent Auditor's Report".

GENERAL MEETING(S)

During the Financial Year, the following general meeting(s) of Shareholders was/were held:

- annual general meeting held on 5 June 2020 at 10:30 am in Hong Kong

All proposed Shareholders' resolutions put to the above general meeting(s) were resolved by poll vote and were duly passed. The vote tally of each such resolution was set out in the Company's announcement(s) released on the day of the general meeting(s).

The Auditor has attended the general meeting(s). The attendance of the members of the Board and/or each Board committee at the general meeting(s) is as follows:

Meetings date: 5 June 2020	Attended in the capacity of a member of				
	Board	Designation on meeting date	Nomination Committee	Remuneration Committee	Audit & Risk Committee
KUOK Hui Kwong	✓	ED & Chairman	✓	✓	
LIM Beng Chee	✓	ED & Group CEO			
HO Kian Guan (alternate - HO Chung Tao)	✗ (✓)	NED			✓
LI Kwok Cheung Arthur	✓	INED	✓	✓	✓
YAP Chee Keong	✓	INED		✓	✓
LI Xiaodong Forrest	✓	INED	✓		
ZHUANG Chenchao	✓	INED			
KHOO Shulamite N K (<i>appointment effective on 1 November 2020</i>)	N/A	N/A	N/A	N/A	
Total attendance	7/7		3/3	3/3	3/3

GENERAL MANDATES GRANTED TO DIRECTORS

New Issue Mandate

At the Company's annual general meeting in 2020, Shareholders granted to the Directors a general mandate to issue new Shares (subject to the requirements of the Listing Rules) representing not more than 20% of the issued Shares as at the date of the annual general meeting.

Up to the date of the Annual Report, the general mandate has not been exercised. The general mandate will expire not later than the conclusion of the Annual General Meeting.

The approval of a similar and refreshed general mandate will also be sought from Shareholders at the Annual General Meeting. Details of the mandate have been set out in the notice convening the Annual General Meeting which is issued simultaneously with the Annual Report.

Share Repurchase Mandate

At the Company's annual general meeting in 2020, Shareholders granted to the Directors a general mandate to repurchase Shares (subject to the requirements of the Listing Rules) representing not more than 10% of the issued Shares as at the date of the annual general meeting.

Up to the date of the Annual Report, the general mandate has not been exercised. The general mandate will expire not later than the conclusion of the Annual General Meeting.

The approval of a similar and refreshed general mandate will also be sought from Shareholders at the Annual General Meeting. Details of the mandate have been set out in the notice convening the Annual General Meeting and a separate circular of the Company, both of which are issued simultaneously with the Annual Report.

Repurchase, Sale or Redemption of the Company's Listed Securities

During the Financial Year, neither the Company nor any of its subsidiaries had repurchased, sold or redeemed any of the listed securities of the Company.

DIVIDEND POLICY

The Board considered that the Company's dividend policy should be based on the profits of the Group that were not affected by exceptional items (ie, based on operating/recurring profits). Given the capital expenditure requirements to support the Group's expansion plans, the Board was of the view that 50% to 55% of operating/recurring profits could be a general yet non-mandatory yardstick/benchmark for the Board's consideration as payment of dividends to Shareholders.

The Company did not pay/propose dividend for the Financial Year.

The Board reviews the Company's dividend policy regularly to ensure that the policy is in line with market practice and is appropriate considering the Group's ongoing development plans.

INVESTOR RELATIONS

Shareholders' Right to Propose a Person for Election as a Director

Shareholders shall have the right to propose a person for election as a Director at the Company's general meeting. Detailed procedures for this right have been posted on the Company's corporate website, referred to as "Procedures for Shareholders to Propose a Person for Election as a Director".

Shareholders' Right to Request to Convene a General Meeting

Shareholders shall also have the right to request the Board to convene a general meeting of the Company. Detailed procedures for this right have been posted on the Company's corporate website. Any Shareholder who wishes to exercise his/her right hereof shall refer to the "Procedures for Shareholders' Requests to Convene a General Meeting" ("**Procedures to Convene General Meeting**") as posted on the Company's corporate website. The major terms of the Procedures to Convene General Meeting are summarised as follows:

- (1) Holder(s) of Shares who are registered in the Company's register(s) of members as registered Shareholder(s) ("**Requisitionist(s)**") may submit a written request ("**Requisition**") to convene a special general meeting provided that the Requisitionist(s) is/are holding not less than one-tenth of the paid up capital of the Company as at the date of the request.
- (2) The Requisition must:
 - (a) state the purpose(s) of the special general meeting and, where appropriate, be accompanied with all necessary materials and information for the purposes of the subject matter of the special general meeting;
 - (b) state the full name of each Requisitionist;
 - (c) state the number of the Shares held by each Requisitionist as at the date of the Requisition;
 - (d) state the valid contact details of each Requisitionist, including phone number and email address;
 - (e) be signed by each Requisitionist;
 - (f) be accompanied with a sum reasonably sufficient to meet the Company's expenses in giving any notice or statement to Shareholders; and
 - (g) be delivered to the Company at its registered office in Bermuda as well as its principal place of business in Hong Kong and shall be addressed to the attention of the Company's company secretary.
- (3) If the Board receives a due Requisition:
 - (a) the Board shall convene a special general meeting within 21 calendar days immediately after the Requisition is duly lodged with the Company in accordance with the Procedures to Convene General Meeting; and
 - (b) the Board shall simultaneously issue notice and information of the special general meeting (specifying the place, date and hour of the meeting and the general nature of the business to be considered) to all Shareholders subject to and in accordance with the Bye-Laws, the Listing Rules and the Bermuda Companies Act to convene the meeting which shall be held at least (i) 10 clear business days in Hong Kong (excluding Saturdays) and (ii) 14 clear calendar days (excluding the day of notice and the day it is deemed to have been served as well as the day of the meeting) after the notice.

- (4) If the Board fails to convene a special general meeting in accordance with (3)(a) hereinabove, the Requisitionist(s) or any of them may convene a special general meeting for the Requisition provided that:
- (a) the aggregate voting rights of the Shares registered in the name of such Requisitionist(s) convening the special general meeting represent more than one half of the total voting rights of the Shares registered in the name of all the Requisitionist(s); and
 - (b) such Requisitionist(s) shall issue proper notice of the special general meeting to all Shareholders in a similar manner to that set out in (3)(b) hereinabove to convene a special general meeting, and such meeting shall be held within three calendar months immediately after the Requisition is duly lodged with the Company in accordance with the Procedures to Convene General Meeting.
- (5) The Board shall have the absolute right to request the Requisitionist(s) to provide further materials or information in relation to the Requisition that the Board considers necessary to facilitate the convening, if appropriate, of the special general meeting as requested. The Requisitionist(s) shall provide such further materials and information that the Company may request in a timely fashion. The Board may reject a Requisition that does not fulfil any conditions as set out in the Procedures to Convene General Meeting, or if a special general meeting is, in the Board's reasonable and absolute discretion, not appropriately requested to be convened, and the Board shall inform the Requisitionists within 21 calendar days therefrom that the request under the Requisition will not be progressed.

Shareholder and Investor Communications

The Company reports on its financial and operating performance to Shareholders through interim and annual reports. At annual general meeting(s) of the Company, Shareholders may raise questions with the Directors relating to the performance and future direction of the Group.

In addition, analyst briefings are held at least twice a year subsequent to the interim and the final results announcements at which appropriate Executive Directors and management members are available to answer queries on the Group.

Shareholders and investors may also address their enquiries to the Board through the enquiry channel available on the Company's corporate website.

In the event any Shareholder wishes to put forward any proposal to a general meeting of Shareholders or for the Board's consideration, the Shareholder shall raise his/her proposal to the Board in writing to the Company's head office and principal place of business in Hong Kong or through the enquiry channel on the Company's corporate website. If the Board considers the proposal appropriate, the Board will take appropriate action or arrangement for consideration at the next available general meeting or Board meeting.

Key Dates for Shareholders in 2021

The key dates are set out in the section entitled "Corporate Information" in the Annual Report.

PUBLIC FLOAT

Based on the information recorded in the registers required to be kept by the Company under Sections 336 and 352 of the SFO or otherwise notified to the Company and within the knowledge of the Directors:

- (1) as at Year End, the public float of the Shares made up 43.59% or a capitalisation of approximately HKD10.80 billion based on the closing price of the Shares as at Year End; and
- (2) a sufficient public float of the Shares as required by the Listing Rules has been maintained during the Financial Year and the period thereafter up to the date of the Annual Report.

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the Shareholders of Shangri-La Asia Limited

(incorporated in Bermuda with limited liability)

OPINION

What we have audited

The consolidated financial statements of Shangri-La Asia Limited (the "Company") and its subsidiaries (the "Group") set out on pages 119 to 235, which comprise:

- the consolidated statement of financial position as at 31 December 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Impairment assessment of hotels
- Valuation of investment properties

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

Impairment assessment of hotels

Refer to note 2.9 (Summary of significant accounting policies), note 4.1(a) (Critical accounting estimates and assumptions), note 7 (Property, plant and equipment), note 9 (Leases), note 12 (Interest in associates and amounts due from associates), note 29 (Other gains – net) and note 33 (Share of profit of associates) to the consolidated financial statements.

The Group, through its subsidiaries and associates, holds equity interests in a number of hotel properties around the world. The carrying values of these hotel properties included in Property, plant and equipment ("PPE") and Rights-of-use assets amounted to USD5,094 million and USD1,280 million respectively and the Group's proportionate share of the carrying value of hotel properties included in the Interest in associates amounted to USD1,050 million on the consolidated statement of financial position at 31 December 2020. Given the different economic environments in which the Group operates, the trading performance of the Group's hotels varies. There is a risk that the carrying amounts of the hotel properties are higher than their recoverable amounts.

Management considers each hotel as a separate cash-generating unit ("CGU") and has carried out assessments on each of the hotels' carrying amounts to identify whether there are indicators for impairment or reversal of impairment. The recoverable amount is determined as the higher of the CGU's value-in-use and fair value less costs of disposal. External valuations on hotels by independent professional valuers are obtained when the internal assessments using value-in-use indicate potential impairment.

Based on the impairment assessments carried out by management during the year ended 31 December 2020 and the reports of the independent professional valuers as at 31 December 2020, a total amount of impairment provision of USD13.9 million was charged against the consolidated statement of profit or loss during the year ended 31 December 2020.

We focused on this area as the impairment assessments involve significant judgements and estimation uncertainty about future business performance with key assumptions including sales growth rate, occupancy rate, and discount rate.

How our audit addressed the Key Audit Matter

Our audit procedures in relation to management's impairment assessments included:

- Understanding management's controls and processes for impairment assessment of hotels and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied;
- We evaluated the outcome of prior period assessment of impairment of hotels to assess the effectiveness of management's estimation process, including assessing the revenue growth rate and occupancy rate assumptions applied in the forecasts by comparing them to historic results and economic and industry forecasts;
- Evaluating the independent professional valuer's competence, capabilities and objectivity;
- Involving our internal valuation expert in assessing the valuations and the key assumptions with the valuers;
- Evaluating management's future cash flow forecasts and the processes by which they were drawn up, including testing the underlying calculations and comparing them to the latest Board approved budgets and the actual results of the prior period;
- Assessing the appropriateness of methodologies used by management or external valuers;
- Assessing the country-specific discount rates with reference to market data or our in-house valuation experts;
- Considering the potential impact of reasonably possible downside changes of the key assumptions on management's impairment assessments;
- Checking, on a sample basis, the accuracy and relevance of the input data used by the external valuers;
- Assessing the adequacy of the disclosures related to the impairment assessment of hotels in the context of HKFRS disclosure requirements.

Based on our work and the evidence obtained, we found the significant judgements and estimates adopted by management in the value-in-use and fair value less costs to sell calculations were supportable.

Key Audit Matter

Valuation of investment properties

Refer to note 2.6 (Summary of significant accounting policies), note 4.1(c) (Critical accounting estimates and assumptions), note 8 (Investment properties) and note 12 (Interest in associates and amounts due from associates) to the consolidated financial statements.

Investment properties held by the Group's subsidiaries were carried at fair value of USD1,748 million and the Group's proportionate share of fair value of Investment properties were carried at USD4,164 million in the Interest in associates respectively at 31 December 2020. Net fair value changes in investment properties held by subsidiaries and associates amounting to loss of USD19.4 million and gain of USD4.4 million respectively were recorded in the consolidated statement of profit or loss during the year ended 31 December 2020.

The fair values of investment properties at 31 December 2020 were supported by property valuations carried out by independent firms of professional valuers engaged by the Group or the relevant associates. For completed properties, the valuation methods were based on the income capitalisation approach and direct comparison approach, which required judgement and estimates on open market rents, capitalisation rates and occupancy rates. For properties under construction, the residual approach was used and significant judgement and estimates applied in the valuations also included the estimated costs to completion and allowance for contingencies.

The existence of significant judgement and estimates in the property valuations, and the size of the Group's investment property portfolio warrant specific audit attention to this area.

How our audit addressed the Key Audit Matter

Our audit procedures in relation to valuation of investment properties held by the Group's subsidiaries and associates included:

- Understanding management's controls and processes for determining the valuation of investment properties and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied;
- Evaluating the external valuers' competence, capabilities and objectivity by considering their independence, professional qualifications and relevant experience in the markets where the Group's investment properties are located, and reading their valuation reports prepared for financial reporting purposes;
- Involving our internal valuation expert in assessing the valuations and the key assumptions with the valuers;
- Considering the appropriateness and consistency of methodologies used in the property valuations based on our knowledge of the industry and market practice;
- Assessing the reasonableness of the key assumptions adopted in the property valuations by comparing them to recent lettings of the Group's investment properties, actual occupancy rates achieved, recent market transactions, industry reports, the Group's budgets and actual costs incurred for properties under construction, key assumptions used in the prior year and with reference to our in-house valuation experts;
- Checking, on a sample basis, the accuracy and relevance of the valuation input data on existing leases by agreeing the rental income and lease terms to the signed lease agreements.
- Assessing the adequacy of the disclosures related to the valuation of investment properties in the context of HKFRS disclosure requirements.

Based on our work and the evidence obtained, we found the methodologies used and key assumptions adopted in the valuation of investment properties were supportable and in line with the industry and the relevant markets.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit & Risk Committee are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR'S REPORT

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Chiu Kong, Edmond.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 March 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December	
		2020 USD'000	2019 USD'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	5,093,983	5,092,022
Investment properties	8	1,748,296	1,658,560
Right-of-use assets	9	1,279,746	1,318,451
Intangible assets	10	115,400	108,363
Interest in associates	12	4,207,367	3,912,827
Deferred income tax assets	25	51,911	27,694
Financial assets at fair value through other comprehensive income	13	4,498	4,357
Financial assets at fair value through profit or loss	13	9,948	9,866
Derivative financial instruments	23	-	8,979
Other receivables	14	16,428	14,963
		12,527,577	12,156,082
Current assets			
Inventories		30,590	33,951
Properties for sale	16	86,529	90,569
Accounts receivable, prepayments and deposits	15	231,837	291,661
Amounts due from associates	12	124,501	112,788
Derivative financial instruments	23	-	2,157
Financial assets at fair value through profit or loss	13	16,273	18,188
Short-term deposits with original maturities over 3 months	17	66,394	107,181
Cash and cash equivalents	17	924,457	909,496
		1,480,581	1,565,991
Total assets		14,008,158	13,722,073
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital and premium	18	3,201,995	3,201,995
Shares held for share award scheme	18	(4,265)	(5,985)
Other reserves	20	985,882	653,684
Retained earnings		1,877,977	2,339,885
		6,061,589	6,189,579
Non-controlling interests	24	253,158	314,454
Total equity		6,314,747	6,504,033

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December	
		2020 USD'000	2019 USD'000
LIABILITIES			
Non-current liabilities			
Bank loans	21	4,030,440	3,997,098
Fixed rate bonds	22	1,072,033	868,137
Derivative financial instruments	23	71,579	15,668
Amounts due to non-controlling shareholders	24	46,550	46,550
Long term lease liabilities	9	601,639	588,530
Deferred income tax liabilities	25	329,923	357,971
		6,152,164	5,873,954
Current liabilities			
Accounts payable and accruals	26	601,477	666,377
Contract liabilities	27	170,867	175,001
Short term lease liabilities	9	65,891	51,603
Amounts due to non-controlling shareholders	24	45,366	39,528
Current income tax liabilities		5,881	30,105
Bank loans	21	616,439	375,329
Derivative financial instruments	23	35,326	6,143
		1,541,247	1,344,086
Total liabilities		7,693,411	7,218,040
Total equity and liabilities		14,008,158	13,722,073

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 119 to 235 were approved by the Board of Directors on 26 March 2021 and were signed on its behalf.

KUOK Hui Kwong

Director

LIM Beng Chee

Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	Year ended 31 December	
		2020	2019
		USD'000	USD'000
Revenue	5	1,033,431	2,431,216
Cost of sales	28	(671,194)	(1,108,647)
Gross profit		362,237	1,322,569
Other gains – net	29	30,219	54,508
Marketing costs	28	(62,030)	(96,149)
Administrative expenses	28	(233,147)	(285,292)
Other operating expenses	28	(529,893)	(700,871)
Operating (loss)/profit		(432,614)	294,765
Finance costs – net	32	(236,837)	(233,524)
Share of profit of associates	33	132,390	220,423
(Loss)/Profit before income tax		(537,061)	281,664
Income tax credit/(expense)	34	26,477	(111,944)
(Loss)/Profit for the year		(510,584)	169,720
(Loss)/Profit attributable to:			
Owners of the Company		(460,161)	152,485
Non-controlling interests		(50,423)	17,235
		(510,584)	169,720
(Loss)/Earnings per share for (loss)/profit attributable to the owners of the Company during the year (expressed in US cents per share)			
- basic	35	(12.89)	4.27
- diluted	35	(12.89)	4.27

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2020	2019
	USD'000	USD'000
(Loss)/Profit for the year	(510,584)	169,720
Other comprehensive income/(loss):		
Item that will not be reclassified subsequently to profit or loss		
Remeasurements of post-employment benefit obligations	(1,506)	(1,270)
Items that may be reclassified subsequently to profit or loss		
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
Total comprehensive (loss)/income attributable to:		
Owners of the Company	(129,143)	110,548
Non-controlling interests	(47,490)	16,691
	(176,633)	127,239

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company				Total USD'000	Non- controlling interests USD'000	Total equity USD'000
		Share capital and premium USD'000	Shares held for share award scheme USD'000	Other reserves USD'000	Retained earnings USD'000			
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	20	-	-	(86,876)	-	(86,876)	(3,377)	(90,253)
Currency translation differences	20	-	-	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	20	-	-	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	20	-	-	1,153	-	1,153	-	1,153
Vesting of shares under share award scheme	18,20	-	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		3,201,995	(4,265)	985,882	1,877,977	6,061,589	253,158	6,314,747

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company				Total USD'000	Non- controlling interests USD'000	Total equity USD'000
		Share capital and premium USD'000	Shares held for share award scheme USD'000	Other reserves USD'000	Retained earnings USD'000			
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	20	-	-	(7,790)	-	(7,790)	(7,356)	(15,146)
Currency translation differences	20	-	-	(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	-	-	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	18	-	(2,129)	-	-	(2,129)	-	(2,129)
Share-based compensation under share award scheme	20	-	-	2,077	-	2,077	-	2,077
Vesting of shares under share award scheme	18,20	-	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

Included in the retained earnings are statutory funds of approximately USD82,993,000 (2019: USD81,850,000). These funds are set up by way of appropriation from the profit after taxation of the respective companies, established and operating in Mainland China, in accordance with the relevant laws and regulations.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 December	
		2020	2019
		USD'000	USD'000
Cash flows from operating activities			
Net cash (used in)/generated from operations	37(a)	(105,055)	530,275
Interest paid		(206,193)	(227,129)
Hong Kong profits tax paid		(7,990)	-
Overseas tax paid		(43,312)	(72,726)
Net cash (used in)/generated from operating activities		(362,550)	230,420
Cash flows from investing activities			
Purchase of property, plant and equipment		(92,791)	(183,086)
Capital expenditure on properties under development		(17,909)	(48,187)
Payments for right-of-use assets		-	(1,175)
Capital expenditure on investment properties		(14,131)	(99,669)
Capital expenditure on intangible assets		(10,854)	(11,408)
Proceeds from disposal of property, plant and equipment; and investment properties		442	378
Capital injection to associates		-	(4,096)
Net decrease/(increase) in loans to associates		2,309	(5,891)
Interest received		14,852	19,046
Dividends received from associates		53,088	129,803
Dividends received from listed securities		1,007	1,228
Increase in financial assets at fair value through other comprehensive income		(155)	-
Decrease/(Increase) in short-term bank deposits with original maturities over 3 months		40,787	(18,202)
Net cash used in investing activities		(23,355)	(221,259)
Cash flows from financing activities			
Dividends paid to owners of the Company		-	(101,387)
Dividends paid to non-controlling shareholders		(12,187)	(18,139)
Purchase of shares for share award scheme		-	(2,129)
Net decrease in loans from non-controlling shareholders		(1,031)	(3,060)
Consideration paid for acquisition of equity interest in a subsidiary from a non-controlling shareholder		-	(33,580)
Principal elements of lease payments		(9,361)	(22,155)
Net proceeds from issuance of fixed rate bonds		184,848	221,653
Repayment of bank loans		(395,357)	(2,319,910)
Bank loans drawn down		599,309	2,206,161
Net cash generated from/(used in) financing activities		366,221	(72,546)
Net decrease in cash and cash equivalents		(19,684)	(63,385)
Cash and cash equivalents at beginning of the year		909,496	970,410
Exchange gains on cash and cash equivalents		34,645	2,471
Cash and cash equivalents at end of the year	17	924,457	909,496

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

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.

2.1 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.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2.1.1 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. Further information on the Group’s borrowings is given in Note 21.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

2.1.2 *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.

2.1.3 *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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation

The consolidated financial statements included the financial statements of the Company and all its subsidiaries made up to 31 December.

(a) *Subsidiaries*

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to obtain, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Group. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's identifiable net assets.

The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the consideration is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss as negative goodwill.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) *Transactions with non-controlling interests*

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases of additional interest in subsidiaries from non-controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of partial interest in subsidiaries to non-controlling interests are also recorded in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (continued)

(c) *Disposal of subsidiaries*

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests and no gain or loss is recognised.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(d) *Associates*

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss and other comprehensive income of the investee after the date of acquisition. The Group's investment in associates includes goodwill (net of any accumulated impairment losses) identified on acquisition (see Note 2.7).

If the ownership interest in an associate is reduced but significant influence is retained, only the proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate (including any other unsecured receivables), the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performances of the operating segments, has been identified as the executive directors of the Company.

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's principal subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). The consolidated financial statements are presented in United States dollars (**USD**), which is the Company's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except those arising from qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation which would be recognised in other comprehensive income.

Foreign exchange gains and losses including those relate to borrowings and cash and bank balances are presented in the consolidated statement of profit or loss within "Finance costs - net".

Translation differences on monetary items, such as financial assets at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items are included in equity.

(c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation (continued)

(c) Group companies (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the statement of profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments on assets and liabilities arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the date of the statement of financial position.

2.5 Property, plant and equipment

Buildings comprise mainly hotel properties. Property, plant and equipment are stated at historical cost less depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated to write off the cost to their residual value on a straight-line basis over the expected useful lives. The useful lives or principal annual rates used are:

Hotel properties and other buildings	Lower of underlying land lease term or 50 years
Plant and machinery	5% to 10%
Furniture, fixtures and equipment	10% to 33 $\frac{1}{3}$ %
Motor vehicles	20% to 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each date of the statement of financial position.

Properties under development and freehold land for hotel properties are not subject to depreciation and are stated at cost less accumulated impairment, if any.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other operating expenses in the statement of profit or loss if the disposal is arising from normal operation of the business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Property that is being constructed or developed for future use as investment property is also classified as investment property before construction or development is completed.

Investment property comprises land held under operating lease or freehold and buildings. Land held under operating leases is classified and accounted for as investment property without amortisation when the rest of the definition of investment property is met.

Investment property is measured initially at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment property is carried at fair value, representing open market value determined by external professional valuers. Property under construction that is being classified as investment property is revalued to fair value when it becomes reliably determinable on a continuing basis. The valuations performed by the independent valuers for financial reporting purposes would be reviewed by the Group's management and discussions of valuation processes and results are held with the valuers at least once every six months to be in line with the Group's interim and annual reporting requirements. Changes in fair values are recognised in the statement of profit or loss.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the statement of profit or loss during the financial period in which they are incurred.

2.7 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in interest in associates. Goodwill on acquisitions is tested for impairment at least annually or more frequently if events or changes in circumstances indicate a potential impairment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets (continued)

(b) Trademarks and licences

Trademarks and licences are shown at historical cost. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and impairment, if any. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 20 to 50 years.

(c) Website and system development costs

Website and system development costs that are directly associated with the development of identifiable and unique products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Such development costs are carried at cost less accumulated amortisation and impairment, if any. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful lives of 3 years upon commencement of operation.

2.8 Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.9 Impairment of investments in subsidiaries, associates and non-financial assets

Intangible assets that have an indefinite useful life, for example goodwill, or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the impairment assessment for hotel properties, these indications 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 and its financial performance is worse than expected. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries or associates is required if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets

The Group classifies its investments in the following categories: financial assets at amortised cost, fair value through profit or loss (“**FVPL**”) and fair value through other comprehensive income (“**FVOCI**”). The classification depends on the Group’s business model for managing the investments. Management determines the classification of its investments at initial recognition.

(a) **Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(b) **Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets are classified as current assets if expected to be settled within 12 months or in the normal operating cycle of the business, otherwise, they are classified as non-current.

Subsequent to initial recognition, debt instruments financial assets are measured as follows.

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) - net together with foreign exchange gains and losses. Impairment losses which are significant are presented as separate line item in the statement of profit or loss.

FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses) - net. Interest income from these financial assets is included in other gains/(losses) - net using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) - net and impairment expenses are presented as separate line item in the statement of profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(b) *Measurement (continued)*

FVPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) – net in the period in which it arises.

For equity instruments, the Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other gains when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) – net in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(c) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

2.11 Derivative financial instruments (hedging and non-hedging)

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values.

In order to determine whether the instruments qualify for hedge accounting or not, the Group performs an analysis to assess whether changes in the cash flows of the instruments are deemed highly effective in offsetting changes in the cash flows of the hedged items.

(a) *Hedging*

Hedging instruments are initially recognised at fair value on the date of the contract entered into and are re-measured to their fair value at subsequent reporting dates. The effective portion of the change in the fair value of the contracts is recognised in "Hedging reserve" in equity. The gain or loss relating to the ineffective portion is recognised immediately in the "Other gains/(losses) – net" of statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Derivative financial instruments (hedging and non-hedging) (continued)

(a) Hedging (continued)

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 23. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

For interest-rate swap contracts used for hedging bank loan interest payment under bank loan agreements in order to swap the floating interest rate borrowings to fixed interest rate borrowings, the related cash flows in the same period of the hedged transaction are classified as interest expenses in the statement of profit or loss.

For currency forward contracts used to hedge the currency risk associated with the forecast foreign currency payment obligation under certain sale and purchase agreements for capital expenditure investment executed, the amounts accumulated in the "Hedging reserve" were transferred out and were included in the initial investment cost of the net asset acquired when the payment was made.

For currency forward contracts used to hedge the currency risk associated with the forecast foreign currency receipt during the year, the difference between the net cash received and the then book value of the receivable are classified as finance cost.

If at any time the hedging instruments are no longer highly effective as a hedge, the Group discontinues hedge accounting for those hedging instruments and all subsequent changes in fair value are recorded in "Other gains/(losses) - net".

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the statement of profit or loss within "Other gains/(losses) - net".

(b) Non-hedging

Derivative financial instruments including cross-currency swap contracts that do not qualify for hedge accounting are categorised as derivatives at fair value through profit or loss and changes in the fair value of these derivative instruments are recognised immediately in the consolidated statement of profit or loss within "Other gains/(losses) - net".

2.12 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost, being cost of purchase, is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expense.

2.13 Properties for sale

Properties for sale are initially recognised at the carrying amount of the property at the date of reclassification from properties under development. Subsequently, the properties are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within a short period of time and therefore are all classified as current.

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. Receivables are stated at amortised cost using the effective interest method less allowance for credit losses. The Group's policies on the recognition of credit losses are set out in Note 3.1(b) to this consolidated financial statements.

2.15 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts, if any, are shown within bank loans in current liabilities on the statement of financial position.

2.16 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from the consolidated equity attributable to the owners of the Company until the shares are resold. Where such shares are subsequently resold, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, will increase the consolidated equity attributable to the owners of the Company. The dividends on these own shares held are excluded from the dividend distribution to the owners of the Company recognised in the consolidated financial statements.

2.17 Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2.18 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. The difference between the proceeds received and fair value at inception (fair value gain/loss) is recognised in the statement of profit or loss. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the date of the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Pre-operating expenditure

Pre-operating expenditure is charged to the statement of profit or loss in the year in which it is incurred.

2.20 Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted for the year, and any adjustment to tax payable in respect of previous years in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax liabilities are provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profit is not recognised.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities when there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee benefits

(a) **Employee leave entitlements**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the date of the statement of financial position.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) **Pension obligations**

The Group operates a number of defined benefit and defined contribution plans, most of the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant Group companies, taking account of the applicable laws and regulations at different jurisdictions and the recommendations of independent qualified actuaries for defined benefit plans.

For the Group's defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no legal or constructive obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions, where applicable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

For defined benefit plans, pension costs are assessed using the projected unit credit method: the cost of providing pensions is charged to the statement of profit or loss so as to spread the regular cost over the service lives of employees in accordance with the advice of the actuaries who carry out a full valuation of the plans at least every 3 years. The pension obligation is measured as the present value of the estimated future cash outflows less the fair value of plan assets. Actuarial gains and losses are recognised in full in the period in which they occur, in other comprehensive income.

The Group's defined benefit plans are funded by the relevant Group companies taking into account the recommendations of independent qualified actuaries.

(c) **Bonus plans**

The Group recognises a provision where contractually obliged or when it has a present or constructive obligation as a result of services rendered by employees and a reliable estimate of such obligation can be made.

(d) **Termination benefits**

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of an amount can be made. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.23 Revenue recognition

Revenue comprises the fair value for the sales of goods and services, net of value-added tax, rebates and discounts and after eliminating revenue within the Group. Revenue/income is recognised as follows:

- (i) Hotel revenue from room rental is recognised over time during the period of stay for the hotel guests. Revenue from food and beverage sales and other ancillary services is generally recognised at the point in time when the services are rendered.
- (ii) The Group operates the Golden Circle, a loyalty programme where customers mainly accumulate points from hotel stays and dining at the Group's hotels. A contract liability for the award points expected to be redeemed is recognised at the time of sales. Revenue is subsequently recognised when the points are redeemed or when they are expired.
- (iii) Revenue in respect of hotel management and related services is recognised over time during the period when management services are delivered to the hotels.
- (iv) Rental revenue from investment properties is recognised on a straight-line basis over the periods of the respective leases.
- (v) Revenue from sales of properties is recognised when control over the properties are transferred to the purchasers. An enforceable right to payment does not arise until legal title has passed to the purchasers and revenue is recognised at a point in time when the legal title has passed to the purchasers. Payments received from purchasers prior to this stage are recorded as deposits received on sales of properties, which are included in contract liabilities.
- (vi) Interest income on financial assets at amortised cost and financial assets at FVOCI is recognised using the effective interest method as part of other gains. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).
- (vii) Dividend income is recognised when the right to receive payment is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Leases

(a) *As the lessor*

Assets leased out under operating leases are included in either property, plant and equipment or investment properties in the statement of financial position. In case of property, plant and equipment, they are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

(b) *As the lessee*

Leases are recognised as right-of-use assets and corresponding lease liabilities at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the lease liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The right-of-use assets and lease liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease to come up with the lease liabilities. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Leases (continued)

(b) *As the lessee (continued)*

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Leases in the form of leasehold land and land use rights are also included in right-of-use assets. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases with a lease term of 12 months or less are recognised on a straight-line basis as an expense in profit or loss.

In 2020, the Group has elected to adopt the amendment to HKFRS 16 in relation to COVID-19 related rent concessions which 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. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in "Other gains - net" in the profit or loss for the year ended 31 December 2020. There is no impact on the opening balance of equity at 1 January 2020.

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Share-based compensation

The Group operates two equity-settled, share-based compensation plans.

(a) *Share option scheme*

The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets) and performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each date of the statement of financial position, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the statement of profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised. The related balance previously recognised in the option reserve is also credited to the share premium.

(b) *Share award scheme*

The Group operates the share award scheme under which awarded shares of the Company can be granted to the employees of the Group and the Company's directors as part of their remuneration package.

When shares are acquired for the share award scheme from the market, the total consideration of shares acquired is deducted from the share capital and share premium.

Upon granting of shares, share-based compensation expenses is charged to the statement of profit or loss and the amount of which is determined by reference to the fair value of the awarded shares granted, taking into account all non-vesting conditions associated with the grants on grant date. The total expense is recognised on a straight-line basis over the relevant vesting periods (or on the grant date if the shares vest immediately), with a corresponding credit to the share award reserve under equity. For those awarded shares which are amortised over the vesting period, the Group revises its estimates of the number of awarded shares that are expected to ultimately vest based on the vesting conditions at the end of each reporting period. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to employee share-based compensation expense in the current period, with a corresponding adjustment to the share award reserve.

Upon vesting of shares, the related total consideration of the vested awarded shares when acquired are credited to the share capital and share premium, with a corresponding decrease in share award reserve for awarded shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are charged to the statement of profit or loss in the year in which they are incurred.

2.28 Government grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity. A government grant is recognised only when there is reasonable assurance that (a) the entity will comply with any conditions attached to the grant and (b) the grant will be received. A grant relating to income is recognised in profit or loss and presented in "Other gains/(losses) - net" over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

2.29 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

After initial recognition, an issuer of financial guarantee contracts shall subsequently measure it at the higher of the amount determined in accordance with the expected credit loss model under HKFRS 9 and the amount initially recognised, less the cumulative amount of income recognised in accordance with the principles of HKFRS 15.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group Treasury under guidance of the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management and covering specific areas, such as foreign exchange risk, interest-rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group has investments in different foreign operations, whose net assets are exposed to foreign currency translation risk.

There is a natural economic hedge to the extent that all the Group's business units in Hong Kong, Mainland China, the Philippines, Singapore, Malaysia, Thailand, Japan, France, United Kingdom, Sri Lanka, Turkey, Australia, Indonesia and Mauritius derive their revenues (and most of the expenses associated therewith) in local currencies. Most of the Group's hotels are quoting room tariffs in the local currency. It is the Group's endeavour, wherever and to the extent possible, to quote tariffs in the stronger currency and maintain bank balances in that currency, if legally permitted.

The Group has not felt it appropriate to substantially hedge against currency risks through forward exchange contracts upon consideration of the currency risk involved and the cost of obtaining such cover.

The Group analyses its exchange exposure based on the financial position at year end. The Group's exchange risk mainly arises from long-term bank loans and shareholders' loans and the Group calculates such impact on the statement of profit or loss. The Group also calculates the impact on the exchange fluctuation reserve of the exchange risk on consolidation arising from the translation of the net investment in foreign entities. At 31 December 2020, if US dollar has weakened/strengthened by 5% (2019: 5%) against all other currencies (except Hong Kong dollar) with all other variables held constant, the Group's profit attributable to the owners of the Company and exchange fluctuation reserve would have increased/decreased by USD18,227,000 (2019: USD15,375,000) and USD382,919,000 (2019: USD389,520,000), respectively. The exchange rate between US dollar and Hong Kong dollar is only allowed to fluctuate in a narrow range under the Hong Kong's linked exchange rate system.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Equity securities price risk

The Group is exposed to equity securities price risk arising from the listed equity investments held by the Group. Financial assets at FVOCI are mainly investments in unquoted shares which are not subject to price risk. The Group is not exposed to commodity price risk.

Equity securities price risk is the risk that the fair values of the trading securities decrease as a result of changes in the value of individual securities which are also affected by the change in the level of equity indices.

For every 5% increase/decrease in the fair value of the trading securities classified under financial assets at FVPL, the carrying value of the trading securities will increase/decrease by USD814,000 (2019: USD909,000) while the Group's profit attributable to the owners of the Company will increase/decrease by USD814,000 (2019: USD909,000).

Based on the market value of all the trading securities under financial assets at FVPL as at 31 December 2020, 100% (2019: 100%) of the Group's trading securities are listed on The Stock Exchange of Hong Kong Limited ("**HKSE**") and are valued at closing market bid prices at the date of the statement of financial position. The market equity index for the HKSE, at the close of business of the nearest trading day in the year to the date of the statement of financial position, and the highest and lowest points during the year were as follows:

	31 December 2020	High/low 2020	31 December 2019	High/low 2019
Hong Kong - Hang Seng Index	27,231	29,175/ 21,139	28,190	30,280/ 24,897

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest-rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash inflows are substantially independent of changes in market interest rates.

The Group's interest-rate risk mainly arises from long-term bank loans under floating rates.

Bank loans issued at variable rates expose the Group to cash flow interest-rate risk. Group policy is to maintain an optimal portion of its borrowings at fixed rate, considering fixed rate bonds are fixed rate in nature and taking into account the principal amount of all interest-rate swap contracts as well as the cross-currency swap contracts executed. As at 31 December 2020, 60% (31 December 2019: 66%) of borrowings were at fixed rates on that basis.

The Group analyses its interest rate exposure on bank loans not hedged by interest-rate swap contracts based on the assumption that the loan position at year end could be wholly refinanced and/or renewed. The Group calculates the impact on statement of profit or loss of a defined interest rate shift. The same interest rate shift is used for all currencies. The sensitivity test is running only for all bank loans not hedged by interest-rate swap contracts that present the major interest bearing portion. Based on the simulation performed, the impact on statement of profit or loss of one percentage point increase would be a decrease of the Group's profit attributable to the owners of the Company of USD22,289,000 (2019: USD19,588,000) after interest capitalisation for properties under development.

The Group manages its cash flow interest-rate risk by using floating-to-fixed interest-rate swap contracts which qualify for hedge accounting. Such interest-rate swap contracts have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the Group raises long-term bank loans at floating rates. The Group closely monitors the movement of interest rates from time to time and enters into interest-rate swap contracts. Under the interest-rate swap contracts, the Group agrees with other parties to exchange the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

- (iii) Cash flow and fair value interest-rate risk (continued)
Effects of hedge accounting on the financial position and performance

The effects of the interest rate swaps on the Group's financial position and performance are as follows:

	2020	2019
	USD'000	USD'000
Interest rate swaps		
Carrying amount (net current and non-current liabilities)	97,335	8,746
Notional amount	2,126,816	2,127,641
Maturity date	2022 to 2026	2022 to 2026
Hedge ratio	1:1	1:1
Change in fair value of outstanding hedging instruments since 1 January	88,589	13,191
Change in value of hedged item used to determine hedge effectiveness	(88,589)	(13,191)

(b) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost, at FVOCI and FVPL, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group applies the HKFRS 9 simplified approach to measure the expected credit losses which uses a lifetime expected loss allowance for all trade receivables. For other receivables, the Group measured the loss allowance at an amount equal to the lifetime expected credit losses. Credit losses for trade receivables are assessed on both individual and collective basis. Lifetime expected credit loss is calculated based on historical loss patterns and customer bases which are then adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the future economic outlook of the countries in which it operates to be the most relevant factors, and accordingly adjusts the historical loss patterns based on expected changes in these factors.

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of rooms to wholesalers are made to customers with an appropriate credit history. Sales to retail customers are made via credit cards to a significant extent. Sales to corporate customers are made to customers with good credit history. The Group has policies that limit the amount of global credit exposure to any customer. The Group manages its deposits with banks and financial institutions by monitoring credit ratings and places deposits with banks and financial institutions with no recent history of default. The management also considers the credit risk of other receivables and amounts due from associates is low, as counterparties are expected to be capable of meeting their contractual cash flows obligation in the near term. Since the Group's historical credit loss experience for these receivable balances were minimal, the loss allowance for these receivable balances as a result of applying the expected credit loss model was therefore immaterial.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

The analysis of the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date is as follows. The Group's estimated and actual financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows.

	Less than 3 months USD'000	Between 3 months and 1 year USD'000	Between 1 and 2 years USD'000	Over 2 years USD'000
At 31 December 2020				
Bank loans	131,871	484,568	1,043,846	2,986,594
Fixed rate bonds	-	-	-	1,075,484
Interest payable for bank loans	19,982	55,828	60,448	127,027
Interest payable for fixed rate bonds	3,878	42,041	45,919	174,633
Derivative financial instruments	8,831	26,495	28,647	42,932
Lease liabilities	31,705	35,927	50,830	1,570,236
Amounts due to non-controlling shareholders	45,366	-	-	-
Loan from non-controlling shareholders	-	-	-	46,550
Accounts payable and accruals	68,512	532,965	-	-
Financial guarantee contracts for bank loans granted to associates	2,010	16,247	18,750	54,608
At 31 December 2019				
Bank loans	75,907	299,422	640,493	3,356,605
Fixed rate bonds	-	-	-	871,120
Interest payable for bank loans	35,356	101,659	121,523	264,952
Interest payable for fixed rate bonds	-	38,163	38,163	154,624
Derivative financial instruments	1,536	4,607	6,143	9,525
Lease liabilities	13,138	39,415	48,762	1,622,487
Amounts due to non-controlling shareholders	39,528	-	-	-
Loan from non-controlling shareholders	-	-	-	46,550
Accounts payable and accruals	85,316	581,061	-	-
Financial guarantee contracts for bank loans granted to associates	4,803	65,109	25,396	1,601

The amounts disclosed in the table are the contractual undiscounted cash flows. The estimated amount of interest payable for bank loans and fixed rate bonds are arrived at based on the principal loan balance and prevailing interest rates at year end date up to the final maturity date of the loan agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current bank loans and fixed rate bonds as shown in the consolidated statement of financial position) less cash and bank balances and short-term fund placements. Total capital is calculated as "equity", as shown in the consolidated statement of financial position.

The gearing ratios at 31 December 2020 and 2019 were as follows:

	2020 USD'000	2019 USD'000
Total borrowings	5,718,912	5,240,564
Less: Cash and bank balances and short-term fund placements (Note 17)	(990,851)	(1,016,677)
Net debt	4,728,061	4,223,887
Total equity	6,314,747	6,504,033
Gearing ratio (net debt over total equity)	74.9%	64.9%

The Group's bank loan facilities require it to meet certain ratios based on adjusted consolidated capital and reserves attributable to the owners of the Company and adjusted consolidated total equity. The Group monitors compliance with these ratios on a monthly basis. The Group has satisfactorily complied with all covenants under its borrowing agreements.

3.3 Accounting for interest-rate swap contracts

Interest-rate swap contracts, a kind of derivative financial instruments, are set up for the purpose of managing risk (since the Group's policy does not permit speculative transactions). Interest-rate swap contracts are initially recognised at fair value on the date a contract is entered into and are subsequently re-measured at their fair value.

As at 31 December 2020, the Group had interest-rate swap contracts with a total principal amount of USD2,126,816,000 (2019: USD2,128,000,000), all these contracts qualify for hedge accounting. Under the accounting treatment of interest-rate swap contracts, the effective portion of the change in the fair value of the contracts is recognised in "Hedging reserve" in equity while the gain or loss relating to the ineffective portion is recognised immediately in "Other gains/(losses) - net" of statement of profit or loss and the related cash flows arising from these interest-rate swap contracts in the period is classified as interest expenses in the statement of profit or loss.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Fair value estimation of financial instruments

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 - Quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 - Fair value measured using significant unobservable inputs.

The fair value of financial instruments traded in active markets (such as publicly traded equity securities) is based on quoted market prices at the date of the statement of financial position. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

(a) *Financial instruments in Level 1*

The fair value of financial instruments traded in active markets is based on quoted market prices at the date of statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

(b) *Financial instruments in Level 2*

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to arrive at the fair value of an instrument are observable, the instrument is included in Level 2.

Specific valuation techniques used to value financial instruments include:

- Dealer quotes for similar instruments.
- The fair value of interest-rate swap contracts is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the date of statement of financial position, with the resulting value discounted back to present value.

(c) *Financial instruments in Level 3*

Fair value is determined by using valuation techniques principally based on discounted cash flow analysis with reference to inputs of cash flow payback and other specific input relevant to the financial assets. Changing unobservable inputs used in level 3 valuation to reasonable alternate assumptions would not have significant impact on the Group's profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Fair value estimation of financial instruments (continued)

The Group uses widely recognised valuation models for determining the fair value of common and simple financial instruments, like interest-rate swap contracts, that use only observable market data and require little management judgement and estimation.

The following tables present the Group's assets and liabilities that are measured at fair value at 31 December 2020 and 31 December 2019. See Note 8 for disclosures of the investment properties that are measured at fair value.

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
At 31 December 2020				
Assets				
Financial assets at fair value through profit or loss (Note 13)				
- Club debentures	9,948	-	-	9,948
- Listed shares	16,273	-	-	16,273
Financial assets at fair value through other comprehensive income (Note 13)				
- Equity and loan instruments	-	-	4,498	4,498
Total assets	26,221	-	4,498	30,719
Liabilities				
Derivative financial instruments (Note 23)				
- Interest-rate swap contracts	-	97,335	-	97,335
- Cross-currency swap contracts	-	9,570	-	9,570
Total liabilities	-	106,905	-	106,905

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Fair value estimation of financial instruments (continued)

	Level 1 USD'000	Level 2 USD'000	Level 3 USD'000	Total USD'000
At 31 December 2019				
Assets				
Financial assets at fair value through profit or loss (Note 13)				
- Club debentures	9,866	-	-	9,866
- Listed shares	18,188	-	-	18,188
Financial assets at fair value through other comprehensive income (Note 13)				
- Equity and loan instruments	-	-	4,357	4,357
Derivative financial instruments (Note 23)				
- Interest-rate swap contracts	-	11,111	-	11,111
- Cross-currency swap contracts	-	25	-	25
Total assets	28,054	11,136	4,357	43,547
Liabilities				
Derivative financial instruments (Note 23)				
- Interest-rate swap contracts	-	19,857	-	19,857
- Cross-currency swap contracts	-	1,954	-	1,954
Total liabilities	-	21,811	-	21,811

There was no transfer between the levels of the fair value hierarchy of the Group's financial assets and liabilities during the year.

The nominal value less estimated credit adjustments of receivables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(a) **Estimated impairment of goodwill; property, plant and equipment; right-of-use assets; and investments in subsidiaries, associates and non-financial assets**

The Group tests whether goodwill and investments in subsidiaries, associates and non-financial assets have suffered any impairment in accordance with the accounting policies stated in Note 2.7 and Note 2.9, respectively. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amounts of cash-generating units are the higher of the asset's fair value less costs of disposal and value-in-use. These calculations require the use of estimates. Value-in-use calculations uses cash flow projections as at 31 December 2020. The cash flow projections are derived from the approved business plan and/or updated projections. Projection for a period of greater than five years and not more than ten years in general may be used on the basis that a longer projection period represents the long-dated nature of the Group's hotel properties and is a more appropriate reflection of the future cash flows generated from the hotel operations. The Group assesses the fair value of some of its property, plant and equipment and right-of-use assets based on valuations determined by independent professional firms and qualified valuers on an open market for existing use basis or sales basis.

(b) **Income taxes**

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due in accordance with local tax practice and professional advice. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) **Estimate of fair value of investment properties**

The Group assesses the fair value of its investment properties based on valuations determined by independent professional qualified valuers. The fair values of investment properties are determined by independent valuers on an open market for existing use basis. In making the judgement, consideration is given to assumptions that are mainly based on market conditions existing at the date of the statement of financial position, expected rental from future leases in the light of current market conditions and appropriate capitalisation rates. These estimates are regularly compared to actual market data and actual transactions entered into by the Group. For investment properties under construction, the estimated costs to completion and allowances for contingencies would be taken into account.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Critical accounting estimates and assumptions (continued)

(d) Estimate of future redemption rate of loyalty points

The Group operates the Golden Circle, a loyalty programme where customers mainly accumulate points from hotel stays and dining at the Group's hotels. A contract liability for the award points expected to be redeemed is recognised at the time of sales. Revenue is subsequently recognised when the points are redeemed or when they are expired. The determination of the Golden Circle revenue and the fair value of outstanding Golden Circle points involves judgement and estimation of the future redemption pattern.

4.2 Critical judgements in applying the Group's accounting policies

Distinction between investment properties and owner-occupied properties

The Group determines whether a property qualifies as investment property. In making its judgement, the Group considers whether the property generates cash flows largely independent of the other assets held by an entity. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions can be sold separately (or leased out separately), the Group accounts for these portions separately. If the portions cannot be sold separately, the entire property is accounted for as investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is applied in determining whether ancillary services are so significant that a property does not qualify as investment property. The Group considers each property separately in making its judgement.

5 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 USD'000	2019 USD'000
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
Revenue from contracts with customers	943,562	2,339,441
Investment properties	89,869	91,775
Total consolidated revenue	1,033,431	2,431,216

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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 **FVOCI** and **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)

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment profit or loss (continued)

For year ended 31 December 2020 and 2019 (USD million)

	2020 Profit/(Loss) after tax (Note a)	2019 Profit/(Loss) after tax (Note a)
(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)
Total non-operating items	(28.1)	38.7
Consolidated (loss)/profit attributable to owners of the Company	(460.2)	152.5

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment profit or loss (continued)

For year ended 31 December 2020 and 2019 (USD million)

The Group's share of profit/(loss) 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 Share of profit/(loss) of associates	2019 Share of profit/(loss) of associates
Hotel properties		
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
	(44.2)	15.1
Investment properties		
Mainland China	149.1	153.8
Singapore	2.6	3.4
	151.7	157.2
Property development for sale	24.5	20.1
Other business	0.2	0.2
Total	132.2	192.6

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment profit or loss (continued)

For year ended 31 December 2020 and 2019 (USD million)

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)
Hotel properties				
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
Hotel management and related services	16.9	(1.1)	14.4	6.1
Sub-total hotel operations	319.5	(45.1)	336.3	77.7
Investment properties				
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
Property development for sale	-	1.9	-	1.2
Other business	1.9	-	1.4	0.1
Total	321.9	(23.1)	338.1	101.3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets

As at 31 December 2020 and 2019 (USD million)

	As at 31 December	
	2020	2019
Hotel properties		
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
	6,643.8	7,075.1
Investment properties		
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
	1,921.8	1,829.9
Property development for sale		
Mainland China	39.1	33.8
Sri Lanka	47.4	56.8
	86.5	90.6
Hotel management and related services	238.2	203.0
Elimination	(58.4)	(59.0)
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
Total assets of the Company and its subsidiaries	9,800.8	9,809.3
Interest in associates	4,207.4	3,912.8
Total assets	14,008.2	13,722.1

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.

6 FINANCIAL INSTRUMENTS BY CATEGORY

		As at 31 December	
	Note	2020 USD'000	2019 USD'000
Financial assets			
Financial assets at amortised cost			
- Other receivables	14	16,428	14,963
- Accounts receivable	15	142,684	202,967
- Short term advance to a third party	15	-	1,050
- Amounts due from associates	12	204,318	186,145
- Short term fund placements	17	29,021	62,316
- Cash and bank balances	17	961,830	954,361
Financial assets at fair value through profit & loss			
- Listed security	13	16,273	18,188
- Club debentures	13	9,948	9,866
Financial assets at fair value through other comprehensive income			
- Equity and loan instruments	13	4,498	4,357
Derivative financial instruments			
- Interest-rate swap contracts	23	-	11,111
- Cross-currency swap contracts	23	-	25
Total		1,385,000	1,465,349
Financial liabilities			
Financial liabilities at amortised cost			
- Bank loans	21	4,646,879	4,372,427
- Fixed rate bonds	22	1,072,033	868,137
- Amounts due to non-controlling shareholders	24	45,366	39,528
- Loan from non-controlling shareholders	24	46,550	46,550
- Accounts payable and accruals	26	601,477	666,377
- Lease liabilities	9	667,530	640,133
Derivative financial instruments			
- Interest-rate swap contracts	23	97,335	19,857
- Cross-currency swap contracts	23	9,570	1,954
Total		7,186,740	6,654,963

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings USD'000	Vehicles and machinery USD'000	Furniture, fixtures and equipment USD'000	Properties under development USD'000	Total USD'000
At 1 January 2019					
Cost	7,142,318	747,069	1,424,691	126,526	9,440,604
Accumulated depreciation and impairment provision	(2,257,780)	(508,214)	(1,136,770)	-	(3,902,764)
Net book amount	4,884,538	238,855	287,921	126,526	5,537,840
Year ended 31 December 2019					
Opening net book amount as at 1 January 2019, as previously reported	4,884,538	238,855	287,921	126,526	5,537,840
Change in accounting policy - HKFRS 16	(350,592)	-	-	-	(350,592)
Balance at 1 January 2019, as restated	4,533,946	238,855	287,921	126,526	5,187,248
Exchange differences	(7,816)	(119)	(727)	(1,179)	(9,841)
Additions	138,773	9,366	43,733	48,187	240,059
Disposals	(3,739)	(1,509)	(1,201)	(3)	(6,452)
Transfer	10,162	1,028	427	(11,617)	-
Transfer to investment properties	(554)	-	-	(14,720)	(15,274)
Depreciation	(153,278)	(43,503)	(86,470)	-	(283,251)
Impairment provision (Note 29)	(20,293)	(96)	(78)	-	(20,467)
Closing net book amount	4,497,201	204,022	243,605	147,194	5,092,022
At 31 December 2019					
Cost	6,850,813	757,497	1,462,600	147,194	9,218,104
Accumulated depreciation and impairment provision	(2,353,612)	(553,475)	(1,218,995)	-	(4,126,082)
Net book amount	4,497,201	204,022	243,605	147,194	5,092,022
Year ended 31 December 2020					
Balance at 1 January 2020, as restated	4,497,201	204,022	243,605	147,194	5,092,022
Exchange differences	168,280	9,830	11,398	1,702	191,210
Additions	15,071	51,444	29,145	17,909	113,569
Disposals	(971)	(702)	(280)	-	(1,953)
Transfer	7,593	23,732	35,018	(66,343)	-
Transfer to investment properties	-	-	-	(35,217)	(35,217)
Depreciation	(130,531)	(65,237)	(69,880)	-	(265,648)
Closing net book amount	4,556,643	223,089	249,006	65,245	5,093,983
At 31 December 2020					
Cost	7,189,641	865,079	1,528,793	65,245	9,648,758
Accumulated depreciation and impairment provision	(2,632,998)	(641,990)	(1,279,787)	-	(4,554,775)
Net book amount	4,556,643	223,089	249,006	65,245	5,093,983

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) All depreciation expenses (net of amount capitalised of USD13,000 in 2020 (2019: USD14,000)) have been included as part of the other operating expenses.
- (b) For year 2020, bank loans of USD11,585,000 (2019: USD17,613,000) are secured by certain fixed assets as disclosed under Note 38(c).
- (c) Buildings comprise mainly hotel properties. Details of the hotel properties of the Company's subsidiaries are summarised in Note 42(a).
- (d) Properties under development include construction work in progress in respect of the renovation of certain hotel properties.

8 INVESTMENT PROPERTIES

	2020 USD'000	2019 USD'000
At 1 January	1,658,560	1,492,772
Exchange differences	33,782	(1,385)
Additions	14,131	99,669
Disposals	(110)	(385)
Transferred from property, plant and equipment (Note 7)	35,217	15,274
Transferred from right-of-use assets	25,806	-
Fair value (losses)/gains (Note 29)	(19,090)	52,615
At 31 December	1,748,296	1,658,560

- (a) As at 31 December 2020, all investment properties are recorded at fair value which were revalued by independent professionally qualified valuers on the basis of their market value as fully operational entities for existing use which equates to the highest and best use of the assets. For the year ended 31 December 2020, fair value losses on revaluation amounted to USD19,418,000 (2019: fair value gains of USD52,615,000) are included in "Other gains - net" in the consolidated statement of profit or loss (Note 29) and a fair value gain of USD328,000 (2019: Nil) is recognised in "Asset revaluation reserve".
- (b) The carrying values of investment properties comprised:

	2020 USD'000	2019 USD'000
Outside Hong Kong, held on:		
Freehold	739,371	741,375
Leases of over 50 years	293,874	275,388
Leases of between 10 and 50 years	715,051	641,797
	1,748,296	1,658,560

- (c) Details of investment properties of the Company's subsidiaries are summarised in Note 43(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INVESTMENT PROPERTIES (CONTINUED)

The following table presents the investment properties of the Company's subsidiaries that are measured at fair value at 31 December 2020.

	Fair value measurements at 31 December 2020 using		
	Quoted prices in active markets for identical assets (Level 1) USD'000	Significant other observable inputs (Level 2) USD'000	Significant unobservable inputs (Level 3) USD'000
Recurring fair value measurements			
Investment properties:			
- Office, serviced apartments and commercial complex in Mainland China	-	-	484,912
- Serviced apartments in Singapore	-	-	410,821
- Office, serviced apartments and commercial complex in Mongolia	-	-	272,742
- Office, serviced apartments and commercial complex in Sri Lanka	-	-	256,990
- Office, serviced apartments and commercial complex in other regions	-	-	322,831
	-	-	1,748,296

	Fair value measurements at 31 December 2019 using		
	Quoted prices in active markets for identical assets (Level 1) USD'000	Significant other observable inputs (Level 2) USD'000	Significant unobservable inputs (Level 3) USD'000
Recurring fair value measurements			
Investment properties:			
- Office, serviced apartments and commercial complex in Mainland China	-	-	373,700
- Serviced apartments in Singapore	-	-	409,513
- Office, serviced apartments and commercial complex in Mongolia	-	-	278,491
- Office, serviced apartments and commercial complex in Sri Lanka	-	-	261,342
- Office, serviced apartments and commercial complex in other regions	-	-	335,514
	-	-	1,658,560

The fair value of an asset to be transferred between the levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between Level 1, 2 and 3 during the year.

8 INVESTMENT PROPERTIES (CONTINUED)

The following table shows a reconciliation of Level 3 fair values using significant unobservable inputs.

	Office, serviced apartments and commercial complex in Mainland China USD'000	Serviced apartments in Singapore USD'000	Office, serviced apartments and commercial complex in Mongolia USD'000	Office, serviced apartments and commercial complex in Sri Lanka USD'000	Office, serviced apartments and commercial complex in other regions USD'000	Total USD'000
At 1 January 2020	373,700	409,513	278,491	261,342	335,514	1,658,560
Transferred from property, plant and equipment	35,217	-	-	-	-	35,217
Transferred from right-of-use assets	25,806	-	-	-	-	25,806
Additions	17,288	90	(3,433)	-	186	14,131
Disposals	-	(35)	(75)	-	-	(110)
Changes in fair value	(488)	(5,933)	466	1,648	(14,783)	(19,090)
Exchange differences	33,389	7,186	(2,707)	(6,000)	1,914	33,782
At 31 December 2020	484,912	410,821	272,742	256,990	322,831	1,748,296

	Office, serviced apartments and commercial complex in Mainland China USD'000	Serviced apartments in Singapore USD'000	Office, serviced apartments and commercial complex in Mongolia USD'000	Office, serviced apartments and commercial complex in Sri Lanka USD'000	Office, serviced apartments and commercial complex in other regions USD'000	Total USD'000
At 1 January 2019	318,222	404,313	267,499	180,910	321,828	1,492,772
Transferred from property, plant and equipment	15,274	-	-	-	-	15,274
Additions	24,691	276	3,164	71,907	(369)	99,669
Disposals	(38)	(167)	(174)	-	(6)	(385)
Changes in fair value	21,384	(108)	9,959	7,986	13,394	52,615
Exchange differences	(5,833)	5,199	(1,957)	539	667	(1,385)
At 31 December 2019	373,700	409,513	278,491	261,342	335,514	1,658,560

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INVESTMENT PROPERTIES (CONTINUED)

The following table shows the valuation techniques used by the valuers in the determination of Level 3 fair values. There were no significant changes to the valuation techniques during the year.

Description	Fair value at 31 December 2020 USD'000	Valuation technique	Unobservable inputs	
Mainland China				
- Office, serviced apartments, commercial complex and investment property under development	484,912	Direct comparison approach and income capitalisation approach	Rental rate from USD14 to USD43 per sq.m. per month and occupancy from 85% to 95%	Capitalisation rate in the range of 4% to 9%
Singapore				
- Serviced apartments	410,821	Direct comparison approach and income capitalisation approach	Rental rate at USD259 to USD311 per room per day and occupancy at 74.2% to 83.5%	Capitalisation rate of 3.3%
Mongolia				
- Office, serviced apartments and commercial complex	272,742	Direct comparison approach and income capitalisation approach	Rental rate from USD18 to USD29 per sq.m. per month and occupancy from 82.5% to 95%	Capitalisation rate in the range of 5.5% to 9%
Sri Lanka				
- Office, serviced apartments and commercial complex	256,990	Direct comparison approach and income capitalisation approach	Rental rate from USD16 to USD38 per sq.m. per month and occupancy from 75% to 85%	Capitalisation rate in the range of 5% to 9%
Other regions				
- Office, serviced apartments and commercial complex	322,831	Direct comparison approach and income capitalisation approach	Rental rate from USD10 to USD31 per sq.m. per month	Capitalisation rate in the range of 5.5% to 8.86%

8 INVESTMENT PROPERTIES (CONTINUED)

Description	Fair value at 31 December 2019 USD'000	Valuation technique	Unobservable inputs	
Mainland China				
- Office, serviced apartments and commercial complex	373,700	Direct comparison approach and income capitalisation approach	Rental rate from USD14 to USD39 per sq.m. per month and occupancy from 85% to 97.5%	Capitalisation rate in the range of 4.25% to 9%
Singapore				
- Serviced apartments	409,513	Direct comparison approach and income capitalisation approach	Rental rate at USD248 per room per day and occupancy at 83%	Capitalisation rate of 3.2%
Mongolia				
- Office, serviced apartments and commercial complex	278,491	Direct comparison approach and income capitalisation approach	Rental rate from USD18 to USD27 per sq.m. per month and occupancy from 85% to 95%	Capitalisation rate in the range of 5.5% to 9%
Sri Lanka				
- Office, serviced apartments and commercial complex	261,342	Direct comparison approach and income capitalisation approach	Rental rate from USD17 to USD39 per sq.m. per month and occupancy from 75% to 90%	Capitalisation rate in the range of 5% to 8.5%
Other regions				
- Office, serviced apartments and commercial complex	335,514	Direct comparison approach and income capitalisation approach	Rental rate from USD9 to USD34 per sq.m. per month	Capitalisation rate in the range of 6% to 8.86%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INVESTMENT PROPERTIES (CONTINUED)

Under the income capitalisation approach, fair value is determined by discounting the projected cash flow streams with the properties using risk-adjusted discount rate. An exit or terminal value projected based on capitalisation rate is also included in the projection. The valuation takes into account expected market rental rate and occupancy rate of the respective properties. The capitalisation rates used are based on the quality and location of the properties and taking into account market data at the valuation date. The fair value measurement is positively correlated to the rental rate and occupancy rate, and negatively correlated to the capitalisation rate and discount rate.

Under the direct comparison approach, fair value is determined with reference to recent sales price of comparable properties in nearby locations and adjusting a premium or a discount specific to the quality of the respective properties compared to the recent sales. Higher premium for higher quality properties will result in a higher fair value measurement.

For valuation of investment properties under development, estimated cost to completion together with developer's profit and risk margins are deducted from the estimated capital value of the proposed development by reference to its development potential assuming completed as at the date of valuation.

9 LEASES

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following carrying amounts relating to leases:

	31 December 2020 USD'000	31 December 2019 USD'000
Right-of-use assets		
Leasehold land and land use rights	945,810	971,534
Buildings	323,454	334,048
Motor vehicles	532	1,694
Others	9,950	11,175
	1,279,746	1,318,451
Lease liabilities		
Current	65,891	51,603
Non-current	601,639	588,530
	667,530	640,133

Additions to the right-of-use assets during the year ended 31 December 2020 were USD22,079,000 (2019: USD17,525,000).

9 LEASES (CONTINUED)

(ii) Amounts recognised in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following expenses relating to leases:

	2020 USD'000	2019 USD'000
Depreciation charge of right-of-use assets		
Leasehold land and land use rights	26,387	26,282
Buildings	22,701	23,222
Motor vehicles	823	992
Others	3,612	3,247
	53,523	53,743
Interest expenses on lease liability (included in finance cost)	31,938	31,517
Expense relating to short-term leases and variable lease payments not included in lease liabilities	8,939	32,849

Total cash outflow for leases in respect of lease liability in 2020 was USD41,299,000 (2019: USD53,672,000) and the total cash outflow for leases including short-term leases and variable lease payment was USD50,238,000 (2019: USD86,521,000).

Note:

The Group assesses the carrying value of property, plant and equipment; and right-of-use asset as per accounting policies. Professional valuations were carried out by independent professional firms during the year for those properties for which the internal assessment results needed independent confirmation. Given the outbreak of the COVID-19 pandemic in 2020, the Group has performed an impairment assessment on the right-of-use assets where impairment indicators exist. During the year, the Group has recorded an impairment loss of USD13,861,000 under "Other gains - net" for the right-of-use assets of a leased hotel in the United Kingdom. The recoverable amount amounted to USD275,835,000 of the hotel property including the right-of-use assets being impaired was valued based on its value-in-use and the discount rate used for determining the valuation for its hotel operation was 8.5% per annum.

If a higher discount rate is used in the calculation of the recoverable amount, the Group would have to recognise additional impairment charges against the right-of-use assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 INTANGIBLE ASSETS

	Goodwill USD'000	Trademark and licences USD'000	Website and system development USD'000	Total USD'000
At 1 January 2019				
Cost	88,439	11,958	12,179	112,576
Accumulated amortisation	-	(7,380)	(5,138)	(12,518)
Net book amount	88,439	4,578	7,041	100,058
Year ended 31 December 2019				
Opening net book amount	88,439	4,578	7,041	100,058
Exchange difference	(88)	-	13	(75)
Additions	-	-	11,408	11,408
Amortisation expenses	-	(568)	(2,460)	(3,028)
Closing net book amount	88,351	4,010	16,002	108,363
At 31 December 2019				
Cost	88,351	11,958	23,600	123,909
Accumulated amortisation	-	(7,948)	(7,598)	(15,546)
Net book amount	88,351	4,010	16,002	108,363
Year ended 31 December 2020				
Opening net book amount	88,351	4,010	16,002	108,363
Exchange difference	819	-	105	924
Additions	-	-	10,854	10,854
Impairment (Note 28)	-	-	(1,256)	(1,256)
Amortisation expenses	-	(568)	(2,917)	(3,485)
Closing net book amount	89,170	3,442	22,788	115,400
At 31 December 2020				
Cost	89,170	11,958	32,375	133,503
Accumulated amortisation	-	(8,516)	(9,587)	(18,103)
Net book amount	89,170	3,442	22,788	115,400

The principal component of goodwill represented the excess of cost of acquisition of the hotel management group, SLIM International Limited, over the fair value of the identified net assets acquired. Due to the synergies of the combination of the hotel operation and hotel management sub-groups, the goodwill impairment assessment is based on the future cashflow generated from the hotel management group using a value-in-use model. The cashflow uses a terminal growth rate of 5% per annum (2019: 5% per annum) and a discount rate of 7% per annum (2019: 7% per annum). The future cashflow is based on the recent forecasts taking into account the terms and final maturities of all existing management agreements, the past performance of the hotels and the prevailing market conditions. In view of the cashflow projection, no provision for impairment losses is considered necessary after reviewing the impairment assessment.

11 SUBSIDIARIES

(a) Details of principal subsidiaries are set out in Note 41(a).

(b) **Material non-controlling interests**

The total non-controlling interests as at 31 December 2020 is USD253,158,000 (2019: USD314,454,000), of which USD176,698,000 (2019: USD191,985,000) is attributable to Shangri-La Hotels (Malaysia) Berhad Group (which is the Malaysia listed Group), USD-147,075,000 (2019: USD-127,792,000) is attributable to Intense Power Limited (which owns the complex of Shangri-La Hotel, Ulaanbaatar and Shangri-La Centre, Ulaanbaatar in Mongolia) and USD3,561,000 (2019: USD7,367,000) is attributable to Shangri-La International Hotels (Pacific Place) Limited (which owns Island Shangri-La in Hong Kong). The remaining non-controlling interests in respect of other subsidiaries are not material in terms of profit contribution.

Summarised financial information of subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. These summarised financial information are based on the local statutory financial statements of the relevant subsidiaries after adjustments for compliance with the Group's accounting policies.

Summarised statement of financial position as at 31 December

	Shangri-La Hotels (Malaysia) Berhad		Intense Power Limited		Shangri-La International Hotels (Pacific Place) Limited	
	2020 USD'000	2019 USD'000	2020 USD'000	2019 USD'000	2020 USD'000	2019 USD'000
Current						
Assets	38,817	74,667	37,796	61,852	21,003	43,288
Liabilities	(68,848)	(70,956)	(128,084)	(107,416)	(15,119)	(66,437)
Total net current (liabilities)/assets	(30,031)	3,711	(90,288)	(45,564)	5,884	(23,149)
Non-current						
Assets	375,123	372,900	349,419	360,421	90,790	64,556
Liabilities	(9,904)	(11,607)	(559,284)	(575,656)	(78,867)	(4,574)
Total net non-current assets/(liabilities)	365,219	361,293	(209,865)	(215,235)	11,923	59,982
Net assets/(liabilities)	335,188	365,004	(300,153)	(260,799)	17,807	36,833
Attributable to:						
Owners of the Company	158,490	173,019	(153,078)	(133,007)	14,246	29,466
Non-controlling interests	176,698	191,985	(147,075)	(127,792)	3,561	7,367
	335,188	365,004	(300,153)	(260,799)	17,807	36,833

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 SUBSIDIARIES (CONTINUED)

(b) Material non-controlling interests (continued)

Summarised statement of comprehensive income for the year ended 31 December

	Shangri-La Hotels (Malaysia) Berhad		Intense Power Limited		Shangri-La International Hotels (Pacific Place) Limited	
	2020 USD'000	2019 USD'000	2020 USD'000	2019 USD'000	2020 USD'000	2019 USD'000
Revenue	40,179	125,093	20,469	34,267	35,995	118,630
(Loss)/Profit before income tax	(28,408)	20,886	(29,190)	(21,312)	(23,740)	22,666
Income tax credit/(expense)	6,309	(5,114)	(3,271)	(3,946)	4,714	(3,495)
Other comprehensive income/(loss)	4,114	3,427	(6,893)	(7,884)	-	-
Total comprehensive (loss)/ income	(17,985)	19,199	(39,354)	(33,142)	(19,026)	19,171
Attributable to:						
Owners of the Company	(8,005)	9,200	(20,071)	(16,902)	(15,221)	15,337
Non-controlling interests	(9,980)	9,999	(19,283)	(16,240)	(3,805)	3,834
	(17,985)	19,199	(39,354)	(33,142)	(19,026)	19,171
Dividends paid to non-controlling interests	5,836	7,675	-	-	-	2,581

Summarised cash flow for the year ended 31 December

	Shangri-La Hotels (Malaysia) Berhad		Intense Power Limited		Shangri-La International Hotels (Pacific Place) Limited	
	2020 USD'000	2019 USD'000	2020 USD'000	2019 USD'000	2020 USD'000	2019 USD'000
Net cash (used in)/ generated from operating activities	(19,296)	31,862	(6,384)	(1,722)	(19,671)	23,863
Net cash used in investing activities	(2,592)	(5,277)	(431)	(2,132)	(30,323)	(6,797)
Net cash (used in)/ generated from financing activities	(12,944)	(16,353)	(17,000)	(3,000)	30,613	(13,005)
Net (decrease)/increase in cash and cash equivalents	(34,832)	10,232	(23,815)	(6,854)	(19,381)	4,061
Cash and cash equivalents at beginning of the year	67,475	56,542	57,765	64,619	33,249	29,188
Exchange (losses)/gains on cash and cash equivalents	(376)	701	(243)	-	-	-
Cash and cash equivalent at end of the year	32,267	67,475	33,707	57,765	13,868	33,249

12 INTEREST IN ASSOCIATES AND AMOUNTS DUE FROM ASSOCIATES

	2020 USD'000	2019 USD'000
Interest in associates		
Balance at 1 January	3,740,590	3,677,980
Share of profit of associates (Note 33)		
- profit before taxation	200,810	302,094
- taxation	(68,420)	(81,671)
	132,390	220,423
Revaluation of a property held by an associate upon reclassification from property, plant and equipment to investment properties	-	20,577
Exchange difference	233,585	(67,086)
Dividends declared by associates	(77,826)	(115,400)
Equity injection to an associate	-	4,096
Investment in associates under equity method	4,028,739	3,740,590
Equity loans (Note (a))	98,811	98,880
Other long term shareholder loans (Note (b))	79,817	73,357
	4,207,367	3,912,827
Amounts due from associates (Note (c))	124,501	112,788

Notes:

- (a) Equity loans are unsecured, interest-free and with no fixed repayment terms.
- (b) Other long term shareholder loans are interest bearing at:

	2020 USD'000	2019 USD'000
- HIBOR plus 1.5% per annum and wholly repayable on 15 May 2021 (in Hong Kong dollars)	-	36,982
- HIBOR plus 1% per annum and wholly repayable on 17 July 2023 (in Hong Kong dollars)	23,613	22,374
- HIBOR plus 1.5% per annum and wholly repayable on 15 May 2024 (in Hong Kong dollars)	3,250	3,250
- HIBOR plus 2% per annum and wholly repayable on 31 December 2023 (in Hong Kong dollars)	4,110	-
- HIBOR plus 2% per annum and wholly repayable on 31 December 2025 (in Hong Kong dollars)	25,100	-
- LIBOR plus 2% per annum and wholly repayable on 31 December 2025 (in United States dollars)	12,250	-
- Fixed rate at 1% per annum and wholly repayable on 21 April 2026 (in Renminbi)	11,494	10,751
	79,817	73,357

Other long term shareholder loans are unsecured and not repayable within twelve months. The fair values of other long term shareholder loans are not materially different from their carrying amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INTEREST IN ASSOCIATES AND AMOUNTS DUE FROM ASSOCIATES (CONTINUED)

Notes: (continued)

(c) Amounts due from associates are unsecured and with the following terms:

	2020 USD'000	2019 USD'000
- LIBOR plus 2% per annum and wholly repayable on 31 December 2020 (in United States dollars)	-	12,250
- HIBOR plus 2% per annum and wholly repayable on 31 December 2020 (in Hong Kong dollars)	-	29,210
- HIBOR plus 2% per annum and wholly repayable on 21 November 2020 (in Hong Kong dollars)	-	7,312
- PBOC rate per annum and wholly repayable on 5 January 2020 (in Renminbi)	-	21,287
- PBOC rate per annum and wholly repayable on 8 January 2021 (in Renminbi)	22,759	-
- HIBOR plus 1.5% per annum and wholly repayable on 15 May 2021 (in Hong Kong dollars)	36,982	-
- Fixed rate at 3.3% per annum and wholly repayable in June 2021 (in Renminbi)	2,146	-
- interest-free and repayable within one year	62,614	42,729
	124,501	112,788

(d) The maximum exposure to credit risk at the reporting date is the fair value of the long term shareholder loans of USD79,817,000 (2019: USD73,357,000) and amounts due from associates of USD124,501,000 (2019: USD112,788,000).

(e) The Group's proportionate share of the carrying value of hotel properties (including properties, plant and equipment and right-of-use assets) owned by the Group's associates amounted to USD1,050,241,000 (2019: USD1,036,883,000). The Group's proportionate share of the fair value of investment properties owned by the Group's associates amounted to USD4,164,416,000 (2019: USD3,911,690,000).

(f) Set out below are the associates of the Group as at 31 December 2020, which, in the opinion of the directors, are material to the Group. The associates as listed below are held directly by the Group. The country of incorporation or registration is also their principal place of business.

Nature of investment in the associates as at 31 December 2020 and 2019:

Name of entity	Place of business/ country of incorporation	% of ownership interest	Nature of the business	Measurement method
China World Trade Center Limited	The People's Republic of China	50 Note (i)	Note (ii)	Equity
Shanghai Ji Xiang Properties Co, Limited	The People's Republic of China	49	Note (ii)	Equity

Notes:

(i) China World Trade Center Limited is considered as an associate instead of a joint venture as the Group only has significant influence over China World Trade Center Limited due to its board composition, even though the Group holds 50% equity interest.

(ii) China World Trade Center Limited owns the complex of China World Trade Center in Beijing and Shanghai Ji Xiang Properties Co, Limited owns the Jing An Shangri-La and Jing An Kerry Centre - Phase II in Shanghai and both of them operate hotels and investment properties in Mainland China.

Summarised financial information for associates

Set out below are the summarised financial information for China World Trade Center Limited and Shanghai Ji Xiang Properties Co, Limited which are accounted for using the equity method. These summarised financial information are based on the local statutory financial statements of the relevant associates after adjustments for compliance with the Group's accounting policies.

	China World Trade Center Limited		Shanghai Ji Xiang Properties Co, Limited	
	As at 31 December 2020 USD'000	2019 USD'000	As at 31 December 2020 USD'000	2019 USD'000
Current				
Assets	415,612	299,075	124,772	78,331
Liabilities	(313,758)	(311,854)	(156,098)	(149,125)
Net current assets/(liabilities)	101,854	(12,779)	(31,326)	(70,794)
Non-current				
Assets	6,088,966	5,664,220	1,936,617	1,826,021
Liabilities	(2,348,862)	(2,143,897)	(434,465)	(444,671)
Net non-current assets	3,740,104	3,520,323	1,502,152	1,381,350
Net assets	3,841,958	3,507,544	1,470,826	1,310,556

12 INTEREST IN ASSOCIATES AND AMOUNTS DUE FROM ASSOCIATES (CONTINUED)

Notes: (continued)

(f) (continued)

Summarised statement of comprehensive income

	China World Trade Center Limited		Shanghai Ji Xiang Properties Co, Limited	
	2020 USD'000	2019 USD'000	2020 USD'000	2019 USD'000
Revenue	531,710	627,363	167,292	210,054
Profit before tax (including fair value gains on investment properties)	208,053	261,385	87,200	123,739
Income tax expense	(51,620)	(64,778)	(23,311)	(32,086)
Other comprehensive income/(loss)	238,914	(12,258)	96,381	(22,994)
Total comprehensive income	395,347	184,349	160,270	68,659
Dividends received from associates (net of tax)	31,050	49,707	-	14,015

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in the associates.

	China World Trade Center Limited		Shanghai Ji Xiang Properties Co, Limited	
	2020 USD'000	2019 USD'000	2020 USD'000	2019 USD'000
Closing net assets	3,841,958	3,507,544	1,470,826	1,310,556
Respective equity interest	50%	50%	49%	49%
Interest in associates	1,920,979	1,753,772	720,705	642,172
Goodwill	-	-	290	290
Carrying amount	1,920,979	1,753,772	720,995	642,462

(g) The Group has interests in a number of individually immaterial associates that are accounted for using the equity method. The aggregated financial information on these associates are as follows:

	2020 USD'000	2019 USD'000
Aggregate carrying amount of individually immaterial associates	1,565,393	1,516,593
Aggregate amounts of the Group's share of		
Profit after tax	22,887	77,210
Other comprehensive income/(loss)	67,643	(29,290)
Total comprehensive income	90,530	47,920

There were no contingent liabilities relating to the Group's interest in associates as at 31 December 2020 and 2019.

13 FINANCIAL ASSETS

	2020 USD'000	2019 USD'000
Non-current		
Financial assets at fair value through other comprehensive income		
- Equity and loan instruments	4,498	4,357
Financial assets at fair value through profit and loss		
- Club debentures	9,948	9,866
Total	14,446	14,223
Current		
Financial assets at fair value through profit and loss		
- Share listed in Hong Kong	16,273	18,188
Total	16,273	18,188

There were no disposals on financial assets in 2020 and 2019.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 OTHER RECEIVABLES

	2020 USD'000	2019 USD'000
Security deposit on leased premises	16,428	14,963

The following interest-free security deposits were paid to the lessor of the leased premises and will only be recoverable after expiry of the lease.

- JPY1,751,000,000 (equivalent to USD16,993,000) (31 December 2019: JPY1,751,000,000 (equivalent to USD16,132,000))
- RMB10,000,000 (equivalent to USD1,533,000) (31 December 2019: Nil)

The effective interest rate applied to calculate the fair value upon initial recognition of the deposit is 0.556% and 4.15% per annum, respectively.

The fair values of these other receivables are not materially different from their carrying values.

The maximum exposure to credit risk at the reporting date is the fair value of other receivables mentioned above.

15 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

	2020 USD'000	2019 USD'000
Trade receivables	55,364	101,442
Less: Provision for impairment of receivables	(9,663)	(5,341)
Trade receivables - net (note (b))	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 (note (c))	-	1,050
	231,837	291,661

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.

15 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS (CONTINUED)

- (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 USD'000	2019 USD'000
0 - 3 months	38,179	85,604
4 - 6 months	3,428	3,768
Over 6 months	4,094	6,729
	45,701	96,101

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2020 USD'000	2019 USD'000
Hong Kong dollars	23,296	49,852
United States dollars	5,393	5,206
Renminbi	60,317	60,440
Singapore dollars	13,635	20,538
Malaysian Ringgit	1,042	4,124
Thai Baht	1,003	5,009
Philippines Pesos	7,731	16,957
Japanese Yen	2,706	4,141
Euros	4,323	7,000
Australian dollars	3,390	2,937
British Pounds	4,190	4,718
Mongolian Tugrik	1,352	470
Sri Lankan Rupee	13,445	20,378
Other currencies	861	1,197
	142,684	202,967

Movements on the Group's provision for impairment of trade receivables are as follows:

	2020 USD'000	2019 USD'000
At 1 January	5,341	3,576
Exchange differences	163	(8)
Provision for receivables impairment	4,578	2,782
Receivables written off during the year as uncollectible	(271)	(162)
Unused amounts reversed	(148)	(847)
At 31 December	9,663	5,341

The creation and release of provision for impaired receivables have been included in "administrative expenses" in the consolidated statement of profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS (CONTINUED)

(b) (continued)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above.

(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.

16 PROPERTIES FOR SALE

	2020 USD'000	2019 USD'000
Located in		
- Mainland China	39,150	33,774
- Sri Lanka	47,379	56,795
	86,529	90,569

These properties held for sale include the cost of the underlying land on which the properties are developed.

17 CASH, BANK BALANCES AND OTHER LIQUID FUNDS

	2020 USD'000	2019 USD'000
Cash at bank and in hand	583,975	532,258
Short-term bank deposits	377,855	422,103
Cash and bank balances	961,830	954,361
Short-term fund placements (note)	29,021	62,316
Cash and bank balances and short-term fund placements	990,851	1,016,677
Maximum exposure to credit risk for all balances at bank and short-term fund placements	987,577	1,011,490

Note: Short-term fund placements represent investment in highly liquid money market instruments. This investment is readily convertible to cash and has insignificant risk of changes in value.

The effective interest rate on short-term bank deposits was 1.26% per annum (2019: 2.00% per annum); these deposits have an average maturity of 1.8 months (2019: 2.8 months).

Cash and cash equivalents include the following for the purposes of the consolidated cash flow statement:

	2020 USD'000	2019 USD'000
Cash and bank balances and short-term fund placements (as above)	990,851	1,016,677
Less: Short-term bank deposits with original maturities over 3 months	(66,394)	(107,181)
Cash and cash equivalents	924,457	909,496

18 SHARE CAPITAL AND PREMIUM AND SHARES HELD FOR SHARE AWARD SCHEME

	No. of shares ('000)	Amount		
		Ordinary shares USD'000	Share premium USD'000	Total USD'000
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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18 SHARE CAPITAL AND PREMIUM AND SHARES HELD FOR SHARE AWARD SCHEME (CONTINUED)

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 19 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.

19 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		3,101,571	4,382,000	1,458,000			
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		4,269,884	6,878,000		675,000		
In year 2020							
30 Sep 2020	HKD6.34	214,000	214,000			214,000	Nil
Total for 2020		214,000	214,000			1,144,000	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 OTHER RESERVES

	Share option reserve USD'000	Share award reserve USD'000
Balance at 31 December 2018 and 1 January 2019	6,216	589
Currency translation differences	-	-
Fair value changes of interest-rate swap and cross-currency swap contracts - hedging	-	-
Revaluation of a property held by an associate upon reclassification from property, plant and equipment to investment properties	-	-
Share-based compensation under share award scheme	-	2,077
Vesting of shares under share award scheme	-	(1,024)
Balance at 31 December 2019 and 1 January 2020	6,216	1,642
Currency translation differences	-	-
Fair value changes of interest-rate swap and cross-currency swap contracts - hedging	-	-
Revaluation of a property held by a subsidiary upon reclassification from property, plant and equipment and right-of-use assets to investment properties	-	-
Share-based compensation under share award scheme	-	1,153
Vesting of shares under share award scheme	-	(1,460)
Balance at 31 December 2020	6,216	1,335

Notes:

- (a) A subsidiary in Thailand is required by local law to appropriate a certain percentage of its annual net profits as other reserve until the reserve reaches 10 percent of its registered share capital. This reserve is not available for dividend distribution.
- (b) The contributed surplus of the Group arose when the Group issued shares in exchange for the shares of companies being acquired, and represented the difference between the nominal value of the Company's issued shares and the value of net assets of the companies acquired. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to the shareholders. At the Group level, the contributed surplus is reclassified into its components of reserves of the underlying subsidiaries, whenever appropriate.

Hedging reserve USD'000	Capital redemption reserve USD'000	Exchange fluctuation reserve USD'000	Capital reserve USD'000	Asset revaluation reserve USD'000	Other reserve USD'000 (Note (a))	Contributed surplus USD'000 (Note (b))	Total USD'000
4,446	10,666	(321,148)	601,490	-	1,368	389,741	693,368
-	-	(53,524)	-	-	-	-	(53,524)
(7,790)	-	-	-	-	-	-	(7,790)
-	-	-	-	20,577	-	-	20,577
-	-	-	-	-	-	-	2,077
-	-	-	-	-	-	-	(1,024)
(3,344)	10,666	(374,672)	601,490	20,577	1,368	389,741	653,684
-	-	419,135	-	-	-	-	419,135
(86,876)	-	-	-	-	-	-	(86,876)
-	-	-	-	246	-	-	246
-	-	-	-	-	-	-	1,153
-	-	-	-	-	-	-	(1,460)
(90,220)	10,666	44,463	601,490	20,823	1,368	389,741	985,882

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 BANK LOANS

	2020 USD'000	2019 USD'000
Bank loans – secured (Note 38(c))	11,585	17,613
Bank loans – unsecured	4,635,294	4,354,814
Total	4,646,879	4,372,427
Less: Non-current portion	(4,030,440)	(3,997,098)
Current portion	616,439	375,329

The maturity of bank loans is as follows:

	2020 USD'000	2019 USD'000
Within 1 year	616,439	375,329
Between 1 and 2 years	1,043,846	640,493
Between 2 and 5 years	1,918,359	2,490,960
Repayable within 5 years	3,578,644	3,506,782
Over 5 years	1,068,235	865,645
	4,646,879	4,372,427

The effective interest rates at the date of the statement of financial position were as follows:

	31 December 2020							
	HKD	RMB	USD	EUR	JPY	AUD	FJD	SGD
Bank loans	1.17%	4.87%	1.42%	1.33%	0.72%	2.19%	4.25%	1.04%

	31 December 2019							
	HKD	RMB	USD	EUR	JPY	AUD	FJD	SGD
Bank loans	3.74%	4.85%	2.86%	1.02%	0.65%	2.19%	3.75%	3.75%

21 BANK LOANS (CONTINUED)

The carrying amounts of the bank loans approximate their fair values and are denominated in the following currencies:

	2020 USD'000	2019 USD'000
Hong Kong dollars (HKD)	1,620,200	1,394,555
Renminbi (RMB)	575,402	545,657
United States dollars (USD)	2,102,860	2,035,223
Euros (EUR)	103,756	213,801
Japanese Yen (JPY)	168,816	120,744
Australian dollars (AUD)	61,378	55,960
Fiji dollars (FJD)	10,683	6,487
Singapore dollars (SGD)	3,784	-
	4,646,879	4,372,427

The Group has the following undrawn borrowing facilities:

	2020 USD'000	2019 USD'000
Floating rate		
– expiring within one year	254,026	18,783
– expiring beyond one year	1,742,464	1,014,023
Fixed rate		
– expiring within one year	-	1,620
– expiring beyond one year	1,522	7,127
	1,998,012	1,041,553

Note: Out of the undrawn borrowing facilities of USD1,998,012,000, undrawn facilities of USD725,000,000 is reserved to be drawn down to replace the existing facilities from the same banks.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 FIXED RATE BONDS

In January 2020, a wholly owned subsidiary of the Company issued 10-year fixed rate bonds in an aggregated amount of SGD250,000,000 (equivalent to USD185,805,000) at 100% of the face value with a coupon rate of 3.50% per annum. The fixed rate bonds recognised in the consolidated statement of financial position are as follows:

	Coupon rate per annum	Maturity	Balance as at 31 December 2019 USD'000	New issuance during the year USD'000	Exchange differences USD'000	Balance as at 31 December 2020 USD'000
Bonds issued in 2018						
SGD825,000,000	4.50%	November 2025	613,155	-	11,135	624,290
USD35,000,000	5.23%	November 2025	35,000	-	-	35,000
Bonds issued in 2019						
SGD135,000,000	3.70%	June 2024	100,334	-	1,823	102,157
SGD165,000,000	4.10%	June 2027	122,631	-	2,227	124,858
Bonds issued in 2020						
SGD250,000,000	3.50%	January 2030	-	185,805	3,374	189,179
Face value			871,120	185,805	18,559	1,075,484
Unamortised discount and issuing expenses			(2,983)			(3,451)
Carrying amount			868,137			1,072,033

23 DERIVATIVE FINANCIAL INSTRUMENTS

	2020 USD'000	2019 USD'000
Non-current liabilities		
Interest-rate swap contracts	64,779	14,011
Cross-currency swap contracts	6,800	1,657
Current liabilities		
Interest-rate swap contracts	32,556	5,846
Cross-currency swap contracts	2,770	297
Total	106,905	21,811
Non-current assets		
Interest-rate swap contracts	-	8,958
Cross-currency swap contracts	-	21
Current assets		
Interest-rate swap contracts	-	2,153
Cross-currency swap contracts	-	4
Total	-	11,136

Interest-rate swap contracts

The Group has endeavoured to hedge its medium term interest rate risk by entering into fixed HIBOR, LIBOR and SHIBOR interest-rate swap contracts, and all interest-rate swap contracts qualify for hedge accounting.

All the interest-rate swap contracts were initially recognised at fair value on the dates the contracts were entered and are subsequently re-measured at fair value at each date of the statement of financial position. The recorded fair value could be an asset or liability depending on the prevailing financial market conditions and the anticipated interest rate environment.

During the year ended 31 December 2020, no new interest-rate swap contract was executed.

The notional principal amounts of the outstanding HIBOR, LIBOR and SHIBOR interest-rate swap contracts at 31 December 2020 are as follows:

- HKD6,170,000,000 (equivalent to USD796,129,000) (2019: HKD6,170,000,000 (equivalent to USD796,129,000)) with fixed interest rates vary from 1.505% to 1.855% per annum maturing during July 2023 to August 2026.
- USD1,265,000,000 (2019: USD1,265,000,000) with fixed interest rates vary from 1.365% to 3.045% per annum (2019: 1.365% to 3.045% per annum) maturing during April 2022 to July 2024.
- RMB428,600,000 (equivalent to USD65,687,000) (2019: RMB464,000,000 (equivalent to USD66,512,000)) with fixed interest rates vary from 3.370% to 3.550% per annum (2019: 3.370% to 3.550% per annum) maturing during June 2022 to October 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cross-currency swap contracts

During the year ended 31 December 2020, a wholly-owned subsidiary of the Company entered into two 3-year term cross-currency swap contracts totalling EUR100,000,000 in order to swap bank borrowings from Hong Kong dollar to Euro to hedge the Euro investment for hotels in Europe, under which the principal amount was exchanged at inception to Euro at exchange rates of HKD9.1972 and HKD9.175 to EUR1 and will be re-exchanged on expiry date in August 2023 at the same exchange rate. Under the contracts, fixed interest rates of 0.390% and 0.395% per annum on the exchanged Euro principal amounts would be paid and a floating interest rate of HIBOR+0.79% and HIBOR+0.84% per annum on the HKD principal amounts would be received, respectively. The cross-currency swap contracts do not qualify for hedge accounting.

During the year ended 31 December 2019, a wholly-owned subsidiary of the Company entered into a cross-currency swap contract amounting to JPY8,000,000,000 to hedge the JPY bank borrowings of the same amount, under which the principal amount was exchanged at inception to HKD578,754,000 at an exchange rate of JPY 13.8228 to HKD1 and will be re-exchanged on expiry date in July 2026 at the same exchange rate. Under the contract, a fixed interest rate of 3.345% per annum on the exchanged Hong Kong dollar principal amounts would be paid and a floating interest rate of JPY LIBOR+0.675% per annum on the JPY principal amount would be received. The cross-currency swap contract qualifies for hedge accounting.

During the year ended 31 December 2018, a wholly-owned subsidiary of the Company entered into a cross-currency contract amounting to USD35,000,000, under which the principal amount was exchanged at inception to SGD48,377,000 at an exchange rate of USD1 to SGD1.3822 and will be re-exchanged on expiry date in November 2025 at the same exchange rate. Under the contract, a fixed interest rate of 4.25% per annum on the exchanged Singapore dollar principal amounts would be paid and a fixed interest rate of 5.23% per annum on the United States dollar principal amount would be received. The cross-currency swap contract does not qualify for hedge accounting.

24 NON-CONTROLLING INTERESTS AND BALANCES WITH NON-CONTROLLING SHAREHOLDERS

	2020 USD'000	2019 USD'000
Non-controlling interests		
Share of equity	164,568	223,757
Equity loans (Note (a))	88,590	90,697
	253,158	314,454

Notes:

(a) Equity loans are unsecured, with no fixed repayment terms and bearing interest at:

	2020 USD'000	2019 USD'000
- LIBOR per annum	8,724	8,724
- LIBOR plus 1% per annum	53,875	53,875
- fixed rate of 2.5% per annum	16,722	17,647
- interest-free	9,269	10,451
	88,590	90,697

(b) Amounts due to non-controlling shareholders (current portion) are unsecured and with the following terms:

	2020 USD'000	2019 USD'000
Amounts due to non-controlling shareholders - interest-free with no fixed repayment terms	45,366	39,528

(c) Loan from non-controlling shareholders (non-current portion) are unsecured and with the following terms:

	2020 USD'000	2019 USD'000
- LIBOR plus 5% per annum	46,550	46,550

The fair values of the amounts due to non-controlling shareholders and loan from non-controlling shareholders are not materially different from their carrying values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2019: 16.5%) for subsidiaries operating in Hong Kong. Deferred income tax assets and liabilities of overseas subsidiaries are calculated at the rates of taxation prevailing in the countries in which the respective subsidiaries operate.

The movement on the deferred income tax account is as follows:

	2020 USD'000	2019 USD'000
At 1 January	330,277	307,092
Exchange differences	1,019	(64)
Deferred taxation (credited)/charged to consolidated statement of profit or loss (Note 34)	(52,933)	23,759
Deferred taxation credited to other comprehensive income	(351)	(510)
At 31 December	278,012	330,277

The following amounts which are expected only to be substantially recovered/settled after more than twelve months from the date of the statement of financial position, determined after appropriate offsetting, are shown in the consolidated statement of financial position. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2020 USD'000	2019 USD'000
Deferred income tax assets	(51,911)	(27,694)
Deferred income tax liabilities	329,923	357,971
	278,012	330,277

Deferred income tax assets are recognised for tax loss carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2020, the Group has the following unrecognised tax losses to carry forward against future taxable income.

	2020 USD'000	2019 USD'000
With no expiry date	239,860	251,623
Lapsed within the next five years	641,630	674,555
Lapsed within the next ten years	123,419	1,542
	1,004,909	927,720

25 DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year is as follows:

Deferred income tax liabilities	Accelerated tax depreciation		Properties valuation surplus		Dividend withholding tax		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 January	234,671	219,026	39,543	35,940	91,956	84,663	500	450	366,670	340,079
Charged/(credited) to statement of profit or loss	5,245	14,804	(4,318)	4,104	(4,342)	7,235	89	50	(3,326)	26,193
Charged to other comprehensive income	-	-	82	-	-	-	13	-	95	-
Exchange differences	(3,136)	841	6,391	(501)	159	58	(38)	-	3,376	398
At 31 December	236,780	234,671	41,698	39,543	87,773	91,956	564	500	366,815	366,670

Deferred income tax assets	Provision of assets		Tax losses		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 January	(3,441)	(3,448)	(1,138)	(342)	(31,814)	(29,197)	(36,393)	(32,987)
Credited to statement of profit or loss	(1,050)	(49)	(37,847)	(789)	(10,710)	(1,596)	(49,607)	(2,434)
Credited to other comprehensive income	-	-	-	-	(446)	(510)	(446)	(510)
Exchange differences	483	56	(888)	(7)	(1,952)	(511)	(2,357)	(462)
At 31 December	(4,008)	(3,441)	(39,873)	(1,138)	(44,922)	(31,814)	(88,803)	(36,393)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 ACCOUNTS PAYABLE AND ACCRUALS

	2020 USD'000	2019 USD'000
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 USD'000	2019 USD'000
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

27 CONTRACT LIABILITIES

	2020 USD'000	2019 USD'000
Guest loyalty programme	84,214	62,966
Hotel operation	77,228	89,403
Property sale	9,425	22,632
	170,867	175,001

	2020 USD'000	2019 USD'000
Balance at 1 January	175,001	286,890
Recognised as revenue during the current year	(73,753)	(217,594)
Cancellation for prior years' balance during the current year	(14,974)	(1,091)
Net increase for new transactions during the current year	82,041	104,582
Exchange differences	2,552	2,214
Balance at 31 December	170,867	175,001

Contract liabilities for guest loyalty programme refer to unredeemed loyalty points liabilities for hotel guests, those for hotel operation mainly comprise deposit receipts in advance from customers and those for property sale refer to the deposits received from the properties buyers.

28 EXPENSES BY NATURE

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

	2020 USD'000	2019 USD'000
Depreciation of property, plant and equipment (net of amount capitalised of USD13,000 (2019: USD14,000)) (Note 7)	265,635	283,237
Amortisation of trademark; and website and system development (Note 10)	3,485	3,028
Depreciation of right-of-use assets (Note 9)	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) (Note 30)	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 (Note 9)	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 OTHER GAINS - NET

	2020 USD'000	2019 USD'000
Fair value (losses)/gains on investment properties (net of amount recognised in other comprehensive income of USD328,000 (2019: Nil))(Note 8)	(19,418)	52,615
Net unrealised losses on listed securities	(1,915)	(648)
Provision for impairment losses on properties (Note 7)	-	(20,467)
Provision for impairment losses on right-of-use assets (Note 9)	(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 (Note 30)	48,640	-
Rent concessions received from lessors	3,174	-
Others	-	(1,654)
	13,397	31,133
Interest income	15,815	22,147
Dividend income	1,007	1,228
	30,219	54,508

30 EMPLOYEE BENEFIT EXPENSES

(excluding Directors' emoluments and share options granted to Directors and employees)

	2020 USD'000	2019 USD'000
Wages and salaries (including unutilised annual leave)	397,920	654,363
Pension costs - defined contribution plans	32,204	47,384
Pension costs - defined benefit plans	220	1,750
Other welfare	128,975	138,458
Employee termination benefits	27,549	-
	586,868	841,955
Less: Amount included in pre-opening expenses	(470)	(1,776)
	586,398	840,179
Less: Wage subsidy from government (Note 29)	(48,640)	-
	537,758	840,179

Total pension cost including charges for Directors charged to the statement of profit or loss for the year under all pension schemes was USD32,452,000 (2019: USD49,172,000).

30 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

Pension scheme arrangement

The Group operates and participates in a number of pension and retirement schemes of both the defined contribution and defined benefit types. Principal schemes are described below:

(a) *Defined contribution retirement plan*

The Company and subsidiaries in Hong Kong participate in a mandatory provident fund scheme (“MPF”) which requires both the employers and employees in Hong Kong to contribute 5% of their monthly gross earnings with a ceiling of HKD1,500 (equivalent to USD194). Normally, the employees can only take all the benefits when reaching the statutory retirement age. These companies also participate in other defined contribution schemes which only require the employers to make monthly contribution of the net difference between 10% of the employees’ monthly basic salaries (subject to a ceiling of HKD10,000) and the amount already contributed by the employers to the MPF for the relevant employees. Under such schemes, any unvested benefits of employees terminating employment can be utilised by the employers to reduce their future contributions. The assets of these schemes are held separately in independently administrated funds. Contributions made by the employers were charged to statement of profit or loss as incurred.

The Group’s subsidiaries in Mainland China, Singapore and Malaysia participate in defined contribution schemes managed by the respective local governments in these countries. The Group’s subsidiaries in Australia participate in the government-supported superannuation fund scheme (a defined contribution scheme). Contributions are made based on a percentage, ranging from 9.5% to 20%, of the employee’s salaries and bonuses, as applicable, and are charged to the statement of profit or loss as incurred. The maximum contributions by the subsidiaries for each employee for the Group’s subsidiaries in Singapore are fixed by the government at SGD1,020 (equivalent to USD772) per month for monthly salaries and bonus payment. The employees of the Group’s subsidiaries in Singapore and Malaysia are also required to contribute 20% and 12%, respectively of their gross salaries and bonus, if applicable, to the respective local fund.

The Group also operates a global defined contribution scheme for senior expatriates employed by the Group which requires the employers to contribute 6% to 10% (varying with staff grading) of the employees’ basic salaries. Employees can contribute to the scheme on a voluntary basis. Under such scheme, the unvested benefits of employees terminating employment can be utilised by the employers to reduce their future contributions. The assets of the scheme are held separately in independently administered funds. Contributions made by the employers were charged to statement of profit or loss as incurred.

(b) *Defined benefit retirement plan*

The hotels in the Philippines and Malaysia have adopted funded non-contributory defined benefit pension plans covering their regular employees. The benefits are based on years of service and the employees’ final covered compensation. The plans require periodic contributions by the participating subsidiaries as determined by periodic actuarial reviews. For the hotels in the Philippines and Malaysia, actuarial valuations were performed by qualified actuaries at 31 December 2020 using the Projected Unit Credit Actuarial Cost Method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 EMPLOYEE BENEFIT EXPENSES (CONTINUED)

Pension scheme arrangement (continued)

(b) Defined benefit retirement plan (continued)

Movements in the present value of the defined benefit obligations:

	Defined benefit obligations		Fair value of plan assets		Net defined benefit liability	
	2020 USD'000	2019 USD'000	2020 USD'000	2019 USD'000	2020 USD'000	2019 USD'000
Balance at 1 January	20,400	16,257	(11,404)	(7,568)	8,996	8,689
Exchange difference	898	477	(631)	(423)	267	54
Included in statement of profit or loss						
Current service cost	528	831	-	-	528	831
Past service cost	-	399	-	-	-	399
Interest cost/(interest income)	248	989	(556)	(469)	(308)	520
	776	2,219	(556)	(469)	220	1,750
Included in other comprehensive income						
Actuarial loss	2,234	2,526	-	-	2,234	2,526
Gain on assets excluding amount included in net interest cost	-	-	(282)	(746)	(282)	(746)
	2,234	2,526	(282)	(746)	1,952	1,780
Other						
Contributions	-	-	(879)	(2,939)	(879)	(2,939)
Benefits paid	(1,647)	(1,079)	1,329	741	(318)	(338)
	(1,647)	(1,079)	450	(2,198)	(1,197)	(3,277)
Balance at 31 December	22,661	20,400	(12,423)	(11,404)	10,238	8,996

Net defined benefit liability of USD10,238,000 (2019: USD8,996,000) was recorded as accounts payable and accruals under current liabilities.

31 BENEFIT AND INTERESTS OF DIRECTORS

The remuneration received from the Group by every Director of the Company for the year ended 31 December 2020 is set out below:

Name of Director	Fees USD'000	Salary USD'000	Discretionary bonuses USD'000	Inducement fees USD'000	Allowances and benefits in kind ⁽⁴⁾ USD'000	Employer's contribution to retirement benefit schemes USD'000	Remunerations paid or receivable in respect of accepting office as director USD'000	Compensation paid or receivable in respect of loss office as director USD'000	Emoluments paid or receivable in respect of director other service in connection with the management of the affairs of the Company or its subsidiary undertaking USD'000	Total cash remuneration received and attributable to the year ended 31 December 2020 USD'000
KUOK Hui Kwong ⁽⁶⁾⁽⁷⁾	-	366	-	-	8	12	-	-	-	386
LIM Beng Chee ⁽⁶⁾⁽⁷⁾	-	660	-	-	165	16	-	-	-	841
HO Kian Guan	43	-	-	-	-	-	-	-	-	43
LI Kwok Cheung Arthur	54	-	-	-	-	-	-	-	-	54
YAP Chee Keong	51	-	-	-	-	-	-	-	-	51
LI Xiaodong Forrest ⁽²⁾	31	-	-	-	-	-	-	-	-	31
ZHUANG Chenchao ⁽³⁾	25	-	-	-	-	-	-	-	-	25
KHOO Shulamite N K ⁽⁹⁾	6	-	-	-	-	-	-	-	-	6
HO Chung Tao	-	-	-	-	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 BENEFIT AND INTERESTS OF DIRECTORS (CONTINUED)

The remuneration received from the Group by every Director of the Company for the year ended 31 December 2019 is set out below:

Name of Director	Fees USD'000	Salary USD'000	Discretionary bonuses USD'000	Inducement fees USD'000	Allowances and benefits in kind ⁽⁴⁾ USD'000	Employer's contribution to retirement benefit schemes USD'000	Remunerations paid or receivable in respect of accepting office as director USD'000	Compensation paid or receivable in respect of loss office as director USD'000	Emoluments paid or receivable in respect of director other service in connection with the management of the affairs of the Company or its subsidiary undertaking USD'000	Total cash remuneration received for the year USD'000	Les: Deferral payout of cash bonuses belong to 2018 ⁽⁸⁾ USD'000	Total attributable to the year ended 31 December USD'000
KUOK Hui Kwong ⁽⁵⁾	-	720	1,686	-	20	15	-	-	-	2,441	(542)	1,899
LIM Beng Chee ⁽⁵⁾	-	852	1,948	-	178	16	-	-	-	2,994	(671)	2,323
LUI Man Shing ⁽¹⁾	6	180	-	-	16	7	-	-	-	209	-	209
HO Kian Guan	62	-	-	-	-	-	-	-	-	62	-	62
Alexander Reid HAMILTON ⁽¹⁾	27	-	-	-	-	-	-	-	-	27	-	27
LI Kwok Cheung Arthur	75	-	-	-	-	-	-	-	-	75	-	75
LEE Kai Fu ⁽¹⁾	13	-	-	-	-	-	-	-	-	13	-	13
YAP Chee Keong	70	-	-	-	-	-	-	-	-	70	-	70
LI Xiaodong Forrest ⁽²⁾	24	-	-	-	-	-	-	-	-	24	-	24
ZHUANG Chenchao ⁽³⁾	3	-	-	-	-	-	-	-	-	3	-	3
HO Chung Tao	-	-	-	-	-	-	-	-	-	-	-	-

31 BENEFIT AND INTERESTS OF DIRECTORS (CONTINUED)

Notes:

- (1) Mr LUI Man Shing, Mr. Alexander Reid HAMILTON and Mr. LEE Kai Fu retired as Directors on 5 June 2019.
- (2) Mr LI Xiaodong Forrest was appointed as Director on 1 May 2019.
- (3) Mr ZHUANG Chenchao was appointed as Director on 1 December 2019.
- (4) Other benefits include housing, holiday warrant, medical expenses and insurance premium. Pursuant to the existing option scheme of the Company (Note 18), the Company granted to the Directors options to subscribe for shares in the Company subject to terms and conditions stipulated therein. The fair values of option shares granted to the Directors in the past years were included in the total expenses on share options granted in the same year.
- (5) For the year ended 31 December 2019, award shares were granted and vested to certain Executive Directors under the share award scheme. Award shares of 88,000 shares (amounting to USD134,000 based on the market price of the vesting date) and 108,000 shares (amounting to USD164,000 based on the market price of the vesting date) were vested to Ms KUOK Hui Kwong and Mr LIM Beng Chee on 1 April 2019, respectively. Ms KUOK Hui Kwong was granted 658,605 award shares (with a maximum upside adjustment of 513,395 shares which comes up to a total maximum of 1,172,000 shares) being vested in the years from 2020 to 2022. Mr LIM Beng Chee was granted 888,595 award shares (with a maximum upside adjustment of 693,405 shares which comes up to a total maximum of 1,582,000 shares) being vested in the years from 2020 to 2022. The remuneration on the awarded shares will be included in the disclosure when the vesting condition has been met.
- (6) For the year ended 31 December 2020, award shares were granted and vested to certain Executive Directors under the share award scheme. Award shares of 112,000 shares (amounting to USD79,000 based on the market price of the vesting date) and 140,000 shares (amounting to USD99,000 based on the market price of the vesting date) were vested to Ms KUOK Hui Kwong and Mr LIM Beng Chee on 1 April 2020, respectively.
- (7) For the year ended 31 December 2020, due to the difficult business environment caused by the COVID-19 pandemic, Ms KUOK Hui Kwong and Mr LIM Beng Chee have voluntarily offered waiver of their remunerations amounting to USD106,000 and USD192,000, respectively.
- (8) The deferral payout of the cash bonuses for year 2018 was approved after the approval date of the financial statements for the year ended 31 December 2018 and was paid in 2019. It is therefore accounted for in the financial year ended 31 December 2019 instead of the financial year ended 31 December 2018.
- (9) Ms KHOO Shulamite N K was appointed as Director on 1 November 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 BENEFIT AND INTERESTS OF DIRECTORS (CONTINUED)

Movement of option shares granted to the Directors for the year ended 31 December 2020 are as follows:

Grantees	Date of grant	Tranche	Closing price per share on the business day immediately before date of grant HKD	No. of option shares held as at 1 January 2020	No. of option shares granted during the year
LI Kwok Cheung Arthur	23 Aug 2013	-	11.92	100,000	-

Movement of option shares granted to the Directors for the year ended 31 December 2019 are as follows:

Grantees	Date of grant	Tranche	Closing price per share on the business day immediately before date of grant HKD	No. of option shares held as at 1 January 2019	No. of option shares granted during the year
LUI Man Shing	23 Aug 2013	-	11.92	350,000	-
Alexander Reid HAMILTON	23 Aug 2013	-	11.92	100,000	-
LI Kwok Cheung Arthur	23 Aug 2013	-	11.92	100,000	-

Transfer from other category during the year	Transfer to other category during the year	No. of option shares exercised during the year	No. of option shares lapsed during the year	No. of option shares held as at 31 December 2020	Exercise price per option share HKD	Excess of weighted average closing price per share on exercise date over exercise price HKD	Exercise period
-	-	-	-	100,000	12.11	-	23 Aug 2013 - 22 Aug 2023

Transfer from other category during the year	Transfer to other category during the year	No. of option shares exercised during the year	No. of option shares lapsed during the year	No. of option shares held as at 31 December 2019	Exercise price per option share HKD	Excess of weighted average closing price per share on exercise date over exercise price HKD	Exercise period
-	(350,000)	-	-	-	12.11	-	23 Aug 2013 - 22 Aug 2023
-	(100,000)	-	-	-	12.11	-	23 Aug 2013 - 22 Aug 2023
-	-	-	-	100,000	12.11	-	23 Aug 2013 - 22 Aug 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 BENEFIT AND INTERESTS OF DIRECTORS (CONTINUED)

Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2019: two) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four individuals in 2020 are as follows:

	2020 USD'000
Basic salaries, housing allowances, other allowances and benefits in kind	3,366
Employer's contribution to pension scheme	52
Discretionary bonuses	134
Inducement fee to join the Group	-
Compensation for loss of office:	
- contractual payments	-
- other payment	-
	3,552

During the year ended 31 December 2020, total 76,000 awarded shares (amounting to USD53,000 based on the market price of the vesting date) were also vested to above four individuals.

The emoluments of the five highest paid individuals fell within the following bands:

Emolument bands (in HK dollar)	Number of individuals	
	2020	2019
HKD5,000,001 - HKD5,500,000	2	-
HKD7,000,001 - HKD7,500,000	2	1
HKD9,000,001 - HKD9,500,000	-	1
HKD9,500,001 - HKD10,000,000	1	-
HKD15,000,001 - HKD15,500,000	-	1
HKD18,500,001 - HKD19,000,000	-	1
HKD23,000,001 - HKD23,500,000	-	1

32 FINANCE COSTS - NET

	2020 USD'000	2019 USD'000
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
	214,999	233,115
Less: amount capitalised	(2,425)	(8,849)
	212,574	224,266
Net foreign exchange losses	24,263	9,258
	236,837	233,524

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

33 SHARE OF PROFIT OF ASSOCIATES

	2020 USD'000	2019 USD'000
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
Share of profit before tax of associates	200,810	302,094
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)
Share of associates' taxation	(68,420)	(81,671)
Share of profit of associates	132,390	220,423

34 INCOME TAX (CREDIT)/EXPENSE

	2020 USD'000	2019 USD'000
Current income tax		
- Hong Kong profits tax	(182)	4,693
- overseas taxation	26,638	83,492
Deferred income tax (Note 25)	(52,933)	23,759
	(26,477)	111,944

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.

The taxation on the Group's (loss)/profit before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

	2020 USD'000	2019 USD'000
(Loss)/Profit before income tax	(537,061)	281,664
Calculated at a taxation rate of 16.5% (2019: 16.5%)	(88,615)	46,475
Effect of different taxation rates of subsidiaries operating in other countries	(9,914)	26,472
Income not subject to taxation	(54,364)	(69,431)
Tax effect on unrecognised tax losses	54,522	31,094
Expenses not deductible for taxation purposes	59,382	56,878
Utilisation of previously unrecognised tax losses	(380)	(179)
Under provision in prior year	183	1,747
Withholding tax	12,769	19,397
Tax incentive	(60)	(509)
Income tax (credit)/expense	(26,477)	111,944

- (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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 (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)	(12.89)	4.27

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)	-	-
Weighted average number of ordinary shares for diluted (loss)/earnings per share (thousands)	3,571,061	3,571,564
Diluted (loss)/earnings per share (US cents per share)	(12.89)	4.27

36 DIVIDENDS

	Group		Company	
	2020 USD'000	2019 USD'000	2020 USD'000	2019 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)	-	-	-	-
	-	36,856	-	36,965

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

37 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Cash (used in)/generated from operations

	2020 USD'000	2019 USD'000
(Loss)/Profit before income tax	(537,061)	281,664
Share of profit of associates	(132,390)	(220,423)
Fair value losses/(gains) on investment properties	19,418	(52,615)
Provision for impairment losses on properties	-	20,467
Provision for impairment losses on right-of-use assets	13,861	-
Impairment of intangible assets	1,256	-
Depreciation of property, plant and equipment	265,635	283,237
Depreciation of right-of-use assets	53,523	53,743
Amortisation of trademark, website and system development	3,485	3,028
Interest on fixed rate bonds, lease liability, bank loans and other loans	212,574	224,266
Interest income	(15,815)	(22,147)
Dividend income	(1,007)	(1,228)
Loss on disposal of fixed assets and discarding of fixed assets due to a bombing incident	1,188	5,888
Net unrealised losses on financial assets at fair value through profit or loss	1,867	1,167
Share award scheme expenses	1,153	2,077
Fair value losses/(gains) of cross-currency swap contracts	5,981	(734)
Net foreign exchange losses	24,263	9,258
Operating (loss)/profit before working capital changes	(82,069)	587,648
Decrease in inventories	3,361	2,577
Decrease/(Increase) in accounts receivable, prepayments and deposits	68,396	(20,262)
Decrease in amounts due from associates	6,555	6,162
(Decrease)/Increase in accounts payable and accruals	(96,687)	2,962
Decrease in contract liabilities	(9,004)	(112,596)
Decrease in properties for sale	5,845	63,784
Increase in other receivables	(1,452)	-
Net cash (used in)/generated from operations	(105,055)	530,275

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

	Bank loans USD'000	Fixed rate bonds USD'000	Amounts due to non-controlling shareholders USD'000	Lease liabilities USD'000
Balance as at 1 January 2019	4,497,906	636,933	35,050	643,677
Cash flows	(113,749)	221,653	(19,108)	(53,672)
Foreign exchange movement	(11,730)	9,048	(156)	9,340
Finance cost charged (note)	-	503	5,701	31,517
Additions of lease liabilities	-	-	-	9,271
Transfer from non-controlling interests	-	-	46,373	-
Dividends declared to non-controlling shareholders	-	-	18,218	-
Balance as at 31 December 2019 and 1 January 2020	4,372,427	868,137	86,078	640,133
Cash flows	203,952	184,848	(12,588)	(41,299)
Foreign exchange movement	70,500	18,448	748	29,597
Finance cost charged (note)	-	600	5,054	31,938
Additions of lease liabilities	-	-	-	22,510
Remeasurement of lease liabilities	-	-	-	(15,349)
Dividends declared to non-controlling shareholders	-	-	12,624	-
Balance as at 31 December 2020	4,646,879	1,072,033	91,916	667,530

Note: Finance cost charged will be presented as operating cash flows in the statement of cash flow when paid.

38 FINANCIAL GUARANTEES, CONTINGENCIES AND CHARGES OVER ASSETS

(a) Financial guarantees

As at 31 December 2020, financial guarantees of the Company and the Group were as follows:

- (i) The Company executed proportionate guarantees in favour of banks for securing banking facilities granted to certain subsidiaries and associates. The utilised amount of such facilities covered by the Company's guarantees and which also represented the financial exposure of the Company at the date of the statement of financial position amounted to USD3,950,662,000 (2019: USD3,670,612,000) for the subsidiaries and USD91,615,000 (2019: USD96,909,000) for associates.
- (ii) The Company executed guarantees in favour of banks for securing certain banking facilities granted to four non-wholly owned subsidiaries. The non-controlling shareholders of four non-wholly owned subsidiaries provided proportionate counter guarantees to the Company under the joint venture agreements. The utilised amount of these facilities covered by the Company's guarantees after setting off the amount of counter guarantees from the non-controlling shareholders and which also represented the net financial exposure of the Company at the date of the statement of financial position amounted to USD384,083,000 (2019: USD389,318,000).
- (iii) 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 COMMITMENTS

- (a) 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 USD'000	2019 USD'000
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

- (b) At 31 December 2020, the Group had future aggregate minimum lease rental receivable under non-cancellable operating leases in respect of land and buildings as follows:

	2020 USD'000	2019 USD'000
Not later than one year	80,964	70,198
Later than one year and not later than five years	115,477	73,848
Later than five years	6,665	21,798
	203,106	165,844

40 RELATED PARTY TRANSACTIONS

Kerry Holdings Limited (“KHL”), a substantial shareholder and a related party of the Company, has significant influence over the Company.

The following transactions were carried out with related parties:

	2020 USD'000	2019 USD'000
(a) Transactions with subsidiaries of KHL during the year (other than subsidiaries of the Company)		
Receipt of hotel management, consultancy and related services and royalty fees	(Note ii) 10,550	17,876
Reimbursement of office expenses and payment of administration and related expenses	234	1,070
Reimbursement of office rental, management fees and rates	231	132
Payment of office rental, management fees and rates	7,924	6,282
Purchase of wine	1,279	2,805
(b) Transactions with associates of the Group during the year (other than the subsidiaries of KHL included under item (a) above)		
Receipt of hotel management, consultancy and related services and royalty fees	10,471	31,263
Receipt for laundry services	(Note i) 133	468
(c) Financial assistance provided to subsidiaries of KHL as at 31 December (other than subsidiaries of the Company)		
Balance of loan to associates of the Group	137,741	184,435
Balance of guarantees executed in favour of banks for securing bank loans/facilities granted to associates of the Group	72,611	78,996
(d) Financial assistance provided to associates of the Group as at 31 December (excluding item (c) above)		
Balance of loan to associates of the Group	51,147	47,314
Balance of guarantees executed in favour of banks for securing bank loans/facilities granted to an associate of the Group	19,004	17,913
There are no material changes to the terms of the above transactions during the year.		
(e) Key management compensation		
Fees, salaries and other short-term employee benefits of executive directors	1,199	5,598
Post-employment benefits of executive directors	28	38

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

40 RELATED PARTY TRANSACTIONS (CONTINUED)

Notes:

- (i) These transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of The Rules Governing the Listing of Securities on HKSE (“**Listing Rules**”) and are exempted from reporting, annual review, announcement and independent shareholders’ approval requirement under Chapter 14A of Listing Rules.
- (ii) These transactions include continuing connected transactions as defined in Chapter 14A of Listing Rules of USD3,983,000 which are exempted from reporting, annual review, announcement and independent shareholders’ approval requirement under Chapter 14A of Listing Rules.

41 GROUP STRUCTURE - PRINCIPAL SUBSIDIARIES AND ASSOCIATES

- (a) At 31 December 2020, the Company held interests in the following principal subsidiaries:

Name	Place of establishment/ operation	Paid up/ issued capital	Percentage holding in the voting shares		Nature of business	Notes
			Direct	Indirect		
Seanoble Assets Limited	The British Virgin Islands	HKD578,083,745	100	-	Investment holding	1
Shangri-La Asia Treasury Limited	The British Virgin Islands	HKD8,530	100	-	Group financing	1
Shangri-La China Limited	Hong Kong	HKD1,162,500,000	-	100	Investment holding	1
Shangri-La Hotels (Europe)	Luxembourg	EUR206,600,000	100	-	Investment holding	
Kerry Industrial Company Limited	Hong Kong	HKD10,000,002	-	100	Investment holding	1
Shangri-La Hotel (Kowloon) Limited	Hong Kong	HKD10,000,002	-	100	Hotel ownership and operation	1
Shangri-La International Hotels (Pacific Place) Limited	Hong Kong	HKD10,005,000	-	80	Hotel ownership and operation	1
Shenzhen Shangri-La Hotel Limited	The People's Republic of China	USD32,000,000	-	72	Hotel ownership and operation	2,6,8
Beihai Shangri-La Hotel Limited	The People's Republic of China	USD16,000,000	-	100	Hotel ownership and operation	7,8
Shanghai Pudong New Area Shangri-La Hotel Co, Limited	The People's Republic of China	USD47,000,000	-	100	Hotel ownership and operation	2,5,8
Shenyang Hotel Jen Limited	The People's Republic of China	USD39,040,470	-	100	Hotel ownership and operation	7,8
Changchun Shangri-La Hotel Co, Limited	The People's Republic of China	RMB167,000,000	-	100	Hotel ownership and operation and real estate operation	7,8
Jilin Province Kerry Real Estate Development Limited	The People's Republic of China	RMB25,000,000	-	100	Real estate development and operation	7,8
Qingdao Shangri-La Hotel Co, Limited	The People's Republic of China	USD79,000,000	-	100	Hotel ownership and operation and real estate development and operation	7,8
Dalian Shangri-La Hotel Co, Limited	The People's Republic of China	USD149,000,000	-	100	Hotel ownership and operation and real estate development and operation	7,8

41 GROUP STRUCTURE - PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) At 31 December 2020, the Company held interests in the following principal subsidiaries: (continued)

Name	Place of establishment/ operation	Paid up/ issued capital	Percentage holding in the voting shares		Nature of business	Notes
			Direct	Indirect		
Harbin Shangri-La Hotel Co, Limited	The People's Republic of China	USD20,767,000	-	100	Hotel ownership and operation	7,8
Wuhan Shangri-La Hotel Co, Limited	The People's Republic of China	USD48,333,333	-	92	Hotel ownership and operation	6,8
Fujian Kerry World Trade Centre Co, Limited	The People's Republic of China	HKD734,844,824	-	100	Real estate development	3,7,8
Fuzhou Shangri-La Hotel Co, Limited	The People's Republic of China	USD22,200,000	-	100	Hotel ownership and operation	7,8
Shangri-La Hotel (Chengdu) Co, Limited	The People's Republic of China	USD53,340,000	-	80	Hotel ownership and operation and real estate development and operation	7,8
Shangri-La Hotel (Guangzhou Pazhou) Co, Limited	The People's Republic of China	USD60,340,000	-	80	Hotel ownership and operation	7,8
Shangri-La Hotel (Shenzhen Futian) Co, Limited	The People's Republic of China	USD71,000,000	-	100	Hotel ownership and operation	2,7,8
Shangri-La Hotel (Ningbo) Co, Limited	The People's Republic of China	USD83,000,000	-	95	Hotel ownership and operation	7,8
Shangri-La Hotel (Wenzhou) Co, Limited	The People's Republic of China	USD46,250,000	-	100	Hotel ownership and operation	7,8
Shangri-La Hotel (Xian) Co, Limited	The People's Republic of China	USD42,800,000	-	100	Hotel ownership and operation	7,8
Shangri-La Hotel (Guilin) Co, Limited	The People's Republic of China	USD70,150,000	-	100	Hotel ownership and operation	7,8
Shangri-La Hotel (Baotou) Co, Limited	The People's Republic of China	USD24,400,000	-	100	Hotel ownership and operation	7,8
Shangri-La Hotel (Huhhot) Co, Limited	The People's Republic of China	USD43,670,000	-	100	Hotel ownership and operation	7,8
Shangri-La Hotel (Manzhouli) Co, Limited	The People's Republic of China	USD84,615,000	-	100	Hotel ownership and operation	7,8
Shangri-La Hotel (Zhoushan) Co, Limited	The People's Republic of China	RMB120,000,000	-	100	Hotel ownership and operation	7,8
Shangri-La Hotel (Hefei) Co, Limited	The People's Republic of China	USD90,000,000	-	100	Hotel ownership and operation	7,8
Shangri-La Hotel (Qinhuangdao) Co, Limited	The People's Republic of China	RMB880,000,000	-	100	Hotel ownership and operation	7,8

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 GROUP STRUCTURE - PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) At 31 December 2020, the Company held interests in the following principal subsidiaries: (continued)

Name	Place of establishment/ operation	Paid up/ issued capital	Percentage holding in the voting shares		Nature of business	Notes
			Direct	Indirect		
Sanya Shangri-La Hotel Co, Limited	The People's Republic of China	RMB1,775,614,140	-	100	Hotel ownership and operation	7,8
Shangri-La Hotel (Lhasa) Co, Limited	The People's Republic of China	USD132,000,000	-	100	Hotel ownership and operation	7,8
Shangri-La Hotel (Qufu) Co, Limited	The People's Republic of China	RMB844,000,000	-	100	Hotel ownership and operation	7,8
Shangri-La Hotel (Nanjing) Co, Limited	The People's Republic of China	RMB750,000,000	-	55	Hotel ownership and operation	7,8
Shangri-La Hotel (Diqing) Co, Limited	The People's Republic of China	RMB610,000,000	-	100	Hotel ownership and operation	7,8
Shangri-La Hotel (Xiamen) Co, Limited	The People's Republic of China	RMB640,000,000	-	100	Hotel ownership and operation	2,7,8
Dalian Wolong Bay Shangri-La Hotel Co, Limited	The People's Republic of China	RMB430,000,000	-	100	Hotel ownership and operation and real estate development and operation	3,7,8
Kerry Real Estate (Yangzhou) Co, Limited	The People's Republic of China	USD102,600,000	-	100	Hotel ownership and operation and real estate development	7,8
Harbin Songbei Shangri-La Hotel Co, Limited	The People's Republic of China	RMB658,000,000	-	100	Hotel ownership and operation	7,8
Shangri-La Ulaanbaatar LLC	Mongolia	USD5,000,000	-	51	Office ownership and operation	
Shangri-La Ulaanbaatar Hotel LLC	Mongolia	USD20,000,000	-	51	Hotel, serviced apartments and office ownership and operation	2
Makati Shangri-La Hotel & Resort, Inc	The Philippines	Peso 1,100,000,000	-	100	Hotel ownership and operation	2
Edsa Shangri-La Hotel & Resort, Inc	The Philippines	Peso 792,128,700	-	100	Hotel ownership and operation	2
Mactan Shangri-La Hotel & Resort, Inc	The Philippines	Common Peso 272,630,000 Preferred Peso 170,741,500 Redeemable Common Peso 285,513,000	-	93.95	Hotel ownership and operation	2

41 GROUP STRUCTURE - PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) At 31 December 2020, the Company held interests in the following principal subsidiaries: (continued)

Name	Place of establishment/ operation	Paid up/ issued capital	Percentage holding in the voting shares		Nature of business	Notes
			Direct	Indirect		
Addu Investments Private Limited	Republic of Maldives	Rufiyaa 640,000,000	-	70	Hotel ownership and operation	
Traders Hotel Malé Private Limited	Republic of Maldives	Rufiyaa 64,000,000	-	100	Hotel ownership and operation	
Yanuca Island Pte Limited	Fiji	FJD1,262,196	-	71.64	Hotel ownership and operation	2
Shangri-La Hotel Limited	Singapore	SGD165,433,560	-	100	Investment holding, hotel ownership and operation and leasing of residential and serviced apartments	2
Sentosa Beach Resort Pte Limited	Singapore	SGD30,000,000	-	100	Hotel ownership and operation	2
Traders Hotel Management Pte Limited	Singapore	SGD1	-	100	Hotel operation	2
Shangri-La Hotels (Malaysia) Berhad	Malaysia	RM544,501,853	-	52.78	Investment holding and hotel ownership and operation	
Shangri-La Hotel (KL) Sdn Berhad	Malaysia	RM150,000,000	-	52.78	Hotel ownership and operation	
Golden Sands Beach Resort Sdn Berhad	Malaysia	RM6,000,000	-	52.78	Hotel ownership and operation	
Pantai Dalit Beach Resort Sdn Berhad	Malaysia	RM135,000,000	-	64.59	Hotel and golf club ownership and operation	
Komtar Hotel Sdn Berhad	Malaysia	RM6,000,000	-	31.67	Hotel ownership and operation	
UBN Tower Sdn Berhad	Malaysia	RM500,000	-	52.78	Property investment and office management	
UBN Holdings Sdn Berhad	Malaysia	RM45,186,400	-	52.78	Investment holding and property investment	
Seanoble Malaysia Sdn Berhad	Malaysia	RM2,590,479,405	-	100	Group financing	2
Traders Yangon Company Limited	Myanmar	Kyat 21,600,000	-	59.16	Hotel ownership and operation	
Shangri-La Yangon Company Limited	Myanmar	Kyat 11,880,000	-	55.86	Serviced apartments and hotel ownership and operation	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 GROUP STRUCTURE - PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) At 31 December 2020, the Company held interests in the following principal subsidiaries: (continued)

Name	Place of establishment/ operation	Paid up/ issued capital	Percentage holding in the voting shares		Nature of business	Notes
			Direct	Indirect		
Traders Square Company Limited	Myanmar	Kyat 522,000	-	59.28	Real estate development and operation	
Shangri-La Hotel Public Company Limited	Thailand	Baht1,300,000,000	-	73.61	Hotel, serviced apartments and office ownership and operation	
Shangri-La Hotels (Paris)	France	EUR13,772,210	-	100	Hotel ownership and operation	2
Shangri-La Hotels Japan KK	Japan	YEN100,000,000	-	100	Hotel operation	2
Shangri-La Kyoto Nijojo TMK	Japan	YEN8,638,500,000	-	100	Hotel ownership and operation	2,3
Shangri-La Hotels Pte Limited	United Kingdom	GBP81,000,000	-	100	Hotel operation	2
Shangri-La Hotel (Cairns) Pty Limited	Australia	AUD8,250,000	-	100	Investment holding and hotel operation	9
Lilyvale Hotel Pty Limited	Australia	AUD140,000,004	-	100	Hotel ownership and operation	2,9
Shangri-La Hotels Lanka (Private) Limited	Sri Lanka	LKR2,219,000,000	-	90	Hotel ownership and operation and real estate development and operation	2
Shangri-La Investments Lanka (Private) Limited	Sri Lanka	LKR1,214,245,300	-	90	Hotel ownership and operation	2
Turati Properties Srl	Italy	EUR10,000	-	100	Hotel ownership and operation	3
SLIM International Limited	Cook Islands	USD1,000	100	-	Investment holding	
Shangri-La International Hotel Management Limited	Hong Kong	HKD10,000,000	-	100	Hotel management, marketing, consultancy and reservation services	1
Shangri-La Hotel Management (Shanghai) Co, Limited	The People's Republic of China	USD7,340,000	-	100	Hotel management, marketing and consultancy services	7,8
Shangri-La International Hotel Management Pte Ltd	Singapore	SGD2,000,000	-	100	Hotel management, marketing and consultancy services	2
Shangri-La International Hotel Management Limited	The British Virgin Islands	USD10,000	-	100	Ownership of intellectual property rights	

41 GROUP STRUCTURE - PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) At 31 December 2020, the Company held interests in the following principal subsidiaries: (continued)

Notes:

- 1 Subsidiaries audited by PricewaterhouseCoopers, Hong Kong.
- 2 Subsidiaries audited by other member firms of PricewaterhouseCoopers.
- 3 Subsidiaries which are under various stages of real estate and hotel development and have not yet commenced business operations as at the date of the statement of financial position.
- 4 Subsidiaries which are under various stages of real estate and hotel development and have partially commenced business operations as at the date of the statement of financial position.
- 5 Co-operative Joint Venture.
- 6 Equity Joint Venture.
- 7 Wholly Foreign Owned Enterprise.
- 8 The amount of paid up/issued capital for subsidiaries incorporated in The People's Republic of China represented the amount of paid in registered capital.
- 9 A Deed of Cross Guarantee was entered on 24 December 2015 between Shangri-La Asia Limited and its wholly owned Australian subsidiaries for the purpose of obtaining the benefit of the Class Order to relieve the entities from the requirement to lodge reports with ASIC (Australian Securities and Investments Commission). Apart from the stated principal subsidiaries, this deed also includes Shangri-La Investments (Australian) Pty Ltd (Australian parent company), Shangri-La Hotels Pty Ltd (hotel management company), Langley Terrace Hotel Pty Ltd (dormant), Traders Hotel Pty Ltd (dormant), Abelian Pty Ltd (dormant), Roma Hotel Pty Ltd (dormant) and The Pier Cairns Management Services Pty Ltd (dormant). All of these entities form a Closed Group. There are no other Extended Closed Group Entities involved. A Revocation Deed was entered in October 2017 between Shangri-La Asia Limited and its wholly owned Australian subsidiaries for the purpose of removing Langley Terrace Hotel Pty Limited from the Deed of Cross Guarantee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 GROUP STRUCTURE - PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) At 31 December 2020, the Group held interests in the following principal associates:

Name	Place of establishment/ operation	Percentage holding in the registered capital by the Group	Nature of business	Notes
China World Trade Center Limited	The People's Republic of China	50	Hotel ownership and operation and property investment	2
Beijing Shangri-La Hotel Co, Limited	The People's Republic of China	38	Hotel ownership and operation	
Hangzhou Shangri-La Hotel Limited	The People's Republic of China	45	Hotel ownership and operation	
Beijing Jia Ao Real Estate Development Co, Limited	The People's Republic of China	23.75	Real estate development and operation	2
Beijing Kerry Hotel Co, Limited	The People's Republic of China	23.75	Hotel ownership and operation	2
Shanghai Xin Ci Hou Properties Co, Limited	The People's Republic of China	24.75	Real estate development and operation	2
Shanghai Ji Xiang Properties Co, Limited	The People's Republic of China	49	Hotel ownership and operation and property investment	2
Shanghai Pudong Kerry City Properties Co, Limited	The People's Republic of China	23.20	Hotel ownership and operation and property investment	2
Tianjin Kerry Real Estate Development Co, Limited	The People's Republic of China	20	Hotel ownership and operation and property investment	4
Kerry Real Estate (Nanchang) Co, Limited	The People's Republic of China	20	Hotel ownership and operation and property investment	4
Hengyun Real Estate (Tangshan) Co, Limited	The People's Republic of China	35	Property investment	
Ruihe Real Estate (Tangshan) Co, Limited	The People's Republic of China	35	Hotel ownership and operation	
Xiang Heng Real Estate (Jinan) Co, Limited	The People's Republic of China	45	Hotel ownership and operation and property investment	
Kerry (Shenyang) Real Estate Development Co, Limited	The People's Republic of China	25	Property investment	4
Shangri-La Hotel (Shenyang) Co, Limited	The People's Republic of China	25	Hotel ownership and operation	
Kerry Real Estate (Hangzhou) Co Limited	The People's Republic of China	25	Hotel ownership and operation and property investment	
Full Fortune Real Estate (Putian) Co, Limited	The People's Republic of China	40	Property investment	
Well Fortune Real Estate (Putian) Co, Limited	The People's Republic of China	40	Hotel ownership and operation	3
Zhengzhou Yuheng Real Estate Co, Limited	The People's Republic of China	45	Hotel ownership and operation and property investment	3
Jian'an Real Estate (Kunming) Co, Limited	The People's Republic of China	45	Hotel ownership and operation	3
Cuscaden Properties Pte Limited	Singapore	44.60	Hotel ownership and operation and property investment	

41 GROUP STRUCTURE - PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) At 31 December 2020, the Group held interests in the following principal associates: (continued)

Name	Place of establishment/ operation	Percentage holding in the registered capital by the Group	Nature of business	Notes
Tanjong Aru Hotel Sdn Berhad	Malaysia	40	Hotel ownership and operation	
PT Swadharna Kerry Satya	Indonesia	25	Hotel ownership and operation	2
Fine Winner Holdings Limited	Hong Kong	30	Hotel ownership and operation	1
Shang Global City Properties, Inc	The Philippines	40	Hotel ownership and operation and property investment	
SRL Touessrok Hotel Limited	Mauritius	26	Hotel ownership and operation	
Besiktas Emlak Yatirim ve Turizm Anonim Sirketi	Turkey	50	Hotel ownership and operation	
Kerry Wines Limited	Hong Kong	20	Wines trading	1
Perennial Ghana Development Limited	The Republic of Ghana	45	Hotel ownership and operation	3

Notes:

- 1 Associates audited by PricewaterhouseCoopers, Hong Kong.
- 2 Associates audited by other member firms of PricewaterhouseCoopers.
- 3 Associates which are under various stages of real estate and hotel development and have not yet commenced business operations as at the date of the statement of financial position.
- 4 Associates which are under various stages of real estate and hotel development and have partially commenced business operations as at the date of the statement of financial position.

(c) The above tables list out the subsidiaries and associates of the Company as at 31 December 2020 which, in the opinion of the Directors, principally affected the results for the year or form a substantial portion of the net assets of the Group. To give details of other subsidiaries and associates would, in the opinion of the Directors, result in particulars of excessive length.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES

(a) Details of hotel properties of the Company's subsidiaries are as follows:

(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Kowloon Shangri-La, Hong Kong 64 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong	Hotel operation	Medium lease
Island Shangri-La, Hong Kong Pacific Place, Supreme Court Road, Central, Hong Kong	Hotel operation	Medium lease
Kerry Hotel, Hong Kong 38 Hung Luen Road, Hung Hom Bay, Kowloon, Hong Kong	Hotel operation	Medium lease
Shangri-La Hotel, Shenzhen East Side, Railway Station, 1002 Jianshe Road, Shenzhen 518001, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Beihai 33 Chating Road, Beihai, Guangxi 536007, The People's Republic of China	Hotel operation	Medium lease
Pudong Shangri-La, East Shanghai 33 Fu Cheng Road, Pudong, Shanghai 200120, The People's Republic of China	Hotel operation	Medium lease
JEN Shenyang by Shangri-La 68 Zhong Hua Road, He Ping District, Shenyang 110001, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Changchun 569 Xian Road, Changchun 130061, The People's Republic of China	Hotel operation and commercial and residential rental	Medium lease
Shangri-La Hotel, Qingdao 9 Xianggang Middle Road, Qingdao 266071, The People's Republic of China	Hotel operation	Medium lease

42 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) Details of hotel properties of the Company's subsidiaries are as follows: (continued)

(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shangri-La Hotel, Dalian 66 Renmin Road, Dalian 116001, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Harbin 555 You Yi Road, Harbin 150018, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Wuhan 700, Jianshe Avenue, Hankou, Wuhan 430015, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Fuzhou 9 Xin Quan Nan Road, Fuzhou, Fujian 350005, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Guangzhou 1 Hui Zhan Dong Road, Hai Zhu District, Guangzhou 510308, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Chengdu 9 Binjiang Dong Road, Chengdu, Sichuan 610021, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Xian 38B Keji Road, Xian 710075, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Baotou 66 Min Zu East Road, Qing Shan District, Baotou 014030, Inner Mongolia, The People's Republic of China	Hotel operation	Medium lease

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) Details of hotel properties of the Company's subsidiaries are as follows: (continued)

(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shangri-La Hotel, Yangzhou 472 Wen Chang Xi Lu, Yangzhou, Hanjiang District, Jiangsu Province, 225009, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Huhhot 5 Xi Lin Guo Le South Road, Huhhot 010020, Inner Mongolia, The People's Republic of China	Hotel operation	Medium lease
Futian Shangri-La, Shenzhen 4088 Yi Tian Road, Futian District, Shenzhen 518048, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Wenzhou 1 Xiangyuan Road, Wenzhou 325000, Zhejiang Province, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Ningbo 88 Yuyuan Road, Ningbo 315040, Zhejiang, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Guilin 111 Huan Cheng Bei Er Lu, Guilin 541004, Guangxi, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Manzhouli 99 Liudao Street, Manzhouli Inner Mongolia, 021400, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Qufu 3 Chunqiu Road, Qufu, Shandong, 273100, The People's Republic of China	Hotel operation	Medium lease

42 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) Details of hotel properties of the Company's subsidiaries are as follows: (continued)

(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shangri-La's Sanya Resort & Spa, Hainan No.88 North Hai Tang Road, Sanya Hainan, 572000, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Lhasa 19 Norbulingka Road, Lhasa, Tibet Autonomous Region, 850000, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Nanjing 329 Zhongyang Road, Gulou District, Nanjing, Jiangsu Province, 210037, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Qinhuangdao 123 Hebin Road, Haigang District, Qinhuangdao, Hebei, 066000, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Hefei No.256 Suixi Road, Luyang District, Hefei, Anhui Province, 230041 The People's Republic of China	Hotel operation	Medium lease
Shangri-La Resort, Shangri-La No.1, Chicika Street, Jiantang Town, Shangri-La, Diqing Tibetan Autonomous Prefecture Yunnan Province, The People's Republic of China	Hotel operation	Medium lease
Songbei Shangri-La, Harbin No. 1 Songbei Avenue, Songbei District, Harbin 150028, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Xiamen Guanyinshan International Business Centre, No. 168 Taidong Road, Siming District, Fujian, The People's Republic of China	Hotel operation	Medium lease

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) Details of hotel properties of the Company's subsidiaries are as follows: (continued)

(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shangri-La Zhoushan No. 18 Qiandao Road, Dinghai District, Zhoushan, Zhejiang Province The People's Republic of China	Hotel operation	Medium lease
Makati Shangri-La, Manila Ayala Avenue corner Makati Avenue, Makati City, 1200, The Philippines	Hotel operation	Medium lease
Edsa Shangri-La, Manila 1 Garden Way, Ortigas Centre, Mandaluyong City 1650, The Philippines	Hotel operation	Medium lease
Shangri-La's Mactan Resort & Spa, Cebu Punta Engano Road, Lapu-Lapu, Cebu 6015, The Philippines	Hotel operation	Medium lease
Shangri-La's Boracay Resort & Spa Barangay Yapak, Boracay Island, Malay, Aklan 5608, The Philippines	Hotel operation	Medium lease
Shangri-La's Fijian Resort & Spa, Yanuca Yanuca Island, Coral Coast, Fiji Islands, Fiji	Hotel operation	Medium lease
Shangri-La Hotel, Singapore 22 Orange Grove Road, Singapore 258350	Hotel operation	Freehold
Shangri-La's Rasa Sentosa Resort & Spa, Singapore 101 Siloso Road, Sentosa, Singapore 098970	Hotel operation	Long lease
JEN Singapore Orchardgateway by Shangri-La 277 Orchard Road, Singapore 238858	Hotel operation	Short lease for building

42 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) Details of hotel properties of the Company's subsidiaries are as follows: (continued)

(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shangri-La Hotel, Kuala Lumpur 11 Jalan Sultan Ismail, Kuala Lumpur 50250, Malaysia	Hotel operation	Freehold
Shangri-La's Rasa Sayang Resort & Spa, Penang Batu Feringgi Beach, Penang 11100, Malaysia	Hotel operation	Freehold
JEN Penang Georgetown by Shangri-La Magazine Road, George Town, Penang 10300, Malaysia	Hotel operation	Long lease
Golden Sands Resort, Penang Batu Feringgi Beach, Penang 11100, Malaysia	Hotel operation	Freehold
Shangri-La's Rasa Ria Resort & Spa, Kota Kinabalu Pantai Dalit, PO Box 600, Tuaran, Kota Kinabalu, Sabah 89208, Malaysia	Hotel and golf club operation	Long lease
Sule Shangri-La, Yangon 223 Sule Pagoda Road, Yangon, G.P.O. Box 888 Myanmar	Hotel operation	Medium lease
Shangri-La Hotel, Bangkok 89 Soi Wat Suan Plu New Road, Bangrak, Bangkok 10500, Thailand	Hotel operation, residential and office rental	Freehold
Shangri-La Hotel, Chiang Mai 89/8 Chang Klan Road, Muang, Chiang Mai 50100, Thailand	Hotel operation	Freehold
Shangri-La's Villingili Resort & Spa, Maldives Villingili Island, Addu Atoll, Republic of Maldives	Hotel operation	Medium lease

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) Details of hotel properties of the Company's subsidiaries are as follows: (continued)

(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
JEN Maldives Malé by Shangri-La, Maldives Ameer Ahmed Magu, Malé 20096, Republic of Maldives	Hotel operation	Medium lease
Shangri-La Hotel, Tokyo Marunouchi Trust Tower Main, 1-8-3 Marunouchi, Chiyoda-ku, Tokyo 100-8283, Japan	Hotel operation	Medium lease for building
Shangri-La Hotel, At The Shard, London 31 St Thomas Street, London, SE1 9QU, United Kingdom	Hotel operation	Medium lease for building
Shangri-La Hotel, Paris 10 Avenue d'Iena, Paris, 75116, France	Hotel operation	Freehold
Shangri-La Hotel, The Marina, Cairns Pierpoint Road, Cairns, Queensland 4870, Australia	Hotel operation	Medium lease
Shangri-La Hotel, Sydney 176 Cumberland Street, The Rocks, Sydney NSW2000, Australia	Hotel operation	Long lease
Shangri-La Hotel, Ulaanbaatar 19 Olympic Street, Sukhbaatar District-1, Ulaanbaatar, 14241, Mongolia	Hotel operation	Medium lease
Shangri-La's Hambantota Golf Resort & Spa, Sri Lanka Sittrakala Estate, Chithragala, Ambalantota, Sri Lanka	Hotel operation	Medium lease
Shangri-La Hotel, Colombo 1 Galle Face, Colombo 2, Sri Lanka	Hotel operation	Freehold

42 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Details of hotel properties of the operating associates are as follows:

(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
China World Hotel, Beijing 1 Jian Guo Men Wai Avenue, Beijing 100004, The People's Republic of China	Hotel operation	Medium lease
JEN Beijing by Shangri-La 1 Jian Guo Men Wai Avenue, Beijing 100004, The People's Republic of China	Hotel operation	Medium lease
China World Summit Wing, Beijing 1 Jian Guo Men Wai Avenue, Beijing 100004, The People's Republic of China	Hotel operation	Medium lease
Kerry Hotel, Beijing 1 Guanghua Road, Beijing 100020, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Beijing 29 Zizhuyuan Road, Beijing 100089, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Hangzhou 78 Beishan Road, Hangzhou 310007, The People's Republic of China	Hotel operation	Medium lease
Kerry Hotel Pudong, Shanghai No. 1388 Hua Mu Road, Pudong, Shanghai 201204, The People's Republic of China	Hotel operation	Medium lease

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Details of hotel properties of the operating associates are as follows: (continued)

(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Jing An Shangri-La, West Shanghai 1218 Middle Yan'an Road, Jing An Kerry Centre, West Nanjing Road, Shanghai 200040, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Shenyang 115 Qingnian Avenue Shenhe District, Shenyang Liaoning, 110016, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Tianjin No. 328 Haihe East Road, Hedong District, Tianjin, 300019 The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Jinan No. 106 Luoyuan Street, Lixia District, Jinan, Shandong Province, 250011, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Nanchang No. 669, Cui Lin Road, Honggutan New District, Nanchang, Jiangxi Province, 330038, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hotel, Tangshan 887, 889, Changhong West Road, Lubei District, Tangshan, Hebei, 063000, The People's Republic of China	Hotel operation	Medium lease
Midtown Shangri-La, Hangzhou 6 Changshou Road, Kerry Centre, Yan'an Road, Hangzhou, 310006, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Putian 88 Jiuhua Xi Road, Longqiao Street, Chengxiang District, Putian, Fujian, 351100, The People's Republic of China	Hotel operation	Medium lease

42 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Details of hotel properties of the operating associates are as follows: (continued)

(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
JEN Singapore Tanglin by Shangri-La 1A Cuscaden Road, Singapore 249716	Hotel operation	Long lease
Shangri-La's Tanjung Aru Resort & Spa, Kota Kinabalu 20 Jalan Aru, Tanjung Aru, Kota Kinabalu, Sabah 88100, Malaysia	Hotel operation	Long lease
Shangri-La Hotel, Jakarta Kota BNI Jalan Jend. Sudirman Kav. 1, Jakarta 10220, Indonesia	Hotel operation	Medium lease
JEN Hong Kong by Shangri-La 508 Queen's Road West, Hong Kong	Hotel operation	Long lease
Shangri-La Bosphorus, Istanbul Sinanpasa Mah, Hayrettin Iskelesi Sok, No.1, Besiktas, Istanbul 34353, Turkey	Hotel operation	Freehold
Shangri-La's Le Touessrok Resort & Spa, Mauritius Coastal Road, Trou d'Eau Douce, 42212, Mauritius	Hotel operation	Freehold/Long lease
Shangri-La at the Fort, Manila 30th Street corner 5th Avenue, Bonifacio Global City, Taguig City, Philippines	Hotel operation	Freehold

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 INVESTMENT PROPERTIES OF SUBSIDIARIES AND ASSOCIATES

(a) Details of principal investment properties of the subsidiaries are as follows:

(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shangri-La Residences, Dalian 66 Renmin Road, Dalian 116001, The People's Republic of China	Residential rental	Medium lease
Shangri-La Centre, Chengdu 9 Binjiang Dong Road Chengdu 610021, The People's Republic of China	Office and commercial rental	Medium lease
Shangri-La Centre, Qingdao 9 Xiang Gang Zhong Lu, Qingdao 266071, The People's Republic of China	Office and commercial rental	Medium lease
Shangri-La Centre, Wuhan 700, Jianshe Avenue, Hankou, Wuhan 430015, The People's Republic of China	Office and commercial rental	Medium lease
Central Tower, Ulaanbaatar Sukhbaatar Square 2, Sukhbaatar -8, Ulaanbaatar 14200, Mongolia	Office and commercial rental	Medium lease
Shangri-La Centre, Ulaanbaatar 19A-C Olympic Street, Sukhbaatar District 1, Ulaanbaatar 14241, Mongolia	Office, commercial and residential rental	Medium lease
Shangri-La Apartments, Singapore 1 Anderson Road, Singapore 259983	Residential rental	Freehold
Shangri-La Residences, Singapore 1A Ladyhill Road, Singapore 258685	Residential rental	Freehold
UBN Tower, Kuala Lumpur UBN Complex, 10 Jalan P. Ramlee, Kuala Lumpur 50250, Malaysia	Office and commercial rental	Freehold

43 INVESTMENT PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) Details of principal investment properties of the subsidiaries are as follows: (continued)

(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
UBN Apartments, Kuala Lumpur UBN Complex, 10 Jalan P. Ramlee, Kuala Lumpur 50250, Malaysia	Residential rental	Freehold
Sule Square, Yangon 221, Sule Pagoda Road, Yangon, Myanmar	Office and commercial rental	Medium lease
Shangri-La Serviced Apartments, Yangon 150/150(A), Kan Yeik Thar Road, Mingalar Taung Nyunt Township Yangon, Myanmar	Residential rental	Medium lease
The Pier Retail Complex, Cairns Pierpoint Road, Cairns, Queensland 4870, Australia	Office and commercial rental	Long lease
One Galle Face, Colombo 1A Centre Road Galle Face, Colombo 02, Sri Lanka	Office, commercial and residential rental	Freehold

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 INVESTMENT PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Details of investment properties of the operating associates are as follows:

(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
China World Trade Center 1 Jian Guo Men Wai Avenue, Beijing 100004, The People's Republic of China	Office, commercial and residential rental	Medium lease
Century Towers, Beijing 18 Guang Qu Men Wai Avenue, Beijing 100022, The People's Republic of China	Residential rental	Medium lease
Beijing Kerry Centre 1 Guanghua Road, Chaoyang District, Beijing 100020, The People's Republic of China	Office, commercial and residential rental	Medium lease
Jing An Kerry Centre 1218, 1228 and 1238 Yanan Zhong Road, 1539, 1551 and 1563, Nanjing Road West, Jing An District, Shanghai 200040, The People's Republic of China	Office, commercial and residential rental	Medium lease
Kerry Parkside Shanghai Pudong No. 1378 Hua Mu Road, Pudong, Shanghai 201204, The People's Republic of China	Office, commercial and residential rental	Medium lease
Tianjin Kerry Centre Liuwei Road, Hedong District, Tianjin 300171, The People's Republic of China	Office, commercial and residential rental	Medium lease
Hangzhou Kerry Centre 385 Yan'an Road, Xiacheng District, Hangzhou, The People's Republic of China	Office and commercial rental	Medium lease
Jinan Enterprise Square 102 Luoyuan Street, Lixia District, Jinan 250000, The People's Republic of China	Office and commercial rental	Medium lease

43 INVESTMENT PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Details of investment properties of the operating associates are as follows: (continued)

(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shenyang Kerry Centre 123, 125 and 125-1 Qingnian Avenue, Shenhe District, Shenyang 110200, The People's Republic of China	Office and commercial rental	Medium lease
Tanglin Mall, Singapore 163 Tanglin Road, Singapore 247933	Commercial rental	Long lease
Tanglin Place, Singapore 91 Tanglin Road, Singapore 247918	Office and commercial rental	Freehold

44 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2020	2019
	USD'000	USD'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,358	4,056
Investments in subsidiaries	3,902,069	4,141,940
Financial assets at FVPL - Club debentures	2,334	2,306
	3,908,761	4,148,302
Current assets		
Amounts due from subsidiaries	651,296	612,199
Dividends receivable, prepayments and deposits	579,575	571,191
Cash and cash equivalents	208,857	11,495
	1,439,728	1,194,885
Total assets	5,348,489	5,343,187
EQUITY		
Capital and reserves attributable to owners of the Company		
Share capital and premium	3,201,995	3,201,995
Shares held for share award scheme	(4,265)	(5,985)
Other reserves	1,542,448	1,542,755
Retained earnings	498,936	465,806
Total equity	5,239,114	5,204,571
LIABILITIES		
Current liabilities		
Accounts payable and accruals	2,752	7,446
Amounts due to subsidiaries	106,623	131,170
	109,375	138,616
Total liabilities	109,375	138,616
Total equity and liabilities	5,348,489	5,343,187
Net current assets	1,330,353	1,056,269
Total assets less current liabilities	5,239,114	5,204,571

The statement of financial position of the Company was approved by the Board of Directors on 26 March 2021 and was signed on its behalf.

KUOK Hui Kwong
Director

LIM Beng Chee
Director

45 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Movement of other reserves of the Company:

	Share option reserve USD'000	Share award reserve USD'000	Capital redemption reserve USD'000	Contributed surplus USD'000 (Note)	Total USD'000
Balance at 1 January 2019	6,216	589	10,666	1,524,231	1,541,702
Granting of shares under share award scheme	-	2,077	-	-	2,077
Vesting of shares under share award scheme	-	(1,024)	-	-	(1,024)
Balance at 31 December 2019 and 1 January 2020	6,216	1,642	10,666	1,524,231	1,542,755
Granting of shares under share award scheme	-	1,153	-	-	1,153
Vesting of shares under share award scheme	-	(1,460)	-	-	(1,460)
Balance at 31 December 2020	6,216	1,335	10,666	1,524,231	1,542,448

Note:

The contributed surplus of the Company arose when the Company issues shares in exchange for the shares of companies being acquired, and represented the difference between the nominal value of the Company's issued shares and the value of net assets of the companies acquired. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to the shareholders.

Movement of retained earnings of the Company:

	2020 USD'000	2019 USD'000
Balance at 1 January	465,806	133,272
Vesting of shares under share award scheme	(260)	(116)
Profit for the year	33,390	434,335
2019/2018 final dividend paid	-	(64,720)
2020/2019 interim dividend paid (Note 36)	-	(36,965)
Balance at 31 December	498,936	465,806
Representing:		
2020/2019 final dividend proposed (Note 36)	-	-
Others	498,936	465,806
Balance at 31 December	498,936	465,806

46 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 26 March 2021.

FIVE YEAR SUMMARY

The financial summary of the Group for the last five years is as follows:

	Year ended 31 December				
	2020 USD'000	2019 USD'000	2018 USD'000	2017 USD'000	2016 USD'000
Results					
(Loss)/Profit attributable to:					
Owners of the Company	(460,161)	152,485	192,905	157,997	106,054
Non-controlling interests	(50,423)	17,235	(9,167)	(13,951)	(44,022)

	As at 31 December				
	2020 USD'000	2019 USD'000	2018 USD'000	2017 USD'000	2016 USD'000
Assets and liabilities					
Total assets	14,008,158	13,722,073	13,170,648	13,675,173	12,993,784
Total liabilities	7,693,411	7,218,040	6,493,760	6,633,177	6,581,350
Total equity	6,314,747	6,504,033	6,676,888	7,041,996	6,412,434

ABBREVIATIONS

In this Annual Report (except for the independent Auditor's report and the Financial Statements), the following expressions have the following meanings:

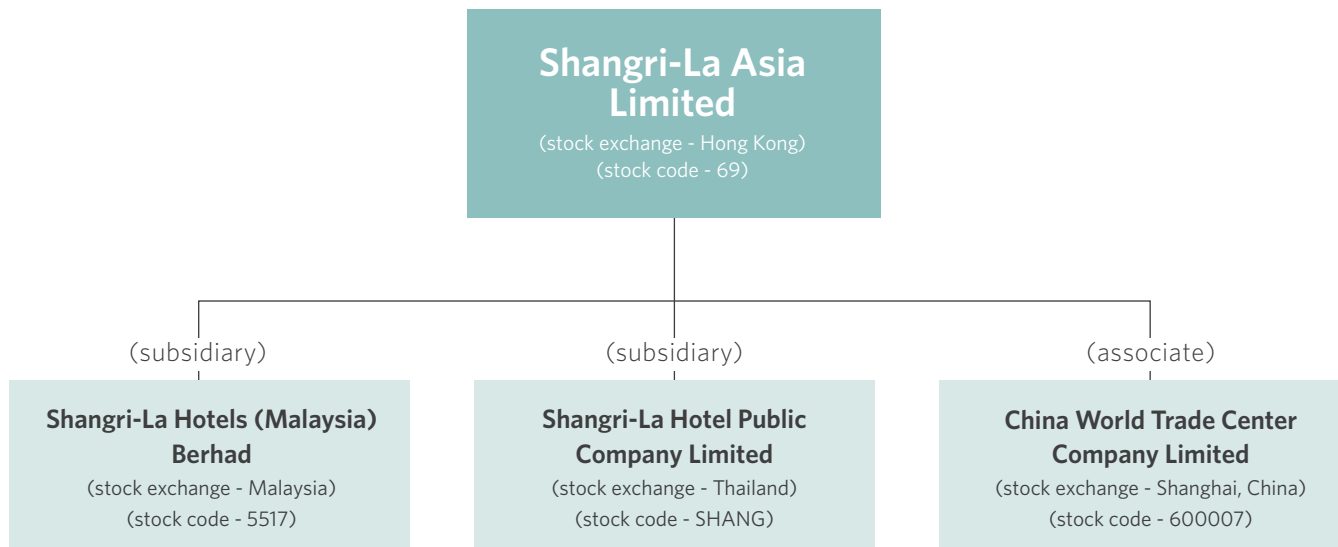
"Annual General Meeting"	forthcoming 2021 annual general meeting of the Company
"Annual Report"	this 2020 annual report of the Company
"Audit & Risk Committee"	audit and risk committee of the Company
"Auditor"	statutory auditor of the Company, currently being PricewaterhouseCoopers, Hong Kong
"Board"	board of Directors
"Bye-Laws"	bye-laws of the Company
"CEO", "CFO", "CHRO", "CIO" and "CTO"	chief executive officer, chief financial officer, chief human resources officer, chief investment officer and chief technology officer, respectively, of the Company/Group
"CG Model Code"	code provisions as set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 14 to the Listing Rules
"CG Principles"	corporate governance principles of the Company adopted by the Board on 19 March 2012 and as revised from time to time, and such principles align with and/or incorporate terms that are stricter than the CG Model Code, save for that disclosed (if any) in the corporate governance report in this Annual Report
"Chairman" or "Deputy Chairman"	chairman and deputy chairman (if any), respectively, of the Board
"China" or "Mainland China"	The People's Republic of China, excluding Hong Kong and Macau
"Company"	Shangri-La Asia Limited
"Director(s)"	director(s) of the Company
"Directors' Report"	the Directors' report as set out in this Annual Report
"EBITDA"	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 which is a non-HKFRS financial measure used to measure the Group's operating profitability
"Executive Committee"	executive committee of the Company
"Executive Director(s)" or "ED(s)"	executive Director(s)

ABBREVIATIONS

“Financial Statements”	consolidated financial statements of the Group for the Financial Year as set out on pages 119 to 235 of this Annual Report
“Financial Year”	financial year ended 31 December 2020
“Group”	Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKSE”	The Stock Exchange of Hong Kong Limited
“Hotel Management Services”	hotel management, marketing, communication, training, and/or reservation services, and/or any hotel related services
“Independent Non-executive Director(s)” or “INED(s)”	independent non-executive Director(s)
“KGL”	Kerry Group Limited, a Substantial Shareholder, and a connected person of the Company
“KHL”	Kerry Holdings Limited, a Substantial Shareholder and a subsidiary of KGL, and a connected person of the Company
“KPL”	Kerry Properties Limited, whose controlling shareholders include KHL and KGL, and thus is an associate of each of them, and accordingly a connected person of the Company
“Listing Rules”	Rules Governing the Listing of Securities on HKSE
“Nomination Committee”	nomination committee of the Company
“Non-executive Director(s)” or “NED(s)”	non-executive Director(s)
“Other Major Shareholder(s)”	Shareholder(s) (other than Substantial Shareholder(s)) whose interests and short positions in Shares and underlying Shares are recorded in the register required to be kept by the Company under Section 336 of the SFO, and in general, being Shareholder(s) deemed to have interest of 5% or more but less than 10% in the Company
“Remuneration Committee”	remuneration committee of the Company
“Securities Model Code”	code set out in the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“Securities Principles”	principles for securities transactions by Directors or any non-Directors of the Company adopted by the Board on 19 March 2012 and as revised from time to time, and such principles align with and/or incorporate terms that are stricter than the Securities Model Code

“Senior Management”	member(s) of the senior management of the Group as indicated in the section entitled “Board of Directors, Company Secretary and Senior Management” in this Annual Report
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HKD1.00 each in the Company
“Shareholder(s)”	shareholder(s) of the Company
“SLIM”	SLIM International Limited and its subsidiaries (including SLIM-HK and SLIM-PRC) and certain fellow subsidiary(ies), and whose principal businesses include the provision of Hotel Management Services
“SLIM-HK”	Shangri-La International Hotel Management Limited, a wholly owned subsidiary of the Company incorporated in Hong Kong, and whose principal business is the provision of Hotel Management Services
“SLIM-PRC”	Shangri-La Hotel Management (Shanghai) Co, Limited, a wholly owned subsidiary of the Company incorporated in Mainland China, and whose principal business is the provision of Hotel Management Services
“substantial shareholder(s)”	as defined in the Listing Rules and in general, being shareholder(s) deemed to have interest of 10% or more in a company, and “Substantial Shareholder(s)” shall mean substantial shareholder(s) of the Company
“Year End”	31 December 2020

THE GROUP'S LISTED MEMBERS



SHANGRI-LA GROUP

