

# SHANGRI-LA GROUP

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## Shangri-La Asia Limited

(Incorporated in Bermuda with limited liability)

website: [www.ir.shangri-la.com](http://www.ir.shangri-la.com)

(Stock code: 00069)

## 2022 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 2022. The consolidated financial statements for the year ended 31 December 2022 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:

	2022 <i>USD Million</i>	2021 <i>USD Million</i>	2022/21 % Change
Consolidated Revenue	1,462.1	1,241.0	17.8%
EBITDA <sup>(Note 1)</sup> of the Company and its subsidiaries	174.4	132.8	31.3%
Effective share of EBITDA <sup>(Note 2)</sup> of the Company, subsidiaries and associates	441.6	418.0	5.6%
Profit/(Loss) attributable to owners of the Company			
– Operating items	(161.6)	(193.2)	16.4%
– Non-operating items	3.1	(97.4)	N/M
Total	<u>(158.5)</u>	<u>(290.6)</u>	45.5%
Loss per share (US cents per share)	(4.44)	(8.13)	45.4%
Net assets attributable to owners of the Company	5,254.0	5,864.3	-10.4%
Net assets per share attributable to owners of the Company (USD)	1.47	1.64	-10.4%

*(N/M: Not meaningful)*

*Notes:*

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

The Board recommends no final dividend for 2022 (2021: nil). As there is no interim dividend for 2022 (2021: nil), total dividend for full year 2022 is nil (2021: nil).

## DISCUSSION AND ANALYSIS

The principal activities of the Group remained the same as in 2021. 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 2022:

	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>		
 SHANGRI-LA	73	30.7	19	6.1	92	36.8	3	3
 KERRY HOTELS	3	1.6	–	–	3	1.6	–	–
 JEN BY SHANGRI-LA	7	2.8	1	0.3	8	3.1	1	2
 TRADERS HOTELS	–	–	2	0.9	2	0.9	1	–
<b>Total</b>	<b>83</b>	<b>35.1</b>	<b>22</b>	<b>7.3</b>	<b>105</b>	<b>42.4</b>	<b>5</b>	<b>5</b>

Notes:

- (1) Two hotels under management contracts owned by third parties, namely Shangri-La Jeddah in Saudi Arabia and Shangri-La Nanning in Mainland China, opened for business in February 2022 and March 2022, respectively.
- (2) The management agreement for JEN Manila by Shangri-La was terminated in September 2022.
- (3) JEN Shenzhen Qianhai by Shangri-La (a management hotel owned by a third party) in Mainland China opened for business in February 2023.

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

<i>(in square metres)</i>		Group’s equity interest	Total GFA of the operating investment properties as at 31 December 2022			
			Office spaces	Commercial spaces	Serviced apartments/ residential	
Mainland China	China World Trade Center					
	– Phase I	40.32%-50%	87,828	91,898	80,124	
	– Phase II	43.23%	76,536	26,267	–	
	– Phase IIIA	40.32%	143,088	45,851	–	
	– Phase IIIB	40.32%	83,743	62,892	–	
			<u>391,195</u>	<u>226,908</u>	<u>80,124</u>	
		Century Tower, Beijing	50%	–	–	43,445
		Beijing Kerry Centre	23.75%	92,723	12,831	36,161
		Jing An Kerry Centre – Phase I	24.75%	38,611	13,009	17,812
		Jing An Kerry Centre – Phase II	49%	117,823	80,967	–
		Kerry Parkside Shanghai Pudong	23.2%	94,995	49,319	34,907
		Shangri-La Centre, Chengdu	80%	41,519	4,097	–
		Shangri-La Residences, Dalian	100%	–	–	54,004
		Shangri-La Centre, Qingdao	100%	31,911	8,029	–
		Tianjin Kerry Centre	20%	–	85,907	–
		Hangzhou Kerry Centre	25%	12,583	98,886	–
		Jinan Enterprise Square	45%	32,944	5,681	–
	Shenyang Kerry Centre – Phase II	25%	54,753	75,260	–	
	Shangri-La Centre, Wuhan	92%	41,519	2,369	–	
			<u>950,576</u>	<u>663,263</u>	<u>266,453</u>	
Malaysia	UBN Apartments, Malaysia	52.78%	–	–	17,356	
	UBN Tower, Malaysia	52.78%	45,175	8,530	–	
			<u>45,175</u>	<u>8,530</u>	<u>17,356</u>	

<i>(in square metres)</i>		Group's equity interest	Total GFA of the operating investment properties as at 31 December 2022		
			Office spaces	Commercial spaces	Serviced apartments/ residential
Singapore	Shangri-La Apartments, Singapore	100%	–	–	13,794
	Shangri-La Residences, Singapore	100%	–	–	10,941
	Tanglin Mall, Singapore	44.6%	–	21,267	–
	Tanglin Place, Singapore	44.6%	3,291	1,666	–
			<u>3,291</u>	<u>22,933</u>	<u>24,735</u>
Australia	The Pier Retail Complex, Cairns	100%	<u>515</u>	<u>11,370</u>	<u>–</u>
Mongolia	Central Tower, Ulaanbaatar	51%	29,487	8,480	–
	Shangri-La Centre, Ulaanbaatar	51%	<u>28,500</u>	<u>31,130</u>	<u>30,012</u>
			<u>57,987</u>	<u>39,610</u>	<u>30,012</u>
Myanmar	Shangri-La Residences, Yangon	55.86%	–	–	56,834
	Sule Square, Yangon	59.28%	<u>37,635</u>	<u>11,807</u>	<u>–</u>
			<u>37,635</u>	<u>11,807</u>	<u>56,834</u>
Sri Lanka	One Galle Face, Colombo	90%	<u>59,866</u>	<u>79,518</u>	<u>3,733</u>
<b>TOTAL</b>			<u>1,155,045</u>	<u>837,031</u>	<u>399,123</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The following table shows the Group's profit or loss for the year ended 31 December 2022 and 2021 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 2022		Profit or loss for the year ended 31 December 2021		2022/21 % change	
	Financial statement format	Effective share	Financial statement format	Effective share	Financial statement format	Effective share
<i>(USD million)</i>						
<b>Revenue</b>	<b>1,462.1</b>	<b>1,915.4</b>	1,241.0	1,749.3	17.8%	9.5%
Cost of sales	<u>(775.6)</u>	<u>(926.3)</u>	<u>(696.5)</u>	<u>(853.1)</u>	-11.4%	-8.6%
<b>Gross profit</b>	<b>686.5</b>	<b>989.1</b>	544.5	896.2	26.1%	10.4%
Operating expenses	<u>(527.1)</u>	<u>(561.1)</u>	<u>(451.9)</u>	<u>(525.2)</u>	-16.6%	-6.8%
Other gains - operating items	<u>15.0</u>	<u>13.6</u>	<u>40.2</u>	<u>47.0</u>	-62.7%	-71.1%
<b>EBITDA</b>	<b>174.4</b>	<b>441.6</b>	132.8	418.0	31.3%	5.6%
Depreciation and amortisation	<u>(278.7)</u>	<u>(305.7)</u>	<u>(318.7)</u>	<u>(346.3)</u>	12.6%	11.7%
(Loss)/gain on disposal of fixed assets and intangible assets	<u>(0.3)</u>	<u>0.3</u>	<u>(1.6)</u>	<u>(1.4)</u>	81.3%	N/M
Interest income	<u>11.1</u>	<u>20.1</u>	<u>10.1</u>	<u>18.5</u>	9.9%	8.6%
Other expenses – non-operating items	<u>6.3</u>	<u>5.5</u>	<u>(122.9)</u>	<u>(108.6)</u>	N/M	N/M
Other gains/(losses) – non-operating items	<u>82.9</u>	<u>117.7</u>	<u>(53.7)</u>	<u>26.2</u>	N/M	349.2%
<b>Operating (loss)/profit</b>	<b>(4.3)</b>	<b>279.5</b>	(354.0)	6.4	98.8%	N/M
Finance cost						
– Operating items	<u>(238.6)</u>	<u>(239.4)</u>	<u>(212.7)</u>	<u>(210.5)</u>	-12.2%	-13.7%
– Non-operating items	<u>(122.3)</u>	<u>(110.1)</u>	<u>0.1</u>	<u>0.1</u>	N/M	N/M
Share of profit of associates	<u>190.8</u>	<u>–</u>	<u>209.6</u>	<u>–</u>	-9.0%	N/M
<b>Loss before income tax</b>	<b>(174.4)</b>	<b>(70.0)</b>	(357.0)	(204.0)	51.1%	65.7%
Income tax (expense)/credit						
– Operating items	<u>(10.6)</u>	<u>(78.5)</u>	<u>5.8</u>	<u>(71.5)</u>	N/M	-9.8%
– Non-operating items	<u>(2.4)</u>	<u>(10.0)</u>	<u>6.8</u>	<u>(15.1)</u>	N/M	33.8%
<b>Loss for the year</b>	<b>(187.4)</b>	<b>(158.5)</b>	(344.4)	(290.6)	45.6%	45.5%
Add: Loss attributable to non-controlling interests	<u>28.9</u>	<u>–</u>	<u>53.8</u>	<u>–</u>	-46.3%	N/M
<b>Loss attributable to owners of the Company</b>	<b><u>(158.5)</u></b>	<b><u>(158.5)</u></b>	<b><u>(290.6)</u></b>	<b><u>(290.6)</u></b>	45.5%	45.5%

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 10-year 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 2022, 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 USD11,950.6 million, of which USD4,914.2 million was derived from external valuations and USD7,036.4 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 USD5,541.1 million, of which USD3,537.5 million was derived from external valuations and USD2,003.6 million was derived from internal valuations. Such valuation surplus attributable to non-controlling interests after deferred tax was USD429.8 million, of which USD289.3 million was derived from external valuations and USD140.5 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 USD5,254.0 million to the adjusted balance of USD10,795.1 million while total equity would be increased from the reported balance of USD5,424.5 million to the adjusted balance of USD11,395.4 million.

<i>(USD Million)</i>	<b>Carrying value of hotel properties at effective share</b> <i>(Note 2)</i>	<b>Valuation of hotel properties at effective share</b> <i>(Note 2)</i>	<b>Valuation surplus at effective share after deferred tax</b> <i>(Note 2)</i>
The People's Republic of China			
Hong Kong	753.6	2,575.5	1,753.8
Mainland China	2,480.3	5,029.5	1,911.9
Singapore	510.7	1,773.5	1,173.3
Malaysia	118.0	295.7	135.0
The Philippines	287.3	550.2	197.2
Thailand	90.0	224.6	107.7
Australia	272.9	384.4	78.1
Others <i>(Note 3)</i>	862.5	1,117.2	184.1
<b>Total</b>	<b>5,375.3</b>	<b>11,950.6</b>	<b>5,541.1</b>
	<b>NAV</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
Reported balance based on carrying value of hotel properties	5,254.0	170.5	5,424.5
Add: Valuation surplus of hotel properties after deferred tax	5,541.1	429.8	5,970.9
<b>Adjusted balance based on valuation of hotel properties</b>	<b>10,795.1</b>	<b>600.3</b>	<b>11,395.4</b>
Reported NAV per share <i>(Note 4)</i>	USD1.47 (equivalent to HKD11.39)		
Adjusted NAV per share <i>(Note 4)</i>	USD3.03 (equivalent to HKD23.48)		

*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 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 3,565,890,000 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>	<b>Year ended 31 December</b>		<b>2022/21</b>
	<b>2022</b>	<b>2021</b>	<b>% change</b>
<b>Hotel Properties</b>			
Revenue from rooms	<b>622.9</b>	452.5	37.7%
Food and beverage sales	<b>559.9</b>	509.7	9.8%
Rendering of ancillary services	<b>79.1</b>	87.2	-9.3%
Sub-total of hotel properties	<b>1,261.9</b>	1,049.4	20.2%
<b>Hotel Management and Related Services</b>			
Gross revenue (including revenue earned from subsidiaries)	<b>165.6</b>	148.0	11.9%
Less: Inter-segment sales elimination with subsidiaries	<b>(86.9)</b>	(76.6)	-13.4%
Net amount after elimination	<b>78.7</b>	71.4	10.2%
<b>Sub-total Hotel Operations</b>	<b>1,340.6</b>	1,120.8	19.6%
<b>Investment Properties</b>	<b>99.7</b>	93.8	6.3%
<b>Property Development for Sale</b>	<b>14.9</b>	21.6	-31.0%
<b>Other Business</b>	<b>6.9</b>	4.8	43.8%
<b>Consolidated Revenue</b>	<b>1,462.1</b>	1,241.0	17.8%

Consolidated revenue was USD1,462.1 million for the year ended 31 December 2022, an increase of 17.8% (or USD221.1 million), compared to USD1,241.0 million for the year ended 31 December 2021. The increase was mainly driven by:

- USD219.8 million increase in our Hotel Operations (net of inter-segment revenue) mainly supported by the continued momentum and improvement of hotels business environment in most regions we operate in as travel and gathering restrictions in such regions gradually loosened in early 2022. This was however partially offset by decline of revenues from our hotels in Mainland China due to sporadic restrictions related to local COVID-19 outbreaks throughout 2022.
- USD5.9 million increase in Investment Properties, mainly driven by investment properties owned by our subsidiaries located in Mongolia, Singapore and Mainland China.
- Property Development for Sale decreased by USD6.7 million due to less units handed over at Shangri-La's One Galle Face development in Colombo, Sri Lanka compared to last year.

**(i) Hotel Properties**

At 31 December 2022, the Group had equity interest in 80 operating hotels (2021: 80) and 3 hotels under operating lease (2021: 3), representing a room inventory of 35,144 (2021: 35,154) across Asia Pacific, Europe and Africa.

Details of these 83 hotels are as follows:

	<b>Group's equity interest</b>	<b>Available rooms</b>
<b>(A) Hotels owned by the Group</b>		
<i>Hong Kong</i>		
Kowloon Shangri-La, Hong Kong	100%	679
Island Shangri-La, Hong Kong	80%	557
JEN Hong Kong by Shangri-La	30%	283
Kerry Hotel, Hong Kong	100%	546
		<hr/>
<b>Sub-total Hong Kong</b>		<b>2,065</b>
		<hr/> <hr/>
<i>Mainland China</i>		
Shangri-La Beijing	38%	670
China World Hotel, Beijing	50%	584
China World Summit Wing, Beijing	40.32%	278
JEN Beijing by Shangri-La	40.32%	450
Kerry Hotel, Beijing	23.75%	486
Pudong Shangri-La, Shanghai	100%	950
Jing An Shangri-La, Shanghai	49%	508
Kerry Hotel Pudong, Shanghai	23.2%	574
Shangri-La Shenzhen	72%	522
Futian Shangri-La, Shenzhen	100%	528
Shangri-La Xian	100%	393
Shangri-La Hangzhou	45%	198
Shangri-La Beihai	100%	362
Shangri-La Changchun	100%	382
JEN Shenyang by Shangri-La	100%	407
Shangri-La Shenyang	25%	383
Shangri-La Qingdao	100%	702
Shangri-La Dalian	100%	560
Shangri-La Wuhan	92%	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
Shangri-La Manzhouli	100%	235

	Group's equity interest	Available rooms
Shangri-La Yangzhou	100%	360
Shangri-La Qufu	100%	322
Shangri-La Lhasa	100%	289
Shangri-La Sanya	100%	496
Shangri-La Nanjing	55%	450
Shangri-La Qinhuangdao	100%	323
Shangri-La Hefei	100%	400
Shangri-La Resort, Shangri-La	100%	228
Shangri-La Tianjin	20%	304
Shangri-La Nanchang	20%	473
Shangri-La Tangshan	35%	301
Midtown Shangri-La, Hangzhou	25%	414
Shangri-La Songbei, Harbin	100%	344
Shangri-La Xiamen	100%	325
Shangri-La Jinan	45%	364
Shangri-La Zhoushan	100%	28
Shangri-La Putian	40%	125
		<hr/>
<b>Sub-total Mainland China</b>		<b>19,354</b>
		<hr/> <hr/>
<b>Singapore</b>		
Shangri-La Singapore	100%	792
Shangri-La Rasa Sentosa, Singapore	100%	454
JEN Singapore Tanglin by Shangri-La	44.6%	565
		<hr/>
<b>Sub-total Singapore</b>		<b>1,811</b>
		<hr/> <hr/>
<b>Malaysia</b>		
Shangri-La Kuala Lumpur	52.78%	655
Shangri-La Rasa Sayang, Penang	52.78%	303
Shangri-La Golden Sands, Penang	52.78%	387
JEN Penang Georgetown by Shangri-La	31.67%	443
Shangri-La Rasa Ria, Kota Kinabalu	64.59%	499
Shangri-La Tanjung Aru, Kota Kinabalu	40%	498
		<hr/>
<b>Sub-total Malaysia</b>		<b>2,785</b>
		<hr/> <hr/>
<b>The Philippines</b>		
Makati Shangri-La, Manila	100%	696
Edsa Shangri-La, Manila	100%	628
Shangri-La Mactan, Cebu	93.95%	530
Shangri-La Boracay	100%	219
Shangri-La at the Fort, Manila	40%	576
		<hr/>
<b>Sub-total The Philippines</b>		<b>2,649</b>
		<hr/> <hr/>

	<b>Group's equity interest</b>	<b>Available rooms</b>
<b>Thailand</b>		
Shangri-La Bangkok	73.61%	802
Shangri-La Chiang Mai	73.61%	277
		<hr/>
<b>Sub-total Thailand</b>		<b>1,079</b>
		<hr/> <hr/>
<b>Australia</b>		
Shangri-La Sydney	100%	564
Shangri-La The Marina, Cairns	100%	255
		<hr/>
<b>Sub-total Australia</b>		<b>819</b>
		<hr/> <hr/>
<b>Other areas</b>		
Shangri-La Paris	100%	101
Shangri-La's Villingili Resort & Spa, Maldives	70%	132
JEN Maldives Malé by Shangri-La	100%	114
Shangri-La Bosphorus, Istanbul	50%	186
Shangri-La, Yanuca Island, Fiji	71.80%	443
Sule Shangri-La, Yangon	59.16%	462
Shangri-La Jakarta	25%	619
Shangri-La Surabaya	11.34%	365
Shangri-La Ulaanbaatar	51%	290
Shangri-La Le Touessrok, Mauritius	26%	195
Shangri-La Hambantota	90%	274
Shangri-La Colombo	90%	500
		<hr/>
<b>Sub-total other areas</b>		<b>3,681</b>
		<hr/> <hr/>
<b>Total of 80 owned hotels</b>		<b>34,243</b>
		<hr/> <hr/>
<b>(B) Hotels under operating lease agreements</b>		
Shangri-La Tokyo		200
Shangri-La The Shard, London		202
JEN Singapore Orchardgateway by Shangri-La		499
		<hr/>
<b>Total of 3 leased hotels</b>		<b>901</b>
		<hr/> <hr/>
<b>Grand total</b>		<b>35,144</b>
		<hr/> <hr/>

Revenue from our consolidated hotel properties business for the year ended 31 December 2022 was USD1,261.9 million, an increase of 20.2% (or USD212.5 million), compared to USD1,049.4 million for the year ended 31 December 2021.

<i>(USD million)</i>	<b>Year ended 31 December</b>		<b>2022/21</b>
	<b>2022</b>	<b>2021</b>	<b>% change</b>
The People's Republic of China			
Hong Kong	<b>156.7</b>	137.3	14.1%
Mainland China	<b>429.5</b>	588.1	-27.0%
Singapore	<b>197.4</b>	104.2	89.4%
Malaysia	<b>77.1</b>	25.9	197.7%
The Philippines	<b>79.6</b>	26.1	205.0%
Japan	<b>32.7</b>	30.8	6.2%
Thailand	<b>33.4</b>	10.4	221.2%
France	<b>50.8</b>	23.7	114.3%
Australia	<b>76.9</b>	37.3	106.2%
United Kingdom	<b>55.9</b>	38.3	46.0%
Mongolia	<b>13.5</b>	6.1	121.3%
Sri Lanka	<b>20.3</b>	12.3	65.0%
Other countries	<b>38.1</b>	8.9	328.1%
	<hr/>	<hr/>	<hr/>
Consolidated revenue from Hotel Properties business	<b><u>1,261.9</u></b>	<b><u>1,049.4</u></b>	<b><u>20.2%</u></b>

The key performance indicators of the Group-owned hotels (including hotels under lease) on an unconsolidated basis (including both subsidiaries and associates) for the years ended 31 December 2022 and 2021 are as follows:

Country	2022 Weighted Average			2021 Weighted Average		
	Occupancy (%)	Room Rate (USD)	RevPAR (USD)	Occupancy (%)	Room Rate (USD)	RevPAR (USD)
The People's Republic of China						
Hong Kong	38	197	75	38	146	56
Mainland China	38	97	37	49	114	56
Tier 1 Cities	38	120	45	52	152	79
Tier 2 Cities	41	86	35	51	94	48
Tier 3+4 Cities	32	87	28	41	97	40
Singapore	61	246	150	37	147	54
Malaysia	47	111	52	17	98	16
The Philippines	45	195	89	21	105	22
Japan	54	427	232	33	395	129
Thailand	37	120	44	10	77	8
France	50	1,843	930	49	1,380	672
Australia	69	255	176	36	229	81
United Kingdom	62	781	483	37	886	331
Mongolia	26	203	53	24	112	26
Sri Lanka	22	132	29	12	122	14
Other countries	43	201	87	28	157	43
Non-Mainland China Weighted Average	46	216	100	26	168	44
Total Weighted Average	42	155	64	39	130	51

The weighted average occupancy of our hotels was 42% for the year ended 31 December 2022, an increase of 3 percentage points, compared to 39% for the year ended 31 December 2021. The revenue per available room (“RevPAR”) was USD64 for the year ended 31 December 2022, an increase of 25%, compared to USD51 for the year ended 31 December 2021.

If we exclude Mainland China, the weighted average occupancy was 46% for the year ended 31 December 2022, an increase of 20 percentage points, compared to 26% for the year ended 31 December 2021. The RevPAR was USD100 for the year ended 31 December 2022, an increase of 127%, compared to USD44 for the year ended 31 December 2021.

Below are comments on hotel performances on selected geographies:

## **The People's Republic of China**

### ***Hong Kong***

For Hong Kong, the occupancy was 38% for the year ended 31 December 2022, flat compared to 38% for the year ended 31 December 2021. The RevPAR was USD75 for the year ended 31 December 2022, an increase of 34%, compared to USD56 for the year ended 31 December 2021. The increase was mainly driven by quarantine business for two of our four hotels, while the other two hotels were supported by a gradual recovery food and beverage business as well as staycation business. Total revenue from Hong Kong hotel properties for the year ended 31 December 2022 increased by 14.1% to USD156.7 million.

### ***Mainland China***

The Group had equity interest in 46 operating hotels in Mainland China as at 31 December 2022.

For Mainland China, the occupancy was 38% for the year ended 31 December 2022, a decrease of 11 percentage points, compared to 49% for the year ended 31 December 2021. The RevPAR was USD37 for the year ended 31 December 2022, a decrease of 34%, compared to USD56 for the year ended 31 December 2021. For most of the period in 2022, various cities in Mainland China had been disrupted by lockdowns and travel restrictions due to the sporadic outbreak of COVID-19.

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

- In Tier 1 cities, the occupancy was 38% for the year ended 31 December 2022, a decrease of 14 percentage points, compared to 52% for the year ended 31 December 2021. The RevPAR was USD45 for the year ended 31 December 2022, a decrease of 43%, compared to USD79 for the year ended 31 December 2021. All Tier 1 cities had been impacted by various COVID-19 restrictions during the year. In particular, Shanghai was in a strict two-month lockdown during early 2022, with restrictions only gradually easing over the next few months.
- In Tier 2 cities, the occupancy was 41% for the year ended 31 December 2022, a decrease of 10 percentage points, compared to 51% for the year ended 31 December 2021. The RevPAR was USD35 for the year ended 31 December 2022, a decrease of 27%, compared to USD48 for the year ended 31 December 2021. Our hotels in Tier 2 cities were impacted by various COVID-19 related restrictions throughout the year, as well as reduced demand from Tier 1 cities that are important feeder markets.

- In Tier 3 and Tier 4 cities, the occupancy was 32% for the year ended 31 December 2022, a decrease of 9 percentage points, compared to 41% for the year ended 31 December 2021. The RevPAR was USD28 for the year ended 31 December 2022, a decrease of 30%, compared to USD40 for the year ended 31 December 2021. Similar to hotels in Tier 2 cities, our hotels in Tier 3 and Tier 4 cities were also impacted by various COVID-19 related restrictions throughout the year, as well as reduced demand from feeder markets.

Total revenue from Mainland China hotel properties for the year ended 31 December 2022 decreased by 27.0% to USD429.5 million.

### **Singapore**

For Singapore, the occupancy was 61% for the year ended 31 December 2022, an increase of 24 percentage points, compared to 37% for the year ended 31 December 2021. The RevPAR was USD150 for the year ended 31 December 2022, an increase of 178%, compared to USD54 for the year ended 31 December 2021. The growth of RevPAR was mainly driven by the relaxation of COVID-19 related restrictions since early 2022, as well as large scale events being held such as the Grand Prix in October 2022. Total revenue from Singapore hotel properties for the year ended 31 December 2022 increased by 89.4% to USD197.4 million.

### **Malaysia**

For Malaysia, the occupancy was 47% for the year ended 31 December 2022, an increase of 30 percentage points, compared to 17% for the year ended 31 December 2021. The RevPAR was USD52 for the year ended 31 December 2022, an increase of 225%, compared to USD16 for the year ended 31 December 2021. This was driven by the momentum of domestic staycation demand after the resumption of inter-state travelling since mid-October 2021, as well as reopening of its borders on 1 April 2022. Total revenue from Malaysia hotel properties for the year ended 31 December 2022 increased by 197.7% to USD77.1 million.

### **The Philippines**

For the Philippines, the occupancy was 45% for the year ended 31 December 2022, an increase of 24 percentage points, compared to 21% for the year ended 31 December 2021. The RevPAR was USD89 for the year ended 31 December 2022, an increase of 305%, compared to USD22 for the year ended 31 December 2021. The recovery was mainly supported by the gradual loosening of entry requirements into the country. Total revenue from the Philippines hotel properties for the year ended 31 December 2022 increased by 205.0% to USD79.6 million.



## **Australia**

For Australia, the occupancy was 69% for the year ended 31 December 2022, an increase of 33 percentage points, compared to 36% for the year ended 31 December 2021. The RevPAR was USD176 for the year ended 31 December 2022, an increase of 117%, compared to USD81 for the year ended 31 December 2021. Recovery of our hotels in Australia continued to be largely driven by the strong domestic demand as COVID-19 related restrictions were gradually relaxed during the year. Total revenue from Australia hotel properties for the year ended 31 December 2022 increased by 106.2% to USD76.9 million.

## **Japan**

For Japan, the occupancy was 54% for the year ended 31 December 2022, an increase of 21 percentage points, compared to 33% for the year ended 31 December 2021. The RevPAR was USD232 for the year ended 31 December 2022, an increase of 80%, compared to USD129 for the year ended 31 December 2021. Japan continued to post growth in 2022, despite a strong 2021 that was helped by the Olympic Games. Total revenue from our Japan hotel property for the year ended 31 December 2022 increased by 6.2% to USD32.7 million.

## **United Kingdom**

For United Kingdom, the occupancy was 62% for the year ended 31 December 2022, an increase of 25 percentage points, compared to 37% for the year ended 31 December 2021. The RevPAR was USD483 for the year ended 31 December 2022, an increase of 46%, compared to USD331 for the year ended 31 December 2021. The hotel continued to see growth momentum from resumption of post-COVID travelling, although it was impacted by strikes in various sectors towards the end of the year. Total revenue from our United Kingdom hotel property for the year ended 31 December 2022 increased by 46.0% to USD55.9 million.

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

During the year, two hotels under management agreements owned by third parties, namely Shangri-La Jeddah in Saudi Arabia and Shangri-La Nanning in Mainland China, opened for operation while the hotel management agreement for a hotel in the Philippines was terminated in September 2022. As at 31 December 2022, the Group managed a total of 105 hotels and resorts as follows:

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

The 22 operating hotels (7,221 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: Johor and Kuala Lumpur
- India: New Delhi and Bengaluru
- Taiwan: Taipei and Tainan
- Mainland China: Changzhou, Haikou, 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 2022 and 2021 are as follows:

Destinations	2022 Weighted Average			2021 Weighted Average		
	Occupancy (%)	Room Rate (USD)	RevPAR (USD)	Occupancy (%)	Room Rate (USD)	RevPAR (USD)
Canada	60	390	233	28	334	94
Oman	24	290	69	12	161	20
UAE	67	173	115	58	146	85
Saudi Arabia	46	879	408	–	–	–
Malaysia	45	89	40	27	58	15
India	57	124	71	37	92	34
Taiwan	51	148	75	35	149	52
Mainland China	38	91	35	48	83	39
<b>Weighted Average</b>	<b>45</b>	<b>164</b>	<b>74</b>	<b>38</b>	<b>115</b>	<b>44</b>

For the year ended 31 December 2022, the overall weighted average occupancy of the hotels under third-party hotel management agreements was 45%, an increase of 7 percentage points, compared to 38% for the year ended 31 December 2021. The RevPAR was USD74 for the year ended 31 December 2022, an increase of 68%, compared to USD44 for the year ended 31 December 2021.

Gross revenue for hotel management and related services was USD165.6 million for the year ended 31 December 2022, an increase of 11.9% compared to USD148.0 million for the year ended 31 December 2021.

After eliminating inter-segment sales with subsidiaries, the net revenue for hotel management and related services was USD78.7 million for the year ended 31 December 2022, an increase of 10.2% compared to USD71.4 million for the year ended 31 December 2021. The increase of revenue was mainly due to the overall improvement of hotel operations and the corresponding increase in fees received.

### (iii) Investment Properties

Consolidated revenue from our investment properties for the year ended 31 December 2022 stood at USD99.7 million, an increase of 6.3% or USD5.9 million, compared to USD93.8 million for the year ended 31 December 2021.

<i>(USD million)</i>	<u>Year ended 31 December</u>		<u>2022/21</u>
	<b>2022</b>	2021	% change
Mainland China	<b>27.7</b>	25.5	8.6%
Singapore	<b>12.1</b>	9.3	30.1%
Malaysia	<b>4.7</b>	5.0	-6.0%
Mongolia	<b>27.1</b>	23.9	13.4%
Sri Lanka	<b>12.2</b>	11.0	10.9%
Other countries	<b>15.9</b>	19.1	-16.8%
Consolidated revenue from Investment Properties business	<b><u>99.7</u></b>	<u>93.8</u>	6.3%

Comments on selected investment properties owned by subsidiaries by geography:

#### **Mainland China**

Revenue generated from our investment properties owned by subsidiaries in Mainland China for the year ended 31 December 2022 increased by 8.6% to USD27.7 million. This was mainly driven by the continued improvement in occupancy rates of our offices in Shangri-La Centre, Wuhan, which was opened in November 2020.

#### **Singapore**

Revenue generated from our investment properties owned by subsidiaries in Singapore for the year ended 31 December 2022 increased by 30.1% to USD12.1 million. This was mainly driven by the improvement of the overall occupancies and rental rates for our serviced apartments.

#### **Mongolia**

Revenue generated from our investment properties owned by subsidiaries in Mongolia for the year ended 31 December 2022 increased by 13.4% to USD27.1 million. This was mainly driven by an improvement of occupancies for both our investment properties Shangri-La Centre and Central Tower.

#### **Sri Lanka**

Revenue generated from our investment properties owned by subsidiaries in Sri Lanka for the year ended 31 December 2022 increased by 10.9% to USD12.2 million. The increase was due to the general improvement of occupancies of the One Galle Face office and shopping mall.

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

Revenue from property development for sale by subsidiaries for the year ended 31 December 2022 were USD14.9 million, a decrease of 31.0%, compared to USD21.6 million for the year ended 31 December 2021. The decrease was mainly a result of having less residential units to hand over at our residential project One Galle Face in Colombo, Sri Lanka.

In 2022, 2 units at residential tower of Shangri-La, Dalian Phase II project (Yavis) were sold and have been handed over to the buyers. As at 31 December 2022, Yavis had sold an accumulated total of 88 units (62% of total) and had a remaining unsold inventory of 54 units.

One Galle Face, Colombo, Sri Lanka comprises 390 apartments (372 for sale and 18 for rental purpose) with total gross floor area of approximately 93,500 square metres. During the year, 19 apartments were handed over to the buyers and were recognised as revenue. At 31 December 2022, an accumulated total of 300 apartments (81% of total) have been sold of which 295 apartments (98% of sold) have been handed over to the buyers.

## EBITDA and Aggregate Effective Share of EBITDA

The following table summarises information related to the EBITDA of the Company and its subsidiaries and the aggregate effective share of EBITDA of the Company, subsidiaries and associates for the year ended 31 December 2022 and 2021 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	
		2022	2021	2022	2021	2022	2021	2022	2021
<i>(USD million)</i>									
<b>Hotel Properties</b>	The People's Republic of China								
	Hong Kong	<b>(12.0)</b>	(28.4)	<b>(9.3)</b>	(24.4)	<b>0.7</b>	(0.1)	<b>(8.6)</b>	(24.5)
	Mainland China	<b>12.8</b>	87.9	<b>9.8</b>	81.1	<b>3.0</b>	30.2	<b>12.8</b>	111.3
	Singapore	<b>42.1</b>	8.6	<b>42.1</b>	8.6	<b>3.8</b>	1.7	<b>45.9</b>	10.3
	Malaysia	<b>6.5</b>	(14.4)	<b>3.2</b>	(7.7)	<b>1.8</b>	1.2	<b>5.0</b>	(6.5)
	The Philippines	<b>8.9</b>	(10.8)	<b>8.7</b>	(10.5)	<b>7.9</b>	(0.1)	<b>16.6</b>	(10.6)
	Japan	<b>3.1</b>	8.6	<b>3.1</b>	8.6	–	–	<b>3.1</b>	8.6
	Thailand	<b>6.4</b>	(6.8)	<b>4.7</b>	(5.0)	–	–	<b>4.7</b>	(5.0)
	France	<b>7.8</b>	3.6	<b>7.8</b>	3.6	–	–	<b>7.8</b>	3.6
	Australia	<b>16.5</b>	1.0	<b>16.5</b>	1.0	–	–	<b>16.5</b>	1.0
	United Kingdom	<b>11.1</b>	21.1	<b>11.1</b>	21.1	–	–	<b>11.1</b>	21.1
	Mongolia	<b>3.5</b>	6.9	<b>1.8</b>	3.5	–	–	<b>1.8</b>	3.5
	Sri Lanka	<b>2.5</b>	(3.1)	<b>2.3</b>	(2.8)	–	–	<b>2.3</b>	(2.8)
	Other countries	<b>2.8</b>	(8.2)	<b>2.8</b>	(5.1)	<b>10.3</b>	4.6	<b>13.1</b>	(0.5)
		<b>112.0</b>	66.0	<b>104.6</b>	72.0	<b>27.5</b>	37.5	<b>132.1</b>	109.5
<b>Hotel Management and Related Services</b>		<b>17.4</b>	2.9	<b>17.4</b>	2.9	–	–	<b>17.4</b>	2.9
<b>Sub-total Hotel Operations</b>		<b>129.4</b>	68.9	<b>122.0</b>	74.9	<b>27.5</b>	37.5	<b>149.5</b>	112.4
<b>Investment Properties</b>	Mainland China	<b>17.0</b>	16.0	<b>15.4</b>	14.5	<b>229.4</b>	242.6	<b>244.8</b>	257.1
	Singapore	<b>7.1</b>	5.0	<b>7.1</b>	5.0	<b>2.9</b>	2.9	<b>10.0</b>	7.9
	Malaysia	<b>2.4</b>	2.7	<b>1.3</b>	1.4	–	–	<b>1.3</b>	1.4
	Mongolia	<b>17.4</b>	24.4	<b>8.9</b>	12.5	–	–	<b>8.9</b>	12.5
	Sri Lanka	<b>6.0</b>	4.3	<b>5.4</b>	3.9	–	–	<b>5.4</b>	3.9
	Other countries	<b>7.0</b>	10.3	<b>4.3</b>	6.1	–	–	<b>4.3</b>	6.1
<b>Sub-total Investment Properties</b>		<b>56.9</b>	62.7	<b>42.4</b>	43.4	<b>232.3</b>	245.5	<b>274.7</b>	288.9
<b>Property Development for Sale &amp; Other Business</b>		<b>10.2</b>	12.7	<b>8.5</b>	11.5	<b>33.5</b>	21.9	<b>42.0</b>	33.4
<b>Sub-total</b>		<b>196.5</b>	144.3	<b>172.9</b>	129.8	<b>293.3</b>	304.9	<b>466.2</b>	434.7
<b>Corporate and Project Expenses</b>		<b>(22.1)</b>	(11.5)	<b>(22.0)</b>	(11.6)	<b>(2.6)</b>	(5.1)	<b>(24.6)</b>	(16.7)
<b>Grand Total</b>		<b>174.4</b>	132.8	<b>150.9</b>	118.2	<b>290.7</b>	299.8	<b>441.6</b>	418.0

Aggregate effective share of EBITDA was USD441.6 million for the year ended 31 December 2022, an increase of 5.6%, compared to USD418.0 million for the year ended 31 December 2021. Commentaries of results by business segments are as follows:

### ***Hotel Properties***

Effective share of EBITDA from Hotel Properties business for the year ended 31 December 2022 was USD132.1 million, an increase of 20.6%, compared to USD109.5 million for the year ended 31 December 2021. The improvement was mainly due to the recovery in the overall environment in various destinations, partially offset by challenges in Mainland China, as explained in the revenue discussion. For United Kingdom, despite higher revenue was recognised in 2022, its effective share of EBITDA declined on the contrary as various one-off government subsidies and grants were recognised in 2021 but not in 2022.

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

Effective share of EBITDA from Hotel Management and Related Services for the year ended 31 December 2022 was USD17.4 million, an increase of 500.0%, compared to USD2.9 million for the year ended 31 December 2021. This increment was mainly due to the overall improvement of the Hotel Properties business in most of the destinations we operate during the year with corresponding increase in the fees received.

### ***Investment Properties***

Effective share of EBITDA from Investment Properties business for the year ended 31 December 2022 was USD274.7 million, a decrease of 4.9%, compared to USD288.9 million for the year ended 31 December 2021. This was mainly due to the lower effective share of EBITDA from the investment properties held by our associates in Mainland China as rental concessions were given to tenants in the course of periodic lockdowns during the year. General weakening of the Asian currencies against US dollars during the year has also lowered the effective share of EBITDA presented in US dollars terms.

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

Effective share of EBITDA from Property Development for Sale & Other Business for the year ended 31 December 2022 was USD42.0 million, an increase of 25.7%, compared to USD33.4 million for the year ended 31 December 2021. The increase mainly came from our residential projects held by our associate in Shenyang, Mainland China.

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

Corporate and Project Expenses, that offset the above effective share of EBITDA from business segments, were USD24.6 million for the year ended 31 December 2022, an increase of 47.3%, compared to USD16.7 million for the year ended 31 December 2021. The increase in expenses was mainly due to increase of share awards expenses and expenses incurred by ongoing projects compared to last year.

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

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

<i>(USD million)</i>		For the year ended		2022/21 % change
		31 December 2022	2021	
<b>Hotel Properties</b>	The People's Republic of China			
	Hong Kong	(35.5)	(47.9)	25.9%
	Mainland China	(145.0)	(82.0)	-76.8%
	Singapore	18.6	(10.8)	N/M
	Malaysia	(3.3)	(12.9)	74.4%
	The Philippines	(7.3)	(27.0)	73.0%
	Japan	(4.0)	(0.9)	-344.4%
	Thailand	1.9	(5.6)	N/M
	France	(1.6)	(5.8)	72.4%
	Australia	(1.2)	(13.0)	90.8%
	United Kingdom	(10.2)	(1.9)	-436.8%
	Mongolia	(4.7)	(2.5)	-88.0%
	Sri Lanka	(6.9)	(21.0)	67.1%
	Other countries	0.8	(15.0)	N/M
		<b>(198.4)</b>	<b>(246.3)</b>	<b>19.4%</b>
<b>Hotel Management and Related Services</b>		<b>(5.7)</b>	<b>(18.5)</b>	<b>69.2%</b>
<b>Sub-total Hotel Operations</b>		<b>(204.1)</b>	<b>(264.8)</b>	<b>22.9%</b>
<b>Investment Properties</b>	Mainland China	167.8	172.4	-2.7%
	Singapore	8.7	7.4	17.6%
	Malaysia	0.9	1.0	-10.0%
	Mongolia	4.5	9.2	-51.1%
	Sri Lanka	(2.3)	(13.4)	82.8%
	Other countries	2.4	4.0	-40.0%
<b>Sub-total Investment Properties</b>		<b>182.0</b>	<b>180.6</b>	<b>0.8%</b>
<b>Property Development for Sale &amp; Other Business</b>		<b>28.2</b>	<b>12.9</b>	<b>118.6%</b>
<b>Consolidated profit/(loss) from operating properties</b>		<b>6.1</b>	<b>(71.3)</b>	<b>N/M</b>
Net corporate finance costs (including foreign exchange gains and losses)		(145.6)	(103.4)	-40.8%
Corporate and Project Expenses		(22.1)	(18.5)	-19.5%
<b>Consolidated loss attributable to owners of the Company before non-operating items</b>		<b>(161.6)</b>	<b>(193.2)</b>	<b>16.4%</b>
<b>Non-operating items</b>		<b>3.1</b>	<b>(97.4)</b>	<b>N/M</b>
<b>Consolidated loss attributable to owners of the Company after non-operating items</b>		<b>(158.5)</b>	<b>(290.6)</b>	<b>45.5%</b>

*(N/M: Not meaningful)*

Consolidated loss attributable to owners of the Company after non-operating items was USD158.5 million for the year ended 31 December 2022, an improvement of USD132.1 million, compared to a loss of USD290.6 million for the year ended 31 December 2021. Commentaries of results by business segments are as follows:

### **Hotel Properties**

Hotel Properties loss for the year ended 31 December 2022 was USD198.4 million, an improvement of USD47.9 million, compared to a loss of USD246.3 million for the year ended 31 December 2021. The improvement was mainly due to recovery in the overall business operating environment, as explained in the revenue and EBITDA discussion.

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

Hotel Management and Related Services loss for the year ended 31 December 2022 was USD5.7 million, an improvement of USD12.8 million, compared to a loss of USD18.5 million for the year ended 31 December 2021. This improvement was mainly due to the overall improvement of the Hotel Properties business and the corresponding increase in the fees received.

### **Investment Properties**

Investment Properties profit was USD182.0 million for the year ended 31 December 2022, a marginal increase of 0.8%, compared to USD180.6 million for the year ended 31 December 2021. The improvement was mainly attributed to the reclassification of the exceptional foreign exchange loss arising from the Sri Lankan rupee depreciation incurred by our Sri Lanka investment properties, where in 2021 was regarded as part of the property's operating expenses, while in 2022 was regarded as an exceptional expense due to the drastic 45% depreciation of Sri Lankan rupee during the year. Please refer to later part of this section where we discuss the Group's non-operating items.

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

Property Development for Sale & Other Business profit for the year ended 31 December 2022 was USD28.2 million, an increase of 118.6%, compared to USD12.9 million for the year ended 31 December 2021. The increase mainly came from our residential projects held by our associate in Shenyang, Mainland China.



## **Others**

Non-operating items for the year ended 31 December 2022 totalled a net gain of USD3.1 million, compared to a net charge of USD97.4 million for the year ended 31 December 2021. Major components included:

- (i) Effective share of net fair value gain on investment properties was USD89.9 million for the year ended 31 December 2022, compared to net fair value gain of USD60.0 million for the year ended 31 December 2021.
- (ii) An exceptional foreign exchange loss of USD110.3 million arising from the significant depreciation of Sri Lankan rupee that impacted the foreign currency bank loans borrowed by our Sri Lanka entities.
- (iii) Disposal gains totalled USD16.0 million recognised from the completion of disposal of 80% interest of our project in Kyoto and disposal of the laundry plant held by a subsidiary during the year.

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

## **CORPORATE DEBT AND FINANCIAL CONDITION**

As at 31 December 2022, the Group's net borrowings (total bank loans, bank overdrafts and fixed rate bonds less cash and bank balances and short-term fund placements) was USD4,846.4 million, an increase of USD43.4 million, compared to USD4,803.0 million as at 31 December 2021. As at 31 December 2022, the aggregate effective share of net borrowings of subsidiaries and associates based on percentage of equity interests was USD4,407.9 million, an increase of USD137.4 million, compared to USD4,270.5 million as at 31 December 2021.

The Group's net borrowings to total equity ratio, i.e. the gearing ratio, increased to 89.3% as at 31 December 2022 from 79.4% as at 31 December 2021. The increase was mainly driven by the significant decrease of total equity due to the weakening of global currencies against US dollars during the year which shrank the Group's net assets presented in US dollars terms.

At the corporate level, the Group executed a 5-year bank loan agreement of USD100 million during the year for financing maturing loans as well as for working capital and project financing use.

At the subsidiary level, the Group also executed the following bank loan agreements in 2022:

- Three 3-year bank loan agreements totalling RMB617.2 million (equivalent to USD88.6 million) for financing maturing loans
- One 3-year bank loan agreement of SGD55 million (equivalent to USD41.0 million) for financing a project development
- Increasing a bank loan facility by HKD300 million (equivalent to USD38.7 million) for 3 years to finance the renovation of a hotel and for its working capital use

During the year, the Group converted a number of existing loan facilities to sustainability-linked bank loans and/or green loans totalling approximately USD1.6 billion. Such sustainability-linked bank loan agreements are linked to various Group's sustainability performances, and supports 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 the year or after 31 December 2022 and the Group has satisfactorily complied with all covenants under its borrowing agreements.

The analysis of borrowings outstanding as at 31 December 2022 is as follows:

	<b>Maturities of Borrowings Contracted as at 31 December 2022</b>				<b>Total</b>
	<b>Repayment</b>				
<i>(USD million)</i>	<b>Within 1 year</b>	<b>In the 2nd year</b>	<b>In the 3rd to 5th year</b>	<b>After 5 years</b>	
<b>Borrowings</b>					
Corporate borrowings					
– unsecured bank loans	548.4	643.1	1,752.9	35.6	2,980.0
– fixed rate bonds	–	100.7	772.0	260.1	1,132.8
Bank loans of subsidiaries					
– unsecured	404.0	215.9	753.1	126.6	1,499.6
Total outstanding balance	952.4	959.7	3,278.0	422.3	5,612.4
% of total outstanding balance	17.0%	17.1%	58.4%	7.5%	100.0%
<b>Undrawn but committed facilities</b>					
Bank loans	236.4	123.2	532.6	80.9	973.1

The currency mix of borrowings and cash and bank balances as at 31 December 2022 is as follows:

<i>(USD million)</i>	<b>Borrowings</b>	<b>Cash and Bank Balances</b> <i>(Note)</i>
In United States dollars	2,100.5	100.0
In Hong Kong dollars	1,579.5	40.0
In Singapore dollars	1,114.7	134.4
In Renminbi	560.9	274.6
In Euros	80.1	20.8
In Australian dollars	53.7	22.4
In Japanese yen	110.3	5.9
In Fiji dollars	12.7	1.5
In Philippines pesos	–	33.7
In Thai baht	–	45.1
In Malaysian ringgit	–	25.8
In British pounds	–	4.0
In Mongolian tugrik	–	19.5
In Sri Lankan rupee	–	34.9
In Myanmar kyat	–	1.4
In Maldivian rufiyaa	–	0.6
In other currencies	–	1.4
<b>Total</b>	<b>5,612.4</b>	<b>766.0</b>

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

Except for the fixed rate bonds, all borrowings are generally at floating interest rates. However, the Group has entered into interest-rate swap contracts on certain floating interest rate borrowings to hedge its medium term interest rate risk. Please see next section for further details.

Details of financial guarantees, contingencies and charges over assets as at 31 December 2022 are disclosed in Note 16 to the consolidated financial statements included in this announcement.

## TREASURY POLICIES

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

### (A) Minimising Interest Risks

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

The Group has endeavoured to hedge its medium term interest rate risks arising from the Group's bank loans by entering into fixed HIBOR and LIBOR interest-rate swap contracts. During the year, interest-rate swap contracts totalling USD600 million were matured and the Group had executed a new LIBOR 5-year term interest-rate swap contract amounted to USD600 million at fixed rate of 1.46% per annum to replace the matured contracts so as to fix the interest rates of the corporate bank loan of the same amount. As at 31 December 2022, the outstanding interest-rate swap contracts are:

- USD1,265.0 million at fixed rates ranging between 1.365% and 3.045% per annum maturing during November 2023 to March 2027
- HKD6,170.0 million at fixed rates ranging between 1.505% and 1.855% per annum maturing during July 2023 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 also fix the interest rates of certain bank borrowings), the Group has fixed its interest liability on 60.6% of its outstanding borrowings as at 31 December 2022, compared to 61.7% as at 31 December 2021.

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

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

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

As at 31 December 2022, the Group has the following cross-currency swap contracts:

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

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

## INVESTMENT PROPERTIES VALUATION

Investment properties of subsidiaries and associates continue to be stated at fair value and are reviewed semi-annually (including those properties being constructed for future use as investment properties for which fair value becomes reliably determinable). The fair values of investment properties are based on opinions from independent professional valuers as obtained by the Group and the relevant associates which own the investment properties. All changes in the fair values of investment properties (including those under construction) are recorded in the statement of profit or loss. For the year ended 31 December 2022, the Group recorded an overall effective share of net fair value gains of USD89.9 million for its investment properties.

The following table shows the fair value gains of the investment properties held by the Group's subsidiaries and associates for the year ended 31 December 2022:

<i>(USD million)</i>	<b>Subsidiaries</b>		<b>Associates</b>		<b>Total</b>	
	<b>100%</b>	<b>Effective Share</b>	<b>100%</b>	<b>Effective Share</b>	<b>100%</b>	<b>Effective Share</b>
Gains	64.7	65.9	89.9	33.9	154.6	99.8
Deferred tax	(2.4)	(1.7)	(21.9)	(8.2)	(24.3)	(9.9)
Net gains	<u>62.3</u>	<u>64.2</u>	<u>68.0</u>	<u>25.7</u>	<u>130.3</u>	<u>89.9</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 2022:

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

## **IMPAIRMENT PROVISION**

The Group assesses the carrying value of a group-owned property during the year when there is any indication that the asset may be impaired. Indicative criteria include continuing adverse changes in the local market conditions in which the property operates or will operate, or when the property continues to operate at a loss position or materially behind budget. At year end, the Group assesses the carrying value of all group-owned operating hotels and properties under development. Professional valuations have been carried out by independent professional firms for those properties for which the internal assessment results need independent confirmation.

Based on the Group's internal assessment and/or professional valuations at 31 December 2022, no new provision or reversal of provision made in prior years was considered necessary for the hotel properties held by the Group's subsidiaries and associates in the current year.

## **FINANCIAL ASSETS – TRADING SECURITIES**

As at 31 December 2022, the market value of the Group's investment portfolio was USD15.0 million, which mainly included 4,483,451 ordinary shares in Kerry Properties Limited amounting to USD9.8 million; 2,241,725 ordinary shares in Kerry Logistics Network Limited amounting to USD4.1 million; and 3,411,200 ordinary shares in Don Muang Tollway PCL amounting to USD1.1 million. The Group recorded effective share of losses of USD3.4 million and USD0.1 million through profit or loss and other comprehensive income, respectively, for the year ended 31 December 2022. Effective share of dividend income of USD1.1 million was recognised during the year.

## DEVELOPMENT PROGRAMMES

Construction work on the following projects is on-going:

### (A) Hotel Developments

	Group's Equity Interest	Hotel Rooms	Projected Opening
<b>In Mainland China</b>			
JEN Kunming by Shangri-La (part of a composite development project in Kunming City)	45%	274	2024
Shangri-La Zhengzhou	45%	314	2025
<b>In Japan</b>			
Shangri-La Kyoto	20%	77	2025

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) <i>(approximate in square metres)</i>			Scheduled Completion
		Residential	Office	Commercial	
<b>In Mainland China</b>					
Shenyang Kerry Centre					
– Phase III	25%	256,567	70,010	93,204	2024 onwards*
Kunming City Project	45%	20,917	–	–	2024
Phase II of Shangri-La					
– Fuzhou	100%	–	36,965	49,392	2023
Composite development project in Zhengzhou	45%	94,025	58,946	3,932	2023 onwards*
Nanchang City Project					
– Phase II	20%	–	57,630	2,100	2023
Tianjin Kerry Centre					
– Phase II	20%	27,817	92,651	17,490	2025
TOTAL		<u>399,326</u>	<u>316,202</u>	<u>166,118</u>	

\* Being developed in phases



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

***Hotel development***

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

***Composite development***

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

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

**DISPOSAL**

In April 2022, the Group completed a sale and purchase transaction with an independent third party to dispose of its 80% equity interest in a project company which owns a parcel of land in Kyoto, Japan for the development of a luxury hotel at a cash consideration of USD64.3 million. A disposal gain of USD10.5 million was recognised during the year. The Group's equity interest in the project has been reduced from 100% to 20% after the completion of the transaction.

## MANAGEMENT CONTRACTS FOR HOTELS OWNED BY THIRD PARTIES

In 2022, two hotels under management agreements owned by third parties, namely Shangri-La Jeddah in Saudi Arabia and Shangri-La Nanning in Mainland China, opened for operation while the management agreement with JEN Manila by Shangri-La in the Philippines was terminated. In February 2023, the new JEN Shenzhen Qianhai by Shangri-La in Mainland China also opened for business. As at the date of this announcement, the Group has management agreements for 23 operating hotels owned by third parties. In addition, the Group also has agreements on hand for the development of 4 new hotels currently under development and owned by third parties. The development projects are located in Shenzhen and Hangzhou (Mainland China), Phnom Penh (Cambodia) and Melbourne (Australia).

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

## HUMAN RESOURCES

*In the pursuit of our Vision to become the best-loved hospitality group globally by 2030, nothing is more important than our people.*

The professionalism, commitment and resilience of the 40,700 people employed at Shangri-La (including all operating hotels) are critical to the Company's continued success.

Throughout 2022, we continued to improve how we engaged and developed our people, with a particular focus on building future leaders, and recognising and rewarding our colleagues.

### *Building future leaders*

At Shangri-La, we are dedicated to leadership excellence in our current and future leaders. Exclusive focus has been put on developing future Hotel General Managers, Resident Managers and Mid-level Managers through our flagship leadership programmes; Business Leaders Programme, Operational Leaders Programme and Emerging Leaders Programme respectively. More than 500 Leaders at various levels have participated and benefited from these programmes in 2022.

As part of our commitment to provide career development opportunities for all employees and support our next generation of leaders, we offer a range of learning and development programmes tailored to various stages of the career journey. In 2022 we introduced the STAR (Shangri-La's Training for Aggressive Revenues) programme. Designed to support the development of our commercial teams, STAR is made up of 12 courses that focus on foundational learning and building expertise in each commercial segment.

Our digital learning platform has been updated to provide more virtual interactive learning opportunities, enabling our people to participate at their own time and place. The new platform offers personalised recommendations based on each colleague's role, gamification elements such as leader boards, and a social learning environment that encourages collaboration and connection among peers.

Recruiting and developing young talent with a passion for hospitality and the potential to become key management staff is critical to the future success of our organisation. Another new programme for 2022, the "Shangri-La Plus" Management Trainee (MT) Programme recruited its first cohort of 30 high-potential individuals to undergo an accelerated career development journey, with ongoing development opportunities, stretch assignments and job rotations for enhanced exposure and experience.

Governance has always been a foundational component of our learning. In 2022, our colleagues completed updated courses on Cyber Security, Phishing E-mails, Fire Life Safety, Global Security Orientation and Food Safety.

### ***Recognising and rewarding colleagues***

The Company's remuneration philosophy is to competitively reward the capabilities of our people, 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 assess the contributions, impact and development areas of colleagues throughout the performance review cycle. The Group's 2022 Balanced Scorecard measured the performance of business units in the areas of financial performance, 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.

Salaries and benefits, including provident fund contributions, insurance and medical coverage, and share award scheme, were maintained at competitive levels in 2022.

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. In 2022, a total of 12.5 million awarded shares were granted.

As at 31 December 2022, the Group had approximately 23,900 employees and the Group's total employee benefit expenses net of wage subsidy received from government (excluding directors' emoluments) amounted to USD630.6 million.

### ***Fostering Shangri-la Culture***

The 2022 culture pulse survey was conducted to capture the voice of our people, allowing us to understand their opinions and to learn how we can improve key programmes and initiatives. With a 90% response rate, we were proud to receive an overall score of 3.7 out of 4 from our people.

We also introduced a new gamified programme “Shangri-La Culture Experience” aimed to enhance our colleagues’ understanding of our Vision, Purpose, Business & Shared Values at Shangri-La.

Average voluntary turnover in 2022 was 22%. This is consistently reflective of the challenges faced by the hospitality industry as a whole. Concerted efforts have been focused on attracting, retaining, developing and engaging the workforce; as well as succession planning for critical roles.

### ***Supporting our people and communities***

As we continued to navigate the Covid-19 pandemic in 2022, we maintained our commitment to the health and wellbeing of our employees. Rapid Antigen Test (RAT) kits and masks were provided to colleagues, while fruit baskets, health supplements and meals were sent to the homes of colleagues infected with the virus in different regions.

Through volunteering in a range of community activities, such as providing amenities and food supplies to families in need, our colleagues have proudly come together in unity to make a positive impact to the communities that we live and operate in.

## **PROSPECTS**

The past 3 years were the most challenging of Shangri-La’s 52-year history, as COVID-19 restrictions disrupted normal movement in many countries and consequently travel, dining and events were shut down for extended periods. Sporadic outbreaks and resurgences of the pandemic negated recovery efforts and negatively impacted our business severely.

During this time, we took the opportunity to reassess our priorities, restructure and streamline our operations, and right size our workforce. We also embarked on initiatives to build our future, as we expand to the leisure segment to complement our strong base in serving corporate customers.

Today, travel, leisure and business activities have resumed in all the markets we operate in. China is the last of our major markets to reopen, and we have seen an immediate surge in demand, as RevPAR in many of our Mainland China hotels during the 2023 Chinese New Year Festive period were higher than those of 2019. With the lifting of PCR test requirements between the borders of the Hong Kong and Mainland China, Hong Kong has seen an influx of Chinese visitors and our Hong Kong hotels have seen a surge in demand from both Chinese and international travelers. With China outbound travel picking up again, we are optimistic that the worst is behind us and better days are ahead.

The seeds planted during the pandemic are also starting to bear fruit. Initiatives such as our revamped loyalty programme – Shangri-La Circle (SLC), which launched in April 2022, is starting to gain traction amongst our loyal guests. We are starting to see a higher proportion of direct bookings through our SLC platform. Our in-house developed personalised booking features which allows for easy upgrades and selection of enhance services, have also added to higher per head spend by our guests. Going forward, we will roll out more content and personalised recommendations and enhance our offerings as we continue to build up our in-house developed customer management databases and features.

We continue to revamp our existing properties to better serve our guests’ and customers’ needs especially in the leisure segment, a fast-growing segment whose prominence was amplified during the pandemic. In Hong Kong, we upgraded our rooms and function spaces at Island Shangri-La to include facilities to better serve non-business guests. By the end of 2023, we would have launched our revamped wellness offerings and family floors in collaboration with various partners, which will serve as a blueprint for other properties. In Fuzhou, we will open Phase 2 of the project featuring a new shopping mall and office tower that we expect will set new benchmarks for retail and leisure operations in an integrated property in that city. Meanwhile, we will be rolling out our family programmes and packages groupwide.

Looking ahead, we continue to remain vigilant and closely monitor the potential adverse effects from inflation, and continued rate hikes. The Group has always maintained a robust and prudent capital management approach: 1) about 60% of our total debt is hedged against rising interest rates; 2) as at 31 December 2022, the Group also had cash and cash equivalent of USD766.0 million and committed undrawn facilities of USD973.1 million, 3) as of the reporting date, the refinancing arrangements for 67% of our refinancing needs for 2023 have been completed, and (4) to preserve cash, the Board opted not to declare any Final Dividend for 2022.

All in all, China’s accelerated reopening is likely to be a significant tailwind to the Group, given most of our pre-pandemic effective share of EBITDA come from Mainland China, Hong Kong and Singapore. Barring unforeseen circumstances and assuming the current positive momentum continues, we are cautiously optimistic about the recovery of our business and turnaround of profitability. We are prepared to once again welcome back our guests with our well-known Asian hospitality. We shall also stay vigilant on our costs control efforts to ensure that the prospects of a brighter outlook translate into stronger bottom lines and more importantly, cash generation.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
	Note	2022	2021
		USD'000	USD'000
<b>ASSETS</b>			
<i>Non-current assets</i>			
Property, plant and equipment		4,171,457	4,634,879
Investment properties		1,724,867	1,758,979
Right-of-use assets		1,074,681	1,174,309
Intangible assets		108,804	110,024
Interest in associates		4,124,967	4,341,708
Deferred income tax assets		86,534	73,484
Financial assets at fair value through other comprehensive income		3,177	7,364
Financial assets at fair value through profit or loss		12,902	12,626
Derivative financial instruments		74,975	1,949
Other receivables		13,488	14,882
		<u>11,395,852</u>	<u>12,130,204</u>
<i>Current assets</i>			
Inventories		31,378	28,956
Properties for sale		51,177	74,976
Accounts receivable, prepayments and deposits	4	209,026	200,803
Amounts due from associates		107,942	147,987
Derivative financial instruments		58,253	2,793
Financial assets at fair value through profit or loss		13,884	17,251
Short-term deposits with original maturities over 3 months		12,992	39,326
Cash and cash equivalents		753,002	745,540
		<u>1,237,654</u>	<u>1,257,632</u>
Assets of disposal group classified as held for sale		–	86,431
		<u>1,237,654</u>	<u>1,344,063</u>
<b>Total assets</b>		<u><u>12,633,506</u></u>	<u><u>13,474,267</u></u>

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2022</b>	2021
		<i>USD'000</i>	<i>USD'000</i>
<b>EQUITY</b>			
<i>Capital and reserves attributable to owners of the Company</i>			
Share capital and premium	5	<b>3,201,995</b>	3,201,995
Shares held for share award scheme	5	<b>(6,111)</b>	(2,858)
Other reserves		<b>568,847</b>	1,073,259
Retained earnings		<b>1,489,310</b>	1,591,897
		<u><b>5,254,041</b></u>	<u>5,864,293</u>
<b>Non-controlling interests</b>		<b>170,474</b>	185,571
		<u><b>5,424,515</b></u>	<u>6,049,864</u>
<b>LIABILITIES</b>			
<i>Non-current liabilities</i>			
Bank loans		<b>3,527,212</b>	3,400,972
Fixed rate bonds		<b>1,132,761</b>	1,124,794
Derivative financial instruments		<b>7,700</b>	25,507
Amounts due to non-controlling shareholders		–	46,550
Long term lease liabilities		<b>518,960</b>	570,726
Deferred income tax liabilities		<b>295,490</b>	303,768
		<u><b>5,482,123</b></u>	<u>5,472,317</u>
<i>Current liabilities</i>			
Accounts payable and accruals	7	<b>579,222</b>	614,869
Contract liabilities		<b>89,412</b>	140,823
Short term lease liabilities		<b>44,729</b>	48,072
Amounts due to non-controlling shareholders		<b>51,779</b>	50,018
Current income tax liabilities		<b>6,113</b>	4,205
Bank loans		<b>952,444</b>	1,062,086
Derivative financial instruments		<b>3,169</b>	19,622
		<u><b>1,726,868</b></u>	<u>1,939,695</u>
<b>Liabilities of disposal group classified as held for sale</b>		–	12,391
		<u><b>1,726,868</b></u>	<u>1,952,086</u>
<b>Total liabilities</b>		<u><b>7,208,991</b></u>	<u>7,424,403</u>
<b>Total equity and liabilities</b>		<u><b>12,633,506</b></u>	<u>13,474,267</u>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Year ended 31 December	
	Note	2022	2021
		USD'000	USD'000
<b>Revenue</b>	3	<b>1,462,145</b>	1,241,049
Cost of sales	9	<u>(775,627)</u>	<u>(696,527)</u>
<b>Gross profit</b>		<b>686,518</b>	544,522
Other gains/(losses) – net	10	<b>108,913</b>	(3,435)
Marketing costs	9	<b>(64,947)</b>	(57,415)
Administrative expenses	9	<b>(195,389)</b>	(193,424)
Other operating expenses	9	<u><b>(539,378)</b></u>	<u>(644,244)</u>
<b>Operating loss</b>		<b>(4,283)</b>	(353,996)
Finance costs – net	11	<b>(360,932)</b>	(212,594)
Share of profit of associates	12	<u><b>190,772</b></u>	<u>209,644</u>
<b>Loss before income tax</b>		<b>(174,443)</b>	(356,946)
Income tax (expense)/credit	13	<u><b>(13,009)</b></u>	<u>12,527</u>
<b>Loss for the year</b>		<u><b>(187,452)</b></u>	<u>(344,419)</u>
<b><i>Loss attributable to:</i></b>			
Owners of the Company		<b>(158,519)</b>	(290,575)
Non-controlling interests		<u><b>(28,933)</b></u>	<u>(53,844)</u>
		<u><b>(187,452)</b></u>	<u>(344,419)</u>
<b><i>Loss per share for loss attributable to the owners of the Company during the year (expressed in US cents per share)</i></b>			
– basic	14	<u><b>(4.44)</b></u>	<u>(8.13)</u>
– diluted	14	<u><b>(4.44)</b></u>	<u>(8.13)</u>



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2022	2021
	<i>USD'000</i>	<i>USD'000</i>
<b>Loss for the year</b>	<b>(187,452)</b>	<b>(344,419)</b>
<b><i>Other comprehensive (loss)/income:</i></b>		
<b><i>Items that will not be reclassified subsequently to profit or loss</i></b>		
Fair value changes of financial assets at fair value through other comprehensive income	(296)	4,955
Remeasurements of post-employment benefit obligations	467	2,878
Effect of hyperinflation	53,713	–
<b><i>Items that may be reclassified subsequently to profit or loss</i></b>		
Fair value changes of interest-rate swap and cross-currency swap contracts – hedging	155,457	55,823
Currency translation differences – subsidiaries	(331,806)	(49,146)
Currency translation differences – associates	(359,059)	64,994
<b>Other comprehensive (loss)/income for the year</b>	<b>(481,524)</b>	<b>79,504</b>
<b>Total comprehensive loss for the year</b>	<b>(668,976)</b>	<b>(264,915)</b>
<b><i>Total comprehensive loss attributable to:</i></b>		
Owners of the Company	(609,354)	(201,815)
Non-controlling interests	(59,622)	(63,100)
	<b>(668,976)</b>	<b>(264,915)</b>

## 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	
<b>Balance at 1 January 2022</b>	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)	
<b>Total comprehensive loss for the year ended 31 December 2022</b>	-	-	(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	
<b>Balance at 31 December 2022</b>	<b>3,201,995</b>	<b>(6,111)</b>	<b>568,847</b>	<b>1,489,310</b>	<b>5,254,041</b>	<b>170,474</b>	<b>5,424,515</b>	

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

# 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 2022 have been prepared on a going-concern basis although the Group’s consolidated current liabilities exceeded its consolidated current assets by USD489,214,000 and the Group was running at a loss from its operation due to the impact of COVID-19 pandemic during the current year. The future funding requirements can be met through the committed and available undrawn bank loan facilities of USD736,628,000 which are maturing after 31 December 2023. The Group has adequate resources to continue its operation for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

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

The Group has applied the following amendments to accounting standards for the first time for the financial year beginning on 1 January 2022:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to HKAS 37	Provisions, Contingent Liabilities and Contingent Assets: Onerous contracts – cost of fulfilling a contract
Amendments to HKFRS 3	Business Combinations: Reference to the Conceptual Framework
Annual Improvements to HKFRSs 2018-2020 Cycle	

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

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

Certain new accounting standards, amendments and interpretations to existing standards have been published that are not mandatory for the year 2022 and have not been early adopted by the Group. These standards are not expected to have a material impact to the Group in the current or future reporting periods and on foreseeable future transactions.

**3 Revenue and segment information**

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

	<b>2022</b>	2021
	<b>USD'000</b>	USD'000
<b>Revenue</b>		
Hotel properties		
Revenue from rooms	<b>622,975</b>	452,407
Food and beverage sales	<b>559,903</b>	509,663
Rendering of ancillary services	<b>79,143</b>	87,244
Hotel management and related services	<b>78,680</b>	71,470
Property development for sale	<b>14,865</b>	21,607
Other business	<b>6,878</b>	4,816
	<hr/>	<hr/>
Revenue from contracts with customers	<b>1,362,444</b>	1,147,207
Investment properties	<b>99,701</b>	93,842
	<hr/>	<hr/>
Total consolidated revenue	<b>1,462,145</b>	1,241,049
	<hr/> <hr/>	<hr/> <hr/>

The Group is domiciled in Hong Kong. The revenue from external customers attributed to Hong Kong and other countries are USD204,463,000 (2021: USD184,349,000) and USD1,257,682,000 (2021: USD1,056,700,000), respectively.

The total of non-current assets other than financial assets at fair value through other comprehensive income (“FVOCI”) and fair value through profit or loss (“FVPL”), derivative financial instruments, deferred income tax assets and interest in associates, located in Hong Kong and other countries are USD876,510,000 (2021: USD871,398,000) and USD6,216,787,000 (2021: USD6,821,675,000), 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 wines trading, amusement park, retail business and restaurant operation outside hotel. 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 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 2022 and 2021 (USD million)

	2022		2021	
	Revenue (Note b)	Profit/(Loss) after tax (Note a)	Revenue (Note b)	Profit/(Loss) after tax (Note a)
<b>Hotel properties</b>				
The People's Republic of China				
Hong Kong	156.7	(35.5)	137.3	(47.9)
Mainland China	429.5	(145.0)	588.1	(82.0)
Singapore	197.4	18.6	104.2	(10.8)
Malaysia	77.1	(3.3)	25.9	(12.9)
The Philippines	79.6	(7.3)	26.1	(27.0)
Japan	32.7	(4.0)	30.8	(0.9)
Thailand	33.4	1.9	10.4	(5.6)
France	50.8	(1.6)	23.7	(5.8)
Australia	76.9	(1.2)	37.3	(13.0)
United Kingdom	55.9	(10.2)	38.3	(1.9)
Mongolia	13.5	(4.7)	6.1	(2.5)
Sri Lanka	20.3	(6.9)	12.3	(21.0)
Other countries	38.1	0.8	8.9	(15.0)
	<u>1,261.9</u>	<u>(198.4)</u>	<u>1,049.4</u>	<u>(246.3)</u>
<b>Hotel management and related services</b>	<u>165.6</u>	<u>(5.7)</u>	<u>148.0</u>	<u>(18.5)</u>
<b>Sub-total hotel operation</b>	<u>1,427.5</u>	<u>(204.1)</u>	<u>1,197.4</u>	<u>(264.8)</u>
<b>Investment properties</b>				
Mainland China	27.7	167.8	25.5	172.4
Singapore	12.1	8.7	9.3	7.4
Malaysia	4.7	0.9	5.0	1.0
Mongolia	27.1	4.5	23.9	9.2
Sri Lanka	12.2	(2.3)	11.0	(13.4)
Other countries	15.9	2.4	19.1	4.0
	<u>99.7</u>	<u>182.0</u>	<u>93.8</u>	<u>180.6</u>
<b>Property development for sale</b>	<u>14.9</u>	<u>31.0</u>	<u>21.6</u>	<u>14.2</u>
<b>Other business</b>	<u>6.9</u>	<u>(2.8)</u>	<u>4.8</u>	<u>(1.3)</u>
<b>Total</b>	<u>1,549.0</u>	<u>6.1</u>	<u>1,317.6</u>	<u>(71.3)</u>
Less: Hotel management – Inter-segment revenue	<u>(86.9)</u>		<u>(76.6)</u>	
<b>Total external revenue</b>	<u>1,462.1</u>		<u>1,241.0</u>	
Corporate finance costs (net)		(130.7)		(117.6)
Land cost amortisation and project expenses		(3.4)		(4.0)
Corporate expenses		(18.7)		(14.5)
Exchange (losses)/gains of corporate investment holding companies		(14.9)		14.2
<b>Loss before non-operating items</b>		<u>(161.6)</u>		<u>(193.2)</u>

	<b>2022</b>	2021
	<b>Profit/(Loss)</b>	Profit/(Loss)
	<b>after tax</b>	after tax
	<i>(Note a)</i>	<i>(Note a)</i>
<b>Loss before non-operating items</b>	<b>(161.6)</b>	(193.2)
<b>Non-operating items</b>		
Share of net fair value gains on investment properties	<b>89.9</b>	60.0
Net unrealised (losses)/gains on financial assets		
at fair value through profit or loss	<b>(3.1)</b>	3.6
Fair value adjustments on security deposit on leased premises	<b>0.3</b>	0.1
Provision for impairment losses on properties, plant and equipment	–	(108.5)
Provision for impairment losses on right-of use-assets	–	(49.2)
Write-off of miscellaneous assets and liabilities for a terminated development project	–	(12.5)
Provision for impairment losses on intangible assets	–	(2.5)
Insurance claim recovered from a bombing incident happened in 2019	<b>3.0</b>	0.9
Fair value changes on cross-currency swap contracts – non-hedging	<b>7.3</b>	10.7
Foreign exchange loss due to depreciation of Sri Lankan rupee	<b>(110.3)</b>	–
Gain on partial disposal of interests in a subsidiary	<b>10.5</b>	–
Gain on disposal of fixed asset of laundry business	<b>5.5</b>	–
	<hr/>	<hr/>
Total non-operating items	<b>3.1</b>	(97.4)
	<hr/>	<hr/>
<b>Consolidated loss attributable to owners of the Company</b>	<b>(158.5)</b>	(290.6)
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

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



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

	<b>2022</b>	2021
	<b>Share of profit/(loss) of associates</b>	Share of profit/(loss) of associates
<b><i>Hotel properties</i></b>		
The People's Republic of China		
Hong Kong	<b>(0.2)</b>	(0.6)
Mainland China	<b>(35.0)</b>	(14.2)
Singapore	<b>(1.1)</b>	(1.2)
Malaysia	<b>0.3</b>	(1.8)
The Philippines	<b>3.7</b>	(7.2)
Other countries	<b>5.2</b>	(2.3)
	<u><b>(27.1)</b></u>	<u>(27.3)</u>
<b><i>Investment properties</i></b>		
Mainland China	<b>167.0</b>	175.7
Singapore	<b>1.8</b>	2.5
	<u><b>168.8</b></u>	<u>178.2</u>
<b><i>Property development for sale</i></b>		
	<b>22.8</b>	2.8
<b><i>Other business</i></b>	<u><b>(0.1)</b></u>	<u>0.2</u>
<b>Total</b>	<u><u><b>164.4</b></u></u>	<u><u>153.9</u></u>

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

	2022		2021	
	Depreciation and amortisation	Income tax expense/(credit)	Depreciation and amortisation	Income tax expense/(credit)
<b><i>Hotel properties</i></b>				
The People's Republic of China				
Hong Kong	35.1	(10.2)	34.6	(10.5)
Mainland China	111.9	(3.9)	126.4	14.3
Singapore	17.4	4.7	18.9	(0.4)
Malaysia	11.3	0.7	13.3	(6.4)
The Philippines	21.2	(6.5)	23.6	(19.5)
Japan	5.1	–	6.3	–
Thailand	4.9	(0.2)	6.3	(5.5)
France	7.1	–	8.2	–
Australia	12.0	0.2	13.6	(4.6)
United Kingdom	8.3	–	9.2	–
Mongolia	7.3	0.1	9.1	0.1
Sri Lanka	7.9	0.8	14.7	1.2
Other countries	9.2	0.1	11.0	0.8
	<u>258.7</u>	<u>(14.2)</u>	<u>295.2</u>	<u>(30.5)</u>
<b><i>Hotel management and related services</i></b>				
	<u>17.4</u>	<u>3.1</u>	<u>20.1</u>	<u>0.2</u>
<b><i>Sub-total hotel operations</i></b>	<u>276.1</u>	<u>(11.1)</u>	<u>315.3</u>	<u>(30.3)</u>
<b><i>Investment properties</i></b>				
Mainland China	–	10.2	–	16.3
Malaysia	–	0.7	–	0.7
Mongolia	–	5.3	–	5.7
Sri Lanka	0.2	3.3	0.3	1.2
Other countries	0.1	1.5	0.1	1.6
	<u>0.3</u>	<u>21.0</u>	<u>0.4</u>	<u>25.5</u>
<b><i>Property development for sale</i></b>	–	0.8	–	(0.8)
<b><i>Other business</i></b>	<u>1.7</u>	<u>–</u>	<u>1.7</u>	<u>–</u>
<b>Total</b>	<u>278.1</u>	<u>10.7</u>	<u>317.4</u>	<u>(5.6)</u>

**Segment assets**  
**As at 31 December 2022 and 2021 (USD million)**

	<b>As at 31 December</b>	
	<b>2022</b>	<b>2021</b>
<b><i>Hotel properties</i></b>		
The People's Republic of China		
Hong Kong	<b>820.5</b>	813.1
Mainland China	<b>2,288.3</b>	2,615.9
Singapore	<b>528.4</b>	515.1
Malaysia	<b>237.8</b>	251.1
The Philippines	<b>283.9</b>	296.2
Japan	<b>61.6</b>	71.2
Thailand	<b>204.7</b>	193.1
France	<b>254.7</b>	273.6
Australia	<b>293.7</b>	319.7
United Kingdom	<b>239.2</b>	279.0
Mongolia	<b>112.0</b>	122.5
Sri Lanka	<b>100.5</b>	184.4
Other countries	<b>172.9</b>	182.2
	<b>5,598.2</b>	6,117.1
<b><i>Investment properties</i></b>		
Mainland China	<b>608.2</b>	593.0
Singapore	<b>518.2</b>	429.8
Malaysia	<b>69.7</b>	73.1
Mongolia	<b>301.7</b>	319.1
Sri Lanka	<b>171.1</b>	272.6
Other countries	<b>233.0</b>	247.3
	<b>1,901.9</b>	1,934.9
<b><i>Property development for sale</i></b>		
Mainland China	<b>34.6</b>	38.3
Sri Lanka	<b>16.6</b>	36.7
	<b>51.2</b>	75.0
<b><i>Hotel management and related services</i></b>		
Elimination	<b>274.6</b>	324.0
	<b>(60.3)</b>	(52.5)
<b>Total segment assets</b>	<b>7,765.6</b>	8,398.5
<b>Assets allocated to projects and other business</b>	<b>278.2</b>	291.0
<b>Unallocated assets</b>	<b>355.9</b>	246.7
<b>Intangible assets</b>	<b>108.8</b>	110.0
<b>Assets of disposal group classified as held for sale</b>	<b>—</b>	86.4
<b>Total assets of the Company and its subsidiaries</b>	<b>8,508.5</b>	9,132.6
<b>Interest in associates</b>	<b>4,125.0</b>	4,341.7
<b>Total assets</b>	<b>12,633.5</b>	13,474.3

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

	2022 <i>USD'000</i>	2021 <i>USD'000</i>
Trade receivables	90,031	63,496
Less: Provision for impairment of receivables	<u>(13,588)</u>	<u>(13,810)</u>
Trade receivables – net ( <i>note (b)</i> )	76,443	49,686
Other receivables	54,908	69,454
Prepayments and other deposits	<u>77,675</u>	<u>81,663</u>
	<u><b>209,026</b></u>	<u><b>200,803</b></u>

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

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

	2022 <i>USD'000</i>	2021 <i>USD'000</i>
0 – 3 months	64,258	47,742
4 – 6 months	7,991	1,809
Over 6 months	<u>4,194</u>	<u>135</u>
	<u><b>76,443</b></u>	<u><b>49,686</b></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>
<b>Share capital and premium</b>				
<b>Authorised</b>				
– Ordinary shares of HKD1 each				
<b>At 31 December 2021 and 31 December 2022</b>	<b>5,000,000</b>	<b>646,496</b>	<b>–</b>	<b>646,496</b>
<b>Issued and fully paid</b>				
– Ordinary shares of HKD1 each				
<b>At 1 January 2021</b>	<b>3,585,525</b>	<b>462,904</b>	<b>2,739,091</b>	<b>3,201,995</b>
Exercise of share options				
– allotment of shares	–	–	–	–
– transfer from share option reserve	–	–	–	–
<b>At 31 December 2021 and 1 January 2022</b>	<b>3,585,525</b>	<b>462,904</b>	<b>2,739,091</b>	<b>3,201,995</b>
Exercise of share options				
– allotment of shares	–	–	–	–
– transfer from share option reserve	–	–	–	–
<b>At 31 December 2022</b>	<b>3,585,525</b>	<b>462,904</b>	<b>2,739,091</b>	<b>3,201,995</b>
<b>Shares held for share award scheme</b>				
<b>At 1 January 2021</b>	<b>(3,413)</b>	<b>(440)</b>	<b>(3,825)</b>	<b>(4,265)</b>
Share purchase for share award scheme				
Vesting of shares under share award scheme	936	121	1,286	1,407
<b>At 31 December 2021 and 1 January 2022</b>	<b>(2,477)</b>	<b>(319)</b>	<b>(2,539)</b>	<b>(2,858)</b>
Share purchase for share award scheme				
Vesting of shares under share award scheme	2,274	293	2,593	2,886
<b>At 31 December 2022</b>	<b>(9,134)</b>	<b>(1,178)</b>	<b>(4,933)</b>	<b>(6,111)</b>

As at 31 December 2022, except for shares held for share award scheme as shown above, 10,501,055 (2021: 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 2022, the share award scheme of the Group acquired 8,931,000 ordinary shares in the Company through purchases on the open market and 2,274,000 shares were transferred to the awardees upon vesting of the awarded shares. The remaining 9,134,000 shares were held in trust under the share award scheme as at 31 December 2022. 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 2022 (2021: Nil).

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

	<b>For the year ended 31 December 2022</b>		<b>For the year ended 31 December 2021</b>	
	<b>Weighted average exercise price in HKD per option share</b>	<b>Number of outstanding option Shares</b>	<b>Weighted average exercise price in HKD per option share</b>	<b>Number of Outstanding option shares</b>
<b>At 1 January</b>	<b>12.11</b>	<b>6,508,000</b>	12.11	6,928,000
Exercised	–	–	–	–
Lapsed	–	–	12.11	(420,000)
<b>At 31 December</b>	<b>12.11</b>	<b>6,508,000</b>	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 2022 and 2021.

No option was exercised subsequent to 31 December 2022 and up to the approval date of the financial statements.

## **6 Share award scheme**

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

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

For the year ended 31 December 2022, a total of 12,458,000 shares and 2,274,000 shares were granted and vested to the qualified awardees, respectively. A total of 9,134,000 shares were held in trust under the share award scheme as at 31 December 2022. During the year, an expense of USD5,241,000 (2021: USD2,337,000) for the award shares granted was charged to the consolidated statement of profit or loss.

Details of the awarded shares granted and vested during 2022 and 2021 are as follows:

Grant date	Fair value per share	Number of shares granted	Maximum deliverable awarded shares on grant date subject to adjustment	Number of awarded shares vested			Vesting period
				Before 2021	2021	2022	
<b>In year 2018</b>							
11 Apr 2018	HKD15.82	1,418,000	1,418,000	1,418,000	–	–	Nil
20 Jul 2018	HKD13.00	707,678	1,228,000	226,000	52,000	–	20 Jul 2018 to 1 Apr 2021
30 Aug 2018	HKD11.78	975,893	1,736,000	392,000	200,000	–	30 Aug 2018 to 1 Apr 2021
		<u>3,101,571</u>	<u>4,382,000</u>				
Total for 2018		<u>3,101,571</u>	<u>4,382,000</u>				
<b>In year 2019</b>							
1 Apr 2019	HKD11.56	1,477,169	2,338,000	649,000	274,000	192,000	1 Apr 2019 to 1 Apr 2022
15 Jun 2019	HKD9.45	1,547,200	2,754,000	56,000	56,000	158,000	15 Jun 2019 to 1 Apr 2022
30 Jun 2019	HKD9.85	751,515	1,292,000	84,000	24,000	36,000	30 Jun 2019 to 1 Apr 2022
1 Nov 2019	HKD8.41	494,000	494,000	238,000	134,000	60,000	1 Nov 2019 to 1 Apr 2022
		<u>4,269,884</u>	<u>6,878,000</u>				
Total for 2019		<u>4,269,884</u>	<u>6,878,000</u>				
<b>In year 2020</b>							
30 Sep 2020	HKD6.34	214,000	214,000	214,000	–	–	Nil
		<u>214,000</u>	<u>214,000</u>				
Total for 2020		<u>214,000</u>	<u>214,000</u>				
<b>In year 2021</b>							
1 Apr 2021	HKD7.86	52,000	52,000		52,000	–	Nil
7 Jun 2021	HKD7.27	5,986,000	5,986,000		64,000	1,740,000	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	15 Oct 2021 to 15 Oct 2024
		<u>6,386,000</u>	<u>6,386,000</u>				
Total for 2021		<u>6,386,000</u>	<u>6,386,000</u>				
<b>In year 2022</b>							
6 May 2022	HKD5.85	12,458,000	12,458,000			–	6 May 2022 to 6 May 2025
		<u>12,458,000</u>	<u>12,458,000</u>				
Total for 2022		<u>12,458,000</u>	<u>12,458,000</u>				
<b>Grand Total</b>		<u>26,429,455</u>	<u>30,318,000</u>	<u>3,277,000</u>	<u>936,000</u>	<u>2,274,000</u>	



**7 Accounts payable and accruals**

	<b>2022</b>	2021
	<i>USD'000</i>	<i>USD'000</i>
Trade payables	77,770	68,293
Other payables and accrued expenses	<u>501,452</u>	<u>546,576</u>
	<b><u>579,222</u></b>	<b><u>614,869</u></b>

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

	<b>2022</b>	2021
	<i>USD'000</i>	<i>USD'000</i>
0 – 3 months	71,072	62,246
4 – 6 months	3,327	3,116
Over 6 months	<u>3,371</u>	<u>2,931</u>
	<b><u>77,770</u></b>	<b><u>68,293</u></b>

## 8 Gain on partial disposal of interests in a subsidiary

In April 2022, the Group completed a sale and purchase transaction with an independent third party to dispose of its 80% equity interest in a project company which owns a parcel of land in Kyoto, Japan for the development of a luxury hotel at a cash consideration of JPY7,623,748,000 (equivalent to USD64,302,000). A disposal gain of USD10,586,000 was recognised during the year. The Group's equity interest in the project has been reduced from 100% to 20% after the completion of the transaction. The financial effects of the disposal transaction are as follows:

	<i>USD'000</i>
Total assets	77,335
Total liabilities	(11,080)
Remaining interests after disposal as interest in associate	<u>(15,028)</u>
<b>Net assets attributable to the Group disposed of</b>	<b><u>51,227</u></b>
Total consideration	64,302
Less: Net assets disposed of	(51,227)
Less: Cumulative exchange differences in respect of the net assets of the subsidiary released from exchange fluctuation reserve to profit or loss	<u>(2,489)</u>
<b>Gain on disposal recognised</b>	<b><u>10,586</u></b>

## 9 Expenses by nature

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

	<b>2022</b> <i>USD'000</i>	2021 <i>USD'000</i>
Depreciation of property, plant and equipment (net of amount capitalised of USD2,000 (2021: USD3,000))	<b>224,636</b>	258,641
Amortisation of trademark, and website and system development	<b>7,812</b>	7,149
Depreciation of right-of-use assets	<b>46,222</b>	52,946
Provision for impairment losses on hotels and other properties	–	118,813
Provision for impairment losses on right-of-use assets for other business	–	1,441
Employee benefit expenses excluding directors' emoluments and wage subsidy received from government (net of amount capitalised and amount grouped under pre-opening expenses)	<b>641,146</b>	604,218
Cost of sales of properties	<b>4,550</b>	8,133
Cost of inventories sold or consumed in operation	<b>210,828</b>	194,512
(Gain)/Loss on disposal of property, plant and equipment; and partial replacement of investment properties	<b>(3,065)</b>	1,643
Gain on derecognition of right-of-use assets and lease liabilities	<b>(3,015)</b>	–
Impairment of intangible assets	–	2,467
Operating lease expenses	<b>19,658</b>	6,954
Pre-opening expenses	<b>687</b>	136
Auditors' remuneration for audit services	<b>2,144</b>	1,986

**10 Other gains/(losses) – net**

	2022 <i>USD'000</i>	2021 <i>USD'000</i>
Provision for impairment losses on properties under development for a development project	–	(4,042)
Fair value gains/(losses) on investment properties	<b>64,698</b>	(8,899)
Provision for impairment losses on right-of-use assets for a development project	–	(47,726)
Write-off of miscellaneous assets and liabilities for a terminated development project	–	(16,491)
Net unrealised (losses)/gains on listed securities	<b>(3,367)</b>	978
Fair value gains of club debentures	<b>277</b>	2,653
Fair value changes of cross-currency swap contracts	<b>7,291</b>	10,698
Gain on sale of investment properties	<b>1,441</b>	2,707
Gain on partial disposal of interests in a subsidiary ( <i>Note 8</i> )	<b>10,586</b>	–
Insurance claim recovered from a bombing incident happened in 2019	<b>3,398</b>	1,000
Government grants due to COVID-19 pandemic	<b>10,885</b>	21,837
Rent concessions provided by lessors	<b>1,453</b>	19,000
	<b>96,662</b>	(18,285)
Interest income	<b>11,066</b>	10,138
Dividend income	<b>1,185</b>	4,712
	<b>108,913</b>	(3,435)

**11 Finance costs – net**

	2022 <i>USD'000</i>	2021 <i>USD'000</i>
Interest expense		
– bank loans	<b>144,293</b>	123,504
– fixed rate bonds	<b>46,806</b>	47,789
– other loans	<b>(175)</b>	4,384
– interest on lease liability	<b>28,120</b>	30,697
	<b>219,044</b>	206,374
Less: amount capitalised	<b>(3,021)</b>	(2,412)
	<b>216,023</b>	203,962
Net foreign exchange losses	<b>144,909</b>	8,632
	<b>360,932</b>	212,594

The effective capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 3.4% per annum (2021: 3.1%).

## 12 Share of profit of associates

	2022 <i>USD'000</i>	2021 <i>USD'000</i>
Share of profit before tax of associates before share of net fair value gains of investment properties	236,264	228,838
Share of net fair value gains of investment properties	<u>33,950</u>	<u>78,470</u>
Share of profit before tax of associates	<u>270,214</u>	<u>307,308</u>
Share of tax before provision for deferred tax liabilities on fair value gains of investment properties	(71,209)	(77,669)
Share of provision for deferred tax liabilities on fair value gains of investment properties	<u>(8,233)</u>	<u>(19,995)</u>
Share of associates' taxation	<u>(79,442)</u>	<u>(97,664)</u>
Share of profit of associates	<u><u>190,772</u></u>	<u><u>209,644</u></u>

## 13 Income tax expense/(credit)

	2022 <i>USD'000</i>	2021 <i>USD'000</i>
Current income tax		
– Hong Kong profits tax	20	160
– overseas taxation	24,086	35,139
Deferred income tax	<u>(11,097)</u>	<u>(47,826)</u>
	<u><u>13,009</u></u>	<u><u>(12,527)</u></u>

Share of associates' taxation for the year ended 31 December 2022 of USD79,442,000 (2021: USD97,664,000) 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% (2021: 16.5%) on the estimated assessable profits of group companies operating in Hong Kong.
- (b) Taxation outside Hong Kong includes withholding tax paid and payable on dividends from subsidiaries and tax provided at the prevailing rates on the estimated assessable profits of group companies operating outside Hong Kong.

## 14 Loss per share

### *Basic*

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

	2022	2021
Loss attributable to owners of the Company (USD'000)	<b>(158,519)</b>	(290,575)
Weighted average number of ordinary shares in issue (thousands)	<b>3,572,687</b>	3,572,233
Basic loss per share (US cents per share)	<b><u>(4.44)</u></b>	<b><u>(8.13)</u></b>

### *Diluted*

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has the potential dilutive effect of the outstanding share options and non-vested awarded shares under the share award scheme for the year ended 31 December 2022 and 2021. For the share options, a calculation is done to determine the number of shares that would be issued at fair value (determined as the average annual market share price of the Company's shares for the year) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is increased by the number of shares that would have been issued assuming the exercise of the share options and vesting of awarded shares.

As the Group incurred losses for the year ended 31 December 2022 and 31 December 2021, 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.

	2022	2021
Loss attributable to owners of the Company (USD'000)	<b>(158,519)</b>	(290,575)
Weighted average number of ordinary shares in issue (thousands)	<b>3,572,687</b>	3,572,233
Adjustments (thousands)	<u>—</u>	<u>—</u>
Weighted average number of ordinary shares for diluted loss per share (thousands)	<b><u>3,572,687</u></b>	<b><u>3,572,233</u></b>
Diluted loss per share (US cents per share)	<b><u>(4.44)</u></b>	<b><u>(8.13)</u></b>

## 15 Dividends

	Group		Company	
	2022	2021	2022	2021
	USD'000	USD'000	USD'000	USD'000
No interim dividend has been proposed (2021: Nil)	–	–	–	–
No final dividend has been proposed (2021: Nil)	–	–	–	–
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

At a meeting held on 24 March 2023, the Board proposed no final dividend for the year ended 31 December 2022.

## 16 Financial guarantees, contingencies and charges over assets

### (a) Financial guarantees

As at 31 December 2022, 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 USD151,571,000 (2021: USD185,579,000).

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 2022, there were no material contingent liabilities (2021: Nil).

### (c) Charges over assets

As at 31 December 2022, no bank loan was secured. As at 31 December 2021, bank loan of a subsidiary amounted to USD3,555,000 was secured by legal mortgage over the property owned by the subsidiary with a net book value of USD95,610,000.

## 17 Commitments

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

	2022 <i>USD'000</i>	2021 <i>USD'000</i>
Existing properties - property, plant and equipment and investment properties		
– contracted but not provided for	33,798	32,491
– authorised but not contracted for	41,486	63,955
Development projects		
– contracted but not provided for	129,262	204,101
– authorised but not contracted for	69,234	84,575
	<u>273,780</u>	<u>385,122</u>

### 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 2022 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 2022, 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 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, save for the provision in the Directors Handbook that the positions of the chairman and the chief executive officer of the Company may be served by the same person. The Directors Handbook serves as a comprehensive guidebook for all directors of the Company.

The Company has complied with the CG Model Code throughout the year ended 31 December 2022.

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

Hong Kong, 24 March 2023

*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*