

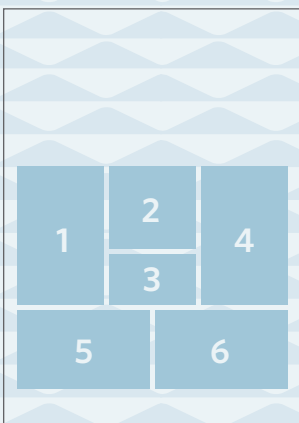
INTERIM REPORT 2024

SHANGRI-LA ASIA LIMITED

Incorporated in Bermuda with Limited Liability
Stock code: 69



SHANGRI-LA GROUP



Cover Photos:

1. Shangri-La Paris
2. Island Shangri-La, Hong Kong
3. BAFUNHUI by Shangri-La
4. JEN Kunming by Shangri-La
5. BAFUNHUI by Shangri-La
6. Island Shangri-La, Hong Kong

As at 23 August 2024

BOARD OF DIRECTORS

Executive Directors

Ms KUOK Hui Kwong (*Chairman*)
Mr CHUA Chee Wui (*Group Chief Financial Officer and
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

EXECUTIVE COMMITTEE

Ms KUOK Hui Kwong (*chairman*)
Mr CHUA Chee Wui

NOMINATION COMMITTEE

Ms KUOK Hui Kwong (*chairman*)
Professor LI Kwok Cheung Arthur
Mr LI Xiaodong Forrest
Ms KHOO Shulamite N K

REMUNERATION & HUMAN CAPITAL COMMITTEE

Ms KHOO Shulamite N K (*chairman*)
Ms KUOK Hui Kwong
Professor LI Kwok Cheung Arthur
Mr YAP Chee Keong

AUDIT & RISK COMMITTEE

Mr YAP Chee Keong (*chairman*)
Professor LI Kwok Cheung Arthur
Ms KHOO Shulamite N K

COMPANY SECRETARY

Mr SEOW Chow Loong Iain

SENIOR MANAGEMENT

Ms KUOK Hui Kwong (*Chairman*)
Mr CHUA Chee Wui (*Group Chief Financial Officer and
Group Chief Investment Officer*)
Mr PAW Chuen Kee (*Group Chief Operating Officer and
Deputy Chief Executive Officer – China*)
Mr PHONG Siew San Christopher (*Group Head of
Investment and Asset Management*)
Mr SOON Fook Soon (*Group Head of Strategy and
Business Transformation*)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F Prince's Building
Central
Hong Kong SAR

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

28/F Kerry Centre
683 King's Road
Quarry Bay
Hong Kong SAR

REGISTERED ADDRESS

Victoria Place
5/F, 31 Victoria Street
Hamilton HM10
Bermuda

PRINCIPAL SHARE REGISTRAR IN BERMUDA

MUFG Fund Services (Bermuda) Limited
4/F North
Cedar House
41 Cedar Avenue
Hamilton HM12
Bermuda

BRANCH SHARE REGISTRAR IN HONG KONG

Tricor Abacus Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong SAR

STOCK CODES

Hong Kong stock exchange – 00069
Singapore stock exchange – S07
American Depositary Receipt – SHALY

WEBSITES

Corporate – www.ir.shangri-la.com
Business – www.shangri-la.com/group

INVESTOR RELATIONS CONTACT

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Hong Kong SAR

KEY DATE

Announcement of 2024 final results
March 2025

FINANCIAL HIGHLIGHTS

The board of directors (“**Board**”) of Shangri-La Asia Limited (“**Company**”) wishes to announce the unaudited interim results of the Company and its subsidiaries (“**Group**”), and associates for the six months ended 30 June 2024. These results have been reviewed by the Company’s auditor, PricewaterhouseCoopers, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” and by the audit & risk committee of the Board. The review report of the auditor is set out on page 4.

For the six months ended 30 June 2024, consolidated profit attributable to owners of the Company before non-operating items was USD59.1 million, a decrease of 8.5% or USD5.5 million, compared to USD64.6 million for the same period last year. Consolidated profit attributable to owners of the Company after accounting for non-operating items was USD94.5 million, a decrease of 28.1% or USD36.9 million, compared to USD131.4 million for the same period last year.

The Board has declared an interim dividend of HK5 cents per share for 2024 (2023: Nil) payable on Tuesday, 8 October 2024, to shareholders whose names appear on the registers of members of the Company on Thursday, 26 September 2024.

The following table summarises the highlights of our financial results:

	Six months ended 30 June		
	2024 USD million	2023 USD million	% change
Revenue	1,049.1	1,006.0	4.3%
EBITDA ^(Note 1) of the Company and its subsidiaries	252.3	266.0	-5.2%
Effective share of EBITDA ^(Note 2) of the Company, subsidiaries and associates	381.5	396.5	-3.8%
Profit attributable to owners of the Company			
– Operating items	59.1	64.6	-8.5%
– Non-operating items	35.4	66.8	-47.0%
Total	94.5	131.4	-28.1%
Earnings per share (<i>US cents per share</i>)	2.661	3.688	-27.8%

FINANCIAL HIGHLIGHTS

	As at		% change
	30 June 2024 USD million	31 December 2023 USD million	
Net assets attributable to owners of the Company	5,162.5	5,222.4	-1.1%
Net assets per share attributable to owners of the Company (USD)	1.45	1.47	-1.4%

Notes:

- EBITDA, which is a non-HKFRS financial measure used to measure the Group's operating profitability, is defined as the earnings before finance costs, tax, depreciation and amortisation, gains/losses on disposal of fixed assets and non-operating items such as gains/losses on disposal of interest in investee companies; fair value gains/losses on investment properties and financial assets; and impairment losses on fixed assets.
 - Effective share of EBITDA is the aggregate total of the Company's EBITDA and the Group's share of EBITDA of subsidiaries and associates based on percentage of equity interests.
- Consolidated revenue was USD1,049.1 million for the six months ended 30 June 2024, an increase of 4.3% or USD43.1 million, compared to USD1,006.0 million for the six months ended 30 June 2023.
 - EBITDA of the Company and its subsidiaries was USD252.3 million for the six months ended 30 June 2024, a decrease of 5.2% or USD13.7 million, compared to USD266.0 million for the six months ended 30 June 2023. Effective share of EBITDA of the Company, subsidiaries and associates was USD381.5 million for the six months ended 30 June 2024, a decrease of 3.8% or USD15.0 million, compared to USD396.5 million for the six months ended 30 June 2023. The decline was primarily attributed to increased operating expenses in hotel operations, despite year-on-year revenue growth.
 - Consolidated profit attributable to owners of the Company before non-operating items was a profit of USD59.1 million for the six months ended 30 June 2024, a decrease of 8.5% or USD5.5 million, compared to USD64.6 million for the six months ended 30 June 2023. The decline in EBITDA has directly impacted the bottom line, resulting in a year-on-year reduction. After accounting for non-operating items, consolidated profit attributable to owners of the Company amounted to USD94.5 million, a decrease of 28.1% or USD36.9 million, compared to USD131.4 million for the six months ended 30 June 2023. The Group recorded an exceptional foreign exchange gain of USD9.6 million (2023: USD42.3 million) due to the appreciation of Sri Lankan rupee, alongside a net fair value gain of USD19.8 million (2023: USD29.8 million) on investment properties for the six months ended 30 June 2024; which were both lower than that of last year leading to a decline in non-operating items and further impacting the overall consolidated profit.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

TO THE BOARD OF DIRECTORS OF SHANGRI-LA ASIA LIMITED

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 5 to 37, which comprises the condensed consolidated interim statement of financial position of Shangri-La Asia Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2024 and the condensed consolidated interim statement of profit or loss, the condensed consolidated interim statement of comprehensive income, the condensed consolidated interim statement of changes in equity and the condensed consolidated interim statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 23 August 2024

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

(All amounts in US dollar thousands)

		As at	
	Note	30 June 2024 Unaudited	31 December 2023 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,868,848	3,998,055
Investment properties	5	1,793,868	1,803,429
Right-of-use assets	5	1,028,189	1,051,345
Intangible assets	5	100,226	104,661
Interest in associates		4,304,321	4,304,252
Deferred income tax assets		72,546	76,625
Financial assets at fair value through other comprehensive income	6	2,101	2,101
Financial assets at fair value through profit or loss	6	10,893	11,563
Derivative financial instruments	14	46,297	42,173
Other receivables	7	11,225	12,615
		11,238,514	11,406,819
Current assets			
Inventories		29,186	30,054
Properties for sale		52,736	52,125
Accounts receivable, prepayments and deposits	8	257,045	236,122
Amounts due from associates		158,203	126,596
Derivative financial instruments	14	32,817	32,609
Financial assets at fair value through profit or loss	6	10,023	10,639
Bank deposits with original maturities over 3 months		69,837	96,825
Cash and cash equivalents		1,846,184	870,797
		2,456,031	1,455,767
Total assets		13,694,545	12,862,586
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital and premium	9	3,201,995	3,201,995
Shares held for share award scheme	9	(17,674)	(15,645)
Other reserves	11	312,870	406,450
Retained earnings		1,665,279	1,629,620
		5,162,470	5,222,420
Non-controlling interests		247,204	245,623
Total equity		5,409,674	5,468,043

CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

(All amounts in US dollar thousands)

		As at	
	Note	30 June 2024 Unaudited	31 December 2023 Audited
LIABILITIES			
Non-current liabilities			
Bank loans	12	4,890,848	3,907,801
Fixed rate bonds	13	1,279,116	1,168,534
Derivative financial instruments	14	11,355	13,665
Long-term lease liabilities		519,475	530,560
Deferred income tax liabilities		320,431	305,816
		7,021,225	5,926,376
Current liabilities			
Accounts payable and accruals	16	541,867	639,048
Contract liabilities		109,641	101,051
Short-term lease liabilities		40,804	41,792
Amounts due to non-controlling shareholders	15	53,144	44,981
Current income tax liabilities		21,850	24,239
Bank loans	12	484,533	506,600
Fixed rate bonds	13	–	102,271
Derivative financial instruments	14	11,807	8,185
		1,263,646	1,468,167
Total liabilities		8,284,871	7,394,543
Total equity and liabilities		13,694,545	12,862,586

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

(All amounts in US dollar thousands unless otherwise stated)

	Note	Six months ended 30 June	
		2024 Unaudited	2023 Unaudited
Revenue	4	1,049,113	1,005,976
Cost of sales	17	(467,615)	(439,696)
Gross profit		581,498	566,280
Other gains – net	18	17,564	12,237
Marketing costs	17	(40,923)	(34,386)
Administrative expenses	17	(125,382)	(107,103)
Other operating expenses	17	(296,777)	(295,425)
Operating profit		135,980	141,603
Finance costs – net			
– Interest expense	19	(150,536)	(131,973)
– Foreign exchange gains	19	17,371	50,264
Share of profit of associates	20	153,449	123,095
Profit before income tax		156,264	182,989
Income tax expense	21	(48,374)	(40,525)
Profit for the period		107,890	142,464
Profit attributable to:			
Owners of the Company		94,482	131,364
Non-controlling interests		13,408	11,100
		107,890	142,464
Earnings per share for profit attributable to owners of the Company during the period (expressed in US cents per share)			
– basic	22	2.661	3.688
– diluted	22	2.646	3.676

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

(All amounts in US dollar thousands)

	Six months ended 30 June	
	2024 Unaudited	2023 Unaudited
Profit for the period	107,890	142,464
Other comprehensive income/(loss):		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Fair value changes of financial assets at fair value through other comprehensive income	-	24
Effect of hyperinflation	9,530	(5,657)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Fair value changes of interest-rate swap and cross-currency swap contracts – hedging	(5,289)	(9,527)
Currency translation differences – subsidiaries	(55,596)	(81,120)
Currency translation differences – associates	(41,792)	(164,838)
Other comprehensive loss for the period	(93,147)	(261,118)
Total comprehensive income/(loss) for the period	14,743	(118,654)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	9,733	(118,602)
Non-controlling interests	5,010	(52)
	14,743	(118,654)

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(All amounts in US dollar thousands)

	Unaudited						
	Attributable to owners of the Company						
	Share capital and premium	Shares held for share award scheme	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2024	3,201,995	(15,645)	406,450	1,629,620	5,222,420	245,623	5,468,043
Fair value changes of interest-rate swap and cross-currency swap contracts – hedging	-	-	(5,289)	-	(5,289)	-	(5,289)
Currency translation differences	-	-	(88,990)	-	(88,990)	(8,398)	(97,388)
Effect of hyperinflation	-	-	-	9,530	9,530	-	9,530
Other comprehensive (loss)/income for the period recognised directly in equity	-	-	(94,279)	9,530	(84,749)	(8,398)	(93,147)
Profit for the period	-	-	-	94,482	94,482	13,408	107,890
Total comprehensive (loss)/income for the six months ended 30 June 2024	-	-	(94,279)	104,012	9,733	5,010	14,743
Shares purchase for share award scheme	-	(5,335)	-	-	(5,335)	-	(5,335)
Share-based compensation under share award scheme	-	-	4,353	-	4,353	-	4,353
Vesting of shares under share award scheme	-	3,306	(3,654)	348	-	-	-
Payment of 2023 final dividend	-	-	-	(68,701)	(68,701)	-	(68,701)
Dividend paid and payable to non-controlling shareholders	-	-	-	-	-	(4,172)	(4,172)
Injection of equity loans from non-controlling shareholders	-	-	-	-	-	743	743
	-	(2,029)	699	(68,353)	(69,683)	(3,429)	(73,112)
Balance at 30 June 2024	3,201,995	(17,674)	312,870	1,665,279	5,162,470	247,204	5,409,674

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

(All amounts in US dollar thousands)

	Unaudited						
	Attributable to owners of the Company						
	Share capital and premium	Shares held for share award scheme	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2023	3,201,995	(6,111)	568,847	1,489,310	5,254,041	170,474	5,424,515
Fair value changes of interest-rate swap and cross-currency swap contracts – hedging	-	-	(8,551)	-	(8,551)	(976)	(9,527)
Currency translation differences	-	-	(235,768)	-	(235,768)	(10,190)	(245,958)
Fair value changes of financial assets at fair value through other comprehensive income	-	-	10	-	10	14	24
Effect of hyperinflation	-	-	-	(5,657)	(5,657)	-	(5,657)
Other comprehensive loss for the period recognised directly in equity	-	-	(244,309)	(5,657)	(249,966)	(11,152)	(261,118)
Profit for the period	-	-	-	131,364	131,364	11,100	142,464
Total comprehensive (loss)/income for the six months ended 30 June 2023	-	-	(244,309)	125,707	(118,602)	(52)	(118,654)
Shares purchase for share award scheme	-	(8,259)	-	-	(8,259)	-	(8,259)
Share-based compensation under share award scheme	-	-	2,456	-	2,456	-	2,456
Vesting of shares under share award scheme	-	4,306	(4,152)	(154)	-	-	-
Transfer gain on change in fair value of equity instruments sold to retained earnings	-	-	(201)	201	-	-	-
Injection of equity loans from non-controlling shareholders	-	-	-	-	-	5,156	5,156
	-	(3,953)	(1,897)	47	(5,803)	5,156	(647)
Balance at 30 June 2023	3,201,995	(10,064)	322,641	1,615,064	5,129,636	175,578	5,305,214

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

(All amounts in US dollar thousands)

	Six months ended 30 June	
	2024 Unaudited	2023 Unaudited
Cash flows from operating activities		
– net cash generated from operations	168,744	189,467
– interest paid for loans and fixed rate bonds	(130,070)	(118,881)
– interest paid for lease liabilities	(13,854)	(14,062)
– profits tax paid	(26,523)	(14,241)
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(1,703)	42,283
Cash flows from investing activities		
– purchase of/capital expenditure on property, plant and equipment, investment properties and right-of-use assets	(50,856)	(66,181)
– proceeds from disposal of investment properties	1,208	2,423
– net decrease/(increase) in bank deposits with original maturities over 3 months	26,988	(46,347)
– injections of loans to associates	(1,126)	(15,498)
– repayment of loan from an associate	31,657	–
– capital injection to an associate	–	(2,906)
– cash received from capital reductions of associates	12,810	8,750
– dividends received from associates	30,376	20,478
– interest received from associates	783	555
– other interest received	22,165	7,411
– interest received from short-term fund placement	650	–
– other investing cash flow – net	1,086	2,378
	<hr/>	<hr/>
Net cash generated from/(used in) investing activities	75,741	(88,937)
Cash flows from financing activities		
– dividend paid to owners of the Company	(68,701)	–
– dividend paid to non-controlling shareholders	(1,102)	–
– purchase of shares under share award scheme	(5,335)	(8,259)
– injections of loans from non-controlling shareholders	5,037	4,944
– net increase in bank loans	949,059	18,918
– net proceeds from issuance of fixed rate bonds	139,662	–
– repayment of fixed rate bonds	(99,609)	–
– net interest received from cross-currency swap contracts	3,858	–
– principal elements of lease payments	(9,615)	(9,480)
	<hr/>	<hr/>
Net cash generated from financing activities	913,254	6,123
Net increase/(decrease) in cash and cash equivalents	987,292	(40,531)
Cash and cash equivalents at 1 January	870,797	753,002
Exchange losses on cash and cash equivalents	(11,905)	(6,960)
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	1,846,184	705,511
Analysis of balances of cash and cash equivalents		
Cash and bank balances and short-term fund placements ^(Note)	1,916,021	764,850
Less: bank deposits with original maturities over 3 months	(69,837)	(59,339)
	<hr/>	<hr/>
Cash and cash equivalents	1,846,184	705,511

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

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.

These condensed consolidated interim financial statements were approved by the Board for issue on 23 August 2024. These condensed consolidated interim financial statements have been reviewed by the Company's auditor in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The 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.

These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2023, except for the adoption of the following amendments to accounting standards which are relevant to the Group's operation and are mandatory for the financial year ending 31 December 2024:

HKFRS 16 (Amendments)	Lease Liability in Sale and Leaseback
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of these amendments to accounting standards has no material impact on the Group's financial statements. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

3. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

4. 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 condensed consolidated interim financial statements during the period are as follows:

	Six months ended 30 June	
	2024	2023
Revenue		
Hotel properties		
Revenue from rooms	508,553	486,282
Food and beverage sales	371,179	367,179
Rendering of ancillary services	56,062	48,807
Hotel management and related services	45,348	46,740
Property development for sale	188	597
Other business	8,054	3,881
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Revenue from contracts with customers	989,384	953,486
Investment properties	59,729	52,490
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Total consolidated revenue	1,049,113	1,005,976

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

The Group is managed on a worldwide basis in the following four 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 developments 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 hotels. These other businesses did not have a material impact on the Group’s results.

The chief operating decision-maker assesses the performance of the operating segments based on a measure of the share of profit or loss after tax and non-controlling interests. This measurement basis excludes the effects of land cost amortisation and 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment profit or loss

For the six months ended 30 June 2024 and 2023 (USD million)

	2024		2023	
	Revenue (Note b)	Profit/(Loss) after tax (Note a)	Revenue (Note b)	Profit/(Loss) after tax (Note a)
Hotel properties				
The People's Republic of China				
Hong Kong	150.6	10.8	139.6	10.0
Mainland China	326.9	(3.1)	328.7	8.4
Singapore	126.5	14.4	128.8	22.3
Malaysia	51.2	3.3	47.2	2.7
The Philippines	79.3	11.5	63.6	8.1
Japan	24.2	3.5	24.8	3.8
Thailand	31.3	6.8	29.9	5.4
France	25.6	(2.9)	27.7	(1.4)
Australia	40.8	(1.5)	40.0	(1.2)
United Kingdom	27.0	(8.4)	27.2	(7.6)
Mongolia	8.5	(1.8)	8.3	(0.9)
Sri Lanka	20.3	(0.3)	14.1	(1.6)
Other countries	23.5	(0.7)	22.4	2.8
	935.7	31.6	902.3	50.8
Hotel management and related services	119.3	15.0	106.7	8.9
Sub-total hotel operation	1,055.0	46.6	1,009.0	59.7
Investment properties				
Mainland China	14.1	87.8	12.7	84.9
Singapore	6.9	4.9	7.0	5.4
Malaysia	2.1	0.3	2.3	0.4
Mongolia	17.5	4.4	15.1	4.3
Sri Lanka	11.9	0.9	8.2	(0.6)
Other countries	7.2	1.5	7.1	2.3
	59.7	99.8	52.4	96.7
Property development for sale	0.2	3.4	0.6	(0.3)
Other business	8.1	(2.5)	3.9	(0.7)
Total	1,123.0	147.3	1,065.9	155.4
Less: Hotel management – Inter-segment revenue	(73.9)		(59.9)	
Total external revenue	1,049.1		1,006.0	
Net corporate finance costs		(80.4)		(80.9)
Land cost amortisation and project expenses		(3.5)		(1.8)
Corporate expenses		(12.5)		(13.4)
Exchange gains of corporate investment holding companies		8.2		5.3
Profit before non-operating items		59.1		64.6

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment profit or loss (continued)

For the six months ended 30 June 2024 and 2023 (USD million)

	2024	2023
	Profit/(Loss) after tax (Note a)	Profit/(Loss) after tax (Note a)
Profit before non-operating items	59.1	64.6
Non-operating items		
Share of net fair value gains on investment properties	19.8	29.8
Reversal of prior year's impairment provision on hotel properties	-	1.2
Net unrealised losses on financial assets at fair value through profit or loss	(0.8)	(2.8)
Fair value changes on cross-currency swap contracts – non-hedging	6.7	(3.7)
Fair value adjustments on security deposits on leased premises	0.1	-
Foreign exchange gain arising from appreciation of Sri Lankan rupee	9.6	42.3
Total non-operating items	35.4	66.8
Consolidated profit attributable to owners of the Company	94.5	131.4

Notes:

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

5. CAPITAL EXPENDITURE

	Property, plant and equipment	Investment properties	Right-of-use assets	Intangible assets
Opening net book amount as at 1 January 2024	3,998,055	1,803,429	1,051,345	104,661
Additions	34,197	11,310	11,596	-
Fair value losses (Note 18)	-	(12,355)	-	-
Exchange differences	(57,054)	(7,568)	(12,610)	(383)
Disposals	(744)	(948)	-	-
Depreciation/amortisation (Note 17)	(105,606)	-	(22,142)	(4,052)
Closing net book amount as at 30 June 2024	3,868,848	1,793,868	1,028,189	100,226
Opening net book amount as at 1 January 2023	4,171,457	1,724,867	1,074,681	108,804
Additions	42,150	26,776	16,611	13
Fair value gains (Note 18)	-	7,484	-	-
Exchange differences	(58,990)	(3,810)	(6,959)	69
Disposals	(906)	(103)	(2,970)	-
Depreciation/amortisation (Note 17)	(107,449)	-	(22,012)	(4,700)
Reversal of impairment provision (Note 17)	1,147	-	-	-
Closing net book amount as at 30 June 2023	4,047,409	1,755,214	1,059,351	104,186

Investment properties were stated at fair value (including those properties being constructed for future use as investment properties for which fair value becomes reliably determinable). All changes in the fair value of investment properties were recorded in the condensed consolidated interim statement of profit or loss for the six months ended 30 June 2024 and 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

6. FINANCIAL ASSETS

	As at	
	30 June 2024	31 December 2023
Non-current		
Financial assets at fair value through other comprehensive income		
– Equity and loan instruments	2,101	2,101
Financial assets at fair value through profit or loss		
– Club debentures	10,893	11,563
Total	12,994	13,664
Current		
Financial assets at fair value through profit or loss		
– Shares listed in Hong Kong	10,023	10,639

During the six months ended 30 June 2024 and 2023, there were no additions of financial assets.

During the six months ended 30 June 2023, financial assets at fair value through other comprehensive income amounted to USD1,076,000 were disposed of at sale proceeds of USD1,223,000.

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

7. OTHER RECEIVABLES

	As at	
	30 June 2024	31 December 2023
Security deposit on leased premises	11,225	12,615

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

- JPY1,751,000,000 (equivalent to USD10,912,000) (31 December 2023: JPY1,751,000,000 (equivalent to USD12,357,000))
- RMB10,000,000 (equivalent to USD1,403,000) (31 December 2023: RMB10,000,000 (equivalent to USD1,412,000))

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

8. ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

	As at	
	30 June 2024	31 December 2023
Trade receivables	99,091	95,811
Less: Provision for impairment of receivables	(10,329)	(12,123)
Trade receivables – net (Note (b))	88,762	83,688
Other receivables	68,382	62,407
Prepayments and other deposits	99,901	90,027
	257,045	236,122

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:

	As at	
	30 June 2024	31 December 2023
0 – 3 months	70,216	63,275
4 – 6 months	8,437	8,140
Over 6 months	10,109	12,273
	88,762	83,688

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

9. SHARE CAPITAL AND PREMIUM AND SHARES HELD FOR SHARE AWARD SCHEME

	Number of shares (<i>'000</i>)	Amount		Total
		Ordinary shares	Share premium	
Share capital and premium				
Authorised				
– Ordinary shares of HKD1 each				
At 1 January 2023, 31 December 2023 and 30 June 2024	5,000,000	646,496	-	646,496
Issued and fully paid				
– Ordinary shares of HKD1 each				
At 1 January 2023, 31 December 2023 and 30 June 2024	3,585,525	462,904	2,739,091	3,201,995
Shares held for share award scheme				
At 1 January 2023	(9,134)	(1,178)	(4,933)	(6,111)
Shares purchased for share award scheme	(8,594)	(1,109)	(7,150)	(8,259)
Vesting of shares under share award scheme	5,132	662	3,644	4,306
At 30 June 2023	(12,596)	(1,625)	(8,439)	(10,064)
Shares purchased for share award scheme	(8,288)	(1,069)	(4,572)	(5,641)
Vesting of shares under share award scheme	72	9	51	60
At 31 December 2023 and 1 January 2024	(20,812)	(2,685)	(12,960)	(15,645)
Shares purchased for share award scheme	(7,804)	(1,007)	(4,328)	(5,335)
Vesting of shares under share award scheme	4,510	582	2,724	3,306
At 30 June 2024	(24,106)	(3,110)	(14,564)	(17,674)

As at 30 June 2024, except for shares held for share award scheme as shown above, 10,501,055 (31 December 2023: 10,501,055) ordinary shares in the Company were held by a subsidiary which was acquired in late 1999. The cost of these shares was recognised in equity in prior years.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

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

Share awards

During the six months ended 30 June 2024, the share award scheme of the Group acquired 7,804,000 ordinary shares in the Company through purchases on the open market and 4,510,000 shares were transferred to the awardees upon vesting of the awarded shares. The remaining 24,106,000 shares were held in trust under the share award scheme as at 30 June 2024. Details of the share award scheme were disclosed in Note 10 to the condensed consolidated interim 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 term of the Share Option Scheme already expired on 28 May 2022 and no new option was granted during the year ended 31 December 2023. The options granted on 23 August 2013 under the Share Option Scheme were immediately exercisable on the grant date and have a contractual option term of ten years with 22 August 2023 being the last exercisable date. All outstanding option shares not exercised on the last exercisable date would be lapsed and the Group has no legal or constructive obligation to repurchase or settle the options in cash. No share option was exercised during the year ended 31 December 2023.

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

	For the year ended 31 December 2023	
	Weighted average exercise price in HKD per option share	Number of outstanding option shares
At 1 January 2023	12.11	6,508,000
Exercised	–	–
Lapsed	12.11	(6,508,000)
At 31 December 2023	–	–

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

10. SHARE AWARD SCHEME

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

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

The fair values of the awarded shares granted are based on the quoted market price of the Company on the grant dates which are amortised over the relevant vesting periods. During the six months ended 30 June 2024, a total of 522,900 shares and 4,510,000 shares were granted and vested to the qualified awardees, respectively. A total of 24,106,000 shares were held in trust under the share award scheme as at 30 June 2024. During the period, an expense of USD4,353,000 (2023: USD2,456,000) for the award shares granted was charged to the condensed consolidated interim statement of profit or loss.

Details of the awarded shares granted and vested during 2024 and 2023 are as follows:

Grant date	Fair value per share	Number of awarded shares granted	Maximum deliverable awarded shares on grant date subject to adjustment	Number of awarded shares vested			Vesting period
				Before 2023	For the year ended 31 Dec 2023	For the six months ended 30 Jun 2024	
In year 2021							
1 Apr 2021	HKD7.86	52,000	52,000	52,000	-	-	Nil
7 Jun 2021	HKD7.27	5,986,000	5,986,000	1,804,000	1,522,000	1,366,000	7 Jun 2021 to 7 Jun 2024
15 Oct 2021	HKD6.35	80,000	80,000	80,000	-	-	Nil
15 Oct 2021	HKD6.35	268,000	268,000	88,000	72,000	-	15 Oct 2021 to 15 Oct 2024
Total for 2021		6,386,000	6,386,000				
In year 2022							
6 May 2022	HKD5.85	12,458,000	12,458,000	-	3,610,000	3,144,000	6 May 2022 to 6 May 2025
Total for 2022		12,458,000	12,458,000				
In year 2023							
17 Jul 2023	HKD6.37	18,930,100	18,930,100	-	-	-	17 Jul 2023 to 17 Jul 2026
Total for 2023		18,930,100	18,930,100				
In year 2024							
2 Jan 2024	HKD5.36	522,900	522,900	-	-	-	2 Jan 2024 to 1 Jan 2027
Total for 2024		522,900	522,900				
Grand Total		38,297,000	38,297,000	2,024,000	5,204,000	4,510,000	

Further details of the share award scheme are set out under the section headed "Share Award Scheme" of the Company's 2023 annual report.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

11. OTHER RESERVES

	Share option reserve	Share award reserve	Hedging reserve	Investment reserve	Capital redemption reserve	Exchange fluctuation reserve	Capital reserve	Asset revaluation reserve	Other reserve	Contributed surplus	Total
Balance at 1 January 2024	-	9,074	59,255	-	10,666	(685,967)	601,490	20,823	1,368	389,741	406,450
Currency translation differences	-	-	-	-	-	(88,990)	-	-	-	-	(88,990)
Fair value changes of interest-rate swap and cross-currency swap contracts – hedging	-	-	(5,289)	-	-	-	-	-	-	-	(5,289)
Share-based compensation under share award scheme	-	4,353	-	-	-	-	-	-	-	-	4,353
Vesting of shares under share award scheme	-	(3,654)	-	-	-	-	-	-	-	-	(3,654)
Balance at 30 June 2024	-	9,773	53,966	-	10,666	(774,957)	601,490	20,823	1,368	389,741	312,870
Balance at 1 January 2023	6,216	5,397	108,238	191	10,666	(575,283)	601,490	20,823	1,368	389,741	568,847
Currency translation differences	-	-	-	-	-	(235,768)	-	-	-	-	(235,768)
Fair value changes of interest-rate swap and cross-currency swap contracts – hedging	-	-	(8,551)	-	-	-	-	-	-	-	(8,551)
Fair value changes of financial assets at fair value through other comprehensive income	-	-	-	10	-	-	-	-	-	-	10
Share-based compensation under share award scheme	-	2,456	-	-	-	-	-	-	-	-	2,456
Vesting of shares under share award scheme	-	(4,152)	-	-	-	-	-	-	-	-	(4,152)
Transfer gain on change in fair value of equity instruments sold to retained earnings	-	-	-	(201)	-	-	-	-	-	-	(201)
Balance at 30 June 2023	6,216	3,701	99,687	-	10,666	(811,051)	601,490	20,823	1,368	389,741	322,641

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

12. BANK LOANS

	As at	
	30 June 2024	31 December 2023
Bank loans	5,375,381	4,414,401
Less: Non-current portion	(4,890,848)	(3,907,801)
	<hr/>	<hr/>
Current portion	484,533	506,600

The maturity of bank loans is as follows:

	As at	
	30 June 2024	31 December 2023
Within 1 year	484,533	506,600
Between 1 and 2 years	631,805	391,503
Between 2 and 5 years	3,877,939	3,319,141
	<hr/>	<hr/>
Repayable within 5 years	4,994,277	4,217,244
Over 5 years	381,104	197,157
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	5,375,381	4,414,401

As at 30 June 2024 and 31 December 2023, all bank loans are unsecured.

The effective interest rates at the date of the condensed consolidated interim statement of financial position are as follows:

	30 June 2024						
	HKD	RMB	USD	EUR	JPY	FJD	SGD
Bank loans	5.79%	4.21%	6.61%	5.18%	0.82%	3.75%	4.75%

	31 December 2023							
	HKD	RMB	USD	EUR	JPY	FJD	SGD	AUD
Bank loans	6.48%	4.47%	6.50%	5.01%	0.77%	3.75%	4.74%	5.63%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

12. BANK LOANS (CONTINUED)

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

	As at	
	30 June 2024	31 December 2023
Hong Kong dollars (HKD)	1,169,393	1,236,490
Renminbi (RMB)	2,614,389	1,210,397
United States dollars (USD)	1,368,798	1,680,957
Euros (EUR)	80,300	83,056
Japanese yen (JPY)	103,969	107,847
Fijian dollars (FJD)	4,222	7,207
Singapore dollars (SGD)	34,310	33,712
Australian dollars (AUD)	-	54,735
	5,375,381	4,414,401

The Group has the following undrawn borrowing facilities:

	As at	
	30 June 2024	31 December 2023
Floating rate		
– expiring within one year	17,426	14,810
– expiring beyond one year	532,935	938,901
Fixed rate		
– expiring within one year	-	-
– expiring beyond one year	-	635,351
	550,361	1,589,062

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

13. FIXED RATE BONDS

In June 2024, the Company issued 3-year fixed rate bonds in an aggregated amount of RMB1,000,000,000 (equivalent to USD140,315,000) at 100% of the face value with a coupon rate of 2.50% per annum.

During the period, the entire outstanding fixed rate bonds issued in 2019 with face value of SGD135,000,000 (equivalent to USD99,609,000) were redeemed on the maturity date of 11 June 2024.

The fixed rate bonds recognised in the condensed consolidated interim statement of financial position are as follows:

	Coupon rate per annum	Maturity	Balance as at 31 December 2023	New issuance during the period	Repayment during the period	Exchange differences	Balance as at 30 June 2024
Bonds issued in 2018							
SGD825,000,000	4.50%	Nov 2025	625,000	-	-	(16,279)	608,721
USD35,000,000	5.23%	Nov 2025	35,000	-	-	-	35,000
Bonds issued in 2019							
SGD135,000,000	3.70%	Jun 2024	102,273	-	(99,609)	(2,664)	-
SGD165,000,000	4.10%	Jun 2027	125,000	-	-	(3,256)	121,744
Bond issued in 2020							
SGD250,000,000	3.50%	Jan 2030	189,394	-	-	(4,933)	184,461
Bond issued in 2021							
SGD100,000,000	3.50%	Jan 2030	75,758	-	-	(1,973)	73,785
Bond issued in 2023							
SGD160,000,000	4.40%	Aug 2028	121,212	-	-	(3,157)	118,055
Bond issued in 2024							
RMB1,000,000,000	2.50%	Jun 2027	-	140,315	-	-	140,315
Face value			1,273,637	140,315	(99,609)	(32,262)	1,282,081
Unamortised discount and issuing expenses			(2,832)				(2,965)
Carrying amount			1,270,805				1,279,116
Less: Non-current portion			(1,168,534)				(1,279,116)
Current portion			102,271				-

As at 30 June 2024 and 31 December 2023, all fixed rate bonds were unsecured.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

14. DERIVATIVE FINANCIAL INSTRUMENTS

	As at	
	30 June 2024	31 December 2023
Non-current assets		
Interest-rate swap contracts		
– cash flow hedge	44,061	42,173
Cross-currency swap contracts		
– held for trading	2,236	–
	46,297	42,173
Current assets		
Interest-rate swap contracts		
– cash flow hedge	32,163	32,609
Cross-currency swap contracts		
– held for trading	654	–
	32,817	32,609
Total assets	79,114	74,782
Non-current liabilities		
Cross-currency swap contracts		
– hedge of a net investment in a foreign operation	11,129	13,211
– held for trading	226	454
	11,355	13,665
Current liabilities		
Cross-currency swap contracts		
– hedge of a net investment in a foreign operation	11,129	6,628
– held for trading	678	1,557
	11,807	8,185
Total liabilities	23,162	21,850

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Interest-rate swap contracts

The Group has endeavoured to hedge its medium-term interest rate risk by entering into fixed HIBOR and SOFR interest-rate swap contracts, and all interest-rate swap contracts qualify for hedge accounting. The hedging instruments have similar critical terms as the hedged items, which present economic relationship and are highly effective.

All the interest-rate swap contracts were initially recognised at fair value on the dates the contracts were entered and are subsequently re-measured at fair value at each date of the statement of financial position. The recorded fair value could be an asset or liability depending on the prevailing financial market conditions and the anticipated interest rate environment.

The notional principal amounts of the outstanding HIBOR and SOFR interest-rate swap contracts at 30 June 2024 are as follows:

- USD1,005,000,000 (31 December 2023: USD1,005,000,000) with fixed interest rates vary from 1.365% to 1.460% per annum (31 December 2023: 1.365% to 1.460% per annum) maturing between July 2024 and March 2027.
- HKD4,920,000,000 (equivalent to USD634,839,000) (31 December 2023: HKD4,920,000,000 (equivalent to USD634,839,000)) with fixed interest rates vary from 1.505% to 1.855% per annum (31 December 2023: 1.505% to 1.855% per annum) maturing between July 2024 and August 2026.

Cross-currency swap contracts

During the six months ended 30 June 2024, a 51% owned subsidiary of the Company entered into a 5-year term cross-currency swap contract amounting to USD33,500,000 in order to swap bank borrowings from USD to RMB to hedge the RMB investment for hotels in Mainland China, under which the principal amount was exchanged at inception to RMB at exchange rates of RMB7.228 to USD1 and will be re-exchanged on expiry date in December 2028 at the same exchange rate. Under the contract, a fixed interest rate of 4.18% per annum on the exchanged RMB principal amount would be paid and a floating interest rate of SOFR+1.65% per annum on the USD principal amount would be received, respectively. This cross-currency swap contract does not qualify for hedge accounting.

During the year ended 31 December 2023, a 51% owned subsidiary of the Company entered into five 5-year term cross-currency swap contracts totalling USD260,000,000 in order to swap bank borrowings from USD to RMB to hedge the RMB investment for hotels in Mainland China, under which the principal amount was exchanged at inception to RMB at exchange rates vary between RMB7.120 and 7.146 to USD1 and will be re-exchanged on expiry date in December 2028 at the same exchange rate. Under the contracts, fixed interest rates vary from 4.20% to 4.29% per annum on the exchanged RMB principal amounts would be paid and a floating interest rate of SOFR+1.65% per annum on the USD principal amounts would be received, respectively. These cross-currency swap contracts do not qualify for hedge accounting.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

14. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cross-currency swap contracts (continued)

During the year ended 31 December 2020, a wholly-owned subsidiary of the Company entered into two 3-year term cross-currency swap contracts totalling EUR100,000,000 in order to swap bank borrowings from Hong Kong dollar to Euro to hedge the Euro investment for hotels in Europe, under which the principal amount was exchanged at inception to Euro at exchange rates of HKD9.1972 and HKD9.175 to EUR1 and was re-exchanged on expiry date in August 2023 at the same exchange rate. Under the contracts, fixed interest rates of 0.390% and 0.395% per annum on the exchanged Euro principal amounts would be paid and a floating interest rate of HIBOR+0.79% and HIBOR+0.84% per annum on the HKD principal amounts would be received, respectively. The cross-currency swap contracts do not qualify for hedge accounting. These two cross-currency swap contracts expired upon their expiry date in August 2023.

During the year ended 31 December 2019, a wholly-owned subsidiary of the Company entered into a cross-currency swap contract amounting to JPY8,000,000,000 to hedge the JPY bank borrowings of the same amount, under which the principal amount was exchanged at inception to HKD578,754,000 at an exchange rate of JPY13.8228 to HKD1 and will be re-exchanged on expiry date in July 2026 at the same exchange rate. Under the contract, a fixed interest rate of 3.345% per annum on the exchanged Hong Kong dollar principal amounts would be paid and a floating interest rate of TONAR+0.675% per annum on the JPY principal amount would be received. The cross-currency swap contract qualifies for hedge accounting and is highly effective.

During the year ended 31 December 2018, a wholly-owned subsidiary of the Company entered into a cross-currency swap contract amounting to USD35,000,000, under which the principal amount was exchanged at inception to SGD48,377,000 at an exchange rate of USD1 to SGD1.3822 and will be re-exchanged on expiry date in November 2025 at the same exchange rate. Under the contract, a fixed interest rate of 4.25% per annum on the exchanged Singapore dollar principal amounts would be paid and a fixed interest rate of 5.23% per annum on the United States dollar principal amount would be received. The cross-currency swap contract does not qualify for hedge accounting.

15. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS

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

	As at	
	30 June 2024	31 December 2023
Interest-free	34,157	30,368
Fixed rate at 1.8% (31 December 2023: 1.8%) per annum and repayable within 1 year	18,987	14,613
	53,144	44,981

The fair values of the amounts due to non-controlling shareholders are not materially different from their carrying values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

16. ACCOUNTS PAYABLE AND ACCRUALS

	As at	
	30 June 2024	31 December 2023
Trade payables	55,391	81,186
Other payables and accrued expenses	486,476	557,862
	541,867	639,048

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

	As at	
	30 June 2024	31 December 2023
0 – 3 months	51,950	77,015
4 – 6 months	1,609	1,958
Over 6 months	1,832	2,213
	55,391	81,186

17. EXPENSES BY NATURE

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

	For the six months ended	
	30 June 2024	30 June 2023
Depreciation of property, plant and equipment (Note 5)	105,606	107,449
Amortisation of trademark, and website and system development (Note 5)	4,052	4,700
Depreciation of right-of-use assets (Note 5)	22,142	22,012
Reversal of prior year's impairment provision on property, plant and equipment (Note 5)	–	(1,147)
Employee benefit expenses excluding directors' emoluments	385,528	356,971
Cost of sales of properties	255	213
Cost of inventories sold and consumed in operation	131,369	127,588
Loss on disposal of property, plant and equipment; and partial replacement of investment properties	749	587
Pre-opening expenses	2,757	1,196

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

18. OTHER GAINS – NET

	For the six months ended	
	30 June 2024	30 June 2023
Net gains/(losses) on short-term investments	34	(1,834)
Fair value losses of club debentures	(669)	(1,085)
Fair value changes of cross-currency swap contracts	12,167	(3,715)
Fair value (losses)/gains of investment properties (Note 5)	(12,355)	7,484
Interest income	17,036	8,304
Dividend income	756	660
Gain on sale of investment properties	595	2,423
	17,564	12,237

19. FINANCE COSTS – NET

	For the six months ended	
	30 June 2024	30 June 2023
Interest expense		
– bank loans	140,691	122,360
– fixed rate bonds	26,594	23,894
– other loans	54	366
– interest-rate swap contracts	(29,961)	(26,831)
– lease liability	13,854	14,062
	151,232	133,851
Less: Amount capitalised	(696)	(1,878)
	150,536	131,973
Net foreign exchange gains	(17,371)	(50,264)
	133,165	81,709

The effective capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 4.45% (2023: 4.26%) per annum.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

20. SHARE OF PROFIT OF ASSOCIATES

	For the six months ended	
	30 June 2024	30 June 2023
Share of profit before tax of associates before share of net fair value changes of investment properties	142,534	133,146
Share of net fair value changes of investment properties	58,570	32,908
	<hr/>	
Share of profit before tax of associates	201,104	166,054
	<hr/>	
Share of tax before provision for deferred tax on net fair value changes of investment properties	(32,988)	(34,941)
Share of provision for deferred tax on net fair value changes of investment properties	(14,667)	(8,018)
	<hr/>	
Share of associates' taxation	(47,655)	(42,959)
	<hr/>	
Share of profit of associates	153,449	123,095
	<hr/>	

21. INCOME TAX EXPENSE

Income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings. Hong Kong profits tax is provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits of group companies operating in Hong Kong. Taxation outside Hong Kong includes withholding tax paid and payable on dividends and tax provided at the prevailing rates on the estimated assessable profits of group companies operating outside Hong Kong.

	For the six months ended	
	30 June 2024	30 June 2023
Current income tax		
– Hong Kong profits tax	2	(7)
– overseas taxation	29,497	27,904
Deferred income tax	18,875	12,628
	<hr/>	
	48,374	40,525
	<hr/>	

If the new tax laws related to the Pillar Two model rules have applied in 2024, the profits relating to the Group's operations in Fiji and Mauritius would be subject to the corresponding Pillar Two income taxes. For the six months ended 30 June 2024, the top-up tax exposure is not expected to be material to the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

22. EARNINGS PER SHARE

Basic

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

	For the six months ended	
	30 June 2024	30 June 2023
Profit attributable to owners of the Company (USD'000)	94,482	131,364
Weighted average number of ordinary shares in issue (thousands)	3,550,908	3,561,946
Basic earnings per share (US cents per share)	2.661	3.688

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has the potential dilutive effect on the non-vested awarded shares under the share award scheme for the six months ended 30 June 2024 and 2023.

The dilution effect on the earnings per share for the six months ended 30 June 2024 is as follows:

	For the six months ended	
	30 June 2024	30 June 2023
Profit attributable to owners of the Company (USD'000)	94,482	131,364
Weighted average number of ordinary shares in issue (thousands)	3,550,908	3,561,946
Adjustments (thousands)	20,362	11,688
Weighted average number of ordinary shares for diluted earnings per share (thousands)	3,571,270	3,573,634
Diluted earnings per share (US cents per share)	2.646	3.676

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

23. DIVIDENDS

	For the six months ended	
	30 June 2024	30 June 2023
Interim dividend of HK5 cents (2023: Nil) per ordinary share	22,945	–

Notes:

- (a) At a meeting held on 22 March 2024, the Board proposed a final dividend of HK15 cents per ordinary share for the year ended 31 December 2023, which was paid on 14 June 2024, and has been reflected as a charge against retained earnings for the six months ended 30 June 2024.
- (b) At a meeting held on 23 August 2024, the Board declared an interim dividend of HK5 cents per ordinary share for the year ending 31 December 2024. This declared dividend is not reflected as a dividend payable in these financial statements but reflected as an appropriation of retained earnings for the year ending 31 December 2024. The declared interim dividend of USD22,945,000 for the six months ended 30 June 2024 is calculated based on 3,585,525,056 shares of the Company in issue as at 23 August 2024 after elimination on consolidation the amount of USD68,000 for the 10,501,055 ordinary shares in the Company held by a subsidiary of the Company and USD120,000 for 18,571,700 ordinary shares held by the Company's share award trust for the share award scheme.

24. FINANCIAL GUARANTEES, CONTINGENCIES AND CHARGES OVER ASSETS

(a) Financial guarantees

The Group executed proportionate guarantees in favour of banks for securing banking facilities granted to certain associates. The utilised amount of such facilities covered by the Group's guarantees for these associates as at 30 June 2024 amounted to USD101,311,000 (31 December 2023: USD116,628,000).

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 30 June 2024 and 31 December 2023, there were no material contingent liabilities.

(c) Charges over assets

As at 30 June 2024 and 31 December 2023, there were no charges over assets for borrowings.

25. COMMITMENTS

The Group's commitments for capital expenditure at the date of the condensed consolidated interim statement of financial position but not yet incurred are as follows:

	As at	
	30 June 2024	31 December 2023
Existing properties – property, plant and equipment and investment properties		
– contracted but not provided for	13,335	22,261
– authorised but not contracted for	9,970	22,252
Development projects		
– contracted but not provided for	16,319	27,343
– authorised but not contracted for	66,188	72,349
	105,812	144,205

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

26. RELATED PARTY TRANSACTIONS

Kerry Holdings Limited (“KHL”), a substantial shareholder and a related party of the Company, has significant influence over the Company.

The following transactions were carried out with related parties in the ordinary course of the Group’s business:

	For the six months ended	
	30 June 2024	30 June 2023
(a) Transactions with subsidiaries of KHL during the period (other than subsidiaries of the Company)		
Receipt of hotel management, consultancy and related services and royalty fees	9,305	9,013
Reimbursement of office expenses and payment of administration and related expenses	66	150
Reimbursement of office rental, management fees and rates	26	28
Payment of office rental, management fees and rates	2,765	2,761
Purchase of wine	365	569

	For the six months ended	
	30 June 2024	30 June 2023
(b) Transactions with associates of the Group during the period (other than the subsidiaries of KHL included under item(a) above)		
Receipt of hotel management, consultancy and related services and royalty fees	14,029	14,493
Receipt of laundry services	292	290

	As at	
	30 June 2024	31 December 2023
(c) Financial assistance provided to subsidiaries of KHL (other than subsidiaries of the Company)		
Balance of loans to associates of the Group	114,758	145,919
Balance of guarantees executed in favour of banks for securing bank loans/facilities granted to associates of the Group	93,241	112,308

	As at	
	30 June 2024	31 December 2023
(d) Financial assistance provided to associates of the Group (excluding item (c) above)		
Balance of loans to associates of the Group	6,709	49,684
Balance of guarantees executed in favour of banks for securing bank loans/facilities granted to associates of the Group	8,070	4,320

There are no material changes to the terms of the above transactions during the period.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

26. RELATED PARTY TRANSACTIONS (CONTINUED)

	For the six months ended	
	30 June 2024	30 June 2023
(e) Key management compensation		
Fees, salaries and other short-term employee benefits of executive directors	1,421	1,033
Post-employment benefits of executive directors	16	16
	1,437	1,049

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

Level 3 – Fair value measured using significant unobservable inputs.

The definitions, valuation technique and inputs used in the fair value measurements for financial instruments under Level 1, Level 2 and Level 3 are consistent with those used in the Group's annual financial statements for the year ended 31 December 2023.

The following tables present the Group's financial assets and liabilities that are measured at fair value at 30 June 2024 and 31 December 2023.

	Level 1	Level 2	Level 3	Total
At 30 June 2024				
Assets				
Financial assets at fair value through other comprehensive income (<i>Note 6</i>)				
– Equity and loan instruments	–	–	2,101	2,101
Financial assets at fair value through profit or loss (<i>Note 6</i>)				
– Club debentures	10,893	–	–	10,893
– Listed shares	10,023	–	–	10,023
Derivative financial instruments (<i>Note 14</i>)				
– Interest-rate swap contracts	–	76,224	–	76,224
– Cross-currency swap contracts	–	2,890	–	2,890
Total assets	20,916	79,114	2,101	102,131
Liabilities				
Derivative financial instruments (<i>Note 14</i>)				
– Cross-currency swap contracts	–	23,162	–	23,162

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

(All amounts in US dollar thousands unless otherwise stated)

27. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	Level 1	Level 2	Level 3	Total
At 31 December 2023				
Assets				
Financial assets at fair value through other comprehensive income (Note 6)				
– Equity and loan instruments	–	–	2,101	2,101
Financial assets at fair value through profit or loss (Note 6)				
– Club debentures	11,563	–	–	11,563
– Listed shares	10,639	–	–	10,639
Derivative financial instruments (Note 14)				
– Interest-rate swap contracts	–	74,782	–	74,782
Total assets	22,202	74,782	2,101	99,085
Liabilities				
Derivative financial instruments (Note 14)				
– Cross-currency swap contracts	–	21,850	–	21,850

There was no transfer between the levels of fair value hierarchy of the Group's financial assets and liabilities during the six months ended 30 June 2024 and 2023.

28. EVENT AFTER THE REPORTING PERIOD

In July 2024, the Group issued two tranches of fixed rate bonds totalling RMB1,000,000,000 (equivalent to USD140,315,000), comprising RMB600,000,000 at a 3-year term and RMB400,000,000 at a 5-year term with coupon rates of 2.27% and 2.50% per annum, respectively.

DISCUSSION AND ANALYSIS

The principal activities of the Group remained the same as in 2023. 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 purpose
- **Property Development for Sale** – development and sale of real estate properties

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**

DISCUSSION AND ANALYSIS

The following table summarises the hotels and rooms of the Group as at 30 June 2024:

	Owned/Leased		Managed		Total Operating Hotels		Hotels Under Development	
	Hotels	Rooms in '000	Hotels	Rooms in '000	Hotels	Rooms in '000	Owned/ Leased Hotels	Hotels under Management contracts
 SHANGRI-LA	73	30.7	18	5.7	91	36.4	4	2
 KERRY HOTELS	3	1.6	-	-	3	1.6	-	-
 JEN BY SHANGRI-LA	8	3.1	1	0.3	9	3.4	-	1
 TRADERS HOTELS	-	-	2	0.9	2	0.9	1	-
Total	84	35.4	21	6.9	105	42.3	5	3

Notes:

- (1) Shangri-La Nanshan, Shenzhen (a management hotel owned by a third party) in Mainland China opened for business in January 2024.
- (2) JEN Kunming by Shangri-La (45% equity interest owned by the Group) in Mainland China opened for business in April 2024.

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

<i>(in thousand square metres)</i>	Group's equity interest	Total GFA of the operating investment properties as at 30 June 2024		
		Office spaces	Commercial spaces	Serviced apartments/ residences
Mainland China	20.0-100.0%	984.9	713.7	266.5
Malaysia	52.78%	45.2	8.5	17.4
Singapore	44.6-100.0%	3.3	22.9	24.7
Australia	100.0%	0.5	11.4	-
Mongolia	51.0%	58.0	39.6	30.0
Myanmar	55.86-59.28%	37.6	11.8	56.8
Sri Lanka	90.0%	59.9	79.5	3.7
TOTAL		1,189.4	887.4	399.1

DISCUSSION AND ANALYSIS

CONDENSED CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS

The following table shows the Group's profit or loss for the six months ended 30 June 2024 and 2023 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 six months ended 30 June 2024		Profit or loss for the six months ended 30 June 2023		% change	
	Financial statement format	Effective share	Financial statement format	Effective share	Financial statement format	Effective share
<i>(USD million)</i>						
Revenue	1,049.1	1,272.1	1,006.0	1,226.9	4.3%	3.7%
Cost of sales	(467.6)	(525.6)	(439.7)	(503.9)	-6.3%	-4.3%
Gross profit	581.5	746.5	566.3	723.0	2.7%	3.3%
Operating expenses	(330.6)	(366.1)	(303.4)	(328.4)	-9.0%	-11.5%
Other gains – operating items	1.4	1.1	3.1	1.9	-54.8%	-42.1%
EBITDA	252.3	381.5	266.0	396.5	-5.2%	-3.8%
Depreciation and amortisation	(131.8)	(143.8)	(134.1)	(146.0)	1.7%	1.5%
Loss on disposal of fixed assets	(0.7)	(0.7)	(0.6)	(0.6)	-16.7%	-16.7%
Interest income	17.0	19.7	8.3	11.3	104.8%	74.3%
Other expenses – non-operating items	-	-	1.1	1.1	N/M	N/M
Other (losses)/gains – non-operating items	(0.8)	48.6	0.9	30.1	N/M	61.5%
Operating profit	136.0	305.3	141.6	292.4	-4.0%	4.4%
Finance cost – net						
– Operating items	(143.9)	(128.8)	(128.8)	(122.2)	-11.7%	-5.4%
– Non-operating items	10.8	9.7	47.1	42.4	-77.1%	-77.1%
Share of profit of associates	153.4	-	123.1	-	24.6%	N/M
Profit before income tax	156.3	186.2	183.0	212.6	-14.6%	-12.4%
Income tax (expense)/credit						
– Operating items	(39.1)	(68.8)	(41.5)	(74.2)	5.8%	7.3%
– Non-operating items	(9.3)	(22.9)	1.0	(7.0)	N/M	-227.1%
Profit for the period	107.9	94.5	142.5	131.4	-24.3%	-28.1%
Less: Profit attributable to non-controlling interests	(13.4)	-	(11.1)	-	-20.7%	N/M
Profit attributable to owners of the Company	94.5	94.5	131.4	131.4	-28.1%	-28.1%

N/M: not meaningful

FINANCIAL HIGHLIGHTS

- Consolidated revenue for the six months ended 30 June 2024 was USD1,049.1 million, an increase of 4.3%, compared to USD1,006.0 million for the six months ended 30 June 2023. The increase was mainly due to hotel business's further recovery as a result of occupancy increase on a year-on-year basis from the low base of first half of 2023.
- Effective share of revenue for the six months ended 30 June 2024 was USD1,272.1 million, an increase of 3.7%, compared to USD1,226.9 million for the six months ended 30 June 2023. The effective share of revenue growth was slower mainly due to Investment Properties' high base in last year, which was mainly contributed by the Group's associates.
- Effective share of EBITDA for the six months ended 30 June 2024 was USD381.5 million, a decrease of 3.8%, compared to USD396.5 million for the six months ended 30 June 2023. The decrease was mainly due to higher cost in hotel business.
- Effective share of operating profit for the six months ended 30 June 2024 was USD305.3 million, an increase of 4.4%, compared to USD292.4 million for the same period in 2023. The increase was mainly due to year-on-year increase in interest income and other gains (comprising fair value changes of financial instruments and investment properties) amounted to USD8.4 million and USD18.5 million, respectively.
- Effective share of profit before income tax was USD186.2 million for the six months ended 30 June 2024, a decrease of 12.4%, compared to USD212.6 million for the same period in 2023. The decrease was mainly due to the year-on-year decrease in the exceptional foreign exchange gain amounted to USD32.7 million due to the appreciation of Sri Lankan rupee included in the net finance cost.
- All in all, profit attributable to owners of the company was USD94.5 million for the six months ended 30 June 2024, a decrease of 28.1%, compared to USD131.4 million for the six months ended 30 June 2023. The decrease was mainly due to escalated operating expenses which lowered the EBITDA during the period as well as the year-on-year decrease in gains of non-operating items.

DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

Consolidated Revenue

Details of the segment revenue information are provided in Note 4 to the condensed consolidated interim financial statements included in this interim report.

<i>(USD million)</i>	For the six months ended 30 June		
	2024	2023	% change
Hotel Properties	935.7	902.3	3.7%
Hotel Management and Related Services	119.3	106.7	11.8%
Sub-total Hotel Operations	1,055.0	1,009.0	4.6%
Investment Properties	59.7	52.4	13.9%
Property Development for Sale	0.2	0.6	-66.7%
Other Business	8.1	3.9	107.7%
Less: Inter-Segment Revenue	(73.9)	(59.9)	-23.4%
Total Group Consolidated Revenue	1,049.1	1,006.0	4.3%

- Consolidated revenue was USD1,049.1 million for the six months ended 30 June 2024, an increase of 4.3% (or USD43.1 million), compared to USD1,006.0 million for the six months ended 30 June 2023. The increase was mainly due to hotel business's further recovery as a result of occupancy increase on a year-on-year basis from the low base of first half of 2023.
- Consolidated revenue from our Hotel Operations as a result increased to USD1,055.0 million for the six months ended 30 June 2024, an increase of 4.6% (or USD46.0 million), compared to USD1,009.0 million for the six months ended 30 June 2023.
- Consolidated revenue from our Investment Properties business increased by 13.9% (or USD7.3 million) to USD59.7 million for the six months ended 30 June 2024. The increase was mainly due to improved performance of the Group's Investment Properties in Mongolia and Sri Lanka as well as additional revenue contributed by the Group's wholly owned newly opened Shangri-La Centre, Fuzhou, which had its office component opened in the second half of 2023 and the commercial component opened in the first half of 2024.

RESULTS OF OPERATIONS (CONTINUED)

Consolidated Revenue (Continued)

(i) Hotel Properties

For the six months ended 30 June 2024, the increase of consolidated revenue from our hotel properties was mainly driven by revenue growth in Hong Kong, the Philippines and Sri Lanka compared to the same period in 2023.

Please refer to table below for our geographical breakdown of Hotel Properties consolidated revenue for the six months ended 30 June 2024 and 2023:

<i>(USD million)</i>	For the six months ended 30 June		
	2024	2023	% change
Hotel Properties			
The People's Republic of China			
Hong Kong	150.6	139.6	7.9%
Mainland China	326.9	328.7	-0.5%
Singapore	126.5	128.8	-1.8%
Malaysia	51.2	47.2	8.5%
The Philippines	79.3	63.6	24.7%
Japan	24.2	24.8	-2.4%
Thailand	31.3	29.9	4.7%
France	25.6	27.7	-7.6%
Australia	40.8	40.0	2.0%
United Kingdom	27.0	27.2	-0.7%
Mongolia	8.5	8.3	2.4%
Sri Lanka	20.3	14.1	44.0%
Other countries	23.5	22.4	4.9%
Total consolidated revenue	935.7	902.3	3.7%

DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS (CONTINUED)

Consolidated Revenue (Continued)

(i) Hotel Properties (Continued)

The key performance indicators of the Group-owned hotels (including hotels under lease) on an unconsolidated basis (including both subsidiaries and associates) for the six months ended 30 June 2024 and 2023 are as follows:

Destinations	2024 Weighted Average			2023 Weighted Average		
	Occupancy (%)	Room Rate (USD)	RevPAR (USD)	Occupancy (%)	Room Rate (USD)	RevPAR (USD)
The People's Republic of China						
Hong Kong	75	269	202	65	279	182
Mainland China	61	117	71	60	119	72
Tier 1 Cities	69	157	108	67	157	105
Tier 2 Cities	61	96	59	61	97	59
Tier 3+4 Cities	49	90	44	48	100	47
Singapore	76	265	201	79	259	205
Malaysia	66	124	82	60	119	72
The Philippines	56	217	121	64	229	147
Japan	65	645	419	60	693	419
Thailand	61	159	97	61	147	89
France	42	2,047	857	46	2,196	1,009
Australia	79	249	198	77	250	191
United Kingdom	62	734	453	61	764	470
Mongolia	32	227	71	32	232	74
Sri Lanka	43	160	68	32	137	44
Other countries	44	212	94	42	213	90
Non-Mainland China Weighted Average	62	233	144	60	237	143
Total Weighted Average	61	169	104	60	171	103

The weighted average occupancy of our hotels was 61% for the six months ended 30 June 2024, an increase of 1 percentage point compared to 60% for the six months ended 30 June 2023. The weighted average revenue per available room ("RevPAR") was USD104 for the six months ended 30 June 2024, almost flat, compared to USD103 for the six months ended 30 June 2023.

If we exclude Mainland China, weighted average occupancy was 62% for the six months ended 30 June 2024, an increase of 2 percentage points compared to 60% for the six months ended 30 June 2023. RevPAR was USD144 for the six months ended 30 June 2024, almost flat, compared to USD143 for the six months ended 30 June 2023.

RESULTS OF OPERATIONS (CONTINUED)

Consolidated Revenue (Continued)

(i) Hotel Properties (Continued)

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

The People's Republic of China

Hong Kong

For Hong Kong, occupancy was 75% for the six months ended 30 June 2024, an increase of 10 percentage points, compared to 65% for the six months ended 30 June 2023. RevPAR was USD202 for the six months ended 30 June 2024, an increase of 11%, compared to USD182 for the six months ended 30 June 2023. Our hotels in Hong Kong delivered a better performance in the first quarter of 2024 on a year-on-year basis, but faced some pressure in the second quarter. Total revenue from Hong Kong hotel properties for the six months ended 30 June 2024 increased by 7.9% to USD150.6 million.

Mainland China

The Group had equity interest in 47 operating hotels in Mainland China as at 30 June 2024, compared to 46 as at 30 June 2023.

For Mainland China, occupancy was 61% for the six months ended 30 June 2024, an increase of 1 percentage point, compared to 60% for the six months ended 30 June 2023. RevPAR was USD71 for the six months ended 30 June 2024, almost flat, compared to USD72 for the six months ended 30 June 2023. Our Hotel Properties in Mainland China remained stable during the six months ended 30 June 2024.

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

- In Tier 1 cities, occupancy was 69% for the six months ended 30 June 2024, an increase of 2 percentage points, compared to 67% for the six months ended 30 June 2023. RevPAR was USD108 for the six months ended 30 June 2024, an increase of 3%, compared to USD105 for the six months ended 30 June 2023.
- In Tier 2 cities, occupancy was 61% for the six months ended 30 June 2024, flat, compared to 61% for the six months ended 30 June 2023. RevPAR was USD59 for the six months ended 30 June 2024, flat, compared to USD59 for the six months ended 30 June 2023.
- In Tier 3 and Tier 4 cities, occupancy was 49% for the six months ended 30 June 2024, an increase of 1 percentage point, compared to 48% for the six months ended 30 June 2023. RevPAR was USD44 for the six months ended 30 June 2024, a decrease of 6%, compared to USD47 for the six months ended 30 June 2023. Our hotels in Tier 3 and Tier 4 cities maintained occupancy as trend to domestic travel continued but their average daily rate was under pressure during the first half of 2024.

Total revenue from Mainland China hotel properties for the six months ended 30 June 2024 decreased by 0.5% to USD326.9 million.

DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS (CONTINUED)

Consolidated Revenue (Continued)

(i) Hotel Properties (Continued)

Singapore

For Singapore, occupancy was 76% for the six months ended 30 June 2024, a decrease of 3 percentage points, compared to 79% for the six months ended 30 June 2023. RevPAR was USD201 for the six months ended 30 June 2024, a decrease of 2%, compared to USD205 for the six months ended 30 June 2023. Our hotels in Singapore were facing fiercer competition as market supply increased during the first half of 2024. Total revenue from Singapore hotel properties for the six months ended 30 June 2024 decreased by 1.8% to USD126.5 million.

Malaysia

For Malaysia, occupancy was 66% for the six months ended 30 June 2024, an increase of 6 percentage points, compared to 60% for the six months ended 30 June 2023. RevPAR was USD82 for the six months ended 30 June 2024, an increase of 14%, compared to USD72 for the six months ended 30 June 2023. Our Malaysia hotels largely benefited from the recovery of business activities, with increased revenue from corporate and groups. Total revenue from Malaysia hotel properties for the six months ended 30 June 2024 increased by 8.5% to USD51.2 million.

The Philippines

For the Philippines, occupancy was 56% for the six months ended 30 June 2024, a decrease of 8 percentage points, compared to 64% for the six months ended 30 June 2023. RevPAR was USD121 for the six months ended 30 June 2024, a decrease of 18%, compared to USD147 for the six months ended 30 June 2023. Total revenue from Hotel Properties in the Philippines for the six months ended 30 June 2024 increased by 24.7% to USD79.3 million mainly as a result of the reopening of Makati Shangri-La, Manila in the second half of 2023.

France

For France, occupancy was 42% for the six months ended 30 June 2024, a decrease of 4 percentage points, compared to 46% for the six months ended 30 June 2023. RevPAR was USD857 for the six months ended 30 June 2024, a decrease of 15%, compared to USD1,009 for the six months ended 30 June 2023. Hotel market in Paris was under pressure during the first half of this year but was expected to gain some momentum from the Olympics and Paralympic Games. Total revenue from our France hotel property for the six months ended 30 June 2024 decreased by 7.6% to USD25.6 million.

Australia

For Australia, occupancy was 79% for the six months ended 30 June 2024, an increase of 2 percentage points, compared to 77% for the six months ended 30 June 2023. RevPAR was USD198 for the six months ended 30 June 2024, an increase of 4%, compared to USD191 for the six months ended 30 June 2023. Our hotels in Australia continued to benefit from the recovery of the country's inbound traveling. Total revenue from Australia hotel properties for the six months ended 30 June 2024 increased by 2.0% to USD40.8 million.

United Kingdom

For United Kingdom, occupancy was 62% for the six months ended 30 June 2024, an increase of 1 percentage point, compared to 61% for the six months ended 30 June 2023. RevPAR was USD453 for the six months ended 30 June 2024, a decrease of 4%, compared to USD470 for the six months ended 30 June 2023. While our hotel in London benefited from the recovery of London's inbound traveling last year, it is facing headwinds from escalated competition. Total revenue from our United Kingdom hotel property for the six months ended 30 June 2024 decreased by 0.7% to USD27.0 million.

RESULTS OF OPERATIONS (CONTINUED)

Consolidated Revenue (Continued)

(ii) Hotel Management & Related Services

As at 30 June 2024, the Group managed a total of 105 hotels and resorts:

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

The 21 operating hotels (6,921 available rooms) owned by third parties are located in the following destinations:

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

The overall weighted average occupancy of the hotels under third-party hotel management agreements was 62% for the six months ended 30 June 2024, an increase of 2 percentage points, compared to 60% for the six months ended 30 June 2023. The RevPAR was USD106 for the six months ended 30 June 2024, an increase of 4%, compared to USD102 for the six months ended 30 June 2023. The improvement was mainly due to sustained global travel demand.

Gross revenue for hotel management and related services was USD119.3 million for the six months ended 30 June 2024, an increase of 11.8% compared to USD106.7 million for the six months ended 30 June 2023. The increase was mainly due to higher revenue from hotel management agreements.

After eliminating inter-segment sales with subsidiaries, the net revenue for hotel management and related services was USD45.4 million for the six months ended 30 June 2024, a decrease of 3.0% compared to USD46.8 million for the six months ended 30 June 2023. The decrease was mainly due to lower hotel revenue from hotels owned by Group's associates.

DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS (CONTINUED)

Consolidated Revenue (Continued)

(iii) Investment Properties

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

<i>(USD million)</i>	For the six months ended 30 June		
	2024	2023	% change
Investment Properties			
Mainland China	14.1	12.7	11.0%
Singapore	6.9	7.0	-1.4%
Malaysia	2.1	2.3	-8.7%
Mongolia	17.5	15.1	15.9%
Sri Lanka	11.9	8.2	45.1%
Other countries	7.2	7.1	1.4%
Total consolidated revenue	59.7	52.4	13.9%

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

- In Mongolia, our investment properties continued strong performance with rent increase and nearly full occupancy rate.
- In Sri Lanka, our investment properties saw rent increase in the commercial component, whilst maintained the level of occupancy as the country's financial situation stabilised.

In Mainland China, additional revenue came from our wholly owned Shangri-La Centre, Fuzhou (Phase II of Shangri-La Fuzhou), which had its office component and commercial component opened in the second half of 2023 and the first half of 2024, respectively. These increases were partially offset by the decreases in the consolidated revenue from our Investment Properties located in Singapore and Malaysia. As a result, consolidated revenue from our investment properties for the six months ended 30 June 2024 was USD59.7 million, an increase of 13.9%, compared to USD52.4 million for the six months ended 30 June 2023.

(iv) Property Development for Sale

Property development for sale by subsidiaries for the six months ended 30 June 2024 was USD0.2 million, a decrease of 66.7%, compared to USD0.6 million for the six months ended 30 June 2023 as most of the pre-sold residential units were handed over in prior periods.

RESULTS OF OPERATIONS (CONTINUED)

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 six months ended 30 June 2024 and 2023 by geographical areas and by business segments.

(USD million)		EBITDA of subsidiaries		Effective share of EBITDA of subsidiaries		Effective share of EBITDA of associates		Aggregate effective share of EBITDA	
		2024	2023	2024	2023	2024	2023	2024	2023
Hotel Properties	The People's Republic of China								
	Hong Kong	34.8	33.6	33.1	31.3	0.7	0.6	33.8	31.9
	Mainland China	66.2	81.3	60.1	74.7	21.1	22.8	81.2	97.5
	Singapore	26.1	33.3	26.1	33.3	2.9	3.3	29.0	36.6
	Malaysia	10.1	9.4	5.6	5.1	2.9	2.4	8.5	7.5
	The Philippines	21.2	18.0	20.6	17.6	7.0	6.5	27.6	24.1
	Japan	7.4	7.5	7.4	7.5	-	-	7.4	7.5
	Thailand	12.6	11.3	9.3	8.3	-	-	9.3	8.3
	France	2.4	3.8	2.4	3.8	-	-	2.4	3.8
	Australia	7.5	8.0	7.5	8.0	-	-	7.5	8.0
	United Kingdom	1.9	2.6	1.9	2.6	-	-	1.9	2.6
	Mongolia	3.3	3.3	1.7	1.7	-	-	1.7	1.7
	Sri Lanka	5.6	2.4	5.0	2.2	-	-	5.0	2.2
	Other countries	4.6	4.3	3.3	3.5	1.9	3.8	5.2	7.3
		203.7	218.8	184.0	199.6	36.5	39.4	220.5	239.0
Hotel Management and Related Services		29.4	25.1	29.4	25.1	-	-	29.4	25.1
Sub-total Hotel Operations		233.1	243.9	213.4	224.7	36.5	39.4	249.9	264.1
Investment Properties	Mainland China	6.9	8.3	6.2	7.5	120.3	119.9	126.5	127.4
	Singapore	3.5	4.0	3.5	4.0	2.5	2.1	6.0	6.1
	Malaysia	0.8	1.1	0.4	0.6	-	-	0.4	0.6
	Mongolia	12.0	10.2	6.1	5.2	-	-	6.1	5.2
	Sri Lanka	6.9	4.2	6.2	3.8	-	-	6.2	3.8
	Other countries	3.3	2.9	1.9	1.7	-	-	1.9	1.7
Sub-total Investment Properties		33.4	30.7	24.3	22.8	122.8	122.0	147.1	144.8
Property Development for Sale & Other Business		0.3	2.2	0.1	1.0	0.2	(1.4)	0.3	(0.4)
Sub-total		266.8	276.8	237.8	248.5	159.5	160.0	397.3	408.5
Corporate and project expenses		(14.5)	(10.8)	(14.6)	(10.8)	(1.2)	(1.2)	(15.8)	(12.0)
Grand total		252.3	266.0	223.2	237.7	158.3	158.8	381.5	396.5

DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS (CONTINUED)

EBITDA and Aggregate Effective Share of EBITDA (Continued)

The Group's aggregated effective share of EBITDA was USD381.5 million for the six months ended 30 June 2024, a decrease of 3.8%, compared to USD396.5 million for the six months ended 30 June 2023. Below shows the breakdown by business segments:

- Effective share of EBITDA from Hotel Properties business for the six months ended 30 June 2024 was USD220.5 million, a decrease of 7.7%, compared to USD239.0 million for the six months ended 30 June 2023. The decrease was mainly due to higher operating expenses.
- Effective share of EBITDA from Hotel Management and Related Services for the six months ended 30 June 2024 was USD29.4 million, an increase of 17.1%, compared to USD25.1 million for the six months ended 30 June 2023. The increase was mainly due to a higher gross revenue from Hotel Management and Related Services.
- Effective share of EBITDA from Investment Properties business for the six months ended 30 June 2024 was USD147.1 million, an increase of 1.6%, compared to USD144.8 million for the six months ended 30 June 2023. The overall business of our Investment Properties remained stable during the period.
- Effective share of EBITDA from Property Development for Sale & Other Business for the six months ended 30 June 2024 was USD0.3 million, compared to a loss of USD0.4 million for the six months ended 30 June 2023.

RESULTS OF OPERATIONS (CONTINUED)

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 for the six months ended 30 June 2024 and 2023 by geographical areas and by business segments:

<i>(USD million)</i>		For the six months ended 30 June		
		2024	2023	% change
Hotel Properties	The People's Republic of China			
	Hong Kong	10.8	10.0	8.0%
	Mainland China	(3.1)	8.4	N/M
	Singapore	14.4	22.3	-35.4%
	Malaysia	3.3	2.7	22.2%
	The Philippines	11.5	8.1	42.0%
	Japan	3.5	3.8	-7.9%
	Thailand	6.8	5.4	25.9%
	France	(2.9)	(1.4)	-107.1%
	Australia	(1.5)	(1.2)	-25.0%
	United Kingdom	(8.4)	(7.6)	-10.5%
	Mongolia	(1.8)	(0.9)	-100.0%
	Sri Lanka	(0.3)	(1.6)	81.3%
	Other countries	(0.7)	2.8	N/M
		31.6	50.8	-37.8%
Hotel Management and Related Services		15.0	8.9	68.5%
Sub-total Hotel Operations		46.6	59.7	-21.9%
Investment Properties	Mainland China	87.8	84.9	3.4%
	Singapore	4.9	5.4	-9.3%
	Malaysia	0.3	0.4	-25.0%
	Mongolia	4.4	4.3	2.3%
	Sri Lanka	0.9	(0.6)	N/M
	Other countries	1.5	2.3	-34.8%
Sub-total Investment Properties		99.8	96.7	3.2%
Property Development for Sale & Other Business		0.9	(1.0)	N/M
Consolidated profit from operating properties		147.3	155.4	-5.2%

N/M: not meaningful

DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS (CONTINUED)

Consolidated Profit or Loss Attributable to Owners of the Company (Continued)

<i>(USD million)</i>	For the six months ended 30 June		
	2024	2023	% change
Consolidated profit from operating properties	147.3	155.4	-5.2%
Net corporate finance costs (net of interest income)	(80.4)	(80.9)	0.6%
Corporate and project expenses	(16.0)	(15.2)	-5.3%
Exchange gains of corporate investment holding companies	8.2	5.3	54.7%
Consolidated profit attributable to owners of the Company before non-operating items	59.1	64.6	-8.5%
Non-operating items	35.4	66.8	-47.0%
Consolidated profit attributable to owners of the Company after non-operating items	94.5	131.4	-28.1%

Consolidated profit attributable to owners of the Company after non-operating items for the six months ended 30 June 2024 was USD94.5 million, a decrease of 28.1% or USD36.9 million, compared to USD131.4 million for the six months ended 30 June 2023. Below shows the breakdown by business segments:

- Hotel Properties registered a profit of USD31.6 million for the six months ended 30 June 2024, a decrease of 37.8% or USD19.2 million compared to USD50.8 million for the six months ended 30 June 2023. The decrease was mainly due to escalated operating expenses.
- Hotel Management and Related Services registered a profit of USD15.0 million for the six months ended 30 June 2024, an increase of 68.5% or USD6.1 million, compared to USD8.9 million for the six months ended 30 June 2023. The increase was mainly due to a higher gross revenue from Hotel Management and Related Services.
- Investment Properties profit for the six months ended 30 June 2024 was USD99.8 million, an increase of 3.2% or USD3.1 million, compared to USD96.7 million for the six months ended 30 June 2023. Investment Properties continued to provide stable income.
- Property Development for Sale & Other Business registered a profit of USD0.9 million for the six months ended 30 June 2024, compared to a loss of USD1.0 million for the six months ended 30 June 2023. The increase was mainly due to the sale of residential units in Mainland China held by the Group's associates in the first half of 2024.

RESULTS OF OPERATIONS (CONTINUED)

Consolidated Profit or Loss Attributable to Owners of the Company (Continued)

The overall decrease of operating profit from operating properties was mainly due to the higher operating expenses in the Hotel Properties.

- Non-operating items for the six months ended 30 June 2024 was an aggregate gain of USD35.4 million, a decrease of USD31.4 million, compared to an aggregate gain of USD66.8 million for the six months ended 30 June 2023. For the six months ended 30 June 2024, amongst other items, the Group recognised an exceptional foreign exchange gain of USD9.6 million arising from the appreciation of the Sri Lankan rupee that impacted the foreign currency bank loans borrowed by our Sri Lanka entity, a decrease of USD32.7 million, compared to an exchange gain of USD42.3 million for the same period last year. Net fair value gains on investment properties of USD19.8 million was recognised for the six months ended 30 June 2024, a decrease of USD10.0 million, compared to a gain of USD29.8 million for the six months ended 30 June 2023. The Group also recognised net fair value gains of USD5.9 million on financial instruments, compared to net fair value losses of USD6.5 million for the same period last year.

CORPORATE DEBT AND FINANCIAL CONDITIONS

As at 30 June 2024, the Group's net borrowings (total bank loans and fixed rate bonds less cash and bank balances and short-term fund placements) amounted to USD4,738.5 million, representing a marginal increase of USD20.9 million from USD4,717.6 million as at 31 December 2023. The slight increase was primarily due to the payment of the previous year's end staff bonuses in early 2024 and the distribution of 2023 final dividends to the Company's shareholders in June 2024. These cash outflows were largely offset by operating cash flow generated during the period. As at 30 June 2024, the aggregate effective share of net borrowings of subsidiaries and associates based on percentage of equity interests was USD4,190.5 million, an increase of USD38.2 million, compared to USD4,152.3 million as at 31 December 2023.

The Group's net borrowings to total equity ratio, i.e. the gearing ratio, increased to 87.6% as at 30 June 2024 from 86.3% as at 31 December 2023. This elevation in the gearing ratio was predominantly driven by a reduction in total equity due to the general depreciation of global currencies against US dollar during the period which resulted in a contraction of the Group's net assets when presented in US dollar terms.

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

- Two 3-year bank loan agreements totalling RMB750 million (equivalent to USD105.2 million)
- One 4-year bank loan agreement of RMB1,000 million (equivalent to USD140.3 million)
- One 5-year bank loan agreement of RMB700 million (equivalent to USD98.2 million)
- One 6-year bank loan agreement of RMB980 million (equivalent to USD137.5 million)

DISCUSSION AND ANALYSIS

CORPORATE DEBT AND FINANCIAL CONDITIONS (CONTINUED)

In June 2024, the Group successfully executed its first issuance of panda bonds in Mainland China, placing a 3-year term bond with an aggregate value of RMB1,000 million (equivalent to USD140.3 million). This bond carries a coupon rate of 2.50% per annum, which is the lowest coupon rate for a panda medium-term note issued by an offshore non-state-owned entity. In July 2024, the Group further expanded its panda bonds portfolio with two additional tranches totalling RMB1,000 million (equivalent to USD140.3 million) which comprised a RMB600 million 3-year medium-term note with a coupon rate of 2.27% per annum and a RMB400 million 5-year medium-term note with a coupon rate of 2.50% per annum. The successful issuance of these panda bonds aligns with the Group's strategic initiative to diversify its funding sources while gaining access to the onshore Renminbi capital markets. Notably, the interest rates secured for these panda bonds are more favourable than the Group's existing funding cost. Furthermore, the increase in Renminbi borrowings enhances the Group's currency matching strategy, providing a more effective hedge for its Renminbi assets. The proceeds from these bond issuances will be allocated towards general corporate purposes, reinforcing the Group's financial flexibility and operational capabilities.

At the subsidiary level, the Group also executed the following bank loan agreements during the period:

- Three bank loan agreements totalling RMB502.8 million (equivalent to USD70.5 million) with maturities ranging from 3 to 10 years for financing maturing loans
- One 5-year bank loan agreement of RMB350 million (equivalent to USD49.1 million) for financing a project development

The Group has not encountered any difficulty when drawing loans from committed banking facilities. None of the banking facilities were cancelled by the banks during the period or after 30 June 2024.

The Group holds reasonable cash reserves to address upcoming refinancing requirements for debts maturing in the coming 2 years. The amount of cash held and undrawn facilities are sufficient to address expiring debt maturity up to the end of 2026, which also provide us flexibility in exploring different funding options. This approach has led to an increase in the Group's gross borrowing and cash balance, even though net borrowing position remains largely similar to previous year's end.

The Group has satisfactorily complied with all covenants under its borrowing agreements. As at 30 June 2024, the adjusted total equity of the Group for financial covenants calculation purpose is USD9.2 billion and the resulting indebtedness ratio* as calculated is 73.7%.

* *Indebtedness ratio is defined as the sum of consolidated total financial indebtedness and contingent liabilities totalling USD6.8 billion divided by the Group's adjusted total equity of USD9.2 billion.*

CORPORATE DEBT AND FINANCIAL CONDITIONS (CONTINUED)

The analysis of borrowings outstanding as at 30 June 2024 is as follows:

<i>(USD million)</i>	Maturities of Borrowings Contracted as at 30 June 2024				Total
	Repayment				
	Within 1 year	In the 2 nd year	In the 3 rd to 5 th year	After 5 years	
Borrowings					
Corporate borrowings					
– unsecured bank loans	–	431.5	3,331.8	166.8	3,930.1
– fixed rate bonds	–	643.0	378.6	257.5	1,279.1
Bank loans of subsidiaries					
– unsecured	484.5	200.3	546.2	214.3	1,445.3
Total outstanding balance	484.5	1,274.8	4,256.6	638.6	6,654.5
<i>% of total outstanding balance</i>	<i>7.3%</i>	<i>19.1%</i>	<i>64.0%</i>	<i>9.6%</i>	<i>100.0%</i>
Undrawn but committed facilities					
Bank loans	17.4	159.2	314.9	58.9	550.4

DISCUSSION AND ANALYSIS

CORPORATE DEBT AND FINANCIAL CONDITIONS (CONTINUED)

The currency mix of borrowings and cash and bank balances as at 30 June 2024 is as follows:

<i>(USD million)</i>	Borrowings	Cash and Bank Balances <i>(Note)</i>
In United States dollars	1,403.7	961.4
In Hong Kong dollars	1,169.4	49.0
In Singapore dollars	1,138.8	113.5
In Renminbi	2,754.1	508.7
In Euros	80.3	42.9
In Australian dollars	–	11.1
In Japanese yen	104.0	11.5
In Fijian dollars	4.2	8.5
In Philippines pesos	–	48.6
In Thai baht	–	67.1
In Malaysian ringgit	–	47.7
In British pounds	–	3.3
In Mongolian tugrik	–	2.1
In Sri Lankan rupee	–	36.8
In Myanmar kyat	–	0.8
In other currencies	–	3.0
	6,654.5	1,916.0

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

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

Details of financial guarantees, contingencies and charges over assets as at 30 June 2024 are disclosed in Note 24 to the condensed consolidated interim financial statements included in this interim report.

TREASURY POLICIES

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

(A) Minimising Interest Risks

The Group employs a comprehensive strategy to minimise interest risks across its diverse borrowing portfolio.

The majority of the Group's borrowings are in US dollar, HK dollar, Renminbi and Singapore dollar with centralised management at the corporate level. Corporate bonds have been issued at fixed rates. The Group closely monitors the cash flow forecasts across all subsidiaries, and arranges the transfer of surplus cash to the corporate entity to optimise debt reduction.

To minimise the overall interest cost, the Group has strategically shifted from HKD/USD bank loans at higher interest cost to Renminbi borrowings at lower interest cost. This strategy has yielded positive results, with the Group's average interest cost maintained at 4.45% per annum for the six months ended 30 June 2024 despite the high interest rate environment this year.

The Group has also implemented intra-group loan arrangements and Renminbi cash pooling in Mainland China to efficiently allocate surplus cash from cash rich subsidiaries to meet the funding requirements of other group entities. These intra-group financing arrangements are subject to periodic review and adjustment in response to fluctuations in currency exchange rates and bank loan interest rates.

To mitigate medium-term interest rate risks associated with the Group's bank loans, the Group has entered into fixed HIBOR and SOFR interest-rate swap contracts. As at 30 June 2024, the outstanding interest-rate swap contracts are:

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

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

The adoption of predominantly fixed rate Renminbi borrowings has not only contributed to lowering the average interest cost but has also enhanced the Group's fixed rate debt ratio. Taking into account the fixed rate bonds, fixed rate bank loans and the interest-rate swap contracts (including the cross-currency swap contracts that fix the interest rates of certain bank borrowings), the Group has 75.7% of its outstanding borrowings at fixed interest rates as at 30 June 2024, an increase from 65.8% as at 31 December 2023.

TREASURY POLICIES (CONTINUED)

(B) Minimising Currency Risks

The Group employs a strategic approach of utilising local currency bank borrowings to finance capital expenditures and operational funding requirements for properties and development projects in their respective countries. This strategy aims to achieve natural hedging of the Group's assets against currency fluctuations. Given the Group's significant exposure to Renminbi assets, efforts have been made to increase Renminbi borrowings. This approach not only contributes to reducing the Group's average interest cost, as previously discussed, but also enhances the hedging ratio for Renminbi assets.

To further mitigate currency risks associated with foreign currency borrowings, the Group strategically executes cross-currency swap contracts. As at 30 June 2024, the Group has the following cross-currency swap contracts:

- 7-year term USD35 million between US dollar and Singapore dollar to hedge the US dollar fixed rate bonds at fixed interest rate of 4.25% per annum maturing November 2025
- 7-year term JPY8,000 million between Japanese yen and HK dollar to hedge the Japanese yen bank borrowings at fixed interest rate of 3.345% per annum maturing July 2026
- 5-year term USD293.5 million between US dollar and Renminbi to swap bank borrowings from US dollar at floating interest rates to Renminbi at fixed interest rates ranging between 4.18% and 4.29% per annum maturing December 2028

The majority of the Group's hotels denominate room tariffs in local currencies. The Group's policy, wherever and to the extent possible, is to quote tariffs in the major or stable currency and maintain bank balances in that currency, if legally permitted.

This comprehensive approach to currency risk management demonstrates the Group's commitment to financial stability and prudent asset-liability matching across its diverse international portfolio.

INVESTMENT PROPERTIES VALUATION

Investment properties of subsidiaries and associates continue to be stated at fair value and are reviewed semi-annually (including those properties being constructed for future use as investment properties for which fair value becomes reliably determinable). The fair values of investment properties are based on opinions from independent professional valuers as obtained by the Group and the relevant associates which own the investment properties. All changes in the fair value of investment properties are recorded in the statement of profit or loss. For the six months ended 30 June 2024, the Group recorded an overall effective share of net fair value gains of USD19.8 million for its investment properties.

The following table shows the fair value (losses)/gains of the investment properties held by the Group's subsidiaries and associates for the six months ended 30 June 2024:

<i>(USD million)</i>	Subsidiaries		Associates		Total	
	100%	Effective Share	100%	Effective Share	100%	Effective Share
(Losses)/Gains	(12.4)	(15.9)	127.0	58.6	114.6	42.7
Deferred tax	(9.2)	(8.2)	(31.8)	(14.7)	(41.0)	(22.9)
Net (losses)/gains	(21.6)	(24.1)	95.2	43.9	73.6	19.8

FINANCIAL ASSETS – TRADING SECURITIES

As at 30 June 2024, the market value of the Group's investment portfolio was USD10.0 million, which mainly included 4,483,451 ordinary shares in Kerry Properties Limited amounting to USD7.8 million and 2,241,725 ordinary shares in Kerry Logistics Network Limited amounting to USD2.2 million. The Group recorded losses of USD0.6 million through profit or loss for the six months ended 30 June 2024. Dividend income of USD0.8 million was recognised during the current period.

DISCUSSION AND ANALYSIS

DEVELOPMENT PROGRAMMES

Construction work on the following projects is on-going:

(A) Hotel Developments

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

Shangri-La and Traders Hongqiao Airport with 611 rooms, which will be operated under operating lease, will open for business in 2025.

(B) Composite Developments and Investment Property Developments

	Group's Equity Interest	Total GFA upon completion (excluding hotel component) <i>(approximate in square metres)</i>			Scheduled Completion
		Residential	Office	Commercial	
In Mainland China					
Shenyang Kerry Centre – Phase III	25%	251,467	69,144	93,417	2024 onwards*
Kunming City Project	45%	16,138	–	–	2024
Composite development project in Zhengzhou	45%	–	58,946	–	2026 onwards*
Tianjin Kerry Centre – Phase II	20%	27,817	92,651	17,490	2025
TOTAL		295,422	220,741	110,907	

* Being developed in phases

During the period, the Group's wholly owned Shangri-La Centre, Fuzhou (Phase II of Shangri-La Fuzhou) opened its commercial component in April 2024, following the opening of its office component in last year.

DEVELOPMENT PROGRAMMES (CONTINUED)

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

Hotel development

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

Composite development

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

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

MANAGEMENT CONTRACTS FOR HOTELS OWNED BY THIRD PARTIES

During the six months ended 30 June 2024, a hotel under a management agreement owned by a third party, namely Shangri-la Nanshan, Shenzhen in Mainland China, opened for operation. As at the date of this report, the Group has management agreements for 21 operating hotels owned by third parties. In addition, the Group also has agreements on hand for the development of 3 new hotels currently under development and owned by third parties. The development projects are located in Hangzhou (Mainland China), Phnom Penh (Cambodia) and Melbourne (Australia).

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

HUMAN RESOURCES

As at 30 June 2024, the Company and its subsidiaries had approximately 25,600 employees. The number of people employed by Shangri-La Group, including all operating hotels, was 42,400. Remuneration policies, share award scheme and training schemes have been consistently applied by the Group as disclosed in 2023 annual report.

DISCUSSION AND ANALYSIS

PROSPECTS

2023 saw the resumption of travel in all markets as China's travel restrictions was fully lifted in February 2023. As a result, while our first quarter of 2024 saw stronger top-line and bottom-line growth from a lower base year-on-year, the second quarter of 2024 saw a more normalised growth rate year-on-year.

With business back to usual, our free cash flow turned positive for first time in the first half of 2024 to USD46.3 million, marking a significant improvement from the negative USD14.6 million in the first half of 2023.

This allows us to declare an interim dividend for the first time in five years.

Despite the rising interest rate environment, we managed to contain our Group effective interest rate at 4.45% through our proactive debt management initiatives. We successfully issued two rounds of Panda Bonds in June and July 2024 respectively totalling RMB2 billion. Both achieved record low coupon rates at their time of issuance and achieved various firsts as non-mainland entities including the 5-year bonds being the first for a Hong Kong enterprise. These issuances not only help us broaden our funding sources, and at lower cost but also better match our currency and asset geographical exposure.

We continue to revamp our existing portfolio to better serve our guest and customers more holistically, whilst complementing our strong corporate base. In Fuzhou, China, we opened our new shopping mall in April 2024, setting new benchmarks on providing integrated experience between our hotel, office and mall assets. In April 2024, we also opened JEN Kunming by Shangri-La, which is the first part of our dual-brand initiative, serving as a pilot for having two brands in one single building, with Shangri-La Kunming's full debut slated for 2025. This approach allows us to cater to diverse market segments and maximise occupancy and revenue potential. The completion of the rejuvenation of Shangri-La Hangzhou by early 2025 is also expected to set new benchmarks and serve as blueprint for our other properties.

We continue to expand our footprint, especially in Mainland China. We opened Shangri-La Nanshan, Shenzhen in early 2024. We expect to open the dual-brand Shangri-La and Traders Hongqiao in early 2025, which will be located right next to Shanghai's Hongqiao Airport. Shangri-La Zhengzhou is also slated to open in 2026.

Looking ahead, we are cognisant of potential macro challenges including subdued consumer confidence amidst heightened inflation risk. Nonetheless, we remain committed in driving sustainable growth and are confident that our strategies put in place during the pandemic should help us better weather any potential challenges.

Our balance sheet remains strong, and our strong free cash flow gives us the confidence to declare an interim dividend for the first time in five years. As always, we will continue to stay vigilant on cost. Nonetheless we continue to invest selectively where appropriate into new products and capabilities to continue driving sustainable growth and ensure that topline growth translates into stronger bottom-line, whilst balancing shareholder returns.

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.

Directors Handbook

The Board has adopted a composite handbook ("**Directors Handbook**") comprising (amongst other things) a set of principles for securities transactions by directors and other executives of the Company ("**Securities Principles**") and a set of corporate governance principles of the Company, whose terms align with or are stricter than the requirements set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Securities Model Code**") as contained in Appendix C3 to the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**HKSE**") and the code provisions as set out in the Corporate Governance Code ("**CG Model Code**") as contained in Appendix C1 to the Listing Rules, 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.

Code on Securities Transactions

The Company has made specific enquiry of each of the directors of the Company, and all the directors have confirmed compliance with the Securities Principles throughout the underlying six-month period.

Code on Corporate Governance

The Company has complied with the CG Model Code throughout the underlying six-month period.

Changes in Directors' Information

There have been changes in the information of some of the directors since the date of the Company's 2023 annual report. Details of the changes as reported to the Company and as required to be disclosed under Rule 13.51B(1) of the Listing Rules are as follows:

1. Mr LIM Beng Chee was appointed a director of Mandai Park Holdings Pte Limited and Mandai Resorts Pte Limited (both are subsidiaries of Temasek Holdings (Private) Limited) on 8 April 2024 and ceased to act as the chairman and executive director of China World Trade Center Company Limited (listed on the Shanghai stock exchange), an associate of the Company, on 1 July 2024.

CONTINUING CONNECTED TRANSACTION

Kerry Hotel Pudong, Shanghai is owned by Shanghai Pudong Kerry City Properties Co, Limited which is owned as to 23.2% by the Company, 40.8% by Kerry Properties Limited, 16% by Allgreen Properties Limited and 20% by 上海陸家嘴金融貿易區開發股份有限公司 (Shanghai Lujiazui Finance & Trade Zone Development Co, Limited) ("**Party A**"). Party A's shares are listed on the Shanghai Stock Exchange and its principal activities are land development and development, construction, operation and management of real estate properties.

The above information concerning Party A is supplemental to the announcement of the Company dated 5 July 2024.

DISCUSSION AND ANALYSIS

SIGNIFICANT SHAREHOLDERS' INTERESTS

As at 30 June 2024, the interests and short positions of those persons (other than the directors of the Company) in shares and underlying shares in the Company as recorded in the register that is required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (“SFO”) were as follows:

Name	Capacity	Number of ordinary shares held	Approximate % of total issued shares of the Company
Substantial shareholders			
Kerry Group Limited (“KGL”) (Note 1)	Interest of controlled corporations	1,799,537,010	50.189
Kerry Holdings Limited (“KHL”) (Notes 1 and 2)	Beneficial owner	87,237,052	2.433
	Interest of controlled corporations	1,538,441,491	42.907
Caninco Investments Limited (“Caninco”) (Note 2)	Beneficial owner	568,568,684	15.857
	Interest of controlled corporations	157,280,233	4.387
Paruni Limited (“Paruni”) (Note 2)	Beneficial owner	382,904,547	10.679
	Interest of controlled corporations	36,667,449	1.023
Other major shareholders			
Darmex Holdings Limited (“Darmex”) (Note 2)	Beneficial owner	267,068,070	7.449
Kuok Brothers Sdn Berhad	Beneficial owner	84,441,251	2.355
	Interest of controlled corporations	225,569,761	6.291
Kuok (Singapore) Limited (“KSL”) (Note 3)	Interest of controlled corporations	218,008,907	6.080
Baylite Company Limited (“Baylite”) (Note 3)	Beneficial owner	218,008,907	6.080

Notes:

1. KHL is a wholly owned subsidiary of KGL and accordingly, the shares in which KHL is shown as interested are also included in the shares in which KGL is shown as interested.
2. Caninco, Paruni and Darmex are wholly owned subsidiaries of KHL and accordingly, the shares in which Caninco, Paruni and Darmex are shown as interested are also included in the shares in which KHL is shown as interested.
3. Baylite is a wholly owned subsidiary of KSL and accordingly, the shares in which Baylite is shown as interested are also included in the shares in which KSL is shown as interested.

DIRECTORS' INTERESTS

As at 30 June 2024, the interests and short positions of the directors of the Company in shares, underlying shares and debentures in/of the Company and its associated corporations (within the meaning of Part XV of the SFO) ("**Associated Corporations**") as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and HKSE pursuant to the Securities Model Code were as follows:

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

Name of company	Name of director	Class of shares	Number of shares held				Total	Approximate % of total issued shares in the relevant company
			Personal interests	Family interests	Corporate interests	Other interests		
The Company	KUOK Hui Kwong	Ordinary	1,472,833 <i>(Note 1)</i>	613,334 <i>(Note 2)</i>	2,000,000 <i>(Note 3)</i>	90,251,718 <i>(Note 4)</i>	94,337,885	2.631
	CHUA Chee Wui	Ordinary	420,000	-	-	-	420,000	0.012
	LIM Beng Chee	Ordinary	1,058,000	-	-	-	1,058,000	0.030

Notes:

- 32,000 shares were held jointly by Ms KUOK Hui Kwong and her spouse.
- These shares were the deemed interest of Ms KUOK Hui Kwong's spouse.
- These shares were held through a company owned by Ms KUOK Hui Kwong.
- These shares were held through discretionary trusts of which Ms KUOK Hui Kwong is a discretionary beneficiary.

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

As at 30 June 2024, there were share awards held by the directors of the Company with rights to shares in the Company. Details of such underlying shares are set out in the section entitled "SHARE AWARDS" of this report.

DISCUSSION AND ANALYSIS

SHARE AWARDS

The award shares having been granted by the Company and remaining outstanding during the underlying six-month period were granted under the Company's share award scheme adopted by the shareholders of the Company on 28 May 2012 (as amended on 10 August 2012, 31 May 2018 and 29 December 2022). Pursuant to the share award scheme, award shares of the Company can only be funded by the existing shares of the Company. Details and movements of such award shares during the underlying six-month period are as follows:

Grantees	Date of grant	Number of award shares				Balance as at 30 Jun 2024	Consideration per award share (HK\$)	Vesting date/period
		Balance as at 1 Jan 2024	Granted during the period	Lapsed during the period	Vested during the period			
1. Directors								
KUOK Hui Kwong	7 Jun 2021	62,000	-	-	(62,000)	-	Nil	7 Jun 2024
	6 May 2022	426,000	-	-	(210,000)	216,000	Nil	6 May 2024 – 6 May 2025
	17 Jul 2023	1,073,000	-	-	-	1,073,000	Nil	17 Jul 2024 – 17 Jul 2026
CHUA Chee Wui	7 Jun 2021	56,000	-	-	(56,000)	-	Nil	7 Jun 2024
	6 May 2022	248,000	-	-	(122,000)	126,000	Nil	6 May 2024 – 6 May 2025
	17 Jul 2023	552,200	-	-	-	552,200	Nil	17 Jul 2024 – 17 Jul 2026
2. Employees								
	7 Jun 2021	1,262,000	-	(14,000)	(1,248,000)	-	Nil	7 Jun 2024
	15 Oct 2021	72,000	-	-	-	72,000	Nil	15 Oct 2024
	6 May 2022	5,852,000	-	(228,000)	(2,812,000)	2,812,000	Nil	6 May 2024 – 6 May 2025
	17 Jul 2023	16,353,400	-	(603,500)	-	15,749,900	Nil	17 Jul 2024 – 17 Jul 2026
	2 Jan 2024	-	522,900	-	-	522,900	Nil	1 Jan 2025 – 1 Jan 2027
Total		25,956,600	522,900	(845,500)	(4,510,000)	21,124,000		

Notes:

- No share awards were cancelled during the underlying six-month period.
- The closing price of the shares, immediately before the awards were granted on 2 January 2024, was HKD5.36.
- The weighted average closing price of the shares immediately before the dates on which the awards were vested during the six months ended 30 June 2024 was HKD5.80.
- At the beginning of 1 January 2024 and as at 30 June 2024, a maximum of respectively 69,918,151 (rectified) and 70,240,751 shares (representing respectively 1.95% and 1.96% of the issued shares thereby) were available for grant under the share award scheme.
- Details of the fair value of award shares at the date(s) of grant are set out in Note 10 to the condensed consolidated interim financial statements.

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

During the underlying six-month period, save for the purchase of shares in the Company for the purposes of the Company's share award scheme as disclosed in Note 9 to the condensed consolidated interim financial statements, neither the Company nor any of its subsidiaries had repurchased, sold or redeemed any of the listed securities of the Company.

On behalf of the Board

KUOK Hui Kwong

Chairman

Hong Kong, 23 August 2024