

SHANGRI-LA GROUP

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Shangri-La Asia Limited

(Incorporated in Bermuda with limited liability)

website: www.ir.shangri-la.com

(Stock code: 00069)

2023 FINAL RESULTS ANNOUNCEMENT

The board of directors (“**Board**”) of Shangri-La Asia Limited (“**Company**”) wishes to announce the results of the Company and its subsidiaries (“**Group**”), and associates for the year ended 31 December 2023. The consolidated financial statements for the year ended 31 December 2023 have been audited by the Company’s auditor, PricewaterhouseCoopers, in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants and reviewed by the audit & risk committee of the Board. The auditor’s report was unqualified.

The following table summarises the highlights of our financial results:

	2023	2022	2023/22
	<i>USD Million</i>	<i>USD Million</i>	% Change
Consolidated Revenue	2,141.8	1,462.1	46.5%
EBITDA ^(Note 1) of the Company and its subsidiaries	522.2	174.4	199.4%
Effective share of EBITDA ^(Note 2) of the Company, subsidiaries and associates	873.6	441.6	97.8%
Profit/(Loss) attributable to owners of the Company			
– Operating items	129.0	(161.6)	N/M
– Non-operating items	55.1	3.1	1,677.4%
Total	184.1	(158.5)	N/M
Earnings/(Loss) per share (US cents per share)	5.17	(4.44)	N/M
Net assets attributable to owners of the Company	5,222.4	5,254.0	–0.6%
Net assets per share attributable to owners of the Company (USD)	1.47	1.47	0.0%

(N/M: Not meaningful)

Notes:

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

The Board recommends a final dividend of HK15 cents for 2023 (2022: nil). As there is no interim dividend for 2023 (2022: nil), total dividend for full year 2023 is also HK15 cents (2022: nil).

FINANCIAL HIGHLIGHTS

- Consolidated revenue for the year ended 31 December 2023 was USD2,141.8 million, an increase of 46.5%, compared to USD1,462.1 million for the year ended 31 December 2022.
- Effective share of revenue for the year ended 31 December 2023 was USD2,769.2 million, an increase of 44.6%, compared to USD1,915.4 million for the year ended 31 December 2022.
- Hotel business recovery was mainly led by both Mainland China and Hong Kong post reopening of borders in early 2023, while hotels in rest of the world continued to see strong travel demand.
- Effective share of EBITDA for the year ended 31 December 2023 was USD873.6 million, an increase of 97.8%, compared to USD441.6 million for the year ended 31 December 2022, a result of cost efficiencies at hotel management services on top of overall business recovery.
- Operating profit attributable to owners of the Company before non-operating items for the year ended 31 December 2023 was USD129.0 million, an improvement of USD290.6 million, compared to a loss of USD161.6 million for the year ended 31 December 2022, driven by strong recovery of the hotel business.
- All in all, profit attributable to owners of the Company after non-operating items was USD184.1 million for the year ended 31 December 2023, compared to a loss of USD158.5 million for the year ended 31 December 2022.
- Resuming payment of dividends at HK15 cents per share, totalling approximately USD70 million given positive free cashflow and stabilisation of business recovery.

DISCUSSION AND ANALYSIS

The principal activities of the Group remained the same as in 2022. The Group's business is organised into four main segments:





- **Hotel Properties** – development, ownership and operation 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 operation 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 sale 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 2023:

	Owned/Leased		Managed		Total Operating Hotels		Hotels Under Development	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Owned/Leased Hotels	Hotels under Management contracts
		<i>in '000</i>		<i>in '000</i>		<i>in '000</i>		
	73	30.7	17	5.4	90	36.1	4	3
	3	1.6	–	–	3	1.6	–	–
	7	2.8	1	0.4	8	3.2	1	1
	–	–	2	0.9	2	0.9	1	–
Total	83	35.1	20	6.7	103	41.8	6	4

Notes:

- (1) A hotel under management contract owned by a third party, namely JEN Shenzhen Qianhai by Shangri-La in Mainland China, opened for business in February 2023.
- (2) Management agreements for Shangri-La Haikou and Shangri-La Changzhou in Mainland China; and JEN Johor Puteri Harbour by Shangri-La in Malaysia were terminated in 2023.
- (3) Shangri-La Nanshan, Shenzhen (a management hotel owned by a third party) in Mainland China opened for business in January 2024.

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 2023		
		Office spaces	Commercial spaces	Serviced apartments/residential
<i>(in thousand square metres)</i>				
Mainland China	20.0-100.0%	984.9	663.3	266.5
Malaysia	52.78%	45.2	8.5	17.4
Singapore	44.6-100.0%	3.3	22.9	24.7
Australia	100.0%	0.5	11.4	–
Mongolia	51.0%	58.0	39.6	30.0
Myanmar	55.86-59.28%	37.6	11.8	56.8
Sri Lanka	90.0%	59.9	79.5	3.7
TOTAL		1,189.4	837.0	399.1

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The following table shows the Group's profit or loss for the year ended 31 December 2023 and 2022 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 2023		Profit or loss for the year ended 31 December 2022		2023/22 % change	
	Financial statement format	Effective share	Financial statement format	Effective share	Financial statement format	Effective share
<i>(USD million)</i>						
Revenue	2,141.8	2,769.2	1,462.1	1,915.4	46.5%	44.6%
Cost of sales	(975.1)	(1,191.6)	(775.6)	(926.3)	-25.7%	-28.6%
Gross profit	1,166.7	1,577.6	686.5	989.1	69.9%	59.5%
Operating expenses	(650.4)	(707.4)	(527.1)	(561.1)	-23.4%	-26.1%
Other gains – operating items	5.9	3.4	15.0	13.6	-60.7%	-75.0%
EBITDA	522.2	873.6	174.4	441.6	199.4%	97.8%
Depreciation and amortisation	(268.8)	(292.6)	(278.7)	(305.7)	3.6%	4.3%
(Loss)/Gain on disposal of fixed assets	(1.7)	(1.5)	(0.3)	0.3	-466.7%	N/M
Interest income	19.7	25.8	11.1	20.1	77.5%	28.4%
Other expenses – non-operating items	(40.1)	(39.0)	6.3	5.5	N/M	N/M
Other (losses)/gains – non-operating items	(16.6)	83.9	82.9	117.7	N/M	-28.7%
Operating profit/(loss)	214.7	650.2	(4.3)	279.5	N/M	132.6%
Finance costs – net						
– Operating items	(291.8)	(278.8)	(238.6)	(239.4)	-22.3%	-16.5%
– Non-operating items	33.4	30.1	(122.3)	(110.1)	N/M	N/M
Share of profit of associates	323.8	–	190.8	–	69.7%	N/M
Profit/(Loss) before income tax	280.1	401.5	(174.4)	(70.0)	N/M	N/M
Income tax (expense)/credit						
– Operating items	(84.8)	(197.5)	(10.6)	(78.5)	-700.0%	-151.6%
– Non-operating items	6.3	(19.9)	(2.4)	(10.0)	N/M	-99.0%
Profit/(Loss) for the year	201.6	184.1	(187.4)	(158.5)	N/M	N/M
(Less)/Add: (Profit)/Loss attributable to non-controlling interests	(17.5)	–	28.9	–	N/M	N/M
Profit/(Loss) attributable to owners of the Company	184.1	184.1	(158.5)	(158.5)	N/M	N/M

N/M: not meaningful

SUMMARY OF NET ASSET VALUE *(Note 1)*

According to the Group's accounting policies, investment properties are stated at fair value by external valuers while hotel properties are stated at historical cost less depreciation and impairment losses. As a result, the carrying values of the Group's hotel properties do not capture revaluation gains which would otherwise be included in their fair values.

The Group has carried out internal valuations for the hotel properties owned by the Group's subsidiaries and associates based on discounted cash flow projections to assess the potential fair values of the hotel properties and the resulting adjusted net asset value of the Group if the Group's hotel properties were to be stated at fair values. To verify the valuations of the hotel properties, external valuations have been performed by independent professional valuers to determine the fair value of a portfolio of hotel properties owned by the Group's subsidiaries, whose aggregate effective share of the valuation surplus (being the surplus by which its valuation exceeds its carrying value) constitutes at least 50% of the total valuation surplus of all the hotel properties.

As at 31 December 2023, based on external valuations of such portfolio of identified hotel properties and internal valuations of the Group's remaining hotel properties, the effective share of the valuations of all the Group's hotel properties was USD12,000.4 million, of which USD4,938.7 million was derived from external valuations and USD7,061.7 million was derived from internal valuations. When compared to the effective share of the carrying value of the hotel properties, the effective share of the valuation surplus attributable to the owners of the Company after deferred tax was USD5,753.3 million, of which USD3,569.8 million was derived from external valuations and USD2,183.5 million was derived from internal valuations. Such valuation surplus attributable to non-controlling interests after deferred tax was USD464.9 million, of which USD293.0 million was derived from external valuations and USD171.9 million was derived from internal valuations.

If all the hotel properties were to be stated at fair values, the Group's net asset value attributable to the owners of the Company ("NAV") would therefore be increased from the reported balance of USD5,222.4 million to the adjusted balance of USD10,975.7 million while total equity would be increased from the reported balance of USD5,468.0 million to the adjusted balance of USD11,686.2 million.

<i>(USD million)</i>	Carrying value of hotel properties at effective share <i>(Note 2)</i>	Valuation of hotel properties at effective share <i>(Note 2)</i>	Valuation surplus at effective share after deferred tax <i>(Note 2)</i>
The People's Republic of China			
Hong Kong	737.4	2,553.7	1,741.1
Mainland China	2,322.5	5,031.2	2,031.5
Singapore	502.7	1,822.1	1,227.2
Malaysia	110.0	283.8	132.0
The Philippines	275.5	587.2	233.8
Thailand	89.6	236.2	117.2
Australia	276.2	368.3	64.5
Others <i>(Note 3)</i>	830.3	1,117.9	206.0
Total	5,144.2	12,000.4	5,753.3
	NAV	Non-controlling interests	Total equity
Reported balance based on carrying value of hotel properties	5,222.4	245.6	5,468.0
Add: Valuation surplus of hotel properties after deferred tax	5,753.3	464.9	6,218.2
Adjusted balance based on valuation of hotel properties	10,975.7	710.5	11,686.2
Reported NAV per share <i>(Note 4)</i>	USD1.47 (equivalent to HKD11.39)		
Adjusted NAV per share <i>(Note 4)</i>	USD3.09 (equivalent to HKD23.95)		

Notes:

- (1) Net asset value refers to the Group's total assets less total liabilities (i.e. equity) attributable to the owners of the Company.
- (2) The effective share refers to the Group's share of subsidiaries' and associates' carrying value and valuation of hotel properties based on the percentage of equity interests.
- (3) Others include France, Maldives, Turkey, Fiji, Myanmar, Indonesia, Mongolia, Mauritius, Sri Lanka, Japan and United Kingdom.
- (4) NAV per share is computed based on 3,554,212,000 shares in issue after adjusting for shares held by the Group.

RESULTS OF OPERATIONS

Consolidated Revenue

Consolidated revenue consisted of the following:

<i>(USD million)</i>	For the year ended		2023/22
	31 December	2022	% change
	2023	2022	
Hotel Properties			
Revenue from rooms	1,041.0	622.9	67.1%
Food and beverage sales	788.7	559.9	40.9%
Rendering of ancillary services	96.6	79.1	22.1%
Sub-total of hotel properties	1,926.3	1,261.9	52.7%
Hotel Management and Related Services			
Gross revenue (including revenue earned from subsidiaries)	224.3	165.6	35.4%
Less: Inter-segment sales elimination with subsidiaries	(129.5)	(86.9)	-49.0%
Net amount after elimination	94.8	78.7	20.5%
Sub-total Hotel Operations	2,021.1	1,340.6	50.8%
Investment Properties	108.3	99.7	8.6%
Property Development for Sale	1.6	14.9	-89.3%
Other Business	10.8	6.9	56.5%
Consolidated Revenue	2,141.8	1,462.1	46.5%

- Consolidated revenue was USD2,141.8 million for the year ended 31 December 2023, an increase of 46.5% (or USD679.7 million), compared to USD1,462.1 million for the year ended 31 December 2022. The increase was mainly driven by:
 - Mainland China and Hong Kong business recovery since borders reopened and travel restrictions removed in early 2023.
 - Japan, Singapore, The Philippines, Malaysia and rest of the world where we have operations also benefited from the return of tourists from Mainland China.
- Consolidated revenue from our Hotel Operations as a result increased by USD680.5 million to USD2,021.1 million for the year ended 31 December 2023.
- A continued steady contribution from our Investment Properties business, where consolidated revenue increased by USD8.6 million to USD108.3 million for the year ended 31 December 2023.

(i) Hotel Properties

As at 31 December 2023, the Group had equity interest in 80 operating hotels (2022: 80) and 3 hotels under operating lease (2022: 3), representing a room inventory of 35,135 (2022: 35,144) 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%	545
JEN Hong Kong by Shangri-La	30%	283
Kerry Hotel, Hong Kong	100%	546
		<hr/>
Sub-total Hong Kong		2,053
		<hr/> <hr/>
<i>Mainland China</i>		
Shangri-La Beijing	38%	670
China World Hotel, Beijing	50%	584
China World Summit Wing, Beijing	40.32%	278
JEN Beijing by Shangri-La	40.32%	450
Kerry Hotel, Beijing	23.75%	486
Pudong Shangri-La, Shanghai	100%	950
Jing An Shangri-La, Shanghai	49%	508
Kerry Hotel Pudong, Shanghai	23.2%	574
Shangri-La Shenzhen	72%	522
Futian Shangri-La, Shenzhen	100%	528
Shangri-La Xian	100%	393
Shangri-La Hangzhou	45%	198
Shangri-La Beihai	100%	362
Shangri-La Changchun	100%	382
JEN Shenyang by Shangri-La	100%	407
Shangri-La Shenyang	25%	383
Shangri-La Qingdao	100%	702
Shangri-La Dalian	100%	560
Shangri-La Wuhan	92%	408
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

	Group's equity interest	Available rooms
Shangri-La Manzhouli	100%	235
Shangri-La Yangzhou	100%	360
Shangri-La Qufu	100%	322
Shangri-La Lhasa	100%	289
Shangri-La Sanya	100%	496
Shangri-La Nanjing	55%	450
Shangri-La Qinhuangdao	100%	323
Shangri-La Hefei	100%	400
Shangri-La Resort, Shangri-La	100%	228
Shangri-La Tianjin	20%	304
Shangri-La Nanchang	20%	473
Shangri-La Tangshan	35%	301
Midtown Shangri-La, Hangzhou	25%	414
Shangri-La Songbei, Harbin	100%	344
Shangri-La Xiamen	100%	325
Shangri-La Jinan	45%	364
Shangri-La Zhoushan	100%	28
Shangri-La Putian	40%	125
		<hr/>
Sub-total Mainland China		19,354
		<hr/> <hr/>
Singapore		
Shangri-La Singapore	100%	792
Shangri-La Rasa Sentosa, Singapore	100%	454
JEN Singapore Tanglin by Shangri-La	44.6%	565
		<hr/>
Sub-total Singapore		1,811
		<hr/> <hr/>
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%	494
Shangri-La Tanjung Aru, Kota Kinabalu	40%	498
		<hr/>
Sub-total Malaysia		2,780
		<hr/> <hr/>
The Philippines		
Makati Shangri-La, Manila	100%	696
Edsa Shangri-La, Manila	100%	628
Shangri-La Mactan, Cebu	93.95%	541
Shangri-La Boracay	100%	219
Shangri-La The Fort, Manila	40%	576
		<hr/>
Sub-total The Philippines		2,660
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	Group's equity interest	Available rooms
Thailand		
Shangri-La Bangkok	73.61%	802
Shangri-La Chiang Mai	73.61%	277
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Sub-total Thailand		1,079
		<hr/> <hr/>
Australia		
Shangri-La Sydney	100%	564
Shangri-La The Marina, Cairns	100%	255
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Sub-total Australia		819
		<hr/> <hr/>
Other areas		
Shangri-La Paris	100%	101
Shangri-La's Villingili Resort & Spa, Maldives	100%	132
JEN Maldives Malé by Shangri-La	100%	114
Shangri-La Bosphorus, Istanbul	50%	186
Shangri-La Yanuca Island, Fiji	71.80%	443
Sule Shangri-La, Yangon	59.16%	462
Shangri-La Jakarta	25%	619
Shangri-La Surabaya	11.35%	365
Shangri-La Ulaanbaatar	51%	290
Shangri-La Le Touessrok, Mauritius	26%	192
Shangri-La Hambantota	90%	274
Shangri-La Colombo	90%	500
		<hr/>
Sub-total other areas		3,678
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Total of 80 owned hotels		34,234
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(B) Hotels under operating lease agreements		
Shangri-La Tokyo		200
Shangri-La The Shard, London		202
JEN Singapore Orchardgateway by Shangri-La		499
		<hr/>
Total of 3 leased hotels		901
		<hr/> <hr/>
Grand total		35,135
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For the year ended 31 December 2023, the increase of consolidated revenue from our hotel properties was driven by Mainland China and Hong Kong business recovery since borders reopened in early 2023. The return of Chinese tourists also benefited South-east Asia regions and rest of the world.

Please refer to table below for our geographical breakdown of Hotel Properties consolidated revenue for the years ended 31 December 2023 and 2022:

<i>(USD million)</i>	For the year ended		2023/22
	31 December		% change
	2023	2022	
The People's Republic of China			
Hong Kong	304.3	156.7	94.2%
Mainland China	702.6	429.5	63.6%
Singapore	264.0	197.4	33.7%
Malaysia	104.8	77.1	35.9%
The Philippines	134.9	79.6	69.5%
Japan	50.4	32.7	54.1%
Thailand	62.2	33.4	86.2%
France	54.5	50.8	7.3%
Australia	85.7	76.9	11.4%
United Kingdom	60.9	55.9	8.9%
Mongolia	20.1	13.5	48.9%
Sri Lanka	33.2	20.3	63.5%
Other countries	48.7	38.1	27.8%
Consolidated revenue from hotel properties business	<u>1,926.3</u>	<u>1,261.9</u>	52.7%

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 2023 and 2022 are as follows:

Destinations	2023 Weighted Average			2022 Weighted Average		
	Occupancy (%)	Room Rate (USD)	RevPAR (USD)	Occupancy (%)	Room Rate (USD)	RevPAR (USD)
The People's Republic of China						
Hong Kong	70	285	199	38	197	75
Mainland China	63	120	76	38	97	37
Tier 1 Cities	70	159	111	38	120	45
Tier 2 Cities	64	98	63	41	86	35
Tier 3+4 Cities	51	100	51	32	87	28
Singapore	78	266	208	61	246	150
Malaysia	64	125	80	47	111	52
The Philippines	58	226	130	45	195	89
Japan	61	689	419	54	427	232
Thailand	61	153	94	37	120	44
France	43	2,246	970	50	1,843	930
Australia	81	252	205	69	255	176
United Kingdom	66	797	526	62	781	483
Mongolia	36	248	89	26	203	53
Sri Lanka	36	146	52	22	132	29
Other countries	46	224	102	43	201	87
Non-Mainland China						
Weighted Average	62	241	149	46	216	100
Total Weighted Average	62	173	108	42	155	64

The weighted average occupancy of our hotels was 62% for the year ended 31 December 2023, an increase of 20 percentage points compared to 42% for the year ended 31 December 2022. The weighted average revenue per available room (“RevPAR”) was USD108 for the year ended 31 December 2023, an increase of 69%, compared to USD64 for the year ended 31 December 2022. The increase in occupancy rate was mainly due to Mainland China and Hong Kong business recovery since borders reopened in early 2023 and continued momentum in other destinations benefited from Chinese outbound travellers. If we exclude Mainland China, weighted average occupancy was 62% for the year ended 31 December 2023, an increase of 16 percentage points compared to 46% for the year ended 31 December 2022. RevPAR was USD149 for the year ended 31 December 2023, an increase of 49%, compared to USD100 for the year ended 31 December 2022.

Below are comments on hotel performances on selected geographies that had reasonable significance to the performance of our Hotel Properties business as a whole:

The People's Republic of China

Hong Kong

For Hong Kong, occupancy was 70% for the year ended 31 December 2023, an increase of 32 percentage points, compared to 38% for the year ended 31 December 2022. RevPAR was USD199 for the year ended 31 December 2023, an increase of 165%, compared to USD75 for the year ended 31 December 2022. Our hotels in Hong Kong saw strong recovery in both occupancy and RevPAR, driven by business and leisure travel demand resurgence from Mainland China. Total revenue from Hong Kong hotel properties for the year ended 31 December 2023 increased by 94.2% to USD304.3 million.

Mainland China

The Group had equity interest in 46 operating hotels in Mainland China as at 31 December 2023.

For Mainland China, occupancy was 63% for the year ended 31 December 2023, an increase of 25 percentage points, compared to 38% for the year ended 31 December 2022. RevPAR was USD76 for the year ended 31 December 2023, an increase of 105%, compared to USD37 for the year ended 31 December 2022. During the year, cities from all four tiers saw strong business recovery after travel restrictions lifted.

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

- In Tier 1 cities, occupancy was 70% for the year ended 31 December 2023, an increase of 32 percentage points, compared to 38% for the year ended 31 December 2022. RevPAR was USD111 for the year ended 31 December 2023, an increase of 147%, compared to USD45 for the year ended 31 December 2022. The performance of our hotels in Tier 1 cities continued to strengthen during 2023 after travel restrictions were lifted.
- In Tier 2 cities, occupancy was 64% for the year ended 31 December 2023, an increase of 23 percentage points, compared to 41% for the year ended 31 December 2022. RevPAR was USD63 for the year ended 31 December 2023, an increase of 80%, compared to USD35 for the year ended 31 December 2022. Our hotels in Tier 2 cities rebounded quickly benefiting from both domestic business and leisure travel pickup.

- In Tier 3 and Tier 4 cities, occupancy was 51% for the year ended 31 December 2023, an increase of 19 percentage points, compared to 32% for the year ended 31 December 2022. RevPAR was USD51 for the year ended 31 December 2023, an increase of 82%, compared to USD28 for the year ended 31 December 2022. Our hotels in Tier 3/4 cities were benefited from rising luxury experiential leisure demand in domestic China destinations.

Total revenue from Mainland China hotel properties for the year ended 31 December 2023 increased by 63.6% to USD702.6 million.

Singapore

For Singapore, occupancy was 78% for the year ended 31 December 2023, an increase of 17 percentage points, compared to 61% for the year ended 31 December 2022. RevPAR was USD208 for the year ended 31 December 2023, an increase of 39%, compared to USD150 for the year ended 31 December 2022. Our hotels in Singapore continued with their strong momentum since the reopening of borders in 2022 and have seen average room rate exceeded 2019's levels due to surging demand by international travellers. Total revenue from Singapore hotel properties for the year ended 31 December 2023 increased by 33.7% to USD264.0 million.

Malaysia

For Malaysia, occupancy was 64% for the year ended 31 December 2023, an increase of 17 percentage points, compared to 47% for the year ended 31 December 2022. RevPAR was USD80 for the year ended 31 December 2023, an increase of 54%, compared to USD52 for the year ended 31 December 2022. Improving flight connectivity to China and rest of the world continued to drive our hotel properties' recovery. Total revenue from Malaysia hotel properties for the year ended 31 December 2023 increased by 35.9% to USD104.8 million.

The Philippines

For the Philippines, occupancy was 58% for the year ended 31 December 2023, an increase of 13 percentage points, compared to 45% for the year ended 31 December 2022. RevPAR was USD130 for the year ended 31 December 2023, an increase of 46%, compared to USD89 for the year ended 31 December 2022. The improvement was driven by the return of international visitors, helped by increased flight capacity. In the third quarter of 2023, Makati Shangri-La, Manila was reopened and has seen business activity picking up. Total revenue from the Philippines hotel properties for the year ended 31 December 2023 increased by 69.5% to USD134.9 million.

Japan

For Japan, occupancy was 61% for the year ended 31 December 2023, an increase of 7 percentage points, compared to 54% for the year ended 31 December 2022. RevPAR was USD419 for the year ended 31 December 2023, an increase of 81%, compared to USD232 for the year ended 31 December 2022. Our hotel in Tokyo benefited from the influx of international travellers, particularly from Mainland China. Total revenue from our Japan hotel property for the year ended 31 December 2023 increased by 54.1% to USD50.4 million.

France

For France, occupancy was 43% for the year ended 31 December 2023, a decrease of 7 percentage points, compared to 50% for the year ended 31 December 2022. RevPAR was USD970 for the year ended 31 December 2023, an increase of 4%, compared to USD930 for the year ended 31 December 2022. High growth in room rate more than offset the occupancy drag and lifted our RevPAR in the year. Total revenue from our France hotel property for the year ended 31 December 2023 increased by 7.3% to USD54.5 million.

Australia

For Australia, occupancy was 81% for the year ended 31 December 2023, an increase of 12 percentage points, compared to 69% for the year ended 31 December 2022. RevPAR was USD205 for the year ended 31 December 2023, an increase of 16%, compared to USD176 for the year ended 31 December 2022. Our hotels in Australia continued to see business improvements as domestic demand remained strong lifting our hotels' occupancy levels. Total revenue from Australia hotel properties for the year ended 31 December 2023 increased by 11.4% to USD85.7 million.

United Kingdom

For United Kingdom, occupancy was 66% for the year ended 31 December 2023, an increase of 4 percentage points, compared to 62% for the year ended 31 December 2022. RevPAR was USD526 for the year ended 31 December 2023, an increase of 9%, compared to USD483 for the year ended 31 December 2022. Our hotel in London continued to benefit from increasing corporate travel and leisure demand in the region. Total revenue from our United Kingdom hotel property for the year ended 31 December 2023 increased by 8.9% to USD60.9 million.

(ii) Hotel Management & Related Services

During the year, one hotel under management agreement owned by third party, namely JEN Shenzhen Qianhai by Shangri-La in Mainland China, opened for operation while the hotel management agreements for three hotels, namely JEN Johor Puteri Harbour by Shangri-La in Malaysia, Shangri-La Haikou and Shangri-La Changzhou in Mainland China, were terminated. As at 31 December 2023, the Group managed a total of 103 hotels and resorts:

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

The 20 operating hotels (6,647 available rooms) owned by third parties are located in the following destinations:

- Canada: Toronto and Vancouver
- Oman: Muscat (2 hotels)
- UAE: Abu Dhabi (2 hotels) and Dubai
- Saudi Arabia: Jeddah
- Malaysia: Kuala Lumpur
- India: New Delhi and Bengaluru
- Taiwan: Taipei and Tainan
- Mainland China: Shenzhen, Suzhou (2 hotels), Yiwu, Nanning, Shanghai and Beijing

The key performance indicators of the hotels under third-party hotel management agreements for the years ended 31 December 2023 and 2022 are as follows:

Destinations	2023 Weighted Average			2022 Weighted Average		
	Occupancy (%)	Room Rate (USD)	RevPAR (USD)	Occupancy (%)	Room Rate (USD)	RevPAR (USD)
Canada	67	387	261	60	390	233
Oman	38	256	98	24	290	69
UAE	72	176	127	67	173	115
Saudi Arabia	53	831	438	46	879	408
Malaysia	67	106	71	45	89	40
India	63	152	96	57	124	71
Taiwan	72	176	127	51	148	75
Mainland China	62	116	72	38	91	35
Weighted Average	63	179	112	45	164	74

The overall weighted average occupancy of the hotels under third-party hotel management agreements was 63% for the year ended 31 December 2023, an increase of 18 percentage points, compared to 45% for the year ended 31 December 2022. The RevPAR was USD112 for the year ended 31 December 2023, an increase of 51%, compared to USD74 for the year ended 31 December 2022. The improvement was mainly due to the increasing global travel demand post-pandemic, and in particular Mainland China where the travel restrictions were lifted in early 2023.

Gross revenue for hotel management and related services was USD224.3 million for the year ended 31 December 2023, an increase of 35.4%, compared to USD165.6 million for the year ended 31 December 2022.

After eliminating inter-segment sales with subsidiaries, the net revenue for hotel management and related services was USD94.8 million for the year ended 31 December 2023, an increase of 20.5%, compared to USD78.7 million for the year ended 31 December 2022.

(iii) Investment Properties

The table below shows the geographical breakdown of our consolidated revenue derived from our Investment Properties.

<i>(USD million)</i>	For the year ended		2023/22
	31 December		
	2023	2022	% change
Mainland China	25.5	27.7	-7.9%
Singapore	14.2	12.1	17.4%
Malaysia	4.5	4.7	-4.3%
Mongolia	31.2	27.1	15.1%
Sri Lanka	18.5	12.2	51.6%
Other countries	14.4	15.9	-9.4%
Consolidated revenue from investment properties business	108.3	99.7	8.6%

Our investment properties held by subsidiaries in Mongolia, Sri Lanka and Singapore saw significant revenue improvement:

- In Mongolia, the level of rent continued to trend up as we continued to improve our tenancy mix.
- In Sri Lanka, both the level of rent and occupancy improved significantly as the country's financial status further stabilised in 2023.
- Singapore's serviced apartments demand remained strong.

These improvements were partially offset by our Mainland China investment properties results, particularly due to a major tenant's departure from our property in Dalian.

As a result, consolidated revenue from our investment properties for the year ended 31 December 2023 was USD108.3 million, an increase of 8.6%, compared to USD99.7 million for the year ended 31 December 2022.

(iv) Property Development for Sale

Property development for sale by subsidiaries for the year ended 31 December 2023 was USD1.6 million, a decrease of 89.3%, compared to USD14.9 million for the year ended 31 December 2022.

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 years ended 31 December 2023 and 2022 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	
		2023	2022	2023	2022	2023	2022	2023	2022
<i>(USD million)</i>									
Hotel Properties	The People's Republic of China								
	Hong Kong	62.7	(12.0)	59.2	(9.3)	1.1	0.7	60.3	(8.6)
	Mainland China	166.7	12.8	153.8	9.8	45.4	3.0	199.2	12.8
	Singapore	61.6	42.1	61.5	42.1	6.7	3.8	68.2	45.9
	Malaysia	23.2	6.5	12.8	3.2	5.2	1.8	18.0	5.0
	The Philippines	27.5	8.9	26.5	8.7	13.7	7.9	40.2	16.6
	Japan	13.3	3.1	13.3	3.1	–	–	13.3	3.1
	Thailand	23.4	6.4	17.3	4.7	–	–	17.3	4.7
	France	6.8	7.8	6.8	7.8	–	–	6.8	7.8
	Australia	17.5	16.5	17.5	16.5	–	–	17.5	16.5
	United Kingdom	9.4	11.1	9.4	11.1	–	–	9.4	11.1
	Mongolia	8.0	3.5	4.1	1.8	–	–	4.1	1.8
	Sri Lanka	7.6	2.5	6.9	2.3	–	–	6.9	2.3
	Other countries	9.3	2.8	7.4	2.8	9.0	10.3	16.4	13.1
		<u>437.0</u>	<u>112.0</u>	<u>396.5</u>	<u>104.6</u>	<u>81.1</u>	<u>27.5</u>	<u>477.6</u>	<u>132.1</u>
Hotel Management and Related Services		<u>50.0</u>	<u>17.4</u>	<u>50.0</u>	<u>17.4</u>	<u>–</u>	<u>–</u>	<u>50.0</u>	<u>17.4</u>
Sub-total Hotel Operations		<u>487.0</u>	<u>129.4</u>	<u>446.5</u>	<u>122.0</u>	<u>81.1</u>	<u>27.5</u>	<u>527.6</u>	<u>149.5</u>
Investment Properties	Mainland China	15.1	17.0	13.5	15.4	231.7	229.4	245.2	244.8
	Singapore	7.6	7.1	7.6	7.1	4.5	2.9	12.1	10.0
	Malaysia	1.8	2.4	1.0	1.3	–	–	1.0	1.3
	Mongolia	20.4	17.4	10.4	8.9	–	–	10.4	8.9
	Sri Lanka	9.8	6.0	8.8	5.4	–	–	8.8	5.4
	Other countries	6.3	7.0	3.8	4.3	–	–	3.8	4.3
Sub-total Investment Properties		<u>61.0</u>	<u>56.9</u>	<u>45.1</u>	<u>42.4</u>	<u>236.2</u>	<u>232.3</u>	<u>281.3</u>	<u>274.7</u>
Property Development for Sale & Other Business		<u>2.3</u>	<u>10.2</u>	<u>(0.2)</u>	<u>8.5</u>	<u>95.6</u>	<u>33.5</u>	<u>95.4</u>	<u>42.0</u>
Sub-total		<u>550.3</u>	<u>196.5</u>	<u>491.4</u>	<u>172.9</u>	<u>412.9</u>	<u>293.3</u>	<u>904.3</u>	<u>466.2</u>
Corporate and project expenses		<u>(28.1)</u>	<u>(22.1)</u>	<u>(28.1)</u>	<u>(22.0)</u>	<u>(2.6)</u>	<u>(2.6)</u>	<u>(30.7)</u>	<u>(24.6)</u>
Grand total		<u>522.2</u>	<u>174.4</u>	<u>463.3</u>	<u>150.9</u>	<u>410.3</u>	<u>290.7</u>	<u>873.6</u>	<u>441.6</u>

The Group's aggregate effective share of EBITDA was USD873.6 million for the year ended 31 December 2023, an increase of 97.8%, compared to USD441.6 million for the year ended 31 December 2022. Commentaries of results by business segments are as follows:

Hotel Properties

Effective share of EBITDA from Hotel Properties for the year ended 31 December 2023 was USD477.6 million, an increase of 261.5%, compared to USD132.1 million for the year ended 31 December 2022. Mainland China and Hong Kong hotels' business recovery was due to Mainland China's borders reopening and lifting of quarantine restrictions since early 2023. The return of Chinese outbound travellers also benefited South-East Asia and the rest of the world. Our Singapore hotels continued to see influx of international business and leisure travellers. Whereas persistent inflation continued to drag the performance of our France and United Kingdom hotels.

Hotel Management and Related Services

Effective share of EBITDA from Hotel Management and Related Services for the year ended 31 December 2023 was USD50.0 million, an increase of 187.4%, compared to USD17.4 million for the year ended 31 December 2022. The significant improvement of EBITDA was lifted by the strong rebound of the overall hotels business and operations efficiency at the headquarters.

Investment Properties

Effective share of EBITDA from Investment Properties for the year ended 31 December 2023 was USD281.3 million, an increase of 2.4%, compared to USD274.7 million for the year ended 31 December 2022. The Investment Properties held by our subsidiaries in Sri Lanka, Mongolia and Singapore significantly improved during the year, while the Investment Properties held by our China associates also remained resilient.

Property Development for Sale & Other Business

Effective share of EBITDA from Property Development for Sale & Other Business for the year ended 31 December 2023 was USD95.4 million, mainly contributed by the profit recognised by an associate in Zhengzhou, China after a significant portion of residential units were handed over.

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 business segments:

<i>(USD million)</i>		For the year ended		2023/22
		31 December		
		2023	2022	
Hotel Properties	The People's Republic of China			
	Hong Kong	17.7	(35.5)	N/M
	Mainland China	25.0	(145.0)	N/M
	Singapore	38.7	18.6	108.1%
	Malaysia	7.4	(3.3)	N/M
	The Philippines	8.6	(7.3)	N/M
	Japan	5.2	(4.0)	N/M
	Thailand	11.1	1.9	484.2%
	France	(4.3)	(1.6)	-168.8%
	Australia	(1.8)	(1.2)	-50.0%
	United Kingdom	(11.8)	(10.2)	-15.7%
	Mongolia	(1.4)	(4.7)	70.2%
	Sri Lanka	(1.9)	(6.9)	72.5%
	Other countries	4.1	0.8	412.5%
		96.6	(198.4)	N/M
Hotel Management and Related Services		19.4	(5.7)	N/M
Sub-total Hotel Operations		116.0	(204.1)	N/M
Investment Properties	Mainland China	164.0	167.8	-2.3%
	Singapore	9.4	8.7	8.0%
	Malaysia	0.7	0.9	-22.2%
	Mongolia	8.4	4.5	86.7%
	Sri Lanka	(1.0)	(2.3)	56.5%
	Other countries	3.8	2.4	58.3%
Sub-total Investment Properties		185.3	182.0	1.8%
Property Development for Sale & Other Business		42.3	28.2	50.0%
Consolidated profit from operating properties		343.6	6.1	5,532.8%
Net corporate finance costs (including foreign exchange gains and losses)		(181.7)	(145.6)	-24.8%
Corporate and project expenses		(32.9)	(22.1)	-48.9%
Consolidated profit/(loss) attributable to owners of the Company before non-operating items		129.0	(161.6)	N/M
Non-operating items		55.1	3.1	1,677.4%
Consolidated profit/(loss) attributable to owners of the Company after non-operating items		184.1	(158.5)	N/M

(N/M: not meaningful)

Consolidated financial results attributable to owners of the Company after non-operating items for the year ended 31 December 2023 was a profit of USD184.1 million, compared to a loss of USD158.5 million for the year ended 31 December 2022. Below shows the breakdown by business segments:

Hotel Properties

Hotel Properties registered a profit of USD96.6 million for the year ended 31 December 2023, an improvement of USD295.0 million, compared to a loss of USD198.4 million for the year ended 31 December 2022. The turnaround was mainly due to Mainland China and Hong Kong business recovery and Singapore's continued strong momentum. Our hotels in South-East Asia and Japan also had turnaround due to recovery of Chinese outbound travel and continued leisure demand from rest of the world.

Hotel Management and Related Services

Hotel Management and Related Services registered a profit of USD19.4 million for the year ended 31 December 2023, an improvement of USD25.1 million, compared to a loss of USD5.7 million for the year ended 31 December 2022. The improvement was mainly due to the improvement of the overall hotels business and operation efficiency at the headquarters.

Investment Properties

Investment Properties registered a profit of USD185.3 million for the year ended 31 December 2023, an increase of USD3.3 million, compared to USD182.0 million for the year ended 31 December 2022. Income from Investment Properties continued to grow at steady pace.

Property Development for Sale & Other Business

Property Development for Sale & Other Business registered a profit of USD42.3 million for the year ended 31 December 2023, an increase of USD14.1 million, compared to a profit of USD28.2 million for the year ended 31 December 2022. The increase was due to a significant number of residential units in the Zhengzhou project handed over in the second half of 2023.

The overall increase of operating profit from operating properties was mainly due to the turnaround from Hotel Properties.

Others

Non-operating items was an aggregate gain of USD55.1 million for the year ended 31 December 2023, compared to an aggregate gain of USD3.1 million for the year ended 31 December 2022. For the year ended 31 December 2023, amongst other items, major components included:

- An exceptional foreign exchange gain of USD29.9 million due to the appreciation of the Sri Lankan rupee, compared to an exceptional foreign exchange loss of USD110.3 million for the year ended 31 December 2022 due to the depreciation of the Sri Lankan rupee arising from the foreign currency bank loans borrowed by our Sri Lanka entity.
- Effective share of net fair value gains on investment properties of USD75.2 million, compared to effective share of net fair value gains on investment properties of USD89.9 million for the year ended 31 December 2022.
- A net impairment loss of USD39.0 million mainly provided for the Company's hotels in Maldives and Sri Lanka.

CORPORATE DEBT AND FINANCIAL CONDITIONS

As at 31 December 2023, the Group's net borrowings (total bank loans and fixed rate bonds less cash and bank balances and short-term fund placements) was USD4,717.6 million, a decrease of USD128.8 million, compared to USD4,846.4 million as at 31 December 2022. As at 31 December 2023, the aggregate effective share of net borrowings of subsidiaries and associates based on percentage of equity interests was USD4,152.3 million, a decrease of USD255.6 million, compared to USD4,407.9 million as at 31 December 2022. The decrease was mainly driven by the increase of operating cash inflow from hotel operations due to the recovery of hotel business during the year.

The Group's net borrowings to total equity ratio, i.e. the gearing ratio, decreased to 86.3% as at 31 December 2023 from 89.3% as at 31 December 2022. This decrease was primarily the result of an increase in total equity due to the current year's earnings, as well as a positive free cash flow that led to a decrease in the Group's net borrowings.

During the year, the Group executed the following bank loan agreements at the corporate level for financing maturing loans:

- Four 4-year bank loan agreements totalling HKD3,720 million (equivalent to USD480.0 million)
- One 5-year bank loan agreement of HKD800 million (equivalent to USD103.2 million)
- Six 3-year bank loan agreements totalling RMB3,130 million (equivalent to USD441.9 million)
- Three 5-year bank loan agreements totalling RMB6,570 million (equivalent to USD927.6 million)

At the subsidiary level, the Group also executed the following bank loan agreements in 2023:

- Four bank loan agreements totalling RMB779.2 million (equivalent to USD110.0 million) with maturities ranging from 3 to 8 years for financing maturing loans
- One 5-year bank loan agreement of RMB300 million (equivalent to USD42.4 million) for financing a project development
- One 5-year bank loan agreement of USD300 million for financing maturing loans

During the year, the Group continued to increase the number of sustainability-linked bank loan facilities and/or green loan facilities to a total amount of approximately USD3.9 billion. Such sustainability-linked bank loan agreements are linked to the Group's various sustainability performances and support the Group's dedication in achieving certain long term sustainability goals. Upon reaching certain predetermined performance targets as agreed with the banks, the Group will also benefit from paying lower interest rates.

The Group has not encountered any difficulty when drawing loans from committed banking facilities. None of the banking facilities were cancelled by the banks during or after 31 December 2023. The Group has satisfactorily complied with all covenants under its borrowing agreements. As at 31 December 2023, the adjusted total equity of the Group for financial covenants calculation purpose is USD9.2 billion and the resulting indebtedness ratio* as calculated is 62.9%.

* *Indebtedness ratio is defined as the sum of consolidated total financial indebtedness and contingent liabilities totalling USD5.8 billion divided by the Group's adjusted total equity of USD9.2 billion.*

The analysis of borrowings outstanding as at 31 December 2023 is as follows:

Maturities of Borrowings Contracted as at 31 December 2023					
Repayment					
<i>(USD million)</i>	Within 1 year	In the 2nd year	In the 3rd to 5th year	After 5 years	Total
Borrowings					
Corporate borrowings					
– unsecured bank loans	241.5	–	2,639.1	33.2	2,913.8
– fixed rate bonds	102.3	659.0	245.2	264.3	1,270.8
Bank loans of subsidiaries					
– unsecured	265.1	391.5	680.0	164.0	1,500.6
Total outstanding balance	608.9	1,050.5	3,564.3	461.5	5,685.2
% of total outstanding balance	10.7%	18.5%	62.7%	8.1%	100.0%
Undrawn but committed facilities					
Bank loans	14.8	22.3	846.6	705.4	1,589.1

The currency mix of borrowings and cash and bank balances as at 31 December 2023 is as follows:

<i>(USD million)</i>	Borrowings	Cash and Bank Balances <i>(Note)</i>
In United States dollars	1,715.9	202.5
In Hong Kong dollars	1,236.5	49.5
In Singapore dollars	1,269.6	110.3
In Renminbi	1,210.4	330.1
In Euros	83.1	13.7
In Australian dollars	54.7	22.5
In Japanese yen	107.8	12.7
In Fijian dollars	7.2	7.9
In Philippines pesos	–	37.2
In Thai baht	–	64.8
In Malaysian ringgit	–	44.0
In British pounds	–	1.9
In Mongolian tugrik	–	21.1
In Sri Lankan rupee	–	47.1
In Myanmar kyat	–	0.5
In other currencies	–	1.8
Total	5,685.2	967.6

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

Except for the fixed rate bonds and certain bank loans at fixed interest rate (especially those new Renminbi bank loans borrowed at the corporate level), most of the borrowings of the Group are generally at floating interest rates. However, the Group has entered into interest-rate swap contracts on certain floating interest rate borrowings to hedge its medium-term interest rate risks. Please see the next section for further details.

Details of financial guarantees, contingencies and charges over assets as at 31 December 2023 are disclosed in Note 15 to the consolidated financial statements included in this announcement.

TREASURY POLICIES

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

(A) Minimising Interest Risks

The majority of the Group's borrowings are in US dollar, HK dollar, Singapore dollar and Renminbi and they are arranged at the corporate level. The corporate bonds were issued at fixed rates. In August 2023, the Group had issued a 5-year term fixed rate bonds of SGD160 million (equivalent to USD120.2 million) with a coupon rate at 4.40% per annum. During the year, the Group had also secured additional Renminbi bank loan facilities totalling RMB9,700 million (equivalent to USD1,369.5 million) at the corporate level with mostly fixed interest rates ranging from 4.00% to 4.50% per annum. These new Singapore dollar bonds and Renminbi bank loans offer more favourable fixed interest rates compared to the existing US dollar and HK dollar bank loan facilities resulted in a reduced average interest cost for the Group.

To minimise the overall interest cost, the Group also closely monitored the cash flow of all its subsidiaries and transferred surplus cash to the corporate to reduce corporate debts and correspondingly interest cost. Intra-group loans and RMB cash pooling were also implemented in Mainland China to utilise the surplus cash of certain subsidiaries to meet the funding requirements of other group companies. The Group regularly reviews the intra-group and external financing arrangements 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 and SOFR interest-rate swap contracts. During the year, interest-rate swap contracts totalling HKD1,250 million (equivalent to USD161.3 million) and USD260 million were matured, while cross-currency swap contracts fixing the interest rates of HKD bank loans totalling HKD918.6 million (equivalent to USD118.5 million) were also matured. The Group had executed new cross-currency swap contracts to swap USD bank loans totalling USD260 million to RMB bank loans with a lower average interest rate of 4.23% per annum. As at 31 December 2023, the outstanding interest-rate swap contracts are:

- USD1,005.0 million at fixed rates ranging between 1.365% and 1.460% per annum maturing from July 2024 to March 2027
- HKD4,920.0 million (equivalent to USD634.8 million) at fixed rates ranging between 1.505% and 1.855% per annum maturing from July 2024 to August 2026

Taking into account the fixed rate bonds, fixed rate bank loans and the interest-rate swap contracts (including the cross-currency swap contracts that fix the interest rates of certain bank borrowings), the Group has fixed its interest liability at 65.8% of its outstanding borrowings as at 31 December 2023, compared to 60.6% as at 31 December 2022.

All of 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. Due to the significant exposure of the Group's Renminbi assets, efforts have been made to increase the amount of Renminbi borrowings which not only reduces the Group's average interest cost as mentioned in previous paragraph but also increases the hedging ratio for its Renminbi assets. Additionally, the Group would also execute cross-currency swap contracts to hedge against currency risks associated with foreign currency borrowings.

As at 31 December 2023, 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
- 5-year term USD260 million between US dollar and Renminbi to swap bank borrowings from US dollar at floating interest rates to Renminbi at fixed interest rates ranging between 4.20% and 4.29% per annum maturing December 2028

Most of the Group's hotels are quoting room tariffs in the local currency. It is 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 value of investment properties (including those under construction) are recorded in the statement of profit or loss. For the year ended 31 December 2023, the Group recorded an overall effective share of net fair value gains of USD75.2 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 2023:

<i>(USD million)</i>	Subsidiaries		Associates		Total	
	100%	Effective Share	100%	Effective Share	100%	Effective Share
(Losses)/Gains	(3.5)	(11.6)	255.8	106.8	252.3	95.2
Deferred tax	6.3	6.0	(62.3)	(26.0)	(56.0)	(20.0)
Net gains/(losses)	<u>2.8</u>	<u>(5.6)</u>	<u>193.5</u>	<u>80.8</u>	<u>196.3</u>	<u>75.2</u>

Investment properties are stated at professional valuations carried out by the following independent firms of professional valuers engaged by the Group or the relevant associates as at 31 December 2023:

CHFT Advisory and Appraisal Ltd, Jones Lang LaSalle Ltd, Cushman & Wakefield Limited and Savills Valuation and Professional Services Limited	:	For properties in Mainland China
CHFT Advisory and Appraisal 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 the group-owned properties during the year when there is any indication that the assets may be impaired. Indicative criteria include continuing adverse changes in the local market conditions in which the properties operate or will operate, or when the properties continue to operate materially behind budget. At year end, the Group assessed 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 professional valuations, the Group provided a total impairment loss of USD40.1 million for its hotels in Maldives and Sri Lanka. On the other hand, prior years' impairment losses of USD1.1 million for its hotels in Australia and Mainland China were reversed during the year.

FINANCIAL ASSETS – TRADING SECURITIES

As at 31 December 2023, the market value of the Group's investment portfolio was USD10.6 million, which mainly included 4,483,451 ordinary shares in Kerry Properties Limited amounting to USD8.2 million and 2,241,725 ordinary shares in Kerry Logistics Network Limited amounting to USD2.4 million. The Group recorded losses of USD3.2 million through profit or loss for the year ended 31 December 2023. Dividend income of USD0.9 million was recognised during the year.

DEVELOPMENT PROGRAMMES

Construction work on the following projects is on-going:

(A) Hotel Developments

	Group's Equity Interest	Hotel Rooms	Projected Opening
In Mainland China			
JEN Kunming by Shangri-La*	45%	274	2024
Shangri-La Kunming*	45%	75	2025
Shangri-La Zhengzhou	45%	314	2026
In Japan			
Shangri-La Kyoto	20%	77	2026

* Being part of a composite development project in Kunming City

The Shangri-La and Traders Hongqiao Airport with 611 rooms, 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%	251,467	69,144	93,417	2024 onwards*
Kunming City Project	45%	20,917	–	–	2024
Phase II of Shangri-La					
– Fuzhou	100%	–	–	50,447	2024
Composite development					
– project in Zhengzhou	45%	–	58,946	–	2026 onwards*
Tianjin Kerry Centre					
– Phase II	20%	27,817	92,651	17,490	2025
TOTAL		300,201	220,741	161,354	

* Being developed in phases

During the year, the residential and commercial components of the Zhengzhou project, as well as the office and commercial components of the Nanchang Phase II project, were completed and are currently held for sale. A significant number of residential units in the Zhengzhou project were handed over, resulting in recognised profits during the year. The Group's wholly owned Shangri-La Centre, Fuzhou (Phase II of Shangri-La Fuzhou) had its office component opened in the second half of 2023 and the remaining commercial component will also open in 2024.

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

Hotel development

- 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.

ACQUISITION

In August 2023, the Group acquired the remaining 30% equity interest in an original 70% owned subsidiary which owns the Shangri-La's Villingili Resort & Spa, Maldives at nil consideration. There is no gain or loss recognised for this acquisition but a deficit balance of USD59.8 million for the non-controlling interests and a payable balance of USD2.7 million due to the non-controlling shareholder were derecognised and a net deficit amount of USD57.1 million was transferred to the Group's retained earnings.

MANAGEMENT CONTRACTS FOR HOTELS OWNED BY THIRD PARTIES

During the year ended 31 December 2023, a hotel under a management agreement owned by third parties, namely JEN Shenzhen Qianhai by Shangri-La in Mainland China, opened for operation while three management agreements with Shangri-La Haikou and Shangri-La Changzhou in Mainland China and JEN Johor Puteri Harbour by Shangri-La in Malaysia were terminated.

In January 2024, the new Shangri-La Nanshan, Shenzhen in Mainland China also opened for business. As at the date of this announcement, the Group has management agreements for 21 operating hotels owned by third parties. In addition, the Group also has agreements on hand for the development of 3 new hotels currently under development and owned by third parties. The development projects are located in 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

Our business has always been fundamentally about people, our customers and also our committed employees. The Shangri-La is a proud employer of more than 43,000 talented and dedicated people, who work together as one team in pursuit of our aspiration to become the best-loved hospitality group globally by 2030.

In 2023, we continued to invest in, engage and develop our people. Our efforts were guided by four strategic pillars: (1) strengthening our leadership, (2) developing workforce capabilities (3) recognising and rewarding our people, (4) fostering Shangri-La culture.

Strengthening Our Leadership

Developing our leaders has always been a key priority at Shangri-La. During the year, we conducted our flagship leadership development programmes with eligible employees. These programmes included:

- The Business Leaders Programme designed to develop future hotel general managers
- The Operational Leaders Programme which caters to future hotel resident managers
- The Emerging Leaders Programme which focuses on future mid-level managers

In 2023, more than 500 leaders and future leaders have benefited from these programmes.

In addition, we launched a new, specially curated programme in 2023, known as the Leadership Transformation Workshop. This initiative is helping to align our leaders' understanding for the Group's aspirations, and to embed specific leadership skills that we believe will support our sustained success. More than 200 senior leaders have completed the workshop to-date. The programme will continue to run in 2024 for middle managers and an abridged version for non-managers.

Dedicated to nurturing a robust talent pipeline and fostering internal advancement, we assessed more than 2,750 incumbents occupying leadership roles at Shangri-La. These evaluations delved into organisational structure, leadership qualities, and functional expertise. The insights we gleaned have enabled us to further equip our leaders with the ability to guide their teams towards delivering our current objectives and future aspirations.

In tandem with our commitment to cultivating a robust talent pipeline, we reinstated the Global Annual Conference in 2023. Held in Beijing, this event brought together our top leaders, asset owners, and business partners to share insights and celebrate Shangri-La's successful preparations for a post-COVID pandemic business recovery.

Developing Workforce Capabilities

We are strongly committed to providing career development opportunities for all our people. To this end, in 2023 we rolled out a comprehensive suite of customised learning and development programmes, along with on-the-job training opportunities, tailored to individual needs.

Capitalising on our upgraded digital learning platform, Shangri-La Academy delivered a diverse array of virtual interactive learning programmes. These offerings allowed our team members to engage at their convenience, with personalised recommendations tailored to their needs. In 2023, we launched 47 courses developed in-house of which 20 were focused on information and technology, reflecting our proactive approach to embracing emerging trends. On average, each employee dedicated approximately 58 hours to learning throughout the year.

Recruiting and nurturing young talent with a passion for the hospitality business is paramount to our future. We took great pride in 2023 for achieving a remarkable 100% retention rate for all our Management Trainees under our signature "Shangri-La+ Management Trainee" programme. This initiative supported high potential future leaders, providing them with comprehensive experience and exposure across our properties, regional offices, and headquarters.

To ensure our people have clarity regarding annual goals and pathways to achievement, we undertook significant measures to elevate our global performance management methodology. We did so by formalising our Performance Development Conversations in the goal-setting and year-end review process. These conversations were meticulously crafted to empower managers to align and assess their team members' performance and conduct. As a result, each employee developed personalised objectives grounded in the Group's Operating Framework, alongside individualised development action plans aimed at fostering personal and professional growth.

Recognising and Rewarding Our People

The Company's remuneration philosophy is to reward our people competitively and fairly, to incentivise and recognise the achievement of short and long-term business goals, and to attract, retain and motivate the very best talent in the industry.

Our core remuneration programmes are tied to our performance development review programme, which is designed to evaluate colleagues' contributions, impact, and areas for development throughout the performance review cycle. The Group's Balanced Scorecard measures the performance of business units in the areas of financial achievement, guest satisfaction, people development, initiatives, community responsibility and compliance. The financial and non-financial measures are carefully considered in the reward programmes to ensure alignment between remuneration and our business strategy. Our remuneration programmes are governed by the Group's remuneration policies, guidelines and processes.

We maintained salaries and benefits, including provident fund contributions, insurance and medical coverage, and a share award scheme, at competitive levels in 2023.

The Group's share option scheme adopted by the shareholders on 28 May 2012 was already expired in 2022 and all the outstanding options granted were lapsed in 2023. Details of the share award scheme adopted by the shareholders on 28 May 2012 and revised on 10 August 2012, 31 May 2018 and 29 December 2022 are provided in the section headed "Share Award Scheme" of the Directors' Report. The Group has granted shares under the share award scheme to attract, retain and motivate key talent to achieve long term growth and to align management with shareholders' value creation. The details of shares granted under the share award scheme in 2023 are provided in the Directors' Report.

Beyond the core remuneration programmes, this year, we further enhanced our total rewards offerings with two key global programmes to promote the wellbeing of our people – the Complimentary Rooms and Staff Rates programme and the Moments of Joy programme.

To reward our employees for their hard work and devotion, we re-launched the Complimentary Rooms and Staff Rates programme with extended coverage to all colleagues across properties and levels. The programme offers exclusive complimentary room nights and discounted staff rate in order for our colleagues to enjoy the heartfelt Shangri-La hospitality and create their memorable experiences with us.

Moments of Joy was designed to recognise our people who truly embody our culture and values. This initiative serves as a means for us to express gratitude and extend recognition to our team members for the additional efforts they make throughout the year. The programme encourages peer-to-peer nominations, promoting exemplary acts that solve problems and bring joy to our guests. Recipients of the awards receive certificates and rewards. Additionally, selected stories from each of our operating regions are featured in our monthly Shangri-La Pulse newsletter, giving a platform to our most dedicated workers and sharing their ethos and practices with our global colleagues.

As at 31 December 2023, the Company and its subsidiaries had approximately 26,100 employees. The number of people employed by Shangri-La Group, including all operating hotels, was 43,600. The Group's total employee benefit expenses (excluding directors' emoluments) amounted to USD762.1 million (2022: USD630.6 million).

Fostering Shangri-La Culture

The strength of our culture at Shangri-La is underpinned by our talented people across the Group. The diverse cultural and national backgrounds of our team enrich Shangri-La, offering a wealth of perspectives and insights that greatly contribute to our governance and decision-making processes. Simultaneously, we strive to cultivate an inclusive workplace as we ensure that our employees are aligned with our Vision, Purpose, Business, and Shared Values.

Listening to our employees is paramount as we continually strive to align with their expectations, foster their engagement, and prioritise their well-being. In 2022, we conducted our inaugural company-wide Culture Pulse Survey to provide our employees with a platform to express their views on our engagement strategies. We repeated the Culture Pulse Survey this year, achieving an impressive 99% response rate, representing a 9% increase from the previous year. Based on the survey's four-point scale, we attained an overall score of 3.8, indicating a notable enhancement in employee satisfaction.

In 2023, the Group achieved a retention rate of over 90% for key leaders while successfully identifying and nurturing future leaders and talented employees. These individuals are playing a pivotal role in our success as they work together to propel our business to new heights.

Engaging Our People

At Shangri-La, we believe that being part of a community means proactively supporting local endeavours in times of need. Supporting local communities is one of our Group's core values, which is rooted in our Asian heritage. Our global workforce has proudly united to contribute to a range of meaningful community endeavours. One of the year's significant projects involved providing support for the construction of the "Friendship City" – 300 containers serving as temporary homes for over 1,200 displaced residents affected by the earthquakes in Hatay, Türkiye.

PROSPECTS

2023 saw the return of global travel as all markets fully reopened. Our bottom-line returned to pre-pandemic levels while margins surpassed pre-pandemic levels despite challenging macro conditions including inflation and rising interest rates due in part to cost and efficiencies improvements during the pandemic. Our performance was also due in no small part to our commitment to retain our frontline colleagues throughout the pandemic, which allowed us to better serve our guests in a tight labour market situation.

The leisure driven return to travel and changing consumer landscape affirms our strategy to grow our offerings to serve our guests and customers in a more holistic way and complement our strong corporate customer base.

We continue to revamp our existing portfolio to better serve our guests' and customers' needs especially in the leisure segment. In Island Shangri-La, Hong Kong, we launched our new wellness offering, designed to attract both travellers and locals looking for a city escape, complemented by the launch of our Family floor and our new "Ming Pavilion" restaurant, which presents an elevated take on Fujian cuisine. The opening of The Palawan@ Sentosa: a new 'lifestyle and entertainment precinct' on the Sentosa Island's Palawan beach in Singapore; providing a new experience to stay and non-stay guest alike. In Fuzhou, the opening of our new shopping mall and office tower sets new benchmarks on retail and leisure operations in an integrated property. By the end of 2024, we will have launched JEN Kunming by Shangri-La and completed the rejuvenation of Shangri-La Hangzhou both of which will also set new benchmarks and serve as blueprints for our other properties.

Meanwhile, we continue to grow our footprint through management contracts, especially in Mainland China. We opened JEN Shenzhen Qianhai by Shangri-La in 2023, followed by Shangri-La Nanshan, Shenzhen in early 2024.

Amidst this physical expansion, our digital engagement efforts through the acclaimed Shangri-La Circle loyalty program have been instrumental in driving customer retention and increasing direct bookings to new heights. The enriched digital experience we offer has not only streamlined the booking process but has also deepened the relationship with our guests, resulting in record-high repeat business.

With global international travel and China domestic travel returning to normalised levels, we are cautiously optimistic on the return of Chinese outbound travel as the next growth catalyst as more markets continue to roll out favourable policies and promotions, including the introduction of visa-free travel for Chinese tourists, as done by the governments of Singapore, Malaysia, and Thailand.

We remain dedicated to delivering our renowned Asian hospitality and look forward to welcoming guests from around the world to both our time-honoured and new properties alike. As we push forward, we will also stay vigilant on costs to continue ensuring topline growth translates to stronger bottom line, and more importantly, cash generation. Meanwhile, we remain selective and strategic in our project undertakings, ensuring we allocate resources to opportunities with the most significant potential for sustainable growth whilst balancing our reserves to provide returns for our shareholders.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2023	2022
	Note	USD'000	USD'000
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment		3,998,055	4,171,457
Investment properties		1,803,429	1,724,867
Right-of-use assets		1,051,345	1,074,681
Intangible assets		104,661	108,804
Interest in associates		4,304,252	4,124,967
Deferred income tax assets		76,625	86,534
Financial assets at fair value through other comprehensive income		2,101	3,177
Financial assets at fair value through profit or loss		11,563	12,902
Derivative financial instruments		42,173	74,975
Other receivables		12,615	13,488
		<u>11,406,819</u>	<u>11,395,852</u>
<i>Current assets</i>			
Inventories		30,054	31,378
Properties for sale		52,125	51,177
Accounts receivable, prepayments and deposits	4	236,122	209,026
Amounts due from associates		126,596	107,942
Derivative financial instruments		32,609	58,253
Financial assets at fair value through profit or loss		10,639	13,884
Bank deposits with original maturities over 3 months		96,825	12,992
Cash and cash equivalents		870,797	753,002
		<u>1,455,767</u>	<u>1,237,654</u>
Total assets		<u><u>12,862,586</u></u>	<u><u>12,633,506</u></u>

		As at 31 December	
		2023	2022
	<i>Note</i>	<i>USD'000</i>	<i>USD'000</i>
EQUITY			
<i>Capital and reserves attributable to owners of the Company</i>			
Share capital and premium	5	3,201,995	3,201,995
Shares held for share award scheme	5	(15,645)	(6,111)
Other reserves		406,450	568,847
Retained earnings		1,629,620	1,489,310
		<u>5,222,420</u>	<u>5,254,041</u>
Non-controlling interests		245,623	170,474
		<u>5,468,043</u>	<u>5,424,515</u>
LIABILITIES			
<i>Non-current liabilities</i>			
Bank loans		3,907,801	3,527,212
Fixed rate bonds		1,168,534	1,132,761
Derivative financial instruments		13,665	7,700
Long term lease liabilities		530,560	518,960
Deferred income tax liabilities		305,816	295,490
		<u>5,926,376</u>	<u>5,482,123</u>
<i>Current liabilities</i>			
Accounts payable and accruals	7	639,048	579,222
Contract liabilities		101,051	89,412
Short term lease liabilities		41,792	44,729
Amounts due to non-controlling shareholders		44,981	51,779
Current income tax liabilities		24,239	6,113
Bank loans		506,600	952,444
Fixed rate bonds		102,271	–
Derivative financial instruments		8,185	3,169
		<u>1,468,167</u>	<u>1,726,868</u>
Total liabilities		7,394,543	7,208,991
		<u>12,862,586</u>	<u>12,633,506</u>
Total equity and liabilities		12,862,586	12,633,506

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
		2023	2022
	Note	USD'000	USD'000
Revenue	3	2,141,790	1,462,145
Cost of sales	8	<u>(975,048)</u>	<u>(775,627)</u>
Gross profit		1,166,742	686,518
Other gains – net	9	9,050	108,913
Marketing costs	8	(80,205)	(64,947)
Administrative expenses	8	(241,069)	(195,389)
Other operating expenses	8	<u>(639,812)</u>	<u>(539,378)</u>
Operating profit/(loss)		214,706	(4,283)
Finance costs – net	10	(258,378)	(360,932)
Share of profit of associates	11	<u>323,818</u>	<u>190,772</u>
Profit/(Loss) before income tax		280,146	(174,443)
Income tax expense	12	<u>(78,470)</u>	<u>(13,009)</u>
Profit/(Loss) for the year		<u>201,676</u>	<u>(187,452)</u>
<i>Profit/(Loss) attributable to:</i>			
Owners of the Company		184,139	(158,519)
Non-controlling interests		<u>17,537</u>	<u>(28,933)</u>
		<u>201,676</u>	<u>(187,452)</u>
<i>Earnings/(Loss) per share for profit/(loss)</i>			
<i>attributable to the owners of the Company</i>			
<i>during the year</i>			
<i>(expressed in US cents per share)</i>			
– basic	13	<u>5.17</u>	<u>(4.44)</u>
– diluted	13	<u>5.13</u>	<u>(4.44)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2023	2022
	<i>USD'000</i>	<i>USD'000</i>
Profit/(Loss) for the year	201,676	(187,452)
<i>Other comprehensive income/(loss):</i>		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Fair value changes of financial assets at fair value through other comprehensive income	24	(296)
Remeasurements of post-employment benefit obligations	(615)	467
Effect of hyperinflation	7,653	53,713
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value changes of interest-rate swap and cross-currency swap contracts – hedging	(51,072)	155,457
Currency translation differences – subsidiaries	(28,407)	(331,806)
Currency translation differences – associates	(81,492)	(359,059)
Other comprehensive loss for the year	(153,909)	(481,524)
Total comprehensive income/(loss) for the year	47,767	(668,976)
<i>Total comprehensive income/(loss) attributable to:</i>		
Owners of the Company	31,513	(609,354)
Non-controlling interests	16,254	(59,622)
	47,767	(668,976)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of the Company					
Note	Share capital and premium USD'000	Shares held for share award scheme USD'000	Other reserves USD'000	Retained earnings USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
Balance at 1 January 2023	3,201,995	(6,111)	568,847	1,489,310	5,254,041	170,474	5,424,515
Fair value changes of financial assets at fair value through other comprehensive income	-	-	10	-	10	14	24
Remeasurements of post-employment benefit obligations	-	-	-	(622)	(622)	7	(615)
Effect of hyperinflation	-	-	-	7,653	7,653	-	7,653
Fair value changes of interest-rate swap and cross-currency swap contracts – hedging	-	-	(48,983)	-	(48,983)	(2,089)	(51,072)
Currency translation differences	-	-	(110,684)	-	(110,684)	785	(109,899)
Other comprehensive (loss)/income for the year recognised directly in equity	-	-	(159,657)	7,031	(152,626)	(1,283)	(153,909)
Profit for the year	-	-	-	184,139	184,139	17,537	201,676
Total comprehensive (loss)/income for the year ended 31 December 2023	-	-	(159,657)	191,170	31,513	16,254	47,767
Share purchase for share award scheme	5	(13,900)	-	-	(13,900)	-	(13,900)
Share-based compensation under share award scheme	-	-	7,889	-	7,889	-	7,889
Vesting of shares under share award scheme	5	4,366	(4,212)	(154)	-	-	-
Transfer gain on change in fair value of equity instruments sold to retained earnings	-	-	(201)	201	-	-	-
Transfer from share option reserve to retained earnings	-	-	(6,216)	6,216	-	-	-
Dividend paid and payable to non-controlling shareholders	-	-	-	-	-	(1,927)	(1,927)
Capital reduction for subsidiaries	-	-	-	-	-	(3,576)	(3,576)
Injection of equity loans from non-controlling shareholders	-	-	-	-	-	7,191	7,191
Return of equity loan to a non-controlling shareholder	-	-	-	-	-	(2,640)	(2,640)
Acquisition of equity interest in a subsidiary from a non-controlling shareholder	-	-	-	(57,123)	(57,123)	59,847	2,724
	-	(9,534)	(2,740)	(50,860)	(63,134)	58,895	(4,239)
Balance at 31 December 2023	3,201,995	(15,645)	406,450	1,629,620	5,222,420	245,623	5,468,043

		Attributable to owners of the Company						
		Share capital and premium	Shares held for share award scheme	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Note	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000	USD '000
Balance at 1 January 2022		3,201,995	(2,858)	1,073,259	1,591,897	5,864,293	185,571	6,049,864
Fair value changes of financial assets at fair value through other comprehensive income		-	-	(125)	-	(125)	(171)	(296)
Remeasurements of post-employment benefit obligations		-	-	-	474	474	(7)	467
Effect of hyperinflation		-	-	-	53,713	53,713	-	53,713
Fair value changes of interest-rate swap and cross-currency swap contracts – hedging		-	-	145,939	-	145,939	9,518	155,457
Currency translation differences		-	-	(650,836)	-	(650,836)	(40,029)	(690,865)
Other comprehensive (loss)/income for the year recognised directly in equity		-	-	(505,022)	54,187	(450,835)	(30,689)	(481,524)
Loss for the year		-	-	-	(158,519)	(158,519)	(28,933)	(187,452)
Total comprehensive loss for the year ended 31 December 2022		-	-	(505,022)	(104,332)	(609,354)	(59,622)	(668,976)
Share purchase for share award scheme	5	-	(6,139)	-	-	(6,139)	-	(6,139)
Share-based compensation under share award scheme		-	-	5,241	-	5,241	-	5,241
Vesting of shares under share award scheme	5	-	2,886	(2,294)	(592)	-	-	-
Transfer gain on change in fair value of equity instruments sold to retained earnings		-	-	(2,337)	2,337	-	-	-
Dividend paid and payable to non-controlling shareholders		-	-	-	-	-	(2,025)	(2,025)
Net change in equity loans due to non-controlling shareholders		-	-	-	-	-	46,550	46,550
		-	(3,253)	610	1,745	(898)	44,525	43,627
Balance at 31 December 2022		3,201,995	(6,111)	568,847	1,489,310	5,254,041	170,474	5,424,515

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

The principal activities of the Group are the development, ownership and operation of hotel properties, the provision of hotel management and related services, the development, ownership and operation 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 with secondary listing on the Singapore Exchange Securities Trading Limited.

2 Basis of preparation and accounting policies

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

Going concern

The consolidated financial statements as at 31 December 2023 have been prepared on a going-concern basis, although the Group’s consolidated current liabilities exceeded its consolidated current assets by USD12,400,000. The future funding requirements can be met through the committed and available undrawn bank loan facilities of USD1,574,252,000 which are maturing after 31 December 2024. The Group has adequate resources to continue its operation for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

New accounting standards, amendments and interpretations 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 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance Contracts

The adoption of these amendments to accounting standards has no material impact on the Group’s financial statements except as described below.

Amendments to HKAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, the Group should recognise deferred tax assets and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

Following the adoption of the amendments, the Group would recognise a separate deferred tax assets arising from the lease liabilities and a deferred tax liability arising from the right-of-use assets. However, as these new deferred tax assets and liabilities qualify for offsetting in accordance with HKAS 12, there was no impact on the consolidated financial statements of the Group, except for the disclosure of the deferred tax assets and liabilities to be presented in the notes to the consolidated financial statements.

Amendments to HKAS 12, Income Taxes: International Tax Reform – Pillar Two Model Rules

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantially enacted to implement the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development (“OECD”), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax including the estimated tax exposure to Pillar Two income taxes. The amendments are immediately effective upon issuance and require retrospective application.

New standards, amendments and interpretations 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 2023 and have not been early adopted by the Group. These standards are not expected to have a material impact to the Group in the current or future reporting periods and on foreseeable future transactions.

3 Revenue and segment information

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

	2023 <i>USD'000</i>	2022 <i>USD'000</i>
Revenue		
Hotel properties		
Revenue from rooms	1,041,003	622,975
Food and beverage sales	788,677	559,903
Rendering of ancillary services	96,600	79,143
Hotel management and related services	94,736	78,680
Property development for sale	1,620	14,865
Other business	10,845	6,878
	<hr/>	<hr/>
Revenue from contracts with customers	2,033,481	1,362,444
Investment properties	108,309	99,701
	<hr/>	<hr/>
Total consolidated revenue	2,141,790	1,462,145
	<hr/> <hr/>	<hr/> <hr/>

The Group is domiciled in Hong Kong. The revenue from external customers attributed to Hong Kong and other countries are USD366,295,000 (2022: USD204,463,000) and USD1,775,495,000 (2022: USD1,257,682,000), respectively.

The total of non-current assets other than financial assets at fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVPL”) derivative financial instruments and deferred income tax assets, located in Hong Kong and other countries are USD888,141,000 (2022: USD888,297,000) and USD10,386,216,000 (2022: USD10,329,967,000), respectively.

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

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

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

- i. Hotel properties – development, ownership and operation 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 operation 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 business including wine trading, amusement park, retail business and restaurant operation outside hotels. These other business 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 land cost amortisation & project expenses, corporate expenses and other non-operating items such as fair value gains or losses on investment properties, fair value adjustments on monetary items and impairments for any isolated non-recurring event.

Segment profit or loss

For the year ended 31 December 2023 and 2022 (USD million)

	2023		2022	
	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	304.3	17.7	156.7	(35.5)
Mainland China	702.6	25.0	429.5	(145.0)
Singapore	264.0	38.7	197.4	18.6
Malaysia	104.8	7.4	77.1	(3.3)
The Philippines	134.9	8.6	79.6	(7.3)
Japan	50.4	5.2	32.7	(4.0)
Thailand	62.2	11.1	33.4	1.9
France	54.5	(4.3)	50.8	(1.6)
Australia	85.7	(1.8)	76.9	(1.2)
United Kingdom	60.9	(11.8)	55.9	(10.2)
Mongolia	20.1	(1.4)	13.5	(4.7)
Sri Lanka	33.2	(1.9)	20.3	(6.9)
Other countries	48.7	4.1	38.1	0.8
	<u>1,926.3</u>	<u>96.6</u>	<u>1,261.9</u>	<u>(198.4)</u>
Hotel management and related services	<u>224.3</u>	<u>19.4</u>	<u>165.6</u>	<u>(5.7)</u>
Sub-total hotel operation	<u>2,150.6</u>	<u>116.0</u>	<u>1,427.5</u>	<u>(204.1)</u>
Investment properties				
Mainland China	25.5	164.0	27.7	167.8
Singapore	14.2	9.4	12.1	8.7
Malaysia	4.5	0.7	4.7	0.9
Mongolia	31.2	8.4	27.1	4.5
Sri Lanka	18.5	(1.0)	12.2	(2.3)
Other countries	14.4	3.8	15.9	2.4
	<u>108.3</u>	<u>185.3</u>	<u>99.7</u>	<u>182.0</u>
Property development for sale	<u>1.6</u>	<u>46.5</u>	<u>14.9</u>	<u>31.0</u>
Other business	<u>10.8</u>	<u>(4.2)</u>	<u>6.9</u>	<u>(2.8)</u>
Total	<u>2,271.3</u>	<u>343.6</u>	<u>1,549.0</u>	<u>6.1</u>
Less: Hotel management – Inter-segment revenue	<u>(129.5)</u>		<u>(86.9)</u>	
Total external revenue	<u>2,141.8</u>		<u>1,462.1</u>	
Corporate finance costs (net)		(167.4)		(130.7)
Land cost amortisation and project expenses		(4.1)		(3.4)
Corporate expenses		(28.8)		(18.7)
Exchange losses of corporate investment holding companies		(14.3)		(14.9)
Profit/(Loss) before non-operating items		<u>129.0</u>		<u>(161.6)</u>

	2023	2022
	Profit/(Loss)	Profit/(Loss)
	after tax	after tax
	<i>(Note a)</i>	<i>(Note a)</i>
Profit/(Loss) before non-operating items	129.0	(161.6)
Non-operating items		
Share of net fair value gains on investment properties	75.2	89.9
Net unrealised losses on financial assets at fair value through profit or loss	(3.9)	(3.1)
Fair value adjustments on security deposit on leased premises	0.2	0.3
Net impairment losses on properties, plant and equipment	(39.0)	–
Insurance claim recovered from a bombing incident happened in 2019	–	3.0
Fair value changes on cross-currency swap contracts – non-hedging	(7.3)	7.3
Foreign exchange gain/(loss) arising from appreciation/(depreciation) of Sri Lankan rupee	29.9	(110.3)
Gain on partial disposal of interests in a subsidiary	–	10.5
Gain on disposal of fixed assets of laundry business	–	5.5
	<u>55.1</u>	<u>3.1</u>
Total non-operating items	55.1	3.1
Consolidated profit/(loss) attributable to owners of the Company	184.1	(158.5)

Notes:

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

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

<i>(USD million)</i>	2023 Share of profit/(loss) of associates	2022 Share of profit/(loss) of associates
<i>Hotel properties</i>		
The People's Republic of China		
Hong Kong	(0.4)	(0.2)
Mainland China	7.0	(35.0)
Singapore	2.0	(1.1)
Malaysia	3.3	0.3
The Philippines	8.4	3.7
Other countries	5.2	5.2
	<hr/> 25.5 <hr/>	<hr/> (27.1) <hr/>
<i>Investment properties</i>		
Mainland China	168.5	167.0
Singapore	3.2	1.8
	<hr/> 171.7 <hr/>	<hr/> 168.8 <hr/>
<i>Property development for sale</i>	46.5	22.8
<i>Other business</i>	0.3	(0.1)
Total	<hr/> 244.0 <hr/>	<hr/> 164.4 <hr/>

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:

<i>(USD million)</i>	2023		2022	
	Depreciation and amortisation	Income tax expense/(credit)	Depreciation and amortisation	Income tax expense/(credit)
<i>Hotel properties</i>				
The People's Republic of China				
Hong Kong	36.4	1.4	35.1	(10.2)
Mainland China	102.2	25.7	111.9	(3.9)
Singapore	17.1	8.5	17.4	4.7
Malaysia	10.2	3.2	11.3	0.7
The Philippines	21.2	4.0	21.2	(6.5)
Japan	4.8	1.1	5.1	–
Thailand	4.7	5.8	4.9	(0.2)
France	6.6	–	7.1	–
Australia	11.7	0.8	12.0	0.2
United Kingdom	8.5	–	8.3	–
Mongolia	8.2	0.1	7.3	0.1
Sri Lanka	8.1	1.0	7.9	0.8
Other countries	9.2	0.6	9.2	0.1
	<u>248.9</u>	<u>52.2</u>	<u>258.7</u>	<u>(14.2)</u>
<i>Hotel management and related services</i>	<u>17.5</u>	<u>11.7</u>	<u>17.4</u>	<u>3.1</u>
<i>Sub-total hotel operations</i>	<u>266.4</u>	<u>63.9</u>	<u>276.1</u>	<u>(11.1)</u>
<i>Investment properties</i>				
Mainland China	–	13.2	–	10.2
Singapore	–	1.3	–	–
Malaysia	–	0.6	–	0.7
Mongolia	–	1.3	–	5.3
Sri Lanka	0.2	0.7	0.2	3.3
Other countries	0.1	(1.2)	0.1	1.5
	<u>0.3</u>	<u>15.9</u>	<u>0.3</u>	<u>21.0</u>
<i>Property development for sale</i>	–	2.6	–	0.8
<i>Other business</i>	<u>1.6</u>	<u>(0.7)</u>	<u>1.7</u>	<u>–</u>
Total	<u><u>268.3</u></u>	<u><u>81.7</u></u>	<u><u>278.1</u></u>	<u><u>10.7</u></u>

Segment assets
As at 31 December 2023 and 2022 (USD million)

	As at 31 December	
	2023	2022
<i>Hotel properties</i>		
The People's Republic of China		
Hong Kong	801.0	820.5
Mainland China	2,224.3	2,288.3
Singapore	510.3	528.4
Malaysia	243.6	237.8
The Philippines	284.0	283.9
Japan	61.3	61.6
Thailand	223.9	204.7
France	251.5	254.7
Australia	298.1	293.7
United Kingdom	242.6	239.2
Mongolia	107.0	112.0
Sri Lanka	109.6	100.5
Other countries	141.3	172.9
	5,498.5	5,598.2
<i>Investment properties</i>		
Mainland China	645.1	608.2
Singapore	519.6	518.2
Malaysia	66.9	69.7
Mongolia	342.8	301.7
Sri Lanka	203.4	171.1
Other countries	204.6	233.0
	1,982.4	1,901.9
<i>Property development for sale</i>		
Mainland China	33.8	34.6
Sri Lanka	18.3	16.6
	52.1	51.2
<i>Hotel management and related services</i>		
	257.1	274.6
Less: Elimination	(57.7)	(60.3)
Total segment assets	7,732.4	7,765.6
Assets allocated to projects and other business	322.8	278.2
Unallocated assets	398.4	355.9
Intangible assets	104.7	108.8
Total assets of the Company and its subsidiaries	8,558.3	8,508.5
Interest in associates	4,304.3	4,125.0
Total assets	12,862.6	12,633.5

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

4 Accounts receivable, prepayments and deposits

	2023 <i>USD'000</i>	2022 <i>USD'000</i>
Trade receivables	95,811	90,031
Less: Provision for impairment of receivables	<u>(12,123)</u>	<u>(13,588)</u>
Trade receivables – net (<i>note (b)</i>)	83,688	76,443
Other receivables	62,407	54,908
Prepayments and other deposits	<u>90,027</u>	<u>77,675</u>
	<u>236,122</u>	<u>209,026</u>

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

- (a) The fair values of the trade and other receivables are not materially different from their carrying values. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above.
- (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:

	2023 <i>USD'000</i>	2022 <i>USD'000</i>
0 – 3 months	63,275	64,258
4 – 6 months	8,140	7,991
Over 6 months	<u>12,273</u>	<u>4,194</u>
	<u>83,688</u>	<u>76,443</u>

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

	Number of shares (<i>'000</i>)	Amount		
		Ordinary shares <i>USD'000</i>	Share premium <i>USD'000</i>	Total <i>USD'000</i>
Share capital and premium				
Authorised				
– Ordinary shares of HKD1 each				
At 1 January 2022, 31 December 2022 and 31 December 2023	5,000,000	646,496	–	646,496
Issued and fully paid				
– Ordinary shares of HKD1 each				
At 1 January 2022, 31 December 2022 and 31 December 2023	3,585,525	462,904	2,739,091	3,201,995
Shares held for share award scheme				
At 1 January 2022	(2,477)	(319)	(2,539)	(2,858)
Share purchase for share award scheme	(8,931)	(1,152)	(4,987)	(6,139)
Vesting of shares under share award scheme	2,274	293	2,593	2,886
At 31 December 2022 and 1 January 2023	(9,134)	(1,178)	(4,933)	(6,111)
Share purchase for share award scheme	(16,882)	(2,178)	(11,722)	(13,900)
Vesting of shares under share award scheme	5,204	671	3,695	4,366
At 31 December 2023	(20,812)	(2,685)	(12,960)	(15,645)

As at 31 December 2023, except for shares held for share award scheme as shown above, 10,501,055 (2022: 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 2023, the share award scheme of the Group acquired 16,882,000 ordinary shares in the Company through purchases on the open market and 5,204,000 shares were transferred to the awardees upon vesting of the awarded shares. The remaining 20,812,000 shares were held in trust under the share award scheme as at 31 December 2023. Details of the share award scheme were disclosed in Note 6 to this consolidated financial statements.

Share options

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

No share option was exercised during the year ended 31 December 2023 (2022: Nil).

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

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	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	6,508,000	12.11	6,508,000
Exercised	–	–	–	–
Lapsed	12.11	(6,508,000)	–	–
At 31 December	–	–	12.11	6,508,000

The term of the Share Option Scheme already expired on 28 May 2022 and no new option was granted during the year ended 31 December 2023 and 2022. All the outstanding options granted were lapsed upon the last exercisable date of 22 August 2023.

6 Share award scheme

The Group operates the share award scheme as part of the benefits for its employees and the Company’s directors which allows shares of the Company to be granted to the awardees. The awarded shares are purchased on the open market and held in trust before vesting.

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 upon the passage of time and/or is conditional on the satisfaction of performance conditions set by the management of the Group.

The fair values of the awarded shares granted are based on the quoted market price of the Company on the grant dates which are amortised over the relevant vesting periods. For the year ended 31 December 2023, a total of 18,930,100 shares and 5,204,000 shares were granted and vested to the qualified awardees, respectively. A total of 20,812,000 shares were held in trust under the share award scheme as at 31 December 2023. During the year, an expense of USD7,889,000(2022: USD5,241,000) for the award shares granted was charged to the consolidated statement of profit or loss.

Details of the awarded shares granted and vested during 2023 and 2022 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 2022	2022	2023	
In year 2019							
1 Apr 2019	HKD11.56	1,477,169	2,338,000	923,000	192,000	–	1 Apr 2019 to 1 Apr 2022
15 Jun 2019	HKD9.45	1,547,200	2,754,000	112,000	158,000	–	15 Jun 2019 to 1 Apr 2022
30 Jun 2019	HKD9.85	751,515	1,292,000	108,000	36,000	–	30 Jun 2019 to 1 Apr 2022
1 Nov 2019	HKD8.41	494,000	494,000	372,000	60,000	–	1 Nov 2019 to 1 Apr 2022
Total for 2019		<u>4,269,884</u>	<u>6,878,000</u>				
In year 2020							
30 Sep 2020	HKD6.34	<u>214,000</u>	<u>214,000</u>	214,000	–	–	Nil
Total for 2020		<u>214,000</u>	<u>214,000</u>				
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	1,740,000	1,522,000	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	–	88,000	72,000	15 Oct 2021 to 15 Oct 2024
Total for 2021		<u>6,386,000</u>	<u>6,386,000</u>				
In year 2022							
6 May 2022	HKD5.85	12,458,000	12,458,000	–	–	3,610,000	6 May 2022 to 6 May 2025
Total for 2022		<u>12,458,000</u>	<u>12,458,000</u>				
In year 2023							
17 Jul 2023	HKD6.37	18,930,100	18,930,100	–	–	–	17 Jul 2023 to 17 Jul 2026
Total for 2023		<u>18,930,100</u>	<u>18,930,100</u>				
Grand Total		<u><u>42,257,984</u></u>	<u><u>44,866,100</u></u>	<u>1,925,000</u>	<u>2,274,000</u>	<u>5,204,000</u>	

7 Accounts payable and accruals

	2023 <i>USD'000</i>	2022 <i>USD'000</i>
Trade payables	81,186	77,770
Other payables and accrued expenses	557,862	501,452
	639,048	579,222

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

	2023 <i>USD'000</i>	2022 <i>USD'000</i>
0 – 3 months	77,015	71,072
4 – 6 months	1,958	3,327
Over 6 months	2,213	3,371
	81,186	77,770

8 Expenses by nature

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

	2023 <i>USD'000</i>	2022 <i>USD'000</i>
Depreciation of property, plant and equipment (net of amount capitalised of nil (2022: USD2,000))	215,049	224,636
Amortisation of trademark, and website and system development	9,419	7,812
Depreciation of right-of-use assets	44,371	46,222
Provision for impairment losses on hotel properties	41,209	–
Reversal of prior year's impairment provision on hotel properties	(1,139)	–
Employee benefit expenses excluding directors' emoluments and wage subsidy received from government (net of amount capitalised and amount grouped under pre-opening expenses)	759,628	641,146
Cost of sales of properties	630	4,550
Cost of inventories sold or consumed in operation	279,174	210,828
Loss/(Gain) on disposal of property, plant and equipment; and partial replacement of investment properties	2,731	(3,065)
Gain on derecognition of right-of-use assets and lease liabilities	(989)	(3,015)
Operating lease expenses	32,381	19,658
Pre-opening expenses	4,093	687
Auditors' remuneration for audit services	2,250	2,144

9 Other gains – net

	2023 <i>USD'000</i>	2022 <i>USD'000</i>
Fair value (losses)/gains on investment properties	(3,522)	64,698
Net losses on short-term investments	(2,307)	(3,367)
Fair value (losses)/gains of club debentures	(1,340)	277
Fair value changes of cross-currency swap contracts	(9,387)	7,291
Gain on sale of investment properties	4,956	1,441
Gain on partial disposal of interests in a subsidiary	–	10,586
Insurance claim recovered from a bombing incident happened in 2019	–	3,398
Government grants due to Covid-19 pandemic	–	10,885
Rent concessions provided by lessors	–	1,453
	<u>(11,600)</u>	<u>96,662</u>
Interest income	19,733	11,066
Dividend income	917	1,185
	<u>9,050</u>	<u>108,913</u>

10 Finance costs – net

	2023 <i>USD'000</i>	2022 <i>USD'000</i>
Interest expense		
– bank loans	257,977	140,395
– fixed rate bonds	50,365	46,806
– other loans	263	(175)
– interest-rate swap contracts	(60,771)	3,898
– interest on lease liability	27,949	28,120
	<u>275,783</u>	<u>219,044</u>
Less: Amount capitalised	(3,480)	(3,021)
	<u>272,303</u>	<u>216,023</u>
Net foreign exchange (gains)/losses	(13,925)	144,909
	<u>258,378</u>	<u>360,932</u>

The effective capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 4.4% per annum (2022: 3.4%).

11 Share of profit of associates

	2023 <i>USD'000</i>	2022 <i>USD'000</i>
Share of profit before tax of associates before share of net fair value changes of investment properties	361,443	236,264
Share of net fair value changes of investment properties	<u>106,810</u>	<u>33,950</u>
Share of profit before tax of associates	<u>468,253</u>	<u>270,214</u>
Share of tax before provision for deferred tax on net fair value changes of investment properties	(118,449)	(71,209)
Share of provision for deferred tax on net fair value changes of investment properties	<u>(25,986)</u>	<u>(8,233)</u>
Share of associates' taxation	<u>(144,435)</u>	<u>(79,442)</u>
Share of profit of associates	<u><u>323,818</u></u>	<u><u>190,772</u></u>

12 Income tax expense

	2023 <i>USD'000</i>	2022 <i>USD'000</i>
Current income tax		
– Hong Kong profits tax	(3)	20
– overseas taxation	59,076	24,086
Deferred income tax	<u>19,397</u>	<u>(11,097)</u>
	<u><u>78,470</u></u>	<u><u>13,009</u></u>

Share of associates' taxation for the year ended 31 December 2023 of USD144,435,000 (2022: USD79,442,000) is included in the consolidated statement of profit or loss as share of profit of associates.

- (a) Hong Kong profits tax is provided at a rate of 16.5% (2022: 16.5%) on the estimated assessable profits of group companies operating in Hong Kong.
- (b) Taxation outside Hong Kong includes withholding tax paid and payable on dividends from subsidiaries and tax provided at the prevailing rates on the estimated assessable profits of group companies operating outside Hong Kong.

13 Earnings/(Loss) per share

Basic

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

	2023	2022
Profit/(Loss) attributable to owners of the Company (USD '000)	184,139	(158,519)
Weighted average number of ordinary shares in issue (thousands)	3,561,673	3,572,687
Basic earnings/(loss) per share (US cents per share)	<u>5.17</u>	<u>(4.44)</u>

Diluted

Diluted earnings/(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 on the non-vested awarded shares under the share award scheme for the year ended 31 December 2023.

As the Group incurred losses for the year ended 31 December 2022, 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.

	2023	2022
Profit/(Loss) attributable to owners of the Company (USD '000)	184,139	(158,519)
Weighted average number of ordinary shares in issue (thousands)	3,561,673	3,572,687
Adjustments (thousands)	<u>26,981</u>	<u>–</u>
Weighted average number of ordinary shares for diluted loss per share (thousands)	<u>3,588,654</u>	<u>3,572,687</u>
Diluted earnings/(loss) per share (US cents per share)	<u>5.13</u>	<u>(4.44)</u>

14 Dividends

	Group		Company	
	2023	2022	2023	2022
	USD'000	USD'000	USD'000	USD'000
No interim dividend has been proposed (2022: Nil)	–	–	–	–
Proposed final dividend of HK15 cents per ordinary share (2022: Nil)	<u>68,739</u>	–	<u>68,942</u>	–
	<u>68,739</u>	–	<u>68,942</u>	–

At a meeting held on 22 March 2024, the Board proposed a final dividend of HK15 cents per ordinary share for the year ended 31 December 2023. This proposed dividend is not reflected as a dividend payable in these financial statements.

The proposed final dividend of USD68,739,000 for the year ended 31 December 2023 is calculated based on 3,585,525,056 shares in issue as at 22 March 2024, after elimination on consolidation the amount of USD203,000 for the 10,501,055 ordinary shares in the Company held by a subsidiary of the Company and USD455,000 for 23,524,000 ordinary shares held by the Company's share award trust for the share award scheme.

15 Financial guarantees, contingencies and charges over assets

(a) Financial guarantees

As at 31 December 2023, 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 USD116,628,000 (2022: USD151,571,000).

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 2023, there were no material contingent liabilities (2022: Nil).

(c) Charges over assets

As at 31 December 2023 and 2022, there was no charge over assets for borrowings.

16 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:

	2023	2022
	<i>USD'000</i>	<i>USD'000</i>
Existing properties – property, plant and equipment and investment properties		
– contracted but not provided for	22,261	33,798
– authorised but not contracted for	22,252	41,486
Development projects		
– contracted but not provided for	27,343	129,262
– authorised but not contracted for	72,349	69,234
	144,205	273,780

- (b) The Group had future aggregate minimum lease rental receivable under non-cancellable operating leases in respect of land and buildings as follows:

	2023	2022
	<i>USD'000</i>	<i>USD'000</i>
Not later than one year	69,205	61,381
Later than one year and not later than five years	107,206	95,009
Later than five years	15,080	34,472
	191,491	190,862

SCOPE OF WORK ON ANNUAL ANNOUNCEMENT

The Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes in respect of this results announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor on this results announcement.

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

During the year ended 31 December 2023, save for the purchase of shares in the Company for the purpose of the Company's share award scheme as disclosed in Note 5 to the consolidated financial statements, neither the Company nor any of its subsidiaries had repurchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

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

The Board has adopted a composite handbook ("**Directors Handbook**") comprising (among other principles) a set of corporate governance principles of the Company, whose terms align with or are stricter than the requirements set out in the code provisions under the Corporate Governance Code ("**CG Model Code**") as contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, save for the provision in the Directors Handbook that the positions of the chairman and the chief executive officer of the Company may be served by the same person. The Directors Handbook serves as a comprehensive guidebook for all directors of the Company.

The Company has complied with the CG Model Code throughout the year ended 31 December 2023.

QUALIFICATION FOR PROPOSED FINAL DIVIDEND

The proposed final dividend of HK15 cents per share in the Company for 2023 (subject to shareholders' approval at the forthcoming annual general meeting of the Company) will be payable on 14 June 2024 to shareholders whose names appear on the registers of members of the Company on 4 June 2024.

To qualify for the proposed final dividend, all share transfers accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong SAR, no later than 4:30 pm on 4 June 2024.

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

Hong Kong, 22 March 2024

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

Executive directors

Ms KUOK Hui Kwong (Chairman)
Mr CHUA Chee Wui (Group Chief Financial Officer & Group Chief Investment Officer)

Non-executive director

Mr LIM Beng Chee

Independent non-executive directors

Professor LI Kwok Cheung Arthur
Mr YAP Chee Keong
Mr LI Xiaodong Forrest
Mr ZHUANG Chenchao
Ms KHOO Shulamite N K