

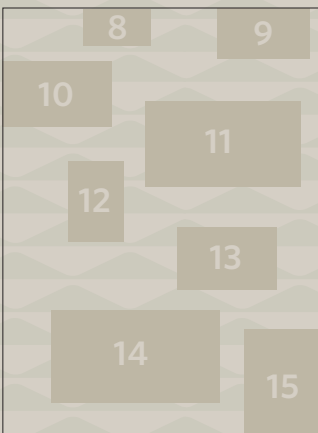
ANNUAL REPORT 2021

SHANGRI-LA ASIA LIMITED

Incorporated in Bermuda with Limited Liability
Stock code: 69



SHANGRI-LA GROUP



Cover Photos:

1. Shangri-La Hambantota
2. Shangri-La Shougang Park, Beijing
3. Shangri-La Qiantan, Shanghai
4. Shangri-La Qiantan, Shanghai
5. Shangri-La Jeddah
6. Shangri-La Le Touessrok, Mauritius
7. Shangri-La Qiantan, Shanghai
8. Kerry Hotel, Hong Kong
9. Shangri-La Jeddah
10. Shangri-La Yanuca Island, Fiji
11. Shangri-La Qiantan, Shanghai
12. Shangri-La Boracay
13. Shangri-La Rasa Ria, Kinabalu
14. Shangri-La Shougang Park, Beijing
15. Shangri-La The Shard, London

Contents

<i>Overview</i>	2	<i>Directors' Report</i>	65
The Group's Business Presence	2	General Disclosure Items	66
Financial Highlights	3	Directors	67
Corporate Information	5	Significant Shareholders' Interests	68
Year in Review	6	Directors' Interests	69
Awards of the Year	9	Share Option Scheme	71
Chairman's Statement	10	Share Award Scheme	73
Board of Directors, Company Secretary and Senior Management	12	Connected Transaction(s)	76
		Continuing Connected Transaction(s)	76
<i>Discussion and Analysis</i>	21	<i>Corporate Governance Report</i>	86
Consolidated Statement of Profit or Loss	24	Directors Handbook and Corporate Governance Functions	87
Summary of Net Asset Value	25	Board	89
Results of Operations	26	Executive Committee	90
Corporate Debt and Financial Conditions	40	Nomination Committee	91
Treasury Policies	42	Remuneration & Human Capital Committee	94
Investment Properties Valuation	44	Audit & Risk Committee	97
Impairment Provision	44	Risk Management and Internal Controls	99
Financial Assets - Trading Securities	45	External Auditors	103
Development Programmes	45	General Meeting(s)	104
Disposal	46	General Mandates Granted to Directors	105
Management Contracts for Hotels Owned by Third Parties	46	Dividend Policy	105
Human Resources	47	Investor Relations	106
Prospects	48	Public Float	108
<i>Properties Under Development</i>	49	<i>Financial Report</i>	109
<i>Responsible Business</i>	54	Independent Auditor's Report	109
		Consolidated Statement of Financial Position	115
		Consolidated Statement of Profit or Loss	117
		Consolidated Statement of Comprehensive Income	118
		Consolidated Statement of Changes in Equity	119
		Consolidated Cash Flow Statement	121
		Notes to the Consolidated Financial Statements	122
		Five Year Summary	240
		Abbreviations	241
		The Group's Listed Members	244

The Group's Business Presence



As at 31 December 2021
 ● Business in operation
 ● Projects under development

Asia

- | | | | | | | | | | | | | | | | | |
|---------------------------------|--|---|--|---|---|---|----------------------------------|----------------------------|-------------------------|---|---------------------------------|--------------------|---|---------------------------------------|--|---|
| Cambodia
Phnom Penh ● | 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 ● |
|--------------------------|-----------------------------|

Africa

- Mauritius** ●

North America

- Canada**
 Toronto ●
 Vancouver ●

Financial Highlights

The following table summarises the highlights of our financial results:

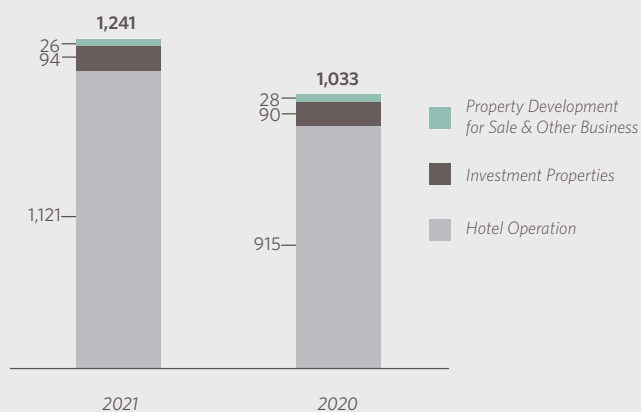
	2021 USD Million	2020 USD Million	2021/20 % Change
Consolidated Revenue	1,241.0	1,033.4	20.1%
EBITDA of the Company and its subsidiaries	132.8	(84.9)	N/M
Effective share of EBITDA of the Company, subsidiaries and associates	418.0	181.6	130.2%
Loss attributable to owners of the Company			
- Operating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

(N/M: Not meaningful)

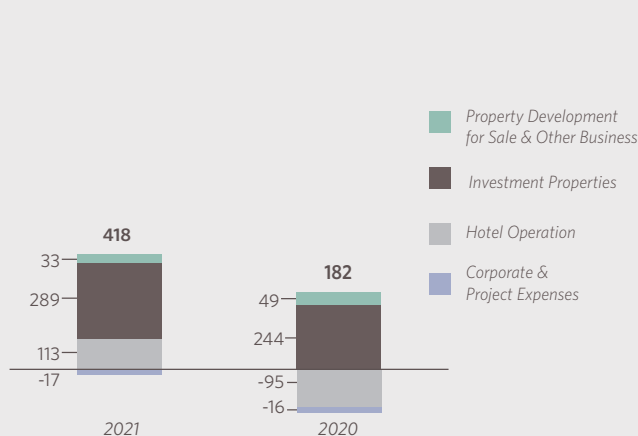
Notes:

- 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)

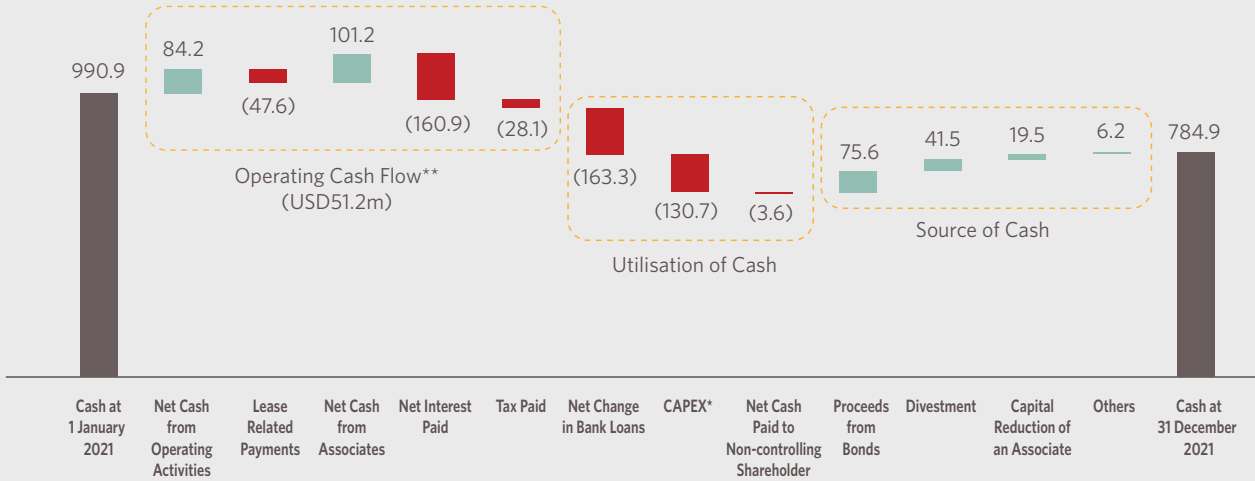


Effective Share of EBITDA by Category (USD Million)



Financial Highlights

Movement of Cash Flow ^(Note) (USD Million)



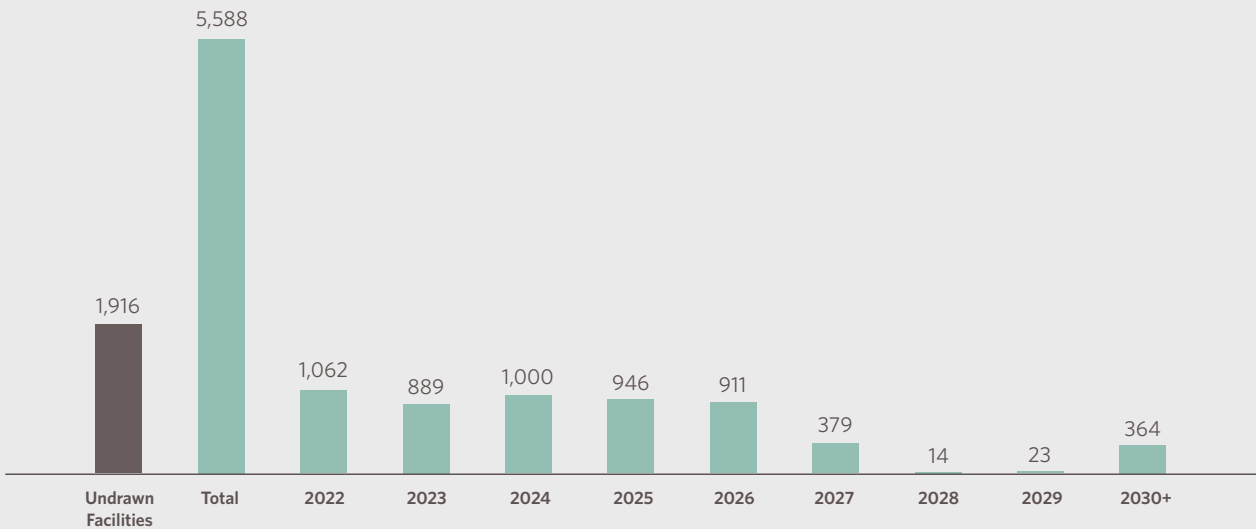
* Capital expenditure (“CAPEX”) includes equity injection to an associate for its CAPEX

** Operating cash flow includes operating cash flow from the Group’s subsidiaries as well as interest income and certain cash received from associates by way of loan repayments, interest and dividend payments

Note: Movement of cash flow is presented from management’s perspective which may be different from the cash flow presented in accordance with HKFRS disclosure requirements.

Debt refinancing schedule chart including undrawn facilities (USD Million)

Weighted Average Term: 3.61 years



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

Corporate Information

As at 24 March 2022

BOARD OF DIRECTORS

Executive Director(s)

Ms KUOK Hui Kwong (*Chairman*)

Mr LIM Beng Chee (*Group CEO*)

Independent Non-executive Director(s)

Professor LI Kwok Cheung Arthur

Mr YAP Chee Keong

Mr LI Xiaodong Forrest

Mr ZHUANG Chenchao

Ms KHOO Shulamite N K

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

REMUNERATION & HUMAN CAPITAL COMMITTEE

Ms KHOO Shulamite N K (*chairman from 28 May 2021*)

Ms KUOK Hui Kwong

Professor LI Kwok Cheung Arthur (*chairman until 28 May 2021*)

Mr YAP Chee Keong

AUDIT & RISK COMMITTEE

Mr YAP Chee Keong (*chairman*)

Professor LI Kwok Cheung Arthur

Ms KHOO Shulamite N K (*from 1 August 2021*)

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

24 May 2022 to 27 May 2022, both dates inclusive

Annual General Meeting

27 May 2022

Announcement of 2022 interim results

August 2022

Year in Review



January

Shangri-La Group continued the “Caring for Our Community” programme which launched in May 2020 amidst the pandemic. In 2021, colleagues in Hong Kong volunteered to deliver food packages to over 11,400 households.



March

Shangri-La Group and Trip.com deepened their strategic partnership, which enabled Shangri-La to reach a broader customer base with enriched products and offerings.



April

Having introduced complimentary COVID-19 medical coverage for international guests staying at Shangri-La’s four Singapore hotels in 2020, the Group expanded the programme to 21 hotels across Southeast Asia, Australia, Hong Kong SAR, and Japan.



The Group marked its 50th anniversary and announced a refreshed brand logo for Shangri-La Hotels and Resorts (Shangri-La) that pays tribute to its past and sets a fresh vision for the future.

Year in Review



April

Shangri-La Group and Samty Co., Ltd (“Samty Group”, listed in Tokyo with stock code 3244) entered into a joint venture agreement, pursuant to which Samty Group will acquire an indirect 80 per cent interest in a new hotel development project in Kyoto, Japan. The land site, located north of the Nijo Castle UNESCO World Heritage Site, was acquired by Shangri-La Group in 2019. When the transaction is completed in 2022, Shangri-La Group will continue to own a 20 per cent stake in this project.



May

Shangri-La Group launched the Fam.ily™ brand, creating experiences for multi-generational families and providing support for customers on their parenting journeys, while fulfilling the ever-changing demands of modern travellers.



July

“Caring for people” is one of Shangri-La’s key values. To support Hong Kong’s COVID-19 vaccination drive, Shangri-La launched a city-wide lucky draw with nearly one million participants.



October

Shangri-La Qiantan, Shanghai, soft-opened in the New Bund International Business District, the city’s emerging lifestyle destination.

Year in Review



November

As part of Shangri-La's 50th Anniversary celebrations, the brand launched the #WithHeart campaign, celebrating its strong ties to Asia. The campaign honours the passion and values that have driven the brand's evolution and the rise of Asia.



December

Shangri-La Shougang Park, Beijing, debuted as one of the official hotels of the 2022 Beijing Winter Olympics. The new hotel brings vitality and timeless heartfelt hospitality to a century-old industrial landscape, creating a "new landmark of the capital city's revival".



December

Shangri-La announced the transformation of its award-winning Golden Circle loyalty programme into Shangri-La Circle, an aspirational travel and lifestyle platform set to premiere in April 2022, and unveiled Polaris, a new, invitation-only membership tier.

Awards of the Year

Business Traveller Asia-Pacific Awards 2021

Best Business Hotel Brand in Asia-Pacific

Business Traveller Asia-Pacific Awards 2021

Top 2 Best Luxury Hotel Brand in Asia-Pacific

Business Traveller UK Awards 2021

Best Business Hotel Brand in Asia-Pacific

Business Traveller UK Awards 2021

Top 2 Best Luxury Hotel Brand

Business Traveler USA 2021**Best in Business Travel Awards**

Best Business Hotel Brand in Asia

Travel + Leisure World's Best Awards 2021

Top 18 Hotel Brand in the World

TTG China Travel Awards 2021

Best Meetings & Conventions Hotel Brand in Greater China

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 2021.

Although outbreaks of various COVID-19 variants interrupted and delayed the resumption of international travel and hotel operations last year, the Group was successful in managing these challenges to deliver a significant improvement in profitability for 2021 due to better hotel operations in key markets and effective cost management. This was also supported by steady recurring income from the Group's investment properties.

I would like to acknowledge the tremendous effort of our management and staff in enabling the Group to significantly reduce operating cash burn from -USD301.7 million in 2020 to -USD51.2 million in 2021. This was a testament to the robust operational capabilities and resilience of our colleagues and business processes. If the momentum of the recovery continues, there would be grounds to be optimistic that the Group would achieve positive operating cashflow by year end of 2022.

While the pandemic may continue to impact us in the short term, I am optimistic about the growing demand for luxury hospitality in our core markets, and we will continue to keep our sights on the horizon for new opportunities. In 2021, the Group opened two hotels in China, namely, Shangri-La Qiantian, located in one of the most exciting commercial and retail hubs in Shanghai, and Shangri-La Shougang Park in Beijing, which hosted participants of the Beijing Winter Olympics. I look forward to announcing more hotel openings at exciting new locations in 2022.

2021 marked the 50th anniversary of the opening of the first Shangri-La hotel in Singapore in 1971. To celebrate this milestone, we launched our #WithHeart campaign and "From Asia with Heart" short film series to showcase the passion and pioneering spirit that has driven the evolution of Shangri-La's unique brand of Asian hospitality.

Even while we manage the current challenges, we continue to invest in our long-term imperatives of strengthening our engagement with customers and obsessing over the customer experience by ensuring that we continue to be dynamic and innovative in meeting the needs of today's diverse customer base.

To engage our loyal customers more deeply, we renamed and upgraded our loyalty programme from Golden Circle to Shangri-La Circle to enhance the value proposition and features of the programme, and to provide our loyal customers with a more curated experience and personalised service.

The COVID-19 pandemic has reinforced the importance of operating our businesses more sustainably and ensuring that we continue to "Do Good" in the communities we serve. I am therefore extremely proud that despite the pandemic, more than 22,900 of our colleagues across the Group participated in volunteering activities in 2021 and contributed over 115,000 volunteer hours focused on caring for the underprivileged in our local communities as well as for our habitat and environment.

Recognising how important it is that we play a positive role as caretakers of the planet for future generations and that the degradation of our environment is largely man-made, the Group has invested in long-term alternative solutions to reduce single-use plastic. As at the end of 2021, 16 properties across the Group switched to in-room water filtering systems or in-house water bottling plants to reduce the use of plastic water bottles. 21 hotels in Mainland China have also stopped offering disposable personal amenities in compliance with local regulations. In 2021, we set ourselves a target to reduce the use of single-use plastics by 50% from our 2019 baseline by 2026.

Chairman's Statement

In aid of the fight against the pandemic, we supported global initiatives to encourage our colleagues and members of the public to get vaccinated. In Hong Kong, we held lucky draws to incentivise residents to participate in the government's vaccination campaign. We supported similar initiatives in other regions such as Mainland China, Philippines, Malaysia, and United Arab Emirates, where our hotels offered facilities or staff volunteers to support local vaccination drives. As of December 2021, 96% of our staff and colleagues across the world have been vaccinated with at least two doses of COVID-19 vaccines.

In response to the outbreak of the 5th wave of COVID-19 in Hong Kong, Shangri-La Cares partnered with several charitable organisations to provide hot meals, test kits and care packages to the most vulnerable in our community: the elderly, the disabled, and women and children. The response from our colleagues and culinary teams in support of this initiative has been overwhelming and as of the date of writing they have cooked and distributed up to 64,000 meals, and we plan to provide up to 6,000 hot meals a day until the end of April 2022.

I would like to express my heartfelt thanks to my colleagues whose continued resilience and steadfast commitment to their roles in delivering excellence to our customers have enabled the Group to weather the storm of the pandemic and set us on the road to recovery. With their continued dedication and "Never Give Up" spirit, I am confident that the path ahead will be a bright one.

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

Board of Directors, Company Secretary and Senior Management

EXECUTIVE DIRECTOR(S)



KUOK Hui Kwong

Aged 44, 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 & Human Capital 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 54, 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

INDEPENDENT NON-EXECUTIVE DIRECTOR(S)



LI Kwok Cheung Arthur

Aged 76, 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 & Human Capital Committee - member (chairman until 28 May 2021)
- 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, delisted in October 2021) - independent non-executive director from May 2011 to October 2021

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
- Greater Bay Airlines Company Limited - non-executive director since December 2020
- The Committee for the Basic Law of the Hong Kong Special Administrative Region under the Standing Committee of the National People's Congress - member since August 2021

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
- The University of Hong Kong - council chairman from January 2016 to December 2021

Academic/professional qualification(s)

- Medical degree - University of Cambridge, United Kingdom

Board of Directors, Company Secretary and Senior Management



YAP Chee Keong

Aged 61, 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 & Human Capital Committee - member
- Audit & Risk Committee - chairman

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

- Olam International Limited (listed on the Singapore stock exchange) - independent non-executive director from December 2015 to March 2022
- 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 from August 2020 to June 2021
- Sembcorp Marine Limited (listed on the Singapore stock exchange) - deputy chairman and independent non-executive director since December 2021
- Olam Group Limited (listed on the Singapore stock exchange) - independent non-executive director since March 2022

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
- Pacific International Lines (Pte) Limited - independent non-executive director since March 2021
- Aviva Singlife Holdings Pte Limited - independent non-executive director since August 2021

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 (listed on the Singapore stock exchange) - executive director from January 2013 to August 2014; director from May 2009 to April 2018
- 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
- Malaysia Smelting Corporation Berhad - (listed on both the Malaysia and the Singapore stock exchanges) - non-executive director from May 2016 to May 2018

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 44, 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
- Advisory Council of Stanford University's Graduate School of Business - member since September 2020
- Board of Trustees for the National University of Singapore - member since April 2021

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 60, Singaporean
Independent Non-executive Director

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
- Remuneration & Human Capital Committee - chairman (member only before 28 May 2021)
- Audit & Risk Committee - member (from 1 August 2021)

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 from July 2017 to October 2021
- 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 56, 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 44, Malaysian
Chairman

- The biography is set out in the previous subsection.

LIM Beng Chee

Aged 54, Singaporean
Group CEO

- The biography is set out in the previous subsection.

CHAN Kong Leong

Aged 49, Singaporean
Regional CEO (Southeast Asia & Australasia)

Period of service with the Group

- joined the Group in January 2019 as Regional CEO

Other previous experience and major appointment(s)

- 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
- 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

Board of Directors, Company Secretary and Senior Management

SENIOR MANAGEMENT (CONTINUED)

CHOW Cindy Sing Man

Aged 51, Chinese
CFO (from 4 October 2021)

Period of service with the Group

- joined the Group in October 2021 as CFO

Other previous experience and major appointment(s)

- Hong Kong Disneyland International Management Company Limited – chief financial officer
- Fox Network Group Asia Pacific Limited – chief financial officer (Asia Pacific & Middle East)/ executive vice president

Academic/professional qualification(s)

- MBA – University of Technology, Sydney, Australia
- Bachelor's degree in Accounting – University of Technology, Sydney, Australia
- CPA – CPA Australia

TAN Chen Kiong George

Aged 55, Singaporean
CHRO

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 55, Singaporean
CIO

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 from April 2020 to April 2021

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

LAM Kwok Fung Spencer

Aged 48, Chinese
CTO (from 6 April 2021)

Period of service with the Group

- joined the Group in April 2021 as CTO

Other previous experience and major appointment(s)

- Vanke Service Group – chief information officer
- Over 15 years with Oracle systems in US and Greater China with experience in software product development and IT consulting service management

Academic/professional qualification(s)

- Bachelor's degree in Information Systems & Management – The Hong Kong University of Science and Technology
- MBA (Finance) – The Chinese University of Hong Kong

Board of Directors, Company Secretary and Senior Management

SENIOR MANAGEMENT (CONTINUED)

PAW Chuen Kee

Aged 64, Singaporean

Group COO, 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
- Group COO since October 2021

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
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Discussion and Analysis

DISCUSSION AND ANALYSIS

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


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

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

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

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

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

	Owned/Leased		Managed		Total Operating Hotels		Hotels Under Development	
	Hotels	Rooms in '000	Hotels	Rooms in '000	Hotels	Rooms in '000	Owned/ Leased Hotels	Hotels under Management contracts
 SHANGRI-LA	73	30.7	17	5.5	90	36.2	3	5
 KERRY HOTELS	3	1.6	—	—	3	1.6	—	—
 JEN BY SHANGRI-LA	7	2.8	2	0.6	9	3.4	1	2
 TRADERS HOTELS	—	—	2	0.9	2	0.9	1	—
Total	83	35.1	21	7.0	104	42.1	5	7

Note:

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

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

		Group's equity interest	Total GFA of the operating investment properties as at 31 December 2021			
			Office spaces	Commercial spaces	Serviced apartments/residential	
<i>(in square metres)</i>						
Mainland China	China World Trade Center					
	- Phase I	40.32%-50%	90,177	102,478	80,124	
	- Phase II	43.23%	76,536	26,267	—	
	- Phase IIIA	40.32%	143,088	45,851	—	
	- Phase IIIB	40.32%	83,743	62,892	—	
			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%	—	85,907	—
	Hangzhou Kerry Centre	25%	12,583	98,886	—	
	Jinan Enterprise Square	45%	32,944	5,681	—	
	Shenyang Kerry Centre - Phase II	25%	54,753	75,260	—	
	Shangri-La Centre, Wuhan	92%	41,519	2,369	—	
			952,925	673,843	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			1,157,394	847,611	399,123	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

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

N/M: not meaningful

SUMMARY OF NET ASSET VALUE ^(note 1)

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

Notes:

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

RESULTS OF OPERATIONS

Revenue

Consolidated revenue consisted of the following:

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

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

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

(i) Hotel Properties

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

Details of these 83 hotels are as follows:

	Group's equity interest	Available rooms
(A) Hotels owned by the Group		
<i>Hong Kong</i>		
Kowloon Shangri-La, Hong Kong	100%	679
Island Shangri-La, Hong Kong	80%	559
JEN Hong Kong by Shangri-La	30%	283
Kerry Hotel, Hong Kong	100%	546
Sub-total Hong Kong		2,067
<i>Mainland China</i>		
Shangri-La Beijing	38%	670
China World Hotel, Beijing	50%	584
China World Summit Wing, Beijing	40.32%	278
JEN Beijing by Shangri-La	40.32%	450
Kerry Hotel, Beijing	23.75%	486
Pudong Shangri-La, Shanghai	100%	950
Jing An Shangri-La, Shanghai	49%	508
Kerry Hotel Pudong, Shanghai	23.2%	574
Shangri-La Shenzhen	72%	522
Futian Shangri-La, Shenzhen	100%	528
Shangri-La Xian	100%	393
Shangri-La Hangzhou	45%	198
Shangri-La Beihai	100%	362
Shangri-La Changchun	100%	382
JEN Shenyang by Shangri-La	100%	407
Shangri-La Shenyang	25%	383
Shangri-La Qingdao	100%	702
Shangri-La Dalian	100%	560
Shangri-La Wuhan	92%	407
Shangri-La Harbin	100%	396
Shangri-La Fuzhou	100%	414
Shangri-La Guangzhou	80%	690
Shangri-La Chengdu	80%	593
Shangri-La Wenzhou	100%	409
Shangri-La Ningbo	95%	562
Shangri-La Guilin	100%	439
Shangri-La Baotou	100%	360
Shangri-La Huhhot	100%	365
Shangri-La Manzhouli	100%	235
Shangri-La Yangzhou	100%	360
Shangri-La Qufu	100%	322

	Group's equity interest	Available rooms
Shangri-La Lhasa	100%	289
Shangri-La Sanya	100%	496
Shangri-La Nanjing	55%	450
Shangri-La Qinhuangdao	100%	323
Shangri-La Hefei	100%	400
Shangri-La Resort, Shangri-La	100%	228
Shangri-La Tianjin	20%	304
Shangri-La Nanchang	20%	473
Shangri-La Tangshan	35%	301
Midtown Shangri-La, Hangzhou	25%	414
Shangri-La Songbei, Harbin	100%	344
Shangri-La Xiamen	100%	325
Shangri-La Jinan	45%	364
Shangri-La Zhoushan	100%	28
Shangri-La Putian	40%	125
Sub-total Mainland China		19,353
Singapore		
Shangri-La Singapore	100%	792
Shangri-La Rasa Sentosa, Singapore	100%	454
JEN Singapore Tanglin by Shangri-La	44.6%	565
Sub-total Singapore		1,811
Malaysia		
Shangri-La Kuala Lumpur	52.78%	655
Shangri-La Rasa Sayang, Penang	52.78%	303
Shangri-La Golden Sands, Penang	52.78%	387
JEN Penang Georgetown by Shangri-La	31.67%	443
Shangri-La Rasa Ria, Kota Kinabalu	64.59%	499
Shangri-La Tanjung Aru, Kota Kinabalu	40%	498
Sub-total Malaysia		2,785
The Philippines		
Makati Shangri-La, Manila	100%	696
Edsa Shangri-La, Manila	100%	630
Shangri-La Mactan, Cebu	93.95%	530
Shangri-La Boracay	100%	219
Shangri-La at the Fort, Manila	40%	576
Sub-total The Philippines		2,651
Thailand		
Shangri-La Bangkok	73.61%	802
Shangri-La Chiang Mai	73.61%	277
Sub-total Thailand		1,079
Australia		
Shangri-La Sydney	100%	564
Shangri-La The Marina, Cairns	100%	255
Sub-total Australia		819

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

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

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

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

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

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

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

The People's Republic of China

Hong Kong

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

Mainland China

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

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

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

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

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

Singapore

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

Malaysia

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

The Philippines

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

Australia

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

Japan

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

United Kingdom

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

France

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

(ii) Hotel Management & Related Services

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

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

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

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

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

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

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

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

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

(iii) Investment Properties

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

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

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

Comments on selected subsidiary investment properties by geography:

Mainland China

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

Mongolia

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

Sri Lanka

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

(iv) Property Development for Sale

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

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

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

EBITDA and Aggregate Effective Share of EBITDA

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

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

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

Hotel Properties

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

Hotel Management and Related Services

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

Investment Properties

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

Property Development for Sale & Other Business

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

Corporate and Project Expenses

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

Consolidated Profit or Loss Attributable to Owners of the Company

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

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

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

Hotel Properties

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

Hotel Management and Related Services

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

Investment Properties

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

Property Development for Sale & Other Business

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

Others

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

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

Details of all the non-operating items are disclosed in the segment profit or loss of Note 5 to the consolidated financial statements included in this report.

CORPORATE DEBT AND FINANCIAL CONDITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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 2021 are disclosed in Note 39 to the consolidated financial statements included in this 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 in Mainland China to utilise the surplus cash of certain subsidiaries to meet the funding requirements of other group companies. The Group reviews the intra-group financing arrangements from time to time in response to changes in currency exchange rates and bank loan interest rates.

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

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

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

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

(B) Minimising Currency Risks

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

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

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

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

INVESTMENT PROPERTIES VALUATION

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

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

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

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

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

IMPAIRMENT PROVISION

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

FINANCIAL ASSETS - TRADING SECURITIES

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

DEVELOPMENT PROGRAMMES

Construction work on the following projects is ongoing:

(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 Zhengzhou	45%	314	2024
In Japan			
Shangri-La Kyoto	51%*	80	2024

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

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

(B) Composite Developments and Investment Property Developments

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

* Being developed in phases

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

Hotel development

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

Composite development

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

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

DISPOSAL

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

MANAGEMENT CONTRACTS FOR HOTELS OWNED BY THIRD PARTIES

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

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

HUMAN RESOURCES

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

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

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

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

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

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

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

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

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

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

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

PROSPECTS

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

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

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

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

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



02
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Properties
Under
Development

(A) HOTELS OWNED 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	38,235	314
3	Shanghai Hongqiao, China	Shangri-La Hotel and Traders Hotel	Operating lease	N/A	57,035	611
Hotel in Japan						
4	Kyoto, Japan	Shangri-La Hotel	51%	5,830	11,760	80
Total						1,279

(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			308,521
		- Office			69,176
		- Commercial			96,468
2	Kunming, China	Composite development - Residential	45%	15,446	20,917
3	Fuzhou, China	Composite development - Office - Commercial	100%	17,315	34,319 50,447
4	Zhengzhou, China	Composite development - Residential - Office - Commercial	45%	44,574	94,025 58,946 3,932
5	Nanchang, China	Composite development (Phase II) - Office - Commercial	20%	6,568	57,630 2,100
6	Tianjin, China	Composite development (Phase II) - Residential - Office - Commercial	20%	28,413	28,530 92,651 17,490

Stage of completion	Projected opening	Address
Superstructure work completed and curtain wall installation 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, Japan

Stage of completion	Projected opening	Address
Curtain wall installation, mechanical work, interior decoration, external decoration and landscape work in progress	In phases from 2022 onward	Lot No. 2007-053, No. 8 Golden Corridor, 113 Qingnian Da Street, Shenhe District, Shenyang, Liaoning Province, China
Superstructure work completed and curtain wall installation work in progress	2023	88-96 Dong Feng Road, Panlong District, Kunming, Yunnan Province, China
Piling & foundation work completed Office: structure topped off	2023	9 Xinquan Nan Road, Fuzhou, Fujian Province, China
Residential: Interior decoration, external decoration and mechanical work in progress Office: Foundation work in progress	In phase from 2023 onwards	East of Huayuan Road, South of Weier Road, Zhengzhou, Henan Province, China
Basement structural and superstructure work in progress	2023	667 Cui Lin Road, Honggutan New District, Nanchang, Jiangxi Province, China
Piling and excavation 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	Kunming, China Hotel (part of composite development)	45%	N/A	9,565
In other countries				
2	Accra, The Republic of Ghana Composite development	45%	49,874	35,545
3	Rome, Italy Hotel	100%	1,489	8,840
4	Yangon, Myanmar Hotel	55.86%	36,038	75,035
5	Bangkok, Thailand Hotel	73.61%	2,820	27,000

Number of Room	Address
81	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



03

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Responsible Business

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 in order to serve as good stewards of society and the environment.
- Shangri-La's Sustainability 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 reporting

2021 was a significant year because half a century has passed since the first Shangri-La hotel opened in Singapore in 1971. To mark our 50th anniversary in the spirit of our promise to continue to deliver heartfelt hospitality, we have refreshed our Vision, Purpose, Business statement and Shared Values. The Group's unwavering commitment to "Do Good" by providing leadership for sustainable development is firmly reflected in our core beliefs.

To learn more about our management approaches to Environmental, Social and Governance (ESG) matters, please download a copy of our 2021 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.



GOVERNANCE FOR SUSTAINABLE DEVELOPMENT

At Shangri-La, we are constantly adapting to new trends and seizing opportunities. Our ESG Governance structure facilitates stakeholder-driven solutions, encouraging innovation at all levels of our organisation to create a more resilient business and drive sustainable growth.



ESG governance and business resilience

The Group's ESG Governance foundation is based on our Integrated Assurance Framework (IAF). The Board of Directors has delegated responsibility for overseeing, monitoring and observing Shangri-La's ESG Framework to its Audit & Risk Committee (ARC). At management level, an ESG Committee is responsible for developing and driving implementation of ESG strategy and for ensuring accountability of the Group's performance with respect to ESG targets.

Our Balanced Score Card (BSC) is a strategic management tool used by headquarters to evaluate the performance of our properties in a holistic way. It incorporates Key Performance Indicators for Our Business, Our People and Our Communities. We are also developing new metrics and targets to evaluate environmental performance in line with best practices.

Commitment to sustainable development

For more than a decade, Shangri-La has been committed to the sustainable development of the global travel and tourism sector through our participation in various market-leading initiatives.



Hang Seng Corporate
Sustainability Index
Series Member 2020-2021

- The Group has been a constituent of the **Hang Seng Corporate Sustainability Index Series** since 2011.



- We have participated in the **CDP Climate Change and Water Security** surveys annually since 2011 and 2017, respectively, in order to promote full transparency and accountability for our environmental performance.



- We became a signatory to the **United Nations Global Compact (UNGC)** in 2011. We also proudly support the United Nations Sustainable Development Goals.

CARE FOR THE ENVIRONMENT

The name “Shangri-La” evokes the image of a remote and beautiful landscape where harmony with nature approaches perfection. We aspire to live up to this name by designing environmental sustainability into our new development projects and asset enhancement initiatives. We also strive to promote environmental stewardship in the daily operations of our hotels.

Taking action in response to climate change

Shangri-La recognises that climate change poses the greatest set of social and environmental challenges to our business and the communities we serve. As we move towards post-pandemic business recovery, we are focused on strengthening the ability of the Group to anticipate, prepare for, and respond to threats from this changing climate. These threats may be “physical”— as a result of specific events or climate patterns— or “transitional”— because moving to a lower-carbon economy will involve policy, legal, technological, and market disruptions.

Sustainable by design

We strive to implement green building standards for design, construction, and operation of our new developments. Our Project and Design team references various green building schemes that are available throughout Asia and the world. These schemes award ratings to buildings for sustainable performance in a range of categories from selection of materials and management of construction waste to energy and water-efficiency, indoor air quality, and aesthetics. As of end 2021, the Group has on record 36 Green Buildings. Shangri-La’s leadership recognises the business as well as environmental advantages of this approach, including improved Guest Experience, increased asset valuation and lower operating costs.

Mitigating environmental impacts

We have robust Environmental Management Systems (EMS) in place at all our properties to integrate the Group’s environmental protection policies and processes into daily operations. Our headquarters conducts regular audits to assess the energy and water efficiency of major plants, our hotels’ compliance with local regulatory requirements, and implementation of the Group’s ongoing programme of utilities savings initiatives. These initiatives include chiller data monitoring and analysis, variable control optimisation for chiller plants, and energy benchmarking.

The environmental performance data for our operating hotels in 2021 cannot be meaningfully compared with pre-pandemic disclosures due to ongoing disruption of normal business operations. During the pandemic, our Engineering teams have utilised periods of low hotel occupancy and/or temporary closures to implement utility saving initiatives that are intended to mitigate environmental impact and achieve operational cost-savings. In 2021, we have also expanded the scope of our environmental performance data to include investment properties for the first time.



Environmental Impacts

1,497^{GWh}
Total energy

696^{KT CO₂e}
Total Scope 1 and 2 greenhouse gas emission

12,639^{ML}
Total water



34^{KT}
Total non-hazardous waste

Eliminating single-use plastic

The Group is committed to eliminating single-use plastic in its operation. Since the end of 2019, the Group has ceased the use of plastic straws and stirrers in all our hotels. Hygiene and safety considerations during the pandemic might have undermined our progress on this priority area for our ESG strategy in 2020. Nonetheless, we continued to plan and explore long-term solutions that will mitigate our impact on the planet's mounting plastic waste catastrophe.

In 2021, the Group targets to reduce single-use plastic purchase from the 2019 baseline by 50% in 5 years, starting from 2022. As of 2021, 21 hotels in mainland China ceased offering disposable guest bathroom amenities, such as toothbrushes and combs, in compliance with local household waste management regulations. Across the Group, 16 properties have eliminated single-use plastic water bottles from guestrooms by switching to filtered water in glass bottles and/or installing filtered-water taps. Over the next five years, we plan to reduce single-use plastic for drinking water bottles, guestroom amenities, and Food and Beverage takeaway containers. For new hotels and hotels under renovations, we are already committing to incorporate guestroom filtered-water systems or in-house water bottling plants to replace single-use plastic water bottles.




Inspired by Nature@ Shangri-La Shougang Park, Beijing

Sometimes nature can provide inspiration in the most remarkable of places. Situated just a short distance from "Big Air Shougang"—a specular sports stadium built to host the Beijing 2022 Winter Olympic Games—Shangri-La's newest hotel, Shangri-La Shougang Park, Beijing, proudly gives a new lease of life to the original site of a retired power station. The design and operation of this hotel reflects the unfolding story of its neighbourhood, which was once the burning heart of Shijingshan's industrial complex and now stands out as a stunning example of Beijing's cultural and ecological rejuvenation.



- Natural Green Space**
Evergreen plants transform the hotel lobby into an indoor garden, creating a tranquil, botanical atmosphere for guests in the lobby lounge.
- Nature Inspires Art**
Displays of art have been inspired by the natural environment, such as "Journey of Hope", which captures the transformative spirit of Shougang Park through evocative mesh wire shapes symbolising migratory birds on the Yongding River.
- Wonderful Natural Light**
An extensive glass façade encloses the main building, allowing natural light to infuse the space within. Floor-to-ceiling windows in the guestrooms make the most of natural light and stunning views overlooking Shijingshan Hill, Yongding River, and Qunming Lake.




Many new technologies have been deployed to increase the operational efficiency of this hotel, thereby reducing its environmental footprint now and over time, for many years to come.

 Plastic free	Bathroom amenities	Refillable containers displace single-use plastic bottles in all guestrooms
	Drinking water	Filtered drinking water tap displaces plastic bottled water in all guestrooms
 Water saving	Bathroom fixtures	Dual-flush toilets save water throughout the hotel
	Shower fixtures	The flowrate for showers in staff changing rooms has been restricted to 9 litres/min
	Water recycling	The hotel harvests greywater and rainwater for treatment and reuse
 Energy saving	Smart CO ₂ sensors	Detect and monitor fluctuations in CO ₂ in ballrooms and function areas to adjust intake of fresh air and fan speed to achieve energy efficiency while maintaining guests' comfort
	Smart lighting	Highly-efficient dimmable LED lights save energy
	Smart metres	Energy management systems monitor, track, and optimise energy consumption
	Variable speed drives (VSDs)	VSDs avoid energy waste in applications with variable loads, such as ventilation fans and chilled water pumps
	Solar panels	The hotel utilises solar power for pre-heating hot water
	Heat recovery	Heat exchange from exhaust air warms up the fresh air supply
	Free cooling	Chillers turn off compressors to take advantage of low outdoor temperature for chilling water when conditions are favourable

Reimagining an icon@ Island Shangri-La, Hong Kong

Opened in 1991, Island Shangri-La is a beloved pillar of stability in an ever-changing city. This iconic hotel in the heart of Hong Kong's CBD is undergoing a phased asset enhancement initiative to modernise all guestrooms and refresh its wellness facilities. The newly renovated Grand Premier Rooms, Horizon Club Rooms, and Cityview Suites re-opened to guests in 2021, featuring sophisticated in-room technology and amenities that blend ecological responsibility and modern convenience with elegant Asian aesthetics.

This renovation work goes far beyond a superficial face-lift. We have deployed advanced technologies and innovative solutions to make real and long-lasting impact on the sustainability performance of the hotel. New LED lightings system, for example, achieve energy-savings of up to 49% in each guestroom.

 Plastic free	In-house water bottling and drinking tap	Filtered water is served in reusable glass bottles or in-room drinking tap in the guestrooms.
	Mobile check-in	A new mobile phone smart key system will replace plastic key cards in due course.
 Water saving	Water recycling	Air-conditioning condensate water is captured for reuse to irrigate plants within the hotel.
 Energy saving	Smart energy and climate systems	New room control provides lighting, power control, and automatic curtains reduce energy wastage when guestrooms are unoccupied; 28% energy-saving can be achieved per room.
	Advanced HVAC technology	Super-efficient DC motor fan coil units improve the efficiency of in-room air-conditioning by 22%.

CARE FOR PEOPLE

Shangri-La's story is driven by an enduring passion for our heartfelt hospitality and care for guests, colleagues, and communities. It is in our nature to look after people like family and "Do Good" for wider society, especially in difficult times.

Your wellbeing in our care

We strive continuously to know our guests better and to deserve their unwavering trust in our genuine service from the heart. As part of our core learning programme, every colleague receives training on problem handling and guest recovery. Our Post-Stay Guest Survey gathers information on Overall Stay Experience (OSE), which feeds into each hotel's TrustYou ComplIndex score.

The Group has well-established policies and procedures in place to safeguard all aspects of the safety, wellbeing, and comfort of our guests. Our properties undergo regular audits to verify compliance with the Group's policies and standards on hygiene and disinfection, food and fire life safety and data privacy and protection, among other matters. In response to increasing threats, cyber-security is a strategic focus area in our risk management strategy. By end 2021, we have fully implemented our cyber-security framework and conducted our first cyber-security tabletop exercise to validate our emergency response plans.

Food Safety is governed by our Shangri-La's Food Safety Management System ("SFS"), which encompasses technological, human, and organisational aspects— making sure all ingredients are of the highest quality, equipment is safe to use, our people perform tasks safely, and the environment is well-managed overall. In addition to providing targeted training for all food handlers, including contractors, we have a centralised assurance programme in place for medium and high-risk food and beverage (F&B) suppliers.



Guest Experience and Safety

65.4%

Guests who rate our hotels
5 out of 5 for OSE

91.9%

TrustYou Global score for Guestroom
and Bathroom Cleanliness

72%

Hotels audited for compliance with Shangri-La
SFS with the remainder to be deferred to 1Q22
due to local pandemic restrictions

94%

F&B suppliers of medium and high-risk product
categories verified to uphold stringent hygiene
and safety standards

Outstanding standards of cleanliness

Now, more than ever, it is essential for housekeeping standards to meet and exceed high guest expectations. At the outset of the COVID-19 pandemic, the Group launched a revised set of Room Hygiene and Disinfection protocols under the banner of "Shangri-La Cares". Subsequently, over the course of 2021, our hotels' TrustYou cleanliness scores have not only held steady but even increased 3.5 basis points compared with pre-pandemic levels. This result would not be possible without the extraordinary effort and hard work of our housekeeping colleagues.

We are harnessing technology to continue to improve our housekeeping performance. In 2021, we initiated pilot testing of a new and improved Guestroom Defect Rectification Tool (GDR-APP) to assist colleagues in our hotels to identify, evaluate, and resolve every instance of guest feedback.

Do Good, Get Vaccinated



As of December 2021, over 96% of our colleagues had received at least two doses of COVID-19 vaccine.

COVID-19 vaccinations are important for keeping our colleagues, our guests, and our communities safe. In 2021, we have implemented a range of initiatives to encourage all colleagues and members of the public to “Do Good, Get Vaccinated”.

In July, we held a Lucky Draw incentivising Hong Kong resident to participate in the government’s vaccination campaign. Elsewhere in the world, such as the Philippines and United Arab Emirates, Shangri-La hotels partnered with health authorities to host community vaccination drives. In Malaysia, colleagues from Traders Hotel, Kuala Lumpur donated over 4,000 volunteer hours at a major public vaccination facility. Our colleagues from Shangri-La Shenzhen in Mainland China also volunteered at temporary large-scale vaccination sites in their city.

Enabling and empowering our colleagues

Our people best exemplify Shangri-La’s unique culture through the authentic and thoughtful ways we deliver for our guests. We celebrate diversity of age, culture, gender, expertise, and experience underpinned by the principle of meritocracy, which guides us to select our leaders on the basis of their abilities. Learning and development is an integral component of the Group’s ESG strategy. At the centre of our learning and development programme is Shangri-La Academy Online, the Group’s bespoke virtual platform that provides our colleagues with dynamic, engaging and relevant content they can review at their own pace, anytime, anywhere.



Diversity and Inclusion

43% Female participation in our workforce

33% Top Managers who are female (VP level and above)

Opportunities for People with Disabilities (PWDs)

55% PWDs employed

1.7% PWDs share of total hotel headcount



Learning and Development

1,073,800+
Total training hours completed

28 Average training hours per full-time equivalent (FTE)

US\$168
Average training cost per full-time equivalent (FTE)

Nurturing future leaders

In 2021, the Group’s learning and development focus was on identifying and nurturing future leaders. During the year, we introduced four new programmes targeting high potential colleagues at different stages of the Leadership Development cycle— Junior Leaders, Emerging Leaders, Operations Leaders, and Business Leaders. Each programme is supported by a formal mentoring arrangement.

Junior Leaders Programme	Emerging Leaders Programme (pilot)	Operations Leaders Programme (pilot)	Business Leaders Programme
1,328 participants	90 participants	13 participants	15 participants

The Shangri-La Culture Workshop



Our unique culture is what binds our people together, providing clarity and confidence for our colleagues at all levels and in all parts of the organisation to give expression to Shangri-La's vision, purpose, business, and shared values in their daily work.

In 2021, we engaged with all full-time employees across the Group through refresher training on "Shangri-La Culture". The blended programme combined online learning with fun and interactive workshops for our colleagues to share their experiences and enjoy each other's company. The workshops utilised team-building techniques and activities to explore specific examples of how every one of us can contribute to making Shangri-La Culture even stronger and more meaningful in our day-to-day interactions.

Giving back to local communities

As a Group, we are always standing ready to respond with efficiency and generosity in support of our colleagues and local communities who are affected by natural disasters. Despite the protracted nature of the COVID-19 pandemic, our desire to help is undiminished. In 2021, 62% of colleagues across the Group participated in volunteering activities through Shangri-La's signature Corporate Social Responsibility (CSR) projects, Embrace and Sanctuary, as well as other community investment initiatives undertaken by our hotels.

Embrace, Shangri-La's *Care for People* Project, has been running since 2009 to promote health, wellbeing and/or education in local communities. Many of our hotels have formed long-standing partnerships providing children and young adults with life-changing educational opportunities or health services. Our hotels also offer skills training for young people through Embrace++.



Volunteering

22,900+
Volunteers

115,000+
Volunteer hours



Embrace, Shangri-La's *Care for People* Project

75
Projects

US\$542,700
Project expenses

7,000+
Children and young
adults assisted

207
Internships and
apprenticeships

The Children are our Future: Treat them well and let them lead the way



Over the past 10 years, Shangri-La Boracay has partnered with Yapak Elementary and High School to improve the educational prospects of local children. Between 2019 and 2020, volunteers from the hotel helped to renovate the school's playground and surrounding lawn area by removing silt and repairing flood damage. In 2021, the hotel donated tables and chairs to make the classrooms more conducive to effective learning.



Following its opening in 2016, Midtown Shangri-La, Hangzhou has spared no time in getting its Embrace project up and running. The hotel has elected to focus its signature CSR programme on helping young children with severe hearing impairment to receive cochlear implants. This life-changing surgery inserts a small electronic device that electrically stimulates the nerve for hearing, allowing sounds to be processed and sent to the brain. Over the past five years, nearly 30 children have benefitted from the hotel's support.

Supporting our Communities during the Pandemic

We all continue to be deeply moved by the devastating impact of COVID-19 on lives and livelihoods in all affected regions. Under our "Caring for Our Community" programme, our headquarters and hotels in Hong Kong have provided assistance to more than 29,000 families and delivered more than 30,000 food packages since May 2020.

In 2021, Shangri-La hotels throughout Asia and the world upheld the Group's promise to support vulnerable people experiencing the worst effects of the pandemic. In Singapore, Malaysia, and Mauritius we donated food packs to families in need, while in Mainland China, Malaysia, and London, meals were delivered to frontline workers in expression of our deep appreciation for their ongoing service. In addition to supporting blood donation drives in many locations, we donated bed linens to a Community Isolation Centre in Bangkok, Thailand, and distributed N95 masks to the general public in Bengaluru, India.



Our hotels and headquarters in Hong Kong have distributed food rations to the needy throughout the pandemic.



Shangri-La Le Touessrok in Mauritius has donated food and clothing to local communities experiencing economic hardship.

We are Your Family



Under COVID-19 restriction, many of the elderly community members find themselves not able to meet their family members frequently. This is the sentiment behind Shangri-La's "We Are Your Family" initiative in Mainland China.

Since its launch in November 2020, our hotels have organised activities to establish long-term relationship with elderly community members who live alone by conducting regular visits and bringing our care and companionship to them. Colleagues in our hotels have also volunteered their professional cooking, housekeeping, and engineering skills to improve the living conditions of vulnerable seniors.

Activities	Supported elderly	Colleague volunteers	Volunteer hours	Community members/ guest engaged
474	205	3,736	10,624	622

Acting responsibly 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 local communities is by leveraging our influence over colleagues, guests, and suppliers to encourage socially and ecologically responsible choices.

Over ten years ago, the Group launched Sanctuary, Shangri-La's *Care for Nature* Project, to bring together various conservation initiatives undertaken by our hotels and resorts under one umbrella. Each property's activities are uniquely tailored to its specific circumstances, but what every Sanctuary programme has in common is the desire to engage local communities in meaningful, long-term partnerships and to educate guests, colleagues, and local communities about conservation.

Getting Dirty with Nature-based Solutions to Climate Change



Nature-based solutions may play a decisive role in the global fight against climate change. Mangroves, for example, are a carbon-rich ecosystem that contribute to climate regulation by absorbing greenhouse gases while helping to protect coastlines from the damage associated with rising sea levels and extreme weather.

Over the past ten years, we estimate that more than 41,000 mangrove saplings have been planted under Sanctuary, Shangri-La's *Care for Nature* project. Shangri-La Haikou has worked closely with the Hainan Dongzhaigang National Nature Reserve to protect and propagate mangrove forests since 2015. In 2021, volunteers from Shangri-La Sanya planted more than 600 mangrove saplings in support of a joint project led by the local government.

Rooted in Nature is another long-standing initiative that has been running since 2014 to promote locally and ethically sourced ingredients such as organic produce and free-range livestock. In 2021, our hotels boasted 2,227 “Rooted in Nature” menu items. Moreover, since 2020, more than 12,000 colleagues have participated in training on how to identify sustainable items from each hotel’s unique market environment and incorporate them into carefully crafted menus that will showcase local delights.

What’s All the Buzz About?



Honey bees are the world’s most important pollinators, playing an integral in nature’s complex ecosystem as well as agricultural production. At Shangri-La Boracay, our General Manager and Executive Chef have pioneered a new initiative to raise bees and harvest home-grown honey within the resort grounds. The F&B team has got in on the act by carefully crafting an array of custom honey-based products, such as honey cake and honey-infused gin, for guests to enjoy. Beautifully packaged raw honey can also be purchased in the gift shop.



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Director's 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 USD688,000.

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) (*retired on 28 May 2021*)

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

At the Annual General Meeting, Professor LI Kwok Cheung Arthur and Mr LI Xiaodong Forrest will retire by rotation in accordance with Bye-Law 99. 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) Ms KHOO Shulamite N K ceased to act as an independent non-executive director of Kerry Logistics Network Limited on 13 October 2021.
- (2) Professor LI Kwok Cheung Arthur ceased to act as an independent non-executive director of Nature Home Holding Company Limited on 31 October 2021.

- (3) Mr YAP Chee Keong was appointed the deputy chairman and an independent non-executive director of Sembcorp Marine Limited on 8 December 2021.
- (4) Professor LI Kwok Cheung Arthur ceased to act as the council chairman of The University of Hong Kong on 31 December 2021.
- (5) Executive Directors' monthly salaries which were voluntarily reduced by 30% with effect from April 2020 have been reinstated to their original amounts with effect from December 2021.
- (6) On 15 March 2022, Mr YAP Chee Keong ceased to act as an independent non-executive director of Olam International Limited and was appointed an independent non-executive director of Olam Group Limited.

SIGNIFICANT SHAREHOLDERS' INTERESTS

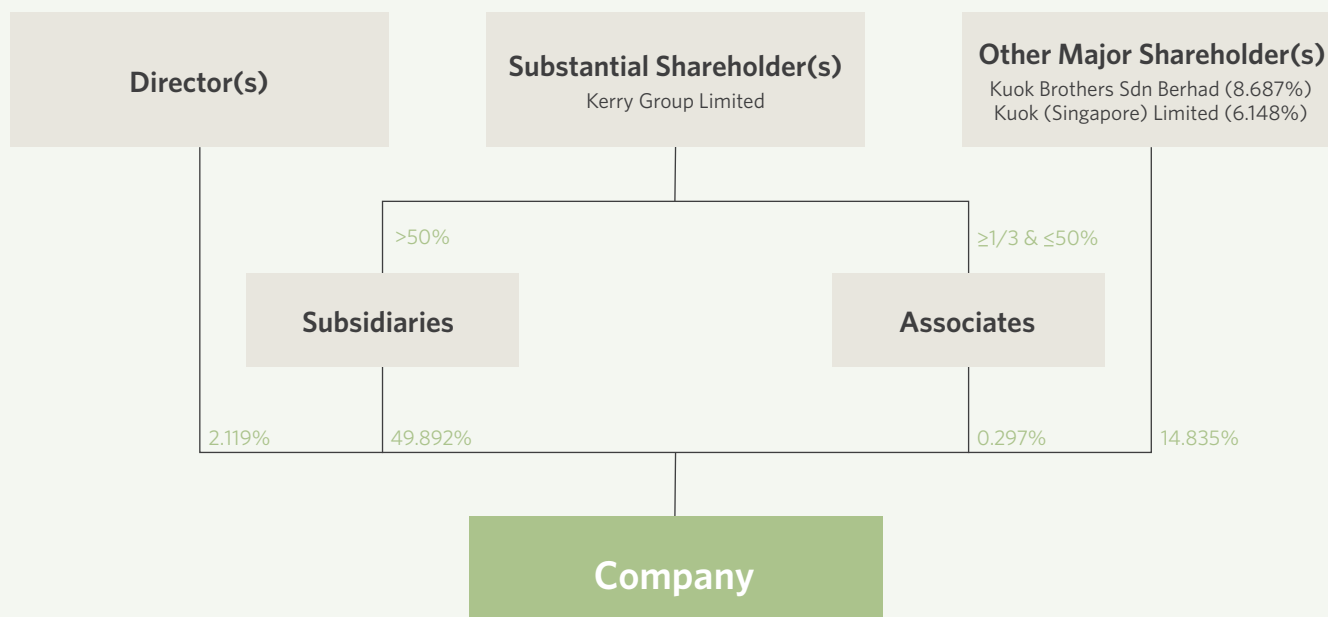
As at Year End, the interests and short positions of those persons (other than the Directors) in Shares and underlying Shares as recorded in the register that is required to be kept by the Company under Section 336 of the SFO or as ascertained by the Company after reasonable enquiry were as follows:

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:

1. 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.
2. 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.
3. 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⁾ 802,833	⁽²⁾ 1,038,000	⁽³⁾ 2,000,000	⁽⁴⁾ 71,251,718	75,092,551	2.094
	LIM Beng Chee	Ordinary	898,000	-	-	-	898,000	0.025
	Total		1,700,833	1,038,000	2,000,000	71,251,718	75,990,551	2.119

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.

(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, no Directors have deemed dealings in Shares (other than exercise/acceptance of share options and share awards, if any).

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 (retired as Director on 28 May 2021) and his alternate Mr HO Chung Tao were 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 Option Scheme will expire on 28 May 2022. As there is no plan to grant options in the near future, the Company will not adopt a new share option scheme for the time being.

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 ongoing 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 301,024,679 Shares (representing about 8.40% 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	Number of option shares							Exercise price per option share (HKD)	Exercise period
		Held as at 1 Jan 2021	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	Held as at 31 Dec 2021		
1. Director										
LI Kwok Cheung Arthur	23 Aug 2013	100,000	-	-	-	-	-	100,000	12.11	23 Aug 2013 - 22 Aug 2023
2. Employees	23 Aug 2013	3,633,000	-	-	(75,000)	-	(420,000)	3,138,000	12.11	23 Aug 2013 - 22 Aug 2023
3. Other participants	23 Aug 2013	3,195,000	-	75,000	-	-	-	3,270,000	12.11	23 Aug 2013 - 22 Aug 2023
Total		6,928,000	-	75,000	(75,000)	-	(420,000)	6,508,000		

Note:

- 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 director;
- an employee; or
- 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 96,743,219 Shares (representing 2.70% 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					Max upside adjustment	Change to upside adjustment during the year	Upside delivered during the year	Max deliverable award shares as at 31 Dec 2021	Consideration per award share (HKD)	Vesting date/period
		Held as at 1 Jan 2021	Granted during the year	Accepted during the year	Lapsed during the year	Held as at 31 Dec 2021						
1. Directors												
KUOK Hui Kwong	30 Aug 2018	306,520	-	(65,537)	(240,983)	-	263,480	(241,017)	(22,463)	-	Nil	1 Apr 2021
	15 Jun 2019	48,000	-	(24,000)	-	24,000	-	-	-	24,000	Nil	1 Apr 2020 - 1 Apr 2022
	7 Jun 2021	-	182,000	-	-	182,000	-	-	-	182,000	Nil	7 Jun 2022 - 7 Jun 2024
LIM Beng Chee	30 Aug 2018	383,137	-	(81,918)	(301,219)	-	330,827	(300,745)	(30,082)	-	Nil	1 Apr 2021
	15 Jun 2019	64,000	-	(32,000)	-	32,000	-	-	-	32,000	Nil	1 Apr 2020 - 1 Apr 2022
	7 Jun 2021	-	210,000	-	-	210,000	-	-	-	210,000	Nil	7 Jun 2022 - 7 Jun 2024
2. Employees												
	20 Jul 2018	180,462	-	(38,585)	(141,877)	-	155,538	(142,123)	(13,415)	-	Nil	1 Apr 2021
	1 Apr 2019	736,930	-	(274,000)	(266,930)	196,000	209,070	(209,070)	-	196,000	Nil	1 Apr 2019 - 1 Apr 2022
	30 Jun 2019	436,135	-	(24,000)	(208,541)	203,594	385,865	(195,459)	-	394,000	Nil	30 Jun 2019 - 1 Apr 2022
	1 Nov 2019	218,000	-	(134,000)	(16,000)	68,000	-	-	-	68,000	Nil	1 Oct 2020 - 1 Apr 2022
	1 Apr 2021	-	52,000	(52,000)	-	-	-	-	-	-	Nil	1 Apr 2021
	7 Jun 2021	-	5,594,000	(64,000)	(294,000)	5,236,000	-	-	-	5,236,000	Nil	16 Sep 2021 - 7 Jun 2024
	15 Oct 2021	-	80,000	(80,000)	-	-	-	-	-	-	Nil	15 Oct 2021
	15 Oct 2021	-	268,000	-	-	268,000	-	-	-	268,000	Nil	15 Oct 2022 - 15 Oct 2024
Total		2,373,184	6,386,000	(870,040)	(1,469,550)	6,419,594	1,344,780	(1,088,414)	(65,960)	6,610,000		

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 4 October 2021, 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**") with annual interest rate of 4% to Myanmar Co B. The Loan Facility is surplus cash from Myanmar Co A and Myanmar Co B will apply the Loan Facility for meeting its working capital requirements.

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 for each of the following financial year(s):

Financial year	Annual cap (USD)
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 USD373,000 (2020: USD528,000).

- (2) 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)
2021	6,100,000
2022	6,200,000

For the Financial Year, the actual aggregate transaction amount with Pudong Kerry Co was USD2,765,000 (2020: USD1,972,000). 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 41(b) to the Financial Statements.

- (3) 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, 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 USD5,058,000 (2020: USD3,463,000). 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 41(a) to the Financial Statements.

- (4) 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 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)
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 USD1,871,000 (2020: USD1,542,000).

- (5) 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 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 USD832,000 (equivalent to RMB5,366,000) (2020: USD640,000). 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 41(b) to the Financial Statements.

- (6) 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, 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 USD2,182,000 (equivalent to RMB14,066,000) (2020: USD1,697,000). 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 41(a) to the Financial Statements.

- (7) 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**", a wholly owned subsidiary of the Company and 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**", a wholly owned subsidiary of the Company and the current IP sub-licensor) in relation to the provision of (i) the Hotel Management Services for Shangri-La 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)
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 USD1,142,000 (2020: USD1,594,000). 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 41(b) to the Financial Statements.

- (8) 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 Shenzhen Qianhai by Shangri-La ("**Qianhai Hotel**") which is owned by Qianhai Co. Each of the said agreements lists the initial term which commenced from the date of the agreements and ended on 31 December 2021. Thereafter, save where SLIM-HK and/or SLIM-PRC determine(s) that it is not able to comply with the applicable requirements under the Listing Rules, the term of each agreement shall be renewed for succeeding terms of three years each provided that the entire term of the said agreements shall not be longer than 20 years.

On 28 December 2021, the Company announced that the said agreements had been renewed for another consecutive three-year term that would expire on 31 December 2024.

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)
2021	3,000,000
2022	3,000,000
2023	20,000,000
2024	27,800,000

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

- (9) 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 an associate 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 USD2,582,000 (equivalent to RMB16,649,000) (2020: USD1,407,000). 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 41(a) to the Financial Statements.

- (10) Shangri-La International Hotel Management Pte Limited ("**SLIM-SG**", a wholly owned subsidiary of the Company) and Cuscaden Properties Pte Limited ("**Cuscaden Co**", a company owned as to 44.6% by the Company and 55.4% by Allgreen Properties Limited) had entered into the management agreement and the marketing and reservations agreement, pursuant to which SLIM-SG managed and operated JEN Singapore Tanglin by Shangri-La ("**Singapore Tanglin Hotel**") which is owned by Cuscaden Co. Such agreements expired on 31 March 2021.

On 8 March 2021, SLIM-SG and Cuscaden Co entered into a hotel management agreement, pursuant to which SLIM-SG would continue to provide Hotel Management Services to Singapore Tanglin Hotel. The agreement has a three-year term which commenced on 1 April 2021. Upon expiry of the initial three-year term and thereafter, save where SLIM-SG determines that it is not able to comply with the applicable requirements under the Listing Rules, the term shall be renewed for succeeding terms of three-year periods each provided that the entire term of the said agreement shall not be longer than 9 years.

Cuscaden Co is a subsidiary of Allgreen which in turn is an associate of KHL (Substantial Shareholder). Accordingly, Cuscaden 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 possible inflation and fluctuation in currency exchange rates, as well as a 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)
2021	3,800,000
2022	4,300,000
2023	4,400,000
2024 (for the entire year assuming the relevant agreement(s) will be renewed upon expiry in the year)	4,500,000

For the Financial Year, the actual aggregate transaction amount with Singapore Tanglin Hotel was USD1,022,000 (2020: USD891,000). 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 41(b) to the Financial Statements.

- (11) On 19 August 2021, the Company announced that certain subsidiaries of the Group order wines from wine suppliers on an ongoing basis for the food and beverage segments of the Group's hotel operations. The Group has maintained a wine programme with various wine suppliers including Kerry Wines Limited ("**Kerry Wines**", a company owned as to 20% by the Company and 80% by KHL). Throughout the Financial Year, certain subsidiaries of the Group respectively placed purchase orders with Kerry Wines or its subsidiary(ies) ("**KW Co(s)**") in connection with the purchase of wines under the wine programme. Under the wine programme, the KW Co(s) offer such subsidiaries of the Group certain stock wines listed under the wine programme at agreed unit prices, subject to revision from time to time, and/or other specific types of wines at prices to be agreed between them when the purchase orders are placed. The unit prices offered by KW Cos are independently verified, reviewed and negotiated by wine experts and purchasing divisions from the hotel operations unit(s) of the Group to ensure the offered prices are reasonable and competitive compared to other suppliers in the market. In addition, the Group may, if it considers appropriate and necessary, also purchase wines en primeur from KW Co(s). All wines purchased from KW Co(s) are effected by purchase orders in written form.

Each KW Co is a subsidiary of KHL (Substantial Shareholder). Accordingly, the KW Cos are connected persons of the Company at holding level, and the purchases of wines described above constitute continuing connected transactions for the Company.

Based on (i) the value of the wine orders recognised during the period from 1 January 2021 to 30 June 2021, and (ii) the business plans of the Group for the remaining months of 2021, the Company has set the annual cap of the wine orders to be placed with the KW Cos for the Financial Year at USD3,000,000.

For the Financial Year, the actual aggregate value of such purchases amounted to USD1,454,000 (2020: USD1,279,000). 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 purchase of wine under Note 41(a) to the Financial Statements.

The continuing connected transactions mentioned in (1) to (11) 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, 24 March 2022



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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 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) (<i>retired on 28 May 2021</i>)	1(1)/1
Independent Non-executive Director(s)	
LI Kwok Cheung Arthur	4/4
YAP Chee Keong	4/4
LI Xiaodong Forrest	3/4
ZHUANG Chenchao	4/4
KHOO Shulamite N K	4/4

Other than the above full Board meetings, the Chairman also held four meetings in 2021 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	4/4
Independent Non-executive Director(s)	
LI Kwok Cheung Arthur	4/4
YAP Chee Keong	4/4
LI Xiaodong Forrest	3/4
ZHUANG Chenchao	4/4
KHOO Shulamite N K	4/4

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.

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 the 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	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 2021 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 2021 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.

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, gender, expertise, professional background and geographical experience;
- (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 & HUMAN CAPITAL COMMITTEE

The Remuneration & Human Capital Committee was established by the Board on 17 October 1997. The Remuneration & Human Capital 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 & Human Capital 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 & Human Capital 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 & Human Capital Committee held four meetings. The members of the Remuneration & Human Capital 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
KHOO Shulamite N K (<i>as chairman with effect from 28 May 2021</i>)	INED	4/4
LI Kwok Cheung Arthur (<i>as chairman until 28 May 2021</i>)	INED	4/4
KUOK Hui Kwong	ED & Chairman	4/4
YAP Chee Keong	INED	4/4

During the Financial Year, the work performed by the Remuneration & Human Capital 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 & Human Capital 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 & Human Capital 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 & Human Capital 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 & Human Capital 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)		
	2021	2020	
As NED/INED	196,000	196,000	per year of directorship
As Nomination Committee member	42,000	42,000	per year of membership
As Remuneration & Human Capital Committee member	42,000	42,000	per year of membership
As Audit & Risk Committee chairman/member	161,000/ 140,000	161,000/ 140,000	per year of chairmanship/ membership

It is noted that the amounts reflect a voluntary reduction in Directors' fees in light of the difficult business environment caused by COVID-19.

Details of the remuneration paid to each of the Directors for the Financial Year and the previous year are set out in Note 32 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	2
4,000,001 to 6,000,000	4
8,000,001 to 10,000,000	1
10,000,001 to 12,000,000	1
	8

Note: Two members of the Senior Management joined the Group during the Financial Year. The remuneration of such members are 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) (<i>as member until 28 May 2021</i>)	NED	2 (2)/2
LI Kwok Cheung Arthur	INED	4/4
KHOO Shulamite N K (<i>as member with effect from 1 August 2021</i>)	INED	2/2

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 long-term shareholder value. The Board is committed to maintaining a sound and effective risk management and internal control system as the cornerstone for good corporate governance.

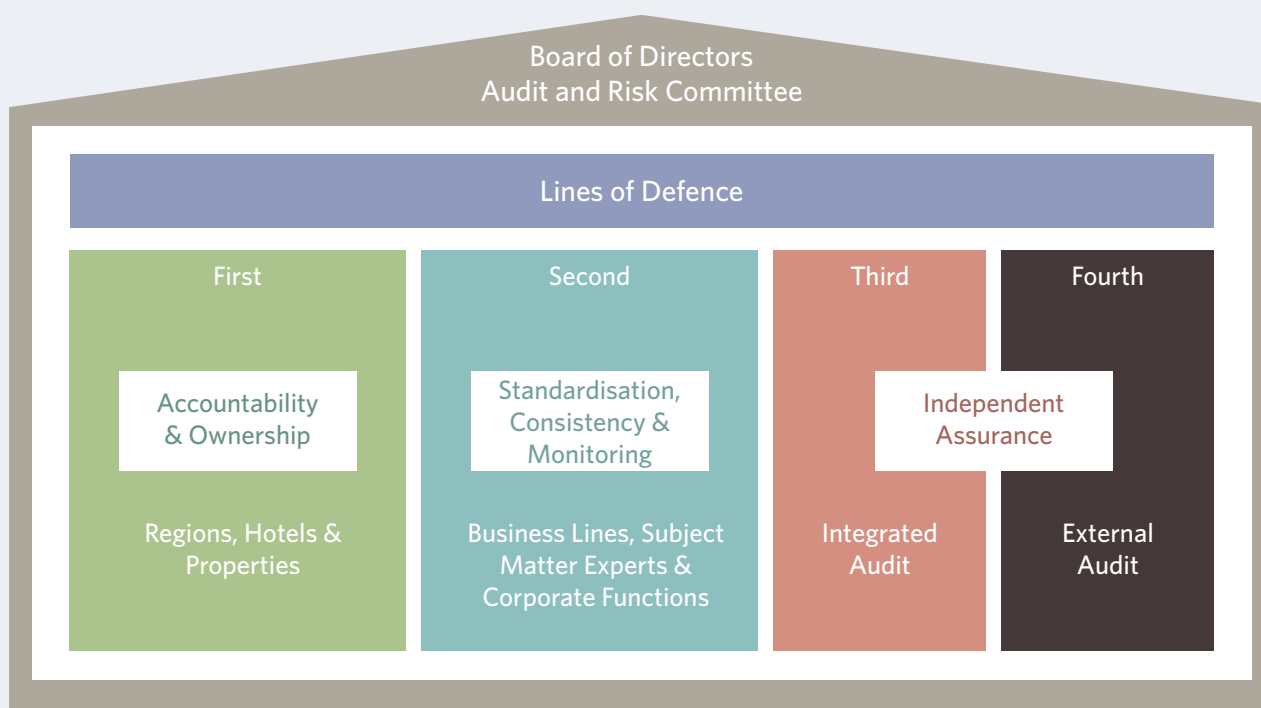
The Board has overall responsibility for risk governance and the effectiveness of internal controls in the Group's business. The Board's Audit & Risk Committee ("ARC") assists the Board in overseeing the Group's risk management and audit process; assess the adequacy and effectiveness of the Group's risk 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 ongoing 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 HQ 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 HQ on any risk change and deviation from existing controls on an ongoing basis.
- The Second Line of Defence (“**2nd LOD**”) comprises the Corporate HQ 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 2021, 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 HQ 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 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 "Shareholders' and Investors' 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.
- 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 CEO, CFO, COO, 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 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 and the General Counsel.

Periods	Key Activates
1st 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
2nd Quarter	<ol style="list-style-type: none"> 1. Review results from Internal Audit 2. Update on Integrated Assurance Framework
3rd 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
4th 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 • Land Title/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"> • Brand 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.

2021 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 and 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 and 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)	1,498
Non-audit services	
(a) tax services	213
(b) other advisory services	56
Total	1,767
Other auditor(s)	
Audit services	488
Non-audit services	
(a) tax services	99
(b) other advisory services	24
Total	611

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 28 May 2021 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:

Meeting date: 28 May 2021	Attended in the capacity of a member of				
	Board	Designation on meeting date	Nomination Committee	Remuneration & Human Capital Committee	Audit & Risk Committee
KUOK Hui Kwong	✓	ED & Chairman	✓	✓	
LIM Beng Chee	✓	ED & Group CEO			
HO Kian Guan (alternate - HO Chung Tao) <i>(retired on 28 May 2021)</i>	✓ (✓)	NED			✓
LI Kwok Cheung Arthur	✓	INED	✓	✓	✓
YAP Chee Keong	✓	INED		✓	✓
LI Xiaodong Forrest	✓	INED	✓		
ZHUANG Chenchao	✓	INED			
KHOO Shulamite N K	✓	INED	✓	✓	
Total attendance	8/8		4/4	4/4	3/3

GENERAL MANDATES GRANTED TO DIRECTORS

New Issue Mandate

At the Company's annual general meeting in 2021, 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 2021, 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 2022

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 47.62% or a capitalisation of approximately HKD11.12 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"), which are set out on pages 115 to 239, comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated statement of profit or loss 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 significant accounting policies and other explanatory information.

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 2021, 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 ("HKSA") 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.

INDEPENDENT AUDITOR'S REPORT

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

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 (Interests in associates and amounts due from associates), note 29 (Expenses by nature), note 30 (Other (losses)/gains - net) and note 34 (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. 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 2021 and the reports of the independent professional valuers as at 31 December 2021, a total amount of impairment provision of USD170.6 million and Nil was charged against the Group's subsidiaries and associates in the consolidated statement of profit or loss for the year ended 31 December 2021 respectively.

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:

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

The Group, through its subsidiaries and associates, holds equity interests in a number of investment properties. Net fair value changes in investment properties held by subsidiaries and associates amounting to loss of USD8.9 million and gain of USD78.5 million were recorded in the consolidated statement of profit or loss for the year ended 31 December 2021 respectively.

The fair values of investment properties at 31 December 2021 were supported by property valuations carried out by independent 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:

- Understood management's controls and processes for determining the valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and the judgement involved in determining assumptions to be applied;
- Evaluated the independent professional valuers' competence, capabilities and objectivity;
- Considered the appropriateness and consistency of methodologies used in the property valuations based on our knowledge of the industry and market practice and involved our internal valuation expert in assessing the valuations and the key underlying assumptions;
- Assessed 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 involvement of our in-house valuation experts;
- Checked, 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.
- Assessed 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 THE AUDIT & RISK COMMITTEE 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 is 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 HKSAAs, 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 the Audit & Risk Committee 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 the Audit & Risk Committee 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 the Audit & Risk Committee, 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, 24 March 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December	
		2021 USD'000	2020 USD'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	4,634,879	5,093,983
Investment properties	8	1,758,979	1,748,296
Right-of-use assets	9	1,174,309	1,279,746
Intangible assets	10	110,024	115,400
Interest in associates	12	4,341,708	4,207,367
Deferred income tax assets	25	73,484	51,911
Financial assets at fair value through other comprehensive income	13	7,364	4,498
Financial assets at fair value through profit or loss	13	12,626	9,948
Derivative financial instruments	23	1,949	-
Other receivables	14	14,882	16,428
		12,130,204	12,527,577
Current assets			
Inventories		28,956	30,590
Properties for sale	16	74,976	86,529
Accounts receivable, prepayments and deposits	15	200,803	231,837
Amounts due from associates	12	147,987	124,501
Derivative financial instruments	23	2,793	-
Financial assets at fair value through profit or loss	13	17,251	16,273
Short-term deposits with original maturities over 3 months	17	39,326	66,394
Cash and cash equivalents	17	745,540	924,457
		1,257,632	1,480,581
Assets of disposal group classified as held for sale	28	86,431	-
		1,344,063	1,480,581
Total assets		13,474,267	14,008,158
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	(2,858)	(4,265)
Other reserves	20	1,073,259	985,882
Retained earnings		1,591,897	1,877,977
		5,864,293	6,061,589
Non-controlling interests	24	185,571	253,158
Total equity		6,049,864	6,314,747

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December	
		2021 USD'000	2020 USD'000
LIABILITIES			
Non-current liabilities			
Bank loans	21	3,400,972	4,030,440
Fixed rate bonds	22	1,124,794	1,072,033
Derivative financial instruments	23	25,507	71,579
Amounts due to non-controlling shareholders	24	46,550	46,550
Long term lease liabilities	9	570,726	601,639
Deferred income tax liabilities	25	303,768	329,923
		5,472,317	6,152,164
Current liabilities			
Accounts payable and accruals	26	614,869	601,477
Contract liabilities	27	140,823	170,867
Short term lease liabilities	9	48,072	65,891
Amounts due to non-controlling shareholders	24	50,018	45,366
Current income tax liabilities		4,205	5,881
Bank loans	21	1,062,086	616,439
Derivative financial instruments	23	19,622	35,326
		1,939,695	1,541,247
Liabilities of disposal group classified as held for sale	28	12,391	-
		1,952,086	1,541,247
Total liabilities		7,424,403	7,693,411
Total equity and liabilities		13,474,267	14,008,158

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

The financial statements on pages 115 to 239 were approved by the Board of Directors on 24 March 2022 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	
		2021 USD'000	2020 USD'000
Revenue	5	1,241,049	1,033,431
Cost of sales	29	(696,527)	(671,194)
Gross profit		544,522	362,237
Other (losses)/gains - net	30	(3,435)	30,219
Marketing costs	29	(57,415)	(62,030)
Administrative expenses	29	(193,424)	(233,147)
Other operating expenses	29	(644,244)	(529,893)
Operating loss		(353,996)	(432,614)
Finance costs - net	33	(212,594)	(236,837)
Share of profit of associates	34	209,644	132,390
Loss before income tax		(356,946)	(537,061)
Income tax credit	35	12,527	26,477
Loss for the year		(344,419)	(510,584)
Loss attributable to:			
Owners of the Company		(290,575)	(460,161)
Non-controlling interests		(53,844)	(50,423)
		(344,419)	(510,584)
Loss per share for loss attributable to the owners of the Company during the year (expressed in US cents per share)			
- basic	36	(8.13)	(12.89)
- diluted	36	(8.13)	(12.89)

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						Non-controlling interests USD'000	Total equity USD'000
	Note	Share capital and premium USD'000	Shares held for share award scheme USD'000	Other reserves USD'000	Retained earnings USD'000	Total USD'000		
Balance at 1 January 2021		3,201,995	(4,265)	985,882	1,877,977	6,061,589	253,158	6,314,747
Remeasurements of post-employment benefit obligations		-	-	-	2,498	2,498	380	2,878
Fair value changes of interest-rate swap and cross-currency swap contracts - hedging	20	-	-	52,519	-	52,519	3,304	55,823
Currency translation differences	20	-	-	31,090	-	31,090	(15,242)	15,848
Fair value changes of financial assets at fair value through other comprehensive income	20	-	-	2,653	-	2,653	2,302	4,955
Other comprehensive income/(loss) for the year recognised directly in equity		-	-	86,262	2,498	88,760	(9,256)	79,504
Loss for the year		-	-	-	(290,575)	(290,575)	(53,844)	(344,419)
Total comprehensive income/(loss) for the year ended 31 December 2021		-	-	86,262	(288,077)	(201,815)	(63,100)	(264,915)
Share-based compensation under share award scheme	20	-	-	2,337	-	2,337	-	2,337
Vesting of shares under share award scheme	18,20	-	1,407	(1,222)	(185)	-	-	-
Dividend paid and payable to non-controlling shareholders		-	-	-	-	-	(4,487)	(4,487)
Adjustment on the difference between the consideration and the portion of the non-controlling interests arising from acquisition of partial equity interest in a subsidiary from a non-controlling shareholder		-	-	-	2,182	2,182	-	2,182
		-	1,407	1,115	1,997	4,519	(4,487)	32
Balance at 31 December 2021		3,201,995	(2,858)	1,073,259	1,591,897	5,864,293	185,571	6,049,864

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 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

Included in the retained earnings are statutory funds of approximately USD97,305,000 (2020: USD82,993,000). 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	
		2021 USD'000	2020 USD'000
Cash flows from operating activities			
Net cash generated from/(used in) operations	38(a)	84,188	(105,055)
Interest paid for loans and fixed rate bonds		(169,819)	(174,255)
Interest paid for lease liabilities		(30,697)	(31,938)
Hong Kong profits tax paid		(134)	(7,990)
Overseas tax paid		(27,970)	(43,312)
Net cash used in operating activities		(144,432)	(362,550)
Cash flows from investing activities			
Purchase of property, plant and equipment		(44,211)	(92,791)
Capital expenditure on properties under development		(27,043)	(17,909)
Payments for right-of-use assets		(2,313)	-
Capital expenditure on investment properties		(41,256)	(14,131)
Capital expenditure on intangible assets		(5,054)	(10,854)
Proceeds from disposal of property, plant and equipment; and investment properties		4,775	442
Capital injection to an associate		(10,800)	-
Cash received from capital reduction of an associate		19,500	-
Net decrease in loans to associates		41,786	2,309
Interest received from associates		15,744	2,217
Other interest received		8,887	12,635
Dividends received from associates		43,676	53,088
Dividends received from listed securities		4,712	1,007
Sale proceeds from disposal of listed securities		2,833	-
Sale deposit received for disposal of equity interest in a subsidiary		41,452	-
Increase in financial assets at fair value through other comprehensive income		-	(155)
Decrease in short-term bank deposits with original maturities over 3 months		27,068	40,787
Net cash generated from/(used in) investing activities		79,756	(23,355)
Cash flows from financing activities			
Dividends paid to non-controlling shareholders		(5,301)	(12,187)
Net increase/(decrease) in loans from non-controlling shareholders		1,666	(1,031)
Principal elements of lease payments		(16,897)	(9,361)
Net proceeds from issuance of fixed rate bonds		75,604	184,848
Repayment of bank loans		(762,149)	(395,357)
Bank loans drawn down		598,829	599,309
Net cash (used in)/generated from financing activities		(108,248)	366,221
Net decrease in cash and cash equivalents		(172,924)	(19,684)
Cash and cash equivalents at beginning of the year		924,457	909,496
Exchange gains on cash and cash equivalents		2,592	34,645
Less: Cash and cash equivalents of disposal group classified as held for sale	28	(8,585)	-
Cash and cash equivalents at end of the year	17	745,540	924,457

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

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

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

Amendment to HKFRS 16, COVID-19 Related Rent Concessions beyond 30 June 2021 ("2021 amendment")

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

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

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 2021 and have not been early adopted by the Group. These standards are not expected to have a material impact to the Group in the current or future reporting periods and on foreseeable future transactions.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation (continued)

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (continued)

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 in the separate financial statements is required upon receiving a dividend from the investment if the dividend exceeds the total comprehensive income of the subsidiaries or associates in the period the dividend is declared or if the carrying amount of the net investment exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(b) Measurement (continued)

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.

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. Refer to note 3.1(b) for the detailed impairment for trade receivables at simplified approach and other debt instruments at general model.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(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.

2.14 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee benefits (continued)

(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.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue recognition (continued)

- (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) Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in other comprehensive income if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Leases (continued)

(b) *As the lessee (continued)*

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.26 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.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.30 Non-current assets (or disposal groups) held for sale

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset or disposal group to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset or disposal group is recognised at the date of derecognition.

Non-current assets including those that are part of a disposal group are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

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 2021, if US dollar has weakened/strengthened by 5% (2020: 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 USD15,824,000 (2020: USD18,227,000) and USD375,540,000 (2020: USD382,919,000), 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 USD863,000 (2020: USD814,000) while the Group's profit attributable to the owners of the Company will increase/decrease by USD863,000 (2020: USD814,000).

(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 2021, 62% (31 December 2020: 60%) of borrowings were at fixed rates on that basis.

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.

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 USD20,184,000 (2020: USD22,289,000) after interest capitalisation for properties under development.

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:

	2021 USD'000	2020 USD'000
Interest rate swaps		
Carrying amount (net current and non-current liabilities)	40,220	97,335
Notional amount	2,117,468	2,126,816
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	(57,115)	88,589
Change in value of hedged item used to determine hedge effectiveness	57,115	(88,589)

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2021				
Bank loans	20,537	1,041,549	889,368	2,511,604
Fixed rate bonds	-	-	-	1,127,835
Interest payable for bank loans	20,151	54,096	61,827	113,705
Interest payable for fixed rate bonds	4,538	42,588	47,126	137,060
Derivative financial instruments	6,344	13,278	14,350	11,157
Lease liabilities	12,582	37,747	43,116	1,501,229
Amounts due to non-controlling shareholders	50,018	-	-	-
Loan from non-controlling shareholders	-	-	-	46,550
Accounts payable and accruals	62,246	546,503	-	-
Financial guarantee contracts for bank loans granted to associates	6,323	33,041	10,787	135,428
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

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

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.

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 2021 and 2020 were as follows:

	2021 USD'000	2020 USD'000
Total borrowings	5,587,852	5,718,912
Less: Cash and bank balances and short-term fund placements (Note 17)	(784,866)	(990,851)
Net debt	4,802,986	4,728,061
Total equity	6,049,864	6,314,747
Gearing ratio (net debt over total equity)	79.4%	74.9%

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2021, the Group had interest-rate swap contracts with a total principal amount of USD2,117,468,000 (2020: USD2,126,816,000), 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 (losses)/gains - 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.

3.4 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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Fair value estimation of financial instruments (continued)

(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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Fair value estimation of financial instruments (continued)

The following tables present the Group's assets and liabilities that are measured at fair value at 31 December 2021 and 31 December 2020. 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 2021				
Assets				
Financial assets at fair value through profit or loss (Note 13)				
- Club debentures	12,626	-	-	12,626
- Listed shares	17,251	-	-	17,251
Financial assets at fair value through other comprehensive income (Note 13)				
- Equity and loan instruments	-	-	2,101	2,101
- Listed shares	5,263	-	-	5,263
Derivative financial instruments (Note 23)				
- Cross-currency swap contracts	-	4,742	-	4,742
Total assets	35,140	4,742	2,101	41,983
Liabilities				
Derivative financial instruments (Note 23)				
- Interest-rate swap contracts	-	40,220	-	40,220
- Cross-currency swap contracts	-	4,909	-	4,909
Total liabilities	-	45,129	-	45,129

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 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

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 and payables 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) *Impairment assessment of goodwill, property, plant and equipment and right-of-use assets*

The Group tests whether goodwill, property, plant and equipment and right-of-use assets have suffered any impairment in accordance with the accounting policies stated in Note 2.7 and Note 2.5, 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 2021. 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.1 Critical accounting estimates and assumptions (continued)

(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.

(d) *Estimate of future redemption rate of loyalty points*

The Group operates Shangri-La Circle (formerly "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 Shangri-La Circle revenue and the fair value of outstanding Shangri-La 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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:

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

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

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

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

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

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment profit or loss

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

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

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment profit or loss (continued)

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

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

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 2021 and 2020 (USD million)

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

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

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment profit or loss (continued)

For year ended 31 December 2021 and 2020 (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:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment assets

As at 31 December 2021 and 2020 (USD million)

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

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

6 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	As at 31 December	
		2021 USD'000	2020 USD'000
Financial assets			
Financial assets at amortised cost			
- Other receivables	14	14,882	16,428
- Accounts receivable	15	119,140	142,684
- Amounts due from associates	12	210,817	204,318
- Short term fund placements	17	13,599	29,021
- Cash and bank balances	17	771,267	961,830
Financial assets at fair value through profit & loss			
- Listed security	13	17,251	16,273
- Club debentures	13	12,626	9,948
Financial assets at fair value through other comprehensive income			
- Equity and loan instruments	13	2,101	4,498
- Listed security	13	5,263	-
Derivate financial instruments			
- Cross-currency swap contracts	23	4,742	-
Total		1,171,688	1,385,000
Financial liabilities			
Financial liabilities at amortised cost			
- Bank loans	21	4,463,058	4,646,879
- Fixed rate bonds	22	1,124,794	1,072,033
- Amounts due to non-controlling shareholders	24	50,018	45,366
- Loan from non-controlling shareholders	24	46,550	46,550
- Accounts payable and accruals	26	608,749	601,477
- Lease liabilities	9	618,798	667,530
Derivate financial instruments			
- Interest-rate swap contracts	23	40,220	97,335
- Cross-currency swap contracts	23	4,909	9,570
Total		6,957,096	7,186,740

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 2020					
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	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
Year ended 31 December 2021					
Balance at 1 January 2021	4,556,643	223,089	249,006	65,245	5,093,983
Exchange differences	(62,460)	(42)	(7,975)	(2,192)	(72,669)
Additions	26,881	3,062	14,268	28,836	73,047
Classified as held for sale (Note 28)	(71,461)	-	-	(4,651)	(76,112)
Disposals	(917)	(330)	(624)	-	(1,871)
Impairments (Note 29 & 30)	(112,880)	(3,959)	(1,974)	(4,042)	(122,855)
Transfer	29,225	6,532	(30,565)	(5,192)	-
Depreciation	(155,029)	(45,070)	(58,545)	-	(258,644)
Closing net book amount	4,210,002	183,282	163,591	78,004	4,634,879
At 31 December 2021					
Cost	7,132,569	899,450	1,465,494	93,271	9,590,784
Accumulated depreciation and impairment provision	(2,922,567)	(716,168)	(1,301,903)	(15,267)	(4,955,905)
Net book amount	4,210,002	183,282	163,591	78,004	4,634,879

- (a) All depreciation expenses (net of amount capitalised of USD3,000 in 2021 (2020: USD13,000)) have been included as part of the other operating expenses.
- (b) For year 2021, bank loans of USD3,555,000 (2020: USD11,585,000) are secured by certain fixed assets as disclosed under Note 39(c).
- (c) Buildings comprise mainly hotel properties. Details of the hotel properties of the Company's subsidiaries are summarised in Note 43(a).

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (d) Properties under development include construction work in progress in respect of the renovation of certain hotel properties.
- (e) The Group assesses the carrying value of property, plant and equipment and right-of-use assets when there is any indication that the assets may be impaired. These indications include continuing adverse changes in the local market conditions in which the property operates or will operate, or when the property continues to operate at a loss position and its financial performance is worse than expected. Professional valuations were carried out by independent firms of professional valuers during the year for those properties for which the internal assessment results needed independent confirmation. During the year, the Group recognised impairment losses for hotel properties owned by the Group in Mainland China, Mongolia, Myanmar and Sri Lanka; and for a property situated in Italy. The Group has also impaired the property, plant and equipment; and right-of-use assets for a terminated hotel development project in Mainland China. These impairment losses are recognised in the consolidated statement of profit or loss under "Other (losses)/gains - net" and other operating expenses, to write down their carrying values of property, plant and equipment and right-of-use assets to their recoverable amounts. The recoverable amount of each hotel and property is its fair value less costs of disposal based on the opinion of independent professional valuer obtained by the Group except for that of the hotel in Myanmar which is its value in use based on income capitalisation approach. The fair value on which the recoverable amount is based on is categorized as a Level 3 measurement (based on significant unobservable inputs). There is also an impairment for the property, plant and equipment of a development project in Mainland China as the Group has decided not to proceed with the project development.

Details of the impairment losses for property, plant and equipment and the recoverable amounts (for the property as a whole including the right-of-use assets) are shown below.

Properties	Impairment loss		Recoverable amount USD '000	Unobservable inputs	
	At 100% USD '000	Attributable to owners of the Company USD '000		Discount rate	Capitalisation rate
Two hotels in Mainland China	72,766	72,766	123,267	9.25% to 9.5%	5.5% to 6.0%
A hotel in Mongolia	8,652	4,412	119,000	12.5%	8.25%
A hotel in Myanmar	22,332	13,212	-	13.75%	8.75%
A hotel in Sri Lanka	9,580	8,622	59,465	9%	9%
A property in Italy	5,483	5,483	95,610	6.31%	5.51%
A development project in Mainland China	4,042	4,042	-	N/A	N/A
Total	122,855	108,537	397,342		

N/A: Not applicable

If a higher discount rate or higher capitalisation rate is used in the calculation of the recoverable amount of each hotel and property, the Group would have to recognise additional impairment charges against property, plant and equipment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INVESTMENT PROPERTIES

	2021 USD'000	2020 USD'000
At 1 January	1,748,296	1,658,560
Exchange differences	(20,456)	33,782
Additions	41,878	14,131
Disposals	(1,840)	(110)
Transferred from property, plant and equipment (Note 7)	-	35,217
Transferred from right-of-use assets (Note 9)	-	25,806
Fair value losses (Note 30)	(8,899)	(19,090)
At 31 December	1,758,979	1,748,296

- (a) As at 31 December 2021, 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 2021, fair value losses on revaluation amounted to USD8,899,000 (2020: USD19,418,000) are included in "Other (losses)/gains - net" in the consolidated statement of profit or loss (Note 30) and a fair value gain of Nil (2020: USD328,000) is recognised in "Asset revaluation reserve".
- (b) The carrying values of investment properties comprised:

	2021 USD'000	2020 USD'000
Outside Hong Kong, held on:		
Freehold	717,424	739,371
Leases of over 50 years	-	293,874
Leases of between 10 and 50 years	1,041,555	715,051
	1,758,979	1,748,296

- (c) Details of investment properties of the Company's subsidiaries are summarised in Note 44(a).

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 2021.

	Fair value measurements at 31 December 2021 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	-	-	544,051
- Serviced apartments in Singapore	-	-	411,128
- Office, serviced apartments and commercial complex in Mongolia	-	-	281,791
- Office, serviced apartments and commercial complex in Sri Lanka	-	-	237,017
- Office, serviced apartments and commercial complex in other regions	-	-	284,992
	-	-	1,758,979

	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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2021	484,912	410,821	272,742	256,990	322,831	1,748,296
Additions	41,324	202	295	-	57	41,878
Disposals	(40)	(117)	(1,683)	-	-	(1,840)
Changes in fair value	6,266	8,852	10,445	745	(35,207)	(8,899)
Exchange differences	11,589	(8,630)	(8)	(20,718)	(2,689)	(20,456)
At 31 December 2021	544,051	411,128	281,791	237,017	284,992	1,758,979

	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

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 2021 USD'000	Valuation technique	Unobservable inputs	
Mainland China				
- Office, serviced apartments, commercial complex and investment property under development	544,051	Direct comparison approach and income capitalisation approach	Rental rate from USD14 to USD40 per sq.m. per month and occupancy from 88% to 95%	Capitalisation rate in the range of 4% to 9%
Singapore				
- Serviced apartments	411,128	Direct comparison approach and income capitalisation approach	Rental rate from USD255 to USD306 per room per day and occupancy from 74% to 84%	Capitalisation rate of 3.3%
Mongolia				
- Office, serviced apartments and commercial complex	281,791	Direct comparison approach and income capitalisation approach	Rental rate from USD19 to USD30 per sq.m. per month and occupancy from 90% to 98%	Capitalisation rate in the range of 5.5% to 9.0%
Sri Lanka				
- Office, serviced apartments and commercial complex	237,017	Direct comparison approach and income capitalisation approach	Rental rate from USD16 to USD35 per sq.m. per month and occupancy from 75% to 85%	Capitalisation rate in the range of 4.5% to 8.5%
Other regions				
- Office, serviced apartments and commercial complex	284,992	Direct comparison approach and income capitalisation approach	Rental rate from USD13 to USD30 per sq.m. per month	Capitalisation rate in the range of 5.5% to 8.25%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INVESTMENT PROPERTIES (CONTINUED)

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 from USD259 to USD311 per room per day and occupancy from 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%

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.

(a) 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 2021 USD'000	31 December 2020 USD'000
Right-of-use assets		
Leasehold land and land use rights	871,666	945,810
Buildings	295,805	323,454
Motor vehicles	202	532
Others	6,636	9,950
	1,174,309	1,279,746
Lease liabilities		
Current	48,072	65,891
Non-current	570,726	601,639
	618,798	667,530

Additions to the right-of-use assets during the year ended 31 December 2021 were USD23,204,000 (2020: USD22,079,000).

The Group assesses the carrying value of property, plant and equipment and right-of-use assets 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. The Group has performed an impairment assessment on the right-of-use assets where impairment indicators exist. During the year, the Group has recorded a total impairment loss of USD49,167,000 for the right-of-use assets under "Other (losses)/gains - net" and other operating expenses in the consolidated statement of profit or loss and out of which, USD47,726,000 is for the entire impairment of land use rights of a development project in Mainland China as the Group has decided not to proceed with the project development while USD1,441,000 is for the impairment of right-of-use assets of a restaurant business.

In 2020, the Group has recorded an impairment loss of USD13,861,000 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.

There is no transfer (2020: USD25,806,000) from leasehold land and land use rights to investment properties (Note 8) during the year ended 31 December 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 LEASES (CONTINUED)

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

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

	2021 USD'000	2020 USD'000
Depreciation charge of right-of-use assets		
Leasehold land and land use rights	27,328	26,387
Buildings	22,103	22,701
Motor vehicles	315	823
Others	3,200	3,612
	52,946	53,523
Interest expenses on lease liability (included in finance cost)	30,697	31,938
Expense relating to short-term leases and variable lease payments not included in lease liabilities	6,954	8,939

Total cash outflow for leases in respect of lease liability in 2021 was USD47,594,000 (2020: USD41,299,000) and the total cash outflow for leases including short-term leases and variable lease payment was USD54,548,000 (2020: USD50,238,000).

10 INTANGIBLE ASSETS

	Goodwill USD'000	Trademark and licences USD'000	Website and system development USD'000	Total USD'000
At 1 January 2020				
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 29)	-	-	(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
Year ended 31 December 2021				
Opening net book amount	89,170	3,442	22,788	115,400
Exchange difference	(764)	-	(50)	(814)
Additions	-	-	5,054	5,054
Impairment (Note 29)	-	-	(2,467)	(2,467)
Amortisation expenses	-	(568)	(6,581)	(7,149)
Closing net book amount	88,406	2,874	18,744	110,024
At 31 December 2021				
Cost	88,406	11,958	32,883	133,247
Accumulated amortisation	-	(9,084)	(14,139)	(23,223)
Net book amount	88,406	2,874	18,744	110,024

During the year, the Group has impaired intangible assets for website and system development amounted to USD2,467,000 (2020: USD1,256,000) due to the obsolescence of the intangible assets.

The principal component of goodwill represented the excess of cost of acquisition of the hotel management group 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 (2020: 5% per annum) and a discount rate of 7% per annum (2020: 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. Reasonably possible changes for other key assumptions have been considered and assessed and no instances have been identified that could cause the carrying amount of the goodwill to exceed its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 SUBSIDIARIES

(a) Details of principal subsidiaries are set out in Note 42(a).

(b) Material non-controlling interests

The total non-controlling interests as at 31 December 2021 is USD185,571,000 (2020: USD253,158,000), of which USD158,311,000 (2020: USD176,698,000) is attributable to Shangri-La Hotels (Malaysia) Berhad Group (which is the Malaysia listed Group), USD-147,642,000 (2020: USD-147,075,000) is attributable to Intense Power Limited (which owns the complex of Shangri-La Ulaanbaatar and Shangri-La Centre, Ulaanbaatar in Mongolia) and USD-1,259,000 (2020: USD3,561,000) 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	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
Current						
Assets	23,454	38,817	27,906	37,796	24,372	21,003
Liabilities	(66,780)	(68,848)	(115,283)	(128,084)	(23,253)	(15,119)
Total net current (liabilities)/assets	(43,326)	(30,031)	(87,377)	(90,288)	1,119	5,884
Non-current						
Assets	353,286	375,123	338,233	349,419	123,029	90,790
Liabilities	(9,278)	(9,904)	(552,167)	(559,284)	(130,442)	(78,867)
Total net non-current assets/(liabilities)	344,008	365,219	(213,934)	(209,865)	(7,413)	11,923
Net assets/(liabilities)	300,682	335,188	(301,311)	(300,153)	(6,294)	17,807
Attributable to:						
Owners of the Company	142,371	158,490	(153,669)	(153,078)	(5,035)	14,246
Non-controlling interests	158,311	176,698	(147,642)	(147,075)	(1,259)	3,561
	300,682	335,188	(301,311)	(300,153)	(6,294)	17,807

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	
	2021	2020	2021	2020	2021	2020
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Revenue	31,057	40,179	23,603	20,469	48,328	35,995
Loss before income tax	(30,382)	(28,408)	(3,975)	(29,190)	(28,688)	(23,740)
Income tax credit/(expense)	5,691	6,309	(3,925)	(3,271)	4,587	4,714
Other comprehensive (loss)/income	(9,815)	4,114	6,742	(6,893)	-	-
Total comprehensive loss	(34,506)	(17,985)	(1,158)	(39,354)	(24,101)	(19,026)
Attributable to:						
Owners of the Company	(16,119)	(8,005)	(591)	(20,071)	(19,281)	(15,221)
Non-controlling interests	(18,387)	(9,980)	(567)	(19,283)	(4,820)	(3,805)
	(34,506)	(17,985)	(1,158)	(39,354)	(24,101)	(19,026)
Dividends paid to non-controlling interests	-	5,836	-	-	-	-

Summarised cash flow for the year ended 31 December

	Shangri-La Hotels (Malaysia) Berhad		Intense Power Limited		Shangri-La International Hotels (Pacific Place) Limited	
	2021	2020	2021	2020	2021	2020
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Net cash (used in)/ generated from operating activities	(12,441)	(19,296)	908	(6,384)	(13,917)	(19,671)
Net cash used in investing activities	(996)	(2,592)	(199)	(431)	(35,135)	(30,323)
Net cash generated from/ (used in) financing activities	998	(12,944)	(9,500)	(17,000)	51,507	30,613
Net (decrease)/increase in cash and cash equivalents	(12,439)	(34,832)	(8,791)	(23,815)	2,455	(19,381)
Cash and cash equivalents at beginning of the year	32,267	67,475	33,707	57,765	13,868	33,249
Exchange (losses)/gains on cash and cash equivalents	(1,005)	(376)	1	(243)	-	-
Cash and cash equivalents at end of the year	18,823	32,267	24,917	33,707	16,323	13,868

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INTEREST IN ASSOCIATES AND AMOUNTS DUE FROM ASSOCIATES

	2021 USD'000	2020 USD'000
Interest in associates		
Balance at 1 January	4,028,739	3,740,590
Share of profit of associates (Note 34)		
- profit before taxation	307,308	200,810
- taxation	(97,664)	(68,420)
	209,644	132,390
Exchange difference	63,804	233,585
Dividends declared by associates	(83,060)	(77,826)
Equity injection to an associate	10,800	-
Capital reduction from associates	(49,860)	-
Investment in associates under equity method	4,180,067	4,028,739
Equity loans (Note (a))	98,811	98,811
Other long term shareholder loans (Note (b))	62,830	79,817
	4,341,708	4,207,367
Amounts due from associates (Note (c))	147,987	124,501

Notes:

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

	2021 USD'000	2020 USD'000
- HIBOR plus 1% per annum and wholly repayable on 17 July 2023 (in Hong Kong dollars)	23,613	23,613
- 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)	11,763	11,494
- PBOC rate per annum and wholly repayable on 31 December 2023 (in Renminbi)	23,292	-
- Fixed rate at 3% per annum and no fixed repayment terms (in United States dollars)	912	-
	62,830	79,817

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

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

Notes: (continued)

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

	2021 USD'000	2020 USD'000
- PBOC rate per annum and wholly repayable on 8 January 2021 (in Renminbi)	-	22,759
- Fixed rate at 3% per annum and wholly repayable on 17 February 2022 (in Renminbi)	423	-
- HIBOR plus 1.5% per annum and wholly repayable on 15 May 2021 (in Hong Kong dollars)	-	36,982
- HIBOR plus 1.5% per annum and wholly repayable on demand (in Hong Kong dollars)	36,982	-
- Fixed rate at 3.3% per annum and wholly repayable on June 2021 (in Renminbi)	-	2,146
- Fixed rate at 3.3% per annum and wholly repayable on demand (in Renminbi)	2,196	-
- interest-free and repayable within one year	108,386	62,614
	147,987	124,501

(d) The maximum exposure to credit risk at the reporting date is the fair value of the long term shareholder loans of USD62,830,000 (2020: USD79,817,000) and amounts due from associates of USD147,987,000 (2020: USD124,501,000).

(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 USD1,058,741,000 (2020: USD1,050,241,000). The Group's proportionate share of the fair value of investment properties owned by the Group's associates amounted to USD4,371,590,000 (2020: USD4,164,416,000).

(f) Set out below are the associates of the Group as at 31 December 2021, 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 2021 and 2020:

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 2021 USD'000	2020 USD'000	As at 31 December 2021 USD'000	2020 USD'000
Current				
Assets	595,198	415,612	153,693	124,772
Liabilities	(304,724)	(313,758)	(184,941)	(156,098)
Net current assets/(liabilities)	290,474	101,854	(31,248)	(31,326)
Non-current				
Assets	6,252,216	6,088,966	2,098,295	1,936,617
Liabilities	(2,459,006)	(2,348,862)	(524,127)	(434,465)
Net non-current assets	3,793,210	3,740,104	1,574,168	1,502,152
Net assets	4,083,684	3,841,958	1,542,920	1,470,826

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
Revenue	656,861	531,710	214,342	167,292
Profit before tax (including fair value gains on investment properties)	275,109	208,053	236,414	87,200
Income tax expense	(68,227)	(51,620)	(54,980)	(23,311)
Other comprehensive income	88,104	238,914	36,708	96,381
Total comprehensive income	294,986	395,347	218,142	160,270
Dividends received from associates (net of tax)	25,635	31,050	-	-

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	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
Closing net assets	4,083,684	3,841,958	1,542,920	1,470,826
Respective equity interest	50%	50%	49%	49%
Interest in associates	2,041,842	1,920,979	756,031	720,705
Goodwill	-	-	290	290
Carrying amount	2,041,842	1,920,979	756,321	720,995

(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:

	2021 USD'000	2020 USD'000
Aggregate carrying amount of individually immaterial associates	1,543,545	1,565,393
Aggregate amounts of the Group's share of		
Profit after tax	17,320	22,887
Other comprehensive income	2,035	67,643
Total comprehensive income	19,355	90,530

There were no contingent liabilities relating to the Group's interest in associates as at 31 December 2021 and 2020.

13 FINANCIAL ASSETS

	2021 USD'000	2020 USD'000
Non-current		
Financial assets at fair value through other comprehensive income		
- Equity and loan instruments	2,101	4,498
- Shares listed outside Hong Kong	5,263	-
	7,364	4,498
Financial assets at fair value through profit and loss		
- Club debentures	12,626	9,948
Total	19,990	14,446
Current		
Financial assets at fair value through profit and loss		
- Shares listed in Hong Kong	17,251	16,273
Total	17,251	16,273

During the year ended 31 December 2021, there were no additions of financial assets and financial assets at fair value through other comprehensive income amounting to USD688,000 were disposed at sale proceeds of USD2,833,000. During the year ended 31 December 2020, there were no additions or disposals of financial assets. The maximum exposure to credit risk at the reporting date is the fair value of the financial assets mentioned above.

14 OTHER RECEIVABLES

	2021 USD'000	2020 USD'000
Security deposit on leased premises	14,882	16,428

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 USD15,212,000) (31 December 2020: JPY1,751,000,000 (equivalent to USD16,993,000))
- RMB10,000,000 (equivalent to USD1,568,000) (31 December 2020: RMB10,000,000 (equivalent to USD1,533,000))

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

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

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

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

	2021 USD'000	2020 USD'000
0 - 3 months	47,742	38,179
4 - 6 months	1,809	3,428
Over 6 months	135	4,094
	49,686	45,701

15 ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS (CONTINUED)

(b) (continued)

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

	2021 USD'000	2020 USD'000
Hong Kong dollars	4,723	23,296
United States dollars	2,704	5,393
Renminbi	58,711	60,317
Singapore dollars	13,029	13,635
Malaysian Ringgit	2,346	1,042
Thai Baht	1,010	1,003
Philippines Pesos	7,276	7,731
Japanese Yen	2,479	2,706
Euros	5,874	4,323
Australian dollars	2,521	3,390
British Pounds	4,599	4,190
Mongolian Tugrik	1,642	1,352
Sri Lankan Rupee	7,523	13,445
Other currencies	4,703	861
	119,140	142,684

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

	2021 USD'000	2020 USD'000
At 1 January	9,663	5,341
Exchange differences	(148)	163
Provision for receivables impairment	6,155	4,578
Receivables written off during the year as uncollectible	(1,619)	(271)
Unused amounts reversed	(241)	(148)
At 31 December	13,810	9,663

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 PROPERTIES FOR SALE

	2021 USD'000	2020 USD'000
Located in		
- Mainland China	38,303	39,150
- Sri Lanka	36,673	47,379
	74,976	86,529

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

	2021 USD'000	2020 USD'000
Cash at bank and in hand	394,051	583,975
Short-term bank deposits	377,216	377,855
Cash and bank balances	771,267	961,830
Short-term fund placements (note)	13,599	29,021
Cash and bank balances and short-term fund placements	784,866	990,851
Maximum exposure to credit risk for all balances at bank and short-term fund placements	781,964	987,577

Note: Short-term fund placements represent investment in highly liquid money market instruments. This investment is convertible to cash within 3 months and has insignificant risk of changes in value.

The effective interest rate on short-term bank deposits was 1.45% per annum (2020: 1.26% per annum); these deposits have an average maturity of 0.5 months (2020: 1.8 months).

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

	2021 USD'000	2020 USD'000
Cash and bank balances and short-term fund placements (as above)	784,866	990,851
Less: Short-term bank deposits with original maturities over 3 months	(39,326)	(66,394)
Cash and cash equivalents	745,540	924,457

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 2020 and 31 December 2021	5,000,000	646,496	-	646,496
Issued and fully paid - Ordinary shares of HKD1 each				
At 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 and 1 January 2021	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 2021	3,585,525	462,904	2,739,091	3,201,995
Shares held for share award scheme				
At 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 and 1 January 2021	(3,413)	(440)	(3,825)	(4,265)
Share purchase for share award scheme	-	-	-	-
Vesting of shares under share award scheme	936	121	1,286	1,407
At 31 December 2021	(2,477)	(319)	(2,539)	(2,858)

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

Share awards

During the year ended 31 December 2021, the share award scheme of the Group had not acquired ordinary shares in the Company through purchases on the open market and 936,000 shares were transferred to the awardees upon vesting of the awarded shares. The remaining 2,477,000 shares were held in trust under the share award scheme as at 31 December 2021. Details of the share award scheme were disclosed in Note 19 to this consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

Share options

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

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

Movements in the number of outstanding option shares with exercise price of HKD 12.11 per option share and their related weighted average exercise prices are as follows:

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	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	6,928,000	12.11	7,563,000
Exercised	-	-	-	-
Lapsed	12.11	(420,000)	12.11	(635,000)
At 31 December	12.11	6,508,000	12.11	6,928,000

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

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

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

19 SHARE AWARD SCHEME (CONTINUED)

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 OTHER RESERVES

	Share option reserve USD'000	Share award reserve USD'000
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 and 1 January 2021	6,216	1,335
Currency translation differences	-	-
Fair value changes of interest-rate swap and cross-currency swap contracts - hedging	-	-
Fair value changes of financial assets at fair value through other comprehensive income	-	-
Share-based compensation under share award scheme	-	2,337
Vesting of shares under share award scheme	-	(1,222)
Balance at 31 December 2021	6,216	2,450

Notes:

- (a) A subsidiary in Thailand is required by local law to appropriate 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	Investment 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
(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
-	-	-	31,090	-	-	-	-	31,090
52,519	-	-	-	-	-	-	-	52,519
-	2,653	-	-	-	-	-	-	2,653
-	-	-	-	-	-	-	-	2,337
-	-	-	-	-	-	-	-	(1,222)
(37,701)	2,653	10,666	75,553	601,490	20,823	1,368	389,741	1,073,259

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 BANK LOANS

	2021 USD'000	2020 USD'000
Bank loans – secured (Note 39(c))	3,555	11,585
Bank loans – unsecured	4,459,503	4,635,294
Total	4,463,058	4,646,879
Less: Non-current portion	(3,400,972)	(4,030,440)
Current portion	1,062,086	616,439

The maturity of bank loans is as follows:

	2021 USD'000	2020 USD'000
Within 1 year	1,062,086	616,439
Between 1 and 2 years	889,368	1,043,846
Between 2 and 5 years	2,112,637	1,918,359
Repayable within 5 years	4,064,091	3,578,644
Over 5 years	398,967	1,068,235
	4,463,058	4,646,879

The effective interest rates at the date of the statement of financial position were as follows:

	31 December 2021								
	HKD	RMB	USD	EUR	JPY	AUD	FJD	SGD	MYR
Bank loans	1.17%	4.85%	1.48%	1.31%	0.84%	2.19%	4.25%	1.19%	2.60%

	31 December 2020								
	HKD	RMB	USD	EUR	JPY	AUD	FJD	SGD	SGD
Bank loans	1.17%	4.87%	1.42%	1.33%	0.72%	2.19%	4.25%	1.04%	

21 BANK LOANS (CONTINUED)

The carrying amounts of the bank loans approximate their fair values and are denominated in the following currencies:

	2021 USD'000	2020 USD'000
Hong Kong dollars (HKD)	1,458,246	1,620,200
Renminbi (RMB)	599,384	575,402
United States dollars (USD)	2,122,710	2,102,860
Euros (EUR)	88,416	103,756
Japanese Yen (JPY)	121,155	168,816
Australian dollars (AUD)	58,106	61,378
Fiji dollars (FJD)	10,132	10,683
Singapore dollars (SGD)	3,705	3,784
Malaysian ringgit (MYR)	1,204	-
	4,463,058	4,646,879

The Group has the following undrawn borrowing facilities:

	2021 USD'000	2020 USD'000
Floating rate		
– expiring within one year	176,085	254,026
– expiring beyond one year	1,735,505	1,742,464
Fixed rate		
– expiring within one year	-	-
– expiring beyond one year	4,721	1,522
	1,916,311	1,998,012

Note: Out of the undrawn borrowing facilities of USD1,916,311,000, undrawn facilities of USD930,000,000 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 February 2021, a wholly owned subsidiary of the Company issued 9-year fixed rate bonds in an aggregated amount of SGD100,000,000 (equivalent to USD75,919,000) 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 2020 USD'000	New issuance during the year USD'000	Exchange differences USD'000	Balance as at 31 December 2021 USD'000
Bonds issued in 2018						
SGD825,000,000	4.50%	November 2025	624,290	-	(13,043)	611,247
USD35,000,000	5.23%	November 2025	35,000	-	-	35,000
Bonds issued in 2019						
SGD135,000,000	3.70%	June 2024	102,157	-	(2,135)	100,022
SGD165,000,000	4.10%	June 2027	124,858	-	(2,609)	122,249
Bonds issued in 2020						
SGD250,000,000	3.50%	January 2030	189,179	-	(3,953)	185,226
Bonds issued in 2021						
SGD100,000,000	3.50%	January 2030	-	75,919	(1,828)	74,091
Face value			1,075,484	75,919	(23,568)	1,127,835
Unamortised discount and issuing expenses			(3,451)			(3,041)
Carrying amount			1,072,033			1,124,794

23 DERIVATIVE FINANCIAL INSTRUMENTS

	2021 USD'000	2020 USD'000
Non-current liabilities		
Interest-rate swap contracts	21,669	64,779
Cross-currency swap contracts	3,838	6,800
	25,507	71,579
Current liabilities		
Interest-rate swap contracts	18,551	32,556
Cross-currency swap contracts	1,071	2,770
	19,622	35,326
Total liabilities	45,129	106,905
Non-current assets		
Cross-currency swap contracts	1,949	-
Current assets		
Cross-currency swap contracts	2,793	-
Total assets	4,742	-

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 2021, 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 2021 are as follows:

- HKD6,170,000,000 (equivalent to USD796,129,000) (2020: HKD6,170,000,000 (equivalent to USD796,129,000)) with fixed interest rates vary from 1.505% to 1.855% per annum (2020: 1.505% to 1.855% per annum) maturing during July 2023 to August 2026.
- USD1,265,000,000 (2020: USD1,265,000,000) with fixed interest rates vary from 1.365% to 3.045% per annum (2020: 1.365% to 3.045% per annum) maturing during April 2022 to July 2024.
- RMB359,200,000 (equivalent to USD56,339,000) (2020: RMB428,600,000 (equivalent to USD65,687,000)) with fixed interest rates vary from 3.370% to 3.550% per annum (2020: 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 AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

	2021 USD'000	2020 USD'000
Non-controlling interests		
Share of equity	96,416	164,568
Equity loans (Note (a))	89,155	88,590
	185,571	253,158

Notes:

(a) Equity loans are unsecured, with no fixed repayment terms and bearing interest at:

	2021 USD'000	2020 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	17,287	16,722
- interest-free	9,269	9,269
	89,155	88,590

(b) Amounts due to non-controlling shareholders (current portion) are unsecured and with the following terms:

	2021 USD'000	2020 USD'000
- interest-free with no fixed repayment terms	50,018	45,366

(c) Amounts due to non-controlling shareholders (non-current portion) are unsecured and with the following terms:

	2021 USD'000	2020 USD'000
- LIBOR plus 5% per annum	46,550	46,550

The fair values of the amounts due to 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% (2020: 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:

	2021 USD'000	2020 USD'000
At 1 January	278,012	330,277
Exchange differences	(993)	1,019
Deferred taxation credited to consolidated statement of profit or loss (Note 35)	(47,826)	(52,933)
Deferred taxation charged/(credited) to other comprehensive income	1,091	(351)
At 31 December	230,284	278,012

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.

	2021 USD'000	2020 USD'000
Deferred income tax assets	(73,484)	(51,911)
Deferred income tax liabilities	303,768	329,923
	230,284	278,012

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 2021, the Group has the following unrecognised tax losses to carry forward against future taxable income.

	2021 USD'000	2020 USD'000
With no expiry date	250,485	239,860
Lapsing within the next five years	805,147	641,630
Lapsing within the next ten years	138,329	123,419
	1,193,961	1,004,909

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	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 January	236,780	234,671	41,698	39,543	87,773	91,956	564	500	366,815	366,670
(Credited)/charged to statement of profit or loss	(3,493)	5,245	(2,145)	(4,318)	(8,236)	(4,342)	59	89	(13,815)	(3,326)
Charged to other comprehensive income	-	-	-	82	-	-	1	13	1	95
Exchange differences	(5,355)	(3,136)	663	6,391	(356)	159	(24)	(38)	(5,072)	3,376
At 31 December	227,932	236,780	40,216	41,698	79,181	87,773	600	564	347,929	366,815

Deferred income tax assets	Provision of assets		Tax losses		Others		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 January	(4,008)	(3,441)	(39,873)	(1,138)	(44,922)	(31,814)	(88,803)	(36,393)
(Credited)/charged to statement of profit or loss	(502)	(1,050)	(41,403)	(37,847)	7,894	(10,710)	(34,011)	(49,607)
Charged/(credited) to other comprehensive income	-	-	-	-	1,090	(446)	1,090	(446)
Exchange differences	206	483	1,474	(888)	2,399	(1,952)	4,079	(2,357)
At 31 December	(4,304)	(4,008)	(79,802)	(39,873)	(33,539)	(44,922)	(117,645)	(88,803)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 ACCOUNTS PAYABLE AND ACCRUALS

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

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

	2021 USD'000	2020 USD'000
0 - 3 months	62,246	68,512
4 - 6 months	3,116	6,644
Over 6 months	2,931	6,597
	68,293	81,753

27 CONTRACT LIABILITIES

	2021 USD'000	2020 USD'000
Guest loyalty programme	66,085	84,214
Hotel operation	68,014	77,228
Property sale	6,724	9,425
	140,823	170,867

	2021 USD'000	2020 USD'000
Balance at 1 January	170,867	175,001
Recognised as revenue during the current year	(40,287)	(73,753)
Cancellation for prior years' balance during the current year	(30,565)	(14,974)
Net increase for new transactions during the current year	42,756	82,041
Exchange differences	(1,948)	2,552
Balance at 31 December	140,823	170,867

Contract liabilities for guest loyalty programme refer to unredeemed loyalty points liabilities for hotel guests while 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 ASSETS/(LIABILITIES) OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 EXPENSES BY NATURE

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

	2021 USD'000	2020 USD'000
Depreciation of property, plant and equipment (net of amount capitalised of USD3,000 (2020: USD13,000)) (Note 7)	258,641	265,635
Amortisation of trademark and website and system development (Note 10)	7,149	3,485
Depreciation of right-of-use assets (Note 9)	52,946	53,523
Provision for impairment losses on hotels and other properties (Note 7)	118,813	-
Provision for impairment losses on right-of-use assets for other business (Note 9)	1,441	-
Employee benefit expenses excluding directors' emoluments and wage subsidy received from government (net of amount capitalised and amount grouped under pre-opening expenses) (Note 31)	604,218	586,398
Cost of sales of properties	8,133	9,940
Cost of inventories sold or consumed in operation	194,512	156,168
Loss on disposal of property, plant and equipment; and partial replacement of investment properties	1,643	1,188
Impairment of intangible assets (Note 10)	2,467	1,256
Operating lease expenses	6,954	8,939
Pre-opening expenses	136	1,223
Auditors' remuneration for audit services	1,986	2,080

30 OTHER (LOSSES)/GAINS - NET

	2021 USD'000	2020 USD'000
Provision for impairment losses on properties under development for a development project (Note 7)	(4,042)	-
Fair value losses on investment properties (2020: net of amount recognised in other comprehensive income of USD328,000) (Note 8)	(8,899)	(19,418)
Provision for impairment losses on right-of-use assets for a development project (Note 9)	(47,726)	-
Provision for impairment losses on right-of-use assets of hotel premises (Note 9)	-	(13,861)
Write-off of miscellaneous assets and liabilities for a terminated development project	(16,491)	-
Provision for impairment losses on a loan to a third party	-	(1,050)
Net unrealised gains/(losses) on listed securities	978	(1,915)
Fair value gains of club debentures	2,653	48
Fair value changes of cross-currency swap contracts	10,698	(5,981)
Gain on sale of investment properties	2,707	-
Discarding of property, plant and equipment and associated expenses spent due to a bombing incident	-	(489)
Insurance claim recovered from a bombing incident	1,000	4,249
Government grants due to COVID-19 pandemic (Note 31)	21,837	48,640
Rent concessions provided by lessors	19,000	3,174
	(18,285)	13,397
Interest income	10,138	15,815
Dividend income	4,712	1,007
	(3,435)	30,219

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 EMPLOYEE BENEFIT EXPENSES

(excluding Directors' emoluments and share options granted to Directors and employees)

	2021 USD'000	2020 USD'000
Wages and salaries (including unutilised annual leave)	428,614	397,920
Pension costs - defined contribution plans	39,328	32,204
Pension costs - defined benefit plans	1,804	220
Other welfare	133,064	128,975
Employee termination benefits	1,510	27,549
	604,320	586,868
Less: Amount included in pre-opening expenses	(102)	(470)
	604,218	586,398
Less: Wage subsidy from government (Note 30)	(21,837)	(48,640)
	582,381	537,758

Total pension cost including charges for Directors charged to the statement of profit or loss for the year under all pension schemes was USD41,163,000 (2020: USD32,452,000).

31 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 administered 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 2021 using the Projected Unit Credit Actuarial Cost Method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 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	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
Balance at 1 January	22,661	20,400	(12,423)	(11,404)	10,238	8,996
Exchange difference	(903)	898	560	(631)	(343)	267
Included in statement of profit or loss						
Current service cost	1,430	528	-	-	1,430	528
Past service cost	(42)	-	-	-	(42)	-
Interest cost/(interest income)	619	248	(203)	(556)	416	(308)
	2,007	776	(203)	(556)	1,804	220
Included in other comprehensive income						
Actuarial (gain)/loss	(2,774)	2,234	-	-	(2,774)	2,234
Gain on assets excluding amount included in net interest cost	-	-	(1,194)	(282)	(1,194)	(282)
	(2,774)	2,234	(1,194)	(282)	(3,968)	1,952
Other						
Contributions	-	-	(904)	(879)	(904)	(879)
Benefits paid	(8,158)	(1,647)	7,609	1,329	(549)	(318)
	(8,158)	(1,647)	6,705	450	(1,453)	(1,197)
Balance at 31 December	12,833	22,661	(6,555)	(12,423)	6,278	10,238

Net defined benefit liability of USD6,278,000 (2020: USD10,238,000) was recorded as accounts payable and accruals under current liabilities.

32 BENEFIT AND INTERESTS OF DIRECTORS

The remuneration received from the Group by every Director of the Company for the year ended 31 December 2021 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 ⁽²⁾ 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 2021 USD'000
KUOK Hui Kwong ⁽⁴⁾⁽⁵⁾	-	539	-	-	61	15	-	-	-	615
LIM Beng Chee ⁽⁴⁾⁽⁵⁾	-	617	426	-	171	16	-	-	-	1,230
HO Kian Guan ⁽¹⁾	18	-	-	-	-	-	-	-	-	18
LI Kwok Cheung Arthur	54	-	-	-	-	-	-	-	-	54
YAP Chee Keong	51	-	-	-	-	-	-	-	-	51
LI Xiaodong Forrest	31	-	-	-	-	-	-	-	-	31
ZHUANG Chenchao	25	-	-	-	-	-	-	-	-	25
KHOO Shulamite N K ⁽⁶⁾	44	-	-	-	-	-	-	-	-	44
HO Chung Tao ⁽¹⁾	-	-	-	-	-	-	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 BENEFIT AND INTERESTS OF DIRECTORS (CONTINUED)

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 ⁽²⁾ USD'000	Employer's contribution to retirement benefit accepting office as director USD'000	Remunerations paid or receivable in respect of office as director USD'000	Compensation paid or receivable in respect of 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 ⁽³⁾⁽⁵⁾	-	366	-	-	8	12	-	-	-	386
LIM Beng Chee ⁽³⁾⁽⁵⁾	-	660	-	-	165	16	-	-	-	841
HO Kian Guan ⁽¹⁾	43	-	-	-	-	-	-	-	-	43
LI Kwok Cheung Arthur	54	-	-	-	-	-	-	-	-	54
YAP Chee Keong	51	-	-	-	-	-	-	-	-	51
LI Xiaodong Forrest	31	-	-	-	-	-	-	-	-	31
ZHUANG Chenchao	25	-	-	-	-	-	-	-	-	25
KHOO Shulamite N K ⁽⁶⁾	6	-	-	-	-	-	-	-	-	6
HO Chung Tao ⁽¹⁾	-	-	-	-	-	-	-	-	-	-

32 BENEFIT AND INTERESTS OF DIRECTORS (CONTINUED)

Notes:

- (1) Mr HO Kian Guan retired as Director on 28 May 2021 and his alternate, Mr HO Chung Tao, ceased to be an Alternate Director of the Company at the same time.
- (2) 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.
- (3) 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.
- (4) For the year ended 31 December 2021, award shares were granted and vested to certain Executive Directors under the share award scheme. Award shares of 112,000 shares (amounting to USD114,000 based on the market price of the vesting date) and 144,000 shares (amounting to USD146,000 based on the market price of the vesting date) were vested to Ms KUOK Hui Kwong and Mr LIM Beng Chee on 1 April 2021, respectively. Ms KUOK Hui Kwong was granted 182,000 award shares being vested in the years from 2022 to 2024. Mr LIM Beng Chee was granted 210,000 award shares being vested in the years from 2022 to 2024. The remuneration on the awarded shares will be included in the disclosure when the vesting condition has been met.
- (5) For the year ended 31 December 2021, 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 USD204,000 (2020: USD106,000) and USD234,000 (2020: USD192,000), respectively.
- (6) Ms KHOO Shulamite N K was appointed as Director on 1 November 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 BENEFIT AND INTERESTS OF DIRECTORS (CONTINUED)

Movement of option shares granted to the Directors for the year ended 31 December 2021 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 2021	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 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	-

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 2021	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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32 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 two (2020: one) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three individuals in 2021 are as follows:

	2021 USD'000
Basic salaries, housing allowances, other allowances and benefits in kind	2,122
Employer's contribution to pension scheme	77
Discretionary bonuses	546
Inducement fee to join the Group	-
Compensation for loss of office:	-
- contractual payments	-
- other payment	-
	2,745

During the year ended 31 December 2021, total of 18,000 (2020: 76,000) awarded shares (amounting to USD18,000 (2020: USD53,000) based on the market price of the vesting date) were also vested to the above three (2020: four) individuals.

The emoluments of the five highest paid individuals fell within the following bands:

Emolument bands (in HK dollar)	Number of individuals	
	2021	2020
HKD5,000,001 - HKD5,500,000	1	2
HKD5,500,001 - HKD6,000,000	1	-
HKD6,500,001 - HKD7,000,000	1	-
HKD7,000,001 - HKD7,500,000	-	2
HKD9,000,001 - HKD9,500,000	1	-
HKD9,500,001 - HKD10,000,000	-	1
HKD10,500,001 - HKD11,000,000	1	-

33 FINANCE COSTS - NET

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

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

34 SHARE OF PROFIT OF ASSOCIATES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 INCOME TAX (CREDIT)/EXPENSE

	2021 USD'000	2020 USD'000
Current income tax		
- Hong Kong profits tax	160	(182)
- overseas taxation	35,139	26,638
Deferred income tax (Note 25)	(47,826)	(52,933)
	(12,527)	(26,477)

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

The taxation on the Group's loss before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

	2021 USD'000	2020 USD'000
Loss before income tax	(356,946)	(537,061)
Calculated at a taxation rate of 16.5% (2020: 16.5%)	(58,896)	(88,615)
Effect of different taxation rates of subsidiaries operating in other countries	(4,927)	(9,914)
Income not subject to taxation	(66,512)	(54,364)
Tax effect on unrecognised tax losses	40,791	54,522
Expenses not deductible for taxation purposes	58,011	59,382
Utilisation of previously unrecognised tax losses	(160)	(380)
Under provision in prior year	1,009	183
Withholding tax	18,263	12,769
Tax incentive	(106)	(60)
Income tax credit	(12,527)	(26,477)

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

36 LOSS PER SHARE

Basic

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

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

Diluted

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 DIVIDENDS

	Group		Company	
	2021 USD'000	2020 USD'000	2021 USD'000	2020 USD'000
No interim dividend has been proposed (2020: Nil)	-	-	-	-
No final dividend has been proposed (2020: Nil)	-	-	-	-
	-	-	-	-

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

38 NOTE TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Cash generated from/(used in) operations

	2021 USD'000	2020 USD'000
Loss before income tax	(356,946)	(537,061)
Share of profit of associates	(209,644)	(132,390)
Fair value losses on investment properties	8,899	19,418
Provision for impairment losses on property, plant and equipment	122,855	-
Provision for impairment losses on right-of-use assets	49,167	13,861
Impairment of intangible assets	2,467	1,256
Write-off of miscellaneous assets and liabilities for a terminated development project	16,491	-
Rent concessions provided by lessors	(19,000)	(3,174)
Depreciation of property, plant and equipment	258,641	265,635
Depreciation of right-of-use assets	52,946	53,523
Amortisation of trademark; and website and system development	7,149	3,485
Interest on fixed rate bonds, lease liability, bank loans and other loans	203,962	212,574
Interest income	(10,138)	(15,815)
Dividend income	(4,712)	(1,007)
Loss on disposal of fixed assets and discarding of fixed assets due to a bombing incident	1,643	1,188
Gain on sale of investment properties	(2,707)	-
Net unrealised (gains)/losses on financial assets at fair value through profit or loss	(3,631)	1,867
Share award scheme expenses	2,337	1,153
Fair value (gains)/losses of cross-currency swap contracts	(10,698)	5,981
Net foreign exchange losses	8,632	24,263
Operating profit/(loss) before working capital changes	117,713	(85,243)
Decrease in inventories	1,634	3,361
Decrease in accounts receivable, prepayments and deposits	20,874	68,396
Decrease in amounts due from associates	785	6,555
Decrease in accounts payable and accruals	(36,855)	(93,513)
Decrease in contract liabilities	(28,096)	(9,004)
Decrease in properties for sale	8,133	5,845
Increase in other receivables	-	(1,452)
Net cash generated from/(used in) operations	84,188	(105,055)

38 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 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 and 1 January 2021	4,646,879	1,072,033	91,916	667,530
Cash flows	(163,320)	75,604	(4,152)	(47,594)
Foreign exchange movement	(8,339)	(23,496)	79	(21,504)
Finance cost charged (note)	-	653	4,238	30,697
Additions of lease liabilities	-	-	-	5,004
Remeasurement of lease liabilities	-	-	-	(15,335)
Dividends declared to non-controlling shareholders	-	-	4,487	-
Classified as liabilities held for sale	(12,162)	-	-	-
Balance as at 31 December 2021	4,463,058	1,124,794	96,568	618,798

Note: Finance cost charged will be presented as operating cash flows in the cash flow statement when paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 FINANCIAL GUARANTEES, CONTINGENCIES AND CHARGES OVER ASSETS

(a) Financial guarantees

As at 31 December 2021, 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 USD3,780,381,000 (2020: USD3,950,662,000) for the subsidiaries and USD185,579,000 (2020: USD91,615,000) 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 USD380,588,000 (2020: USD384,083,000).
- (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 USD185,579,000 (2020: USD91,615,000).

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

(b) Contingent liabilities

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

(c) Charges over assets

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

40 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:

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

- (b) At 31 December 2021, the Group had future aggregate minimum lease rental receivable under non-cancellable operating leases in respect of land and buildings as follows:

	2021 USD'000	2020 USD'000
Not later than one year	82,485	80,964
Later than one year and not later than five years	117,734	115,477
Later than five years	9,862	6,665
	210,081	203,106

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 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 in the ordinary course of the Group’s business:

	2021 USD’000	2020 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) 15,107	10,550
Reimbursement of office expenses and payment of administration and related expenses	162	234
Reimbursement of office rental, management fees and rates	112	231
Payment of office rental, management fees and rates	6,678	7,924
Purchase of wine	1,454	1,279
(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	15,388	10,471
Receipt for laundry services	(Note i) 80	133
(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	97,506	137,741
Balance of guarantees executed in favour of banks for securing bank loans/facilities granted to associates of the Group	164,913	72,611
(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	50,422	51,147
Balance of guarantees executed in favour of banks for securing bank loans/facilities granted to an associate of the Group	20,666	19,004
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	1,814	1,199
Post-employment benefits of executive directors	31	28

41 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 USD5,284,000 which are exempted from reporting, annual review, announcement and independent shareholders’ approval requirement under Chapter 14A of Listing Rules.

42 GROUP STRUCTURE - PRINCIPAL SUBSIDIARIES AND ASSOCIATES

- (a) At 31 December 2021, 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	
Shangri-La Asia Treasury Limited	The British Virgin Islands	HKD8,530	100	-	Group financing	
Shangri-La China Limited	Hong Kong	HKD1,162,500,000	-	100	Investment holding	
Shangri-La Hotels (Europe)	Luxembourg	EUR206,600,000	100	-	Investment holding	
Kerry Industrial Company Limited	Hong Kong	HKD10,000,002	-	100	Investment holding	
Shangri-La Hotel (Kowloon) Limited	Hong Kong	HKD10,000,002	-	100	Hotel ownership and operation	
Shangri-La International Hotels (Pacific Place) Limited	Hong Kong	HKD10,005,000	-	80	Hotel ownership and operation	
Shenzhen Shangri-La Hotel Limited	The People's Republic of China	USD32,000,000	-	72	Hotel ownership and operation	4,6
Beihai Shangri-La Hotel Limited	The People's Republic of China	USD16,000,000	-	100	Hotel ownership and operation	5,6
Shanghai Pudong New Area Shangri-La Hotel Co, Limited	The People's Republic of China	USD47,000,000	-	100	Hotel ownership and operation	3,6
Shenyang Hotel Jen Limited	The People's Republic of China	USD39,040,470	-	100	Hotel ownership and operation	5,6
Changchun Shangri-La Hotel Co, Limited	The People's Republic of China	RMB167,000,000	-	100	Hotel ownership and operation and real estate operation	5,6
Jilin Province Kerry Real Estate Development Limited	The People's Republic of China	RMB25,000,000	-	100	Real estate development and operation	5,6
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	5,6
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	5,6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 GROUP STRUCTURE - PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) At 31 December 2021, 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	5,6
Wuhan Shangri-La Hotel Co, Limited	The People's Republic of China	USD48,333,333	-	92	Hotel ownership and operation	4,6
Fujian Kerry World Trade Centre Co, Limited	The People's Republic of China	HKD734,844,824	-	100	Real estate development	1,5,6
Fuzhou Shangri-La Hotel Co, Limited	The People's Republic of China	USD22,200,000	-	100	Hotel ownership and operation	5,6
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	5,6
Shangri-La Hotel (Guangzhou Pazhou) Co, Limited	The People's Republic of China	USD60,340,000	-	80	Hotel ownership and operation	5,6
Shangri-La Hotel (Shenzhen Futian) Co, Limited	The People's Republic of China	USD71,000,000	-	100	Hotel ownership and operation	5,6
Shangri-La Hotel (Ningbo) Co, Limited	The People's Republic of China	USD83,000,000	-	95	Hotel ownership and operation	5,6
Shangri-La Hotel (Wenzhou) Co, Limited	The People's Republic of China	USD46,250,000	-	100	Hotel ownership and operation	5,6
Shangri-La Hotel (Xian) Co, Limited	The People's Republic of China	USD42,800,000	-	100	Hotel ownership and operation	5,6
Shangri-La Hotel (Guilin) Co, Limited	The People's Republic of China	USD70,150,000	-	100	Hotel ownership and operation	5,6
Shangri-La Hotel (Baotou) Co, Limited	The People's Republic of China	USD24,400,000	-	100	Hotel ownership and operation	5,6
Shangri-La Hotel (Huhhot) Co, Limited	The People's Republic of China	USD43,670,000	-	100	Hotel ownership and operation	5,6
Shangri-La Hotel (Manzhouli) Co, Limited	The People's Republic of China	USD84,615,000	-	100	Hotel ownership and operation	5,6
Shangri-La Hotel (Zhoushan) Co, Limited	The People's Republic of China	RMB120,000,000	-	100	Hotel ownership and operation	5,6
Shangri-La Hotel (Hefei) Co, Limited	The People's Republic of China	USD90,000,000	-	100	Hotel ownership and operation	5,6
Shangri-La Hotel (Qinhuangdao) Co, Limited	The People's Republic of China	RMB880,000,000	-	100	Hotel ownership and operation	5,6

42 GROUP STRUCTURE - PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) At 31 December 2021, 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	5,6
Shangri-La Hotel (Lhasa) Co, Limited	The People's Republic of China	USD132,000,000	-	100	Hotel ownership and operation	5,6
Shangri-La Hotel (Qufu) Co, Limited	The People's Republic of China	RMB844,000,000	-	100	Hotel ownership and operation	5,6
Shangri-La Hotel (Nanjing) Co, Limited	The People's Republic of China	RMB750,000,000	-	55	Hotel ownership and operation	5,6
Shangri-La Hotel (Diqing) Co, Limited	The People's Republic of China	RMB610,000,000	-	100	Hotel ownership and operation	5,6
Shangri-La Hotel (Xiamen) Co, Limited	The People's Republic of China	RMB640,000,000	-	100	Hotel ownership and operation	5,6
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	1,5,6
Kerry Real Estate (Yangzhou) Co, Limited	The People's Republic of China	USD102,600,000	-	100	Hotel ownership and operation and real estate development	5,6
Harbin Songbei Shangri-La Hotel Co, Limited	The People's Republic of China	RMB658,000,000	-	100	Hotel ownership and operation	5,6
Shangri-La Ulaanbaatar LLC	Mongolia	USD5,000,000	-	51	Office ownership and operation	
Shangri-La Ulaanbaatar Hotel LLC	Mongolia	Common USD20,000,000 Preferred USD194,973,254	-	51	Hotel, serviced apartments and office ownership and operation	
Makati Shangri-La Hotel & Resort, Inc	The Philippines	Peso 1,100,000,000	-	100	Hotel ownership and operation	
Edsa Shangri-La Hotel & Resort, Inc	The Philippines	Peso 792,128,700	-	100	Hotel ownership and operation	
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	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 GROUP STRUCTURE - PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) At 31 December 2021, 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	
Shangri-La Hotel Limited	Singapore	SGD165,433,560	-	100	Investment holding, hotel ownership and operation and leasing of residential and serviced apartments	
Sentosa Beach Resort Pte Limited	Singapore	SGD30,000,000	-	100	Hotel ownership and operation	
Traders Hotel Management Pte Limited	Singapore	SGD1	-	100	Hotel operation	
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	
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	

42 GROUP STRUCTURE - PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) At 31 December 2021, 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	
Shangri-La Hotels Japan KK	Japan	YEN100,000,000	-	100	Hotel operation	
Shangri-La Kyoto Nijojo TMK	Japan	Preferred YEN8,638,500,000 Specified YEN100,000	-	51	Hotel ownership and operation	1
Shangri-La Hotels Pte Limited	United Kingdom	GBP81,000,000	-	100	Hotel operation	
Shangri-La Hotel (Cairns) Pty Limited	Australia	AUD8,250,000	-	100	Investment holding and hotel operation	7
Lilyvale Hotel Pty Limited	Australia	AUD140,000,004	-	100	Hotel ownership and operation	7
Shangri-La Hotels Lanka (Private) Limited	Sri Lanka	LKR2,219,000,000	-	90	Hotel ownership and operation and real estate development and operation	
Shangri-La Investments Lanka (Private) Limited	Sri Lanka	LKR1,214,245,300	-	90	Hotel ownership and operation	
Turati Properties Srl	Italy	EUR10,000	-	100	Hotel ownership and operation	1
Shangri-La International Hotel Management Limited	Hong Kong	HKD31,712,478	100	-	Hotel management, marketing, consultancy and reservation services	
Shangri-La Hotel Management (Shanghai) Co, Limited	The People's Republic of China	USD7,340,000	-	100	Hotel management, marketing and consultancy services	5,6
Shangri-La International Hotel Management Pte Ltd	Singapore	SGD2,000,000	-	100	Hotel management, marketing and consultancy services	
Shangri-La International Hotel Management Limited	The British Virgin Islands	USD10,001	100	-	Ownership of intellectual property rights	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 GROUP STRUCTURE - PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(a) At 31 December 2021, the Company held interests in the following principal subsidiaries: (continued)

Notes:

- 1 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.
- 2 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.
- 3 Co-operative Joint Venture.
- 4 Equity Joint Venture.
- 5 Wholly Foreign Owned Enterprise.
- 6 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.
- 7 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.

42 GROUP STRUCTURE - PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) At 31 December 2021, 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	
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	
Beijing Kerry Hotel Co, Limited	The People's Republic of China	23.75	Hotel ownership and operation	
Shanghai Xin Ci Hou Properties Co, Limited	The People's Republic of China	24.75	Real estate development and operation	
Shanghai Ji Xiang Properties Co, Limited	The People's Republic of China	49	Hotel ownership and operation and property investment	
Shanghai Pudong Kerry City Properties Co, Limited	The People's Republic of China	23.20	Hotel ownership and operation and property investment	
Tianjin Kerry Real Estate Development Co, Limited	The People's Republic of China	20	Hotel ownership and operation and property investment	2
Kerry Real Estate (Nanchang) Co, Limited	The People's Republic of China	20	Hotel ownership and operation and property investment	2
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	2
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	1
Well Fortune Real Estate (Putian) Co, Limited	The People's Republic of China	40	Hotel ownership and operation	
Zhengzhou Yuheng Real Estate Co, Limited	The People's Republic of China	45	Hotel ownership and operation and property investment	1
Jian'an Real Estate (Kunming) Co, Limited	The People's Republic of China	45	Hotel ownership and operation	1
Cuscaden Properties Pte Limited	Singapore	44.60	Hotel ownership and operation and property investment	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 GROUP STRUCTURE - PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) At 31 December 2021, 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	
Fine Winner Holdings Limited	Hong Kong	30	Hotel ownership and operation	
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	
Perennial Ghana Development Limited	The Republic of Ghana	45	Hotel ownership and operation	1

Notes:

- 1 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.
- 2 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 2021 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.

43 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 Shenzhen East Side, Railway Station, 1002 Jianshe Road, Shenzhen 518001, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Beihai 33 Chating Road, Beihai, Guangxi 536007, The People's Republic of China	Hotel operation	Medium lease
Pudong Shangri-La, 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 Changchun 569 Xian Road, Changchun 130061, The People's Republic of China	Hotel operation and commercial and residential rental	Medium lease
Shangri-La Qingdao 9 Xianggang Middle Road, Qingdao 266071, The People's Republic of China	Hotel operation	Medium lease

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 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 Dalian 66 Renmin Road, Dalian 116001, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Harbin 555 You Yi Road, Harbin 150018, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Wuhan 700, Jianshe Avenue, Hankou, Wuhan 430015, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Fuzhou 9 Xin Quan Nan Road, Fuzhou, Fujian 350005, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Guangzhou 1 Hui Zhan Dong Road, Hai Zhu District, Guangzhou 510308, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Chengdu 9 Binjiang Dong Road, Chengdu, Sichuan 610021, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Xian 38B Keji Road, Xian 710075, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Baotou 66 Min Zu East Road, Qing Shan District, Baotou 014030, Inner Mongolia, The People's Republic of China	Hotel operation	Medium lease

43 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 Yangzhou 472 Wen Chang Xi Lu, Yangzhou, Hanjiang District, Jiangsu Province, 225009, The People's Republic of China	Hotel operation	Medium lease
Shangri-La 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 Wenzhou 1 Xiangyuan Road, Wenzhou 325000, Zhejiang Province, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Ningbo 88 Yuyuan Road, Ningbo 315040, Zhejiang, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Guilin 111 Huan Cheng Bei Er Lu, Guilin 541004, Guangxi, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Manzhouli 99 Liudao Street, Manzhouli Inner Mongolia, 021400, The People's Republic of China	Hotel operation	Medium lease

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 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 Qufu 3 Chunqiu Road, Qufu, Shandong, 273100, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Sanya No.88 North Hai Tang Road, Sanya Hainan, 572000, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Lhasa 19 Norbulingka Road, Lhasa, Tibet Autonomous Region, 850000, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Nanjing 329 Zhongyang Road, Gulou District, Nanjing, Jiangsu Province, 210037, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Qinhuangdao 123 Hebin Road, Haigang District, Qinhuangdao, Hebei, 066000, The People's Republic of China	Hotel operation	Medium lease
Shangri-La 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
Shangri-La Songbei, Harbin No. 1 Songbei Avenue, Songbei District, Harbin 150028, The People's Republic of China	Hotel operation	Medium lease

43 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 Xiamen Guanyinshan International Business Centre, No. 168 Taidong Road, Siming District, Fujian, The People's Republic of China	Hotel operation	Medium lease
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 Mactan, Cebu Punta Engano Road, Lapu-Lapu, Cebu 6015, The Philippines	Hotel operation	Medium lease
Shangri-La Boracay Barangay Yapak, Boracay Island, Malay, Aklan 5608, The Philippines	Hotel operation	Medium lease
Shangri-La, Yanuca Island, Fiji Yanuca Island, Coral Coast, Fiji Islands, Fiji	Hotel operation	Medium lease
Shangri-La Singapore 22 Orange Grove Road, Singapore 258350	Hotel operation	Freehold

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 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 Rasa Sentosa, 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
Shangri-La Kuala Lumpur 11 Jalan Sultan Ismail, Kuala Lumpur 50250, Malaysia	Hotel operation	Freehold
Shangri-La Rasa Sayang, 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
Shangri-La Golden Sands, Penang Batu Feringgi Beach, Penang 11100, Malaysia	Hotel operation	Freehold
Shangri-La Rasa Ria, 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 Bangkok 89 Soi Wat Suan Plu New Road, Bangrak, Bangkok 10500, Thailand	Hotel operation, residential and office rental	Freehold

43 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 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
JEN Maldives Malé by Shangri-La Ameer Ahmed Magu, Malé 20096, Republic of Maldives	Hotel operation	Medium lease
Shangri-La Tokyo Marunouchi Trust Tower Main, 1-8-3 Marunouchi, Chiyoda-ku, Tokyo 100-8283, Japan	Hotel operation	Medium lease for building
Shangri-La The Shard, London 31 St Thomas Street, London, SE1 9QU, United Kingdom	Hotel operation	Medium lease for building
Shangri-La Paris 10 Avenue d'Iena, Paris, 75116, France	Hotel operation	Freehold
Shangri-La The Marina, Cairns Pierpoint Road, Cairns, Queensland 4870, Australia	Hotel operation	Medium lease
Shangri-La Sydney 176 Cumberland Street, The Rocks, Sydney NSW2000, Australia	Hotel operation	Long lease
Shangri-La Ulaanbaatar 19 Olympic Street, Sukhbaatar District-1, Ulaanbaatar, 14241, Mongolia	Hotel operation	Medium lease

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 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 Hambantota Sittrakala Estate, Chithragala, Ambalantota, Sri Lanka	Hotel operation	Medium lease
Shangri-La Colombo 1 Galle Face, Colombo 2, Sri Lanka	Hotel operation	Freehold

(b) Details of hotel properties of the Company's 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 Beijing 29 Zizhuyuan Road, Beijing 100089, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Hangzhou 78 Beishan Road, Hangzhou 310007, The People's Republic of China	Hotel operation	Medium lease

43 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Details of hotel properties of the Company's associates are as follows: (continued)

(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Kerry Hotel Pudong, Shanghai No. 1388 Hua Mu Road, Pudong, Shanghai 201204, The People's Republic of China	Hotel operation	Medium lease
Jing An Shangri-La, 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 Shenyang 115 Qingnian Avenue Shenhe District, Shenyang Liaoning, 110016, The People's Republic of China	Hotel operation	Medium lease
Shangri-La Tianjin No. 328 Haihe East Road, Hedong District, Tianjin, 300019 The People's Republic of China	Hotel operation	Medium lease
Shangri-La Jinan No. 106 Luoyuan Street, Lixia District, Jinan, Shandong Province, 250011, The People's Republic of China	Hotel operation	Medium lease
Shangri-La 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 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 HOTEL PROPERTIES OF SUBSIDIARIES AND ASSOCIATES (CONTINUED)

(b) Details of hotel properties of the Company's associates are as follows: (continued)

(lease term represents unexpired lease term of land use rights unless otherwise stated)

Address	Existing use	Lease term
Shangri-La Putian 88 Jiuhua Xi Road, Longqiao Street, Chengxiang District, Putian, Fujian, 351100, The People's Republic of China	Hotel operation	Medium lease
JEN Singapore Tanglin by Shangri-La 1A Cuscaden Road, Singapore 249716	Hotel operation	Long lease
Shangri-La Tanjung Aru, Kota Kinabalu 20 Jalan Aru, Tanjung Aru, Kota Kinabalu, Sabah 88100, Malaysia	Hotel operation	Long lease
Shangri-La 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 Le Touessrok, 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

44 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 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	Medium lease
One Galle Face, Colombo 1A Centre Road, Galle Face, Colombo 02, Sri Lanka	Office, commercial and residential rental	Freehold

44 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 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

45 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	As at 31 December	
	2021	2020
	USD'000	USD'000
ASSETS		
Non-current assets		
Property, plant and equipment	4,394	4,358
Investments in subsidiaries	4,116,000	3,902,069
Financial assets at FVPL - Club debentures	3,003	2,334
	4,123,397	3,908,761
Current assets		
Amounts due from subsidiaries	646,337	651,296
Dividends receivable, prepayments and deposits	581,727	579,575
Cash and cash equivalents	1,305	208,857
	1,229,369	1,439,728
Total assets	5,352,766	5,348,489
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	(2,858)	(4,265)
Other reserves	1,543,563	1,542,448
Retained earnings	480,776	498,936
Total equity	5,223,476	5,239,114
LIABILITIES		
Current liabilities		
Accounts payable and accruals	3,718	2,752
Amounts due to subsidiaries	125,572	106,623
	129,290	109,375
Total liabilities	129,290	109,375
Total equity and liabilities	5,352,766	5,348,489
Net current assets	1,100,079	1,330,353
Total assets less current liabilities	5,223,476	5,239,114

The statement of financial position of the Company was approved by the Board of Directors on 24 March 2022 and was signed on its behalf.

KUOK Hui Kwong
Director

LIM Beng Chee
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 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 and 1 January 2021	6,216	1,335	10,666	1,524,231	1,542,448
Granting of shares under share award scheme	-	2,337	-	-	2,337
Vesting of shares under share award scheme	-	(1,222)	-	-	(1,222)
Balance at 31 December 2021	6,216	2,450	10,666	1,524,231	1,543,563

Note:

The contributed surplus of the Company arose when the Company 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.

45 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Movement of retained earnings of the Company:

	2021 USD'000	2020 USD'000
Balance at 1 January	498,936	465,806
Vesting of shares under share award scheme	(185)	(260)
(Loss)/profit for the year	(17,975)	33,390
Balance at 31 December	480,776	498,936

46 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors on 24 March 2022.

FIVE YEAR SUMMARY

The financial summary of the Group for the last five years is as follows:

	Year ended 31 December				
	2021 USD'000	2020 USD'000	2019 USD'000	2018 USD'000	2017 USD'000
Results					
(Loss)/Profit attributable to:					
Owners of the Company	(290,575)	(460,161)	152,485	192,905	157,997
Non-controlling interests	(53,844)	(50,423)	17,235	(9,167)	(13,951)

	As at 31 December				
	2021 USD'000	2020 USD'000	2019 USD'000	2018 USD'000	2017 USD'000
Assets and liabilities					
Total assets	13,474,267	14,008,158	13,722,073	13,170,648	13,675,173
Total liabilities	7,424,403	7,693,411	7,218,040	6,493,760	6,633,177
Total equity	6,049,864	6,314,747	6,504,033	6,676,888	7,041,996

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 2022 annual general meeting of the Company
"Annual Report"	this 2021 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", "COO" and "CTO"	chief executive officer, chief financial officer, chief human resources officer, chief investment officer, chief operating officer and chief technology officer, respectively, of the Company/Group
"CG Model Code"	code provisions as set out in the Corporate Governance Code 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)
"Financial Statements"	consolidated financial statements of the Group for the Financial Year as set out on pages 115 to 239 of this Annual Report

ABBREVIATIONS

“Financial Year”	financial year ended 31 December 2021
“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 & Human Capital Committee”	remuneration & human capital committee of the Company (formerly known as remuneration committee and re-designated as remuneration & human capital committee on 28 May 2021)
“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-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 2021

THE GROUP'S LISTED MEMBERS

