

Registered number: 3941780

ASIA PACIFIC HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019



ASIA PACIFIC HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

M Cockcroft
M Renshaw
H Wood

COMPANY SECRETARY

F Littlebury-Cuttell

REGISTERED NUMBER

3941780

REGISTERED OFFICE

Broadwater Park
Denham
Buckinghamshire
UB9 5HR

AUDITOR

Ernst & Young LLP
2 St Peter's Square
Manchester
M2 3EY

ASIA PACIFIC HOLDINGS LIMITED

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ASIA PACIFIC HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

Asia Pacific Holdings Limited's (the "Company") principal activity is that of an investment holding company. It is the intention of the directors that the Company will continue operating in this capacity.

The directors view the results as satisfactory for the current year. The impact of the COVID-19 pandemic is discussed overleaf.

Primarily the Company's transactions are with fellow InterContinental Hotels group (consisting of InterContinental Hotels Group PLC and its subsidiaries) (the "Group") undertakings and as such there are not considered to be any significant risks and uncertainties impacting the Company. Any uncertainties impacting the Company would arise from internal decisions taken within the Group.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £5,878,000 (2018: £41,224,000). The profit in 2018 was principally generated due to the receipt of dividend income of £105,336,000 (\$140,000,000) from its subsidiary undertaking, less foreign exchange losses of £54,761,000.

The directors do not propose a dividend for the year ended 31 December 2019 (2018: £nil).

On 17 June 2019, the Company subscribed for an additional 6,764,706 ordinary shares in a subsidiary undertaking, Six Continents Holdings Limited, as part of a group reorganisation for a total consideration of £60,341,000.

DIRECTORS

The directors who served during the year and since the year end were:

M Cockcroft
M Glover (resigned 31 July 2019)
N Henfrey (resigned 24 February 2020)
M Renshaw (appointed 24 February 2020)
H Wood (appointed 31 July 2019)

ASIA PACIFIC HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

GOING CONCERN

As of 31 December 2019, the Company had net current assets of £77,498,000 (2018: £131,961,000).

The Company operates its activities in conjunction with other companies within the Group and therefore relies on the Group for its continued existence. The directors have confirmed that the ultimate parent company, InterContinental Hotels Group PLC, intends to make funds available to the Company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

An overview of the business activities of the Group, including a review of the key business risks that the Group faces, is given in the Strategic Report in the InterContinental Hotels Group PLC Annual Report and Form 20-F 2019. Information on the Group's treasury management policies, including information on covenants and debt facilities; processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to liquidity risk and credit risk is also given in the Annual Report and Form 20-F 2019.

On 11 March 2020, the World Health Organisation raised the public health emergency situation caused by the outbreak of the coronavirus (COVID-19) to an international pandemic. The rapid evolution of events, nationally and internationally, represents an unprecedented health crisis, which will impact the macroeconomic environment and the evolution of business. The Group's fee-based model and wide geographic spread mean that it is well placed to manage through uncertain times. However, during the COVID-19 crisis many of the Group's hotels have temporarily closed, while others are experiencing historically low levels of occupancy and room rates.

On 27 April 2020, InterContinental Hotels Group PLC announced a financing update which included a waiver of existing covenants on its syndicated revolving credit facility until 31 December 2021 and the issuance of £600m commercial paper under the UK's Covid Corporate Finance Facility "CCFF" (maturing in March 2021), providing total available liquidity for the Group of approximately \$2bn. The covenant waiver agreement was subsequently extended to the bilateral facility and introduces a minimum liquidity covenant of \$400m tested at half year and full year until 30 June 2021.

On 7 May 2020, the Group announced a further financing update which included the extension of the maturity of the Group's \$1.275bn syndicated revolving credit facility for 18 months to September 2023. The Group's \$75m bilateral facility was also subsequently extended for 18 months to September 2023.

The Group's condensed interim financial statements issued on 11 August 2020 were prepared on a going concern basis and contain a summary of the scenarios considered by the Board of InterContinental Hotels Group PLC to support the Group's ability to continue operating within the \$400m liquidity covenant.

These include a scenario consistent with a five year RevPAR recovery period, plausible risks to this scenario, and reverse stress testing under a theoretical 'zero occupancy' downside scenario. The 'zero occupancy' scenario assumes that the CCFF is either rolled over or refinanced, and that additional cost savings to operating and capital expenditure would be made in the event of a prolonged downturn. Without refinancing or rolling over the CCFF, but still assuming additional cost savings, revenue comparable with that earned during the second quarter of 2020 would be required to operate within the minimum liquidity covenant.

The directors have given consideration to the above and have made enquiries to satisfy themselves that InterContinental Hotels Group PLC is capable of providing support to the Company for at least 12 months. Accordingly, these financial statements have been prepared on a going concern basis.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

A qualifying third party indemnity provision has been granted in favour of existing and former directors of the Company by InterContinental Hotels Limited, in accordance with Section 232 of the Companies Act 2006. A copy of this indemnity provision is available for inspection by the members of the Company at the Company's registered office at Broadwater Park, Denham, Buckinghamshire, UB9 5HR.

ASIA PACIFIC HOLDINGS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019**

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

POST BALANCE SHEET EVENTS

The impact of the COVID-19 pandemic is discussed on page 2.

The Company has concluded that the COVID-19 crisis is a non-adjusting post balance sheet event as at 31 December 2019 on the basis that the World Health Organisation was first informed of cases of a new virus in Wuhan on 31 December and as such had not declared a global health emergency at that date. Consequently, no adjustments have been made to the Company's reported results or financial position as a result of COVID-19.

The future financial impact cannot presently be estimated as it is highly dependent on the severity and duration of the pandemic, but it is unlikely to have a material impact on the Company's results or financial position.

AUDITOR

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

In accordance with regulations mandating a Group audit tender for the 2021 financial year, the Group conducted an audit contract tender in 2019. In August 2019, the Group announced the Board's intention to propose to shareholders at the 2021 Annual General Meeting that PricewaterhouseCoopers LLP be appointed as the Group's statutory auditor for the financial year ending 31 December 2021.

Ernst & Young LLP will remain the Group's and Company's auditor for the financial year ending 31 December 2020.

This report has been prepared in accordance with the small companies exemption.

This report was approved by the Board and signed on its behalf by:



Melinda Renshaw
Director

Date: 12 August 2020

ASIA PACIFIC HOLDINGS LIMITED

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASIA PACIFIC HOLDINGS LIMITED

OPINION

We have audited the financial statements of Asia Pacific Holdings Limited (the 'Company') for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASIA PACIFIC HOLDINGS LIMITED
(CONTINUED)**

EMPHASIS OF MATTER - DISCLOSURES IN RELATION TO THE EFFECTS OF COVID-19

We draw attention to note 1.3 and note 14 of the financial statements, which describe the economic consequences the Company is facing as a result of COVID-19 which is impacting consumer demand across the wider InterContinental Hotels group. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASIA PACIFIC HOLDINGS LIMITED (CONTINUED)

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Julian Yates (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Manchester

Date: 13 / 8 / 20

ASIA PACIFIC HOLDINGS LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<i>Note</i>	<i>2019 £000</i>	<i>2018 £000</i>
Administrative income/(expense)		15,556	(54,520)
Operating profit/(loss)	2	15,556	(54,520)
Income from fixed asset investments	9	-	105,336
Interest receivable and similar income	6	16,039	16,251
Interest payable	7	(28,240)	(27,550)
Profit before taxation		3,355	39,517
Taxation	8	2,523	1,707
Profit for the year		5,878	41,224

There were no recognised gains and losses for 2019 or 2018 other than those included in the income statement.

The notes on pages 11 to 20 form part of these financial statements.

ASIA PACIFIC HOLDINGS LIMITED
REGISTERED NUMBER:3941780

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	<i>Note</i>	<i>2019</i> <i>£000</i>	<i>2018</i> <i>£000</i>
Fixed assets			
Fixed asset investments	9	2,113,518	2,053,177
Current assets			
Debtors: amounts falling due after more than one year	10	1,437	3,181
Debtors: amounts falling due within one year	10	76,061	128,780
Net current assets		<u>77,498</u>	<u>131,961</u>
Net assets		<u><u>2,191,016</u></u>	<u><u>2,185,138</u></u>
Capital and reserves			
Called up share capital	12	6	6
Share premium account	13	2,130,779	2,130,779
Profit and loss account		60,231	54,353
Total equity		<u><u>2,191,016</u></u>	<u><u>2,185,138</u></u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



Melinda Renshaw
Director

Date: 12 August 2020

The notes on pages 11 to 20 form part of these financial statements.

ASIA PACIFIC HOLDINGS LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	<i>Called up share capital</i> £000	<i>Share premium account</i> £000	<i>Profit and loss account</i> £000	<i>Total equity</i> £000
At 1 January 2018	6	2,130,779	13,129	2,143,914
Profit for the year	-	-	41,224	41,224
At 1 January 2019	6	2,130,779	54,353	2,185,138
Profit for the year	-	-	5,878	5,878
At 31 December 2019	6	2,130,779	60,231	2,191,016

The notes on pages 11 to 20 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES

1.1 STATEMENT OF COMPLIANCE WITH FRS 101

The Company is incorporated and domiciled in England and Wales.

The Company's financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000), except where otherwise indicated.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements as it is a wholly owned subsidiary of InterContinental Hotels Group PLC, which prepares consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, InterContinental Hotels Group PLC includes the Company in its consolidated financial statements. The consolidated financial statements of InterContinental Hotels Group PLC are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are publicly available and may be obtained from the address given in note 15.

1.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with FRS 101, as applied in accordance with the provisions of the Companies Act 2006. FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU.

The following disclosures have not been provided as permitted by FRS 101:

- a Cash Flow Statement and related notes as required by IAS 7 'Statement of Cash Flows';
- a comparative period reconciliation for share capital as required by IAS 1 'Presentation of Financial Statements';
- disclosures in respect of transactions with wholly owned subsidiaries as required by IAS 24 'Related Party Disclosures';
- disclosures in respect of capital management as required by paragraphs 134 to 136 of IAS 1 'Presentation of Financial Statements';
- the effects of new but not yet effective IFRSs as required by paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'; and
- disclosures in respect of the compensation of Key Management Personnel as required by paragraph 17 of 'IAS 24 Related Party Disclosures'.

As the consolidated financial statements of InterContinental Hotels Group PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- the requirements of paragraphs 91 to 99 of IFRS 13 'Fair Value Measurement' and the disclosures required by IFRS 7 'Financial Instruments: Disclosures'.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES (CONTINUED)

1.3 GOING CONCERN

As of 31 December 2019, the Company had net current assets of £77,498,000 (2018: £131,961,000).

The Company operates its activities in conjunction with other companies within the Group and therefore relies on the Group for its continued existence. The directors have confirmed that the ultimate parent company, InterContinental Hotels Group PLC, intends to make funds available to the Company to enable it to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements.

An overview of the business activities of the Group, including a review of the key business risks that the Group faces, is given in the Strategic Report in the InterContinental Hotels Group PLC Annual Report and Form 20-F 2019. Information on the Group's treasury management policies, including information on covenants and debt facilities; processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to liquidity risk and credit risk is also given in the Annual Report and Form 20-F/2019.

On 11 March 2020, the World Health Organisation raised the public health emergency situation caused by the outbreak of the coronavirus (COVID-19) to an international pandemic. The rapid evolution of events, nationally and internationally, represents an unprecedented health crisis, which will impact the macroeconomic environment and the evolution of business. The Group's fee-based model and wide geographic spread mean that it is well placed to manage through uncertain times. However, during the COVID-19 crisis many of the Group's hotels have temporarily closed, while others are experiencing historically low levels of occupancy and room rates.

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On 7 May 2020, the Group announced a further financing update which included the extension of the maturity of the Group's \$1.275bn syndicated revolving credit facility for 18 months to September 2023. The Group's \$75m bilateral facility was also subsequently extended for 18 months to September 2023.

The Group's condensed interim financial statements issued on 11 August 2020 were prepared on a going concern basis and contain a summary of the scenarios considered by the Board of InterContinental Hotels Group PLC to support the Group's ability to continue operating within the \$400m liquidity covenant.

These include a scenario consistent with a five year RevPAR recovery period, plausible risks to this scenario, and reverse stress testing under a theoretical 'zero occupancy' downside scenario. The 'zero occupancy' scenario assumes that the CCFF is either rolled over or refinanced, and that additional cost savings to operating and capital expenditure would be made in the event of a prolonged downturn. Without refinancing or rolling over the CCFF, but still assuming additional cost savings, revenue comparable with that earned during the second quarter of 2020 would be required to operate within the minimum liquidity covenant.

The directors have given consideration to the above and have made enquiries to satisfy themselves that InterContinental Hotels Group PLC is capable of providing support to the Company for at least 12 months. Accordingly, these financial statements have been prepared on a going concern basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES (CONTINUED)

1.4 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the Income Statement.

1.5 NON DERIVATIVE FINANCIAL INSTRUMENTS

Non derivative financial instruments comprise investments in equity securities, other investments, and amounts owed by Group undertakings.

Investments in equity securities

Investments in equity securities are carried at cost less impairment. The carrying amount is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Income Statement.

Other investments

The Company has elected to irrevocably designate other investments as fair value through other comprehensive income when they meet the definition of equity under IAS 32 'Financial Instruments: Presentation' and are not held for trading. Changes in the value of equity are investments classified as fair value through other comprehensive income are recorded directly in equity and are never recycled to the income statement. Equity instruments classified as fair value through other comprehensive income are not subject to impairment assessment.

Amounts owed by Group undertakings

Amounts owed by Group undertakings are recorded at their original amount less provision for expected credit losses. The Company has elected to apply the simplified version of the expected credit loss model permitted by IFRS 9 in respect of amounts owed by Group undertakings, which involves assessing lifetime expected credit losses on all balances. The carrying amount of the receivable is reduced through the use of a provision account and movements in the provision are recognised in the Income Statement within administrative expenses.

1.6 FOREIGN CURRENCY

Transactions in foreign currencies are translated to the Company's functional currency at the exchange rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the relevant rates of exchange ruling on the last day of the period. Foreign exchange differences arising on translation are recognised in the Income Statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

1.7 INCOME AND EXPENSES

Interest receivable and interest payable is recognised in the Income Statement as it accrues, using the effective interest rate method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

1. ACCOUNTING POLICIES (CONTINUED)

1.8 CURRENT AND DEFERRED TAXATION

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the tax authorities, including interest. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

The taxation liabilities of certain Group entities are reduced wholly or in part by the surrender of losses by fellow Group undertakings, with these losses normally being paid for at the effective standard UK tax rate applying for the period in question. The impacts of such surrenders are recognised in the financial statements of both the surrendering and recipient companies.

Deferred tax

Deferred tax assets and liabilities are recognised in respect of temporary differences between the tax base and carrying value of assets and liabilities.

Judgement is used when assessing the extent to which deferred tax assets, particularly in respect of tax losses, should be recognised. Deferred tax assets are therefore recognised to the extent that it is regarded as probable that there will be sufficient and suitable taxable profits (including the future release of deferred tax liabilities) against which such assets can be utilised in the future. For this purpose, forecasts of future taxable profits are considered by assessing the Group's forecast revenue and profit models, taking into account future growth predictions and operating cost assumptions. Accordingly, changes in assumptions to the Group's forecasts may have an impact on the amount of future taxable profits and therefore the period over which any deferred tax assets might be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which the asset or liability will be settled, based on rates enacted or substantively enacted at the end of the reporting period.

The Company has provided deferred tax in relation to temporary differences associated with post-acquisition undistributed earnings of subsidiaries only to the extent that it is either probable that it will reverse in the foreseeable future or where the Company cannot control the timing of the reversal.

ASIA PACIFIC HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after crediting/(charging):

	2019 £000	2018 £000
Foreign exchange gain/(loss)	15,556	(54,761)

3. AUDITOR'S REMUNERATION

The Company incurred auditor's remuneration of £3,000 (2018: £3,000) which has been borne by a fellow Group undertaking in the current and preceding year.

4. DIRECTORS' REMUNERATION

The directors are also directors of other subsidiary undertakings within the Group and their remuneration, including share-based payment charges, for the year was paid by other undertakings. The directors did not receive any remuneration in relation to the Company as the qualifying services provided to the Company was incidental to the qualifying services provided to other subsidiary undertakings.

5. STAFF COSTS

The Company has no employees (2018: no employees).

6. INTEREST RECEIVABLE

	2019 £000	2018 £000
Interest receivable from Group undertakings	16,039	16,251
	<u>16,039</u>	<u>16,251</u>

7. INTEREST PAYABLE

	2019 £000	2018 £000
Interest payable to Group undertakings	28,240	27,402
Net loss on derivative financial instruments	-	148
	<u>28,240</u>	<u>27,550</u>

ASIA PACIFIC HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. TAXATION

	2019 £000	2018 £000
UK corporation tax		
Current tax credit on profit for the year	(2,166)	-
Adjustments in respect of previous periods	(2,101)	1,474
Total current tax	<u>(4,267)</u>	<u>1,474</u>
Deferred tax		
Origination and reversal of timing differences	(152)	(2,101)
Changes to tax rates	103	374
Adjustments in respect of previous periods	1,793	(1,454)
Total deferred tax	<u>1,744</u>	<u>(3,181)</u>
Total tax credit for the year	<u>(2,523)</u>	<u>(1,707)</u>

FACTORS AFFECTING TAX CREDIT FOR THE YEAR

The tax assessed for the year is lower than (2018: lower than) the effective standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) for the year ended 31 December 2019. The differences are explained below:

	2019 £000	2018 £000
Profit before tax	<u>3,355</u>	<u>39,517</u>
Profit multiplied by effective standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	637	7,508
Non-taxable income	(2,955)	(20,014)
Non-deductible expenditure	-	10,405
Adjustments to tax charge in respect of prior periods	(308)	20
Changes in tax rates	103	374
Total tax credit for the year	<u>(2,523)</u>	<u>(1,707)</u>

ASIA PACIFIC HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

8. TAXATION (CONTINUED)**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

A reduction to the rate of corporation tax to 17% (effective 1 April 2020) was enacted in 2016. The impact of any resulting changes to the valuation of any deferred tax assets and liabilities is reflected within the financial statements.

In his budget of 2020, the Chancellor of the Exchequer proposed measures to hold the rate of corporation tax at 19%, effective from 1 April 2020. The change was substantively enacted on 17 March 2020, after the balance sheet date, and therefore does not impact on the carrying value of deferred tax assets and liabilities in the financial statements. However, the forecast impact would be a £169,000 increase in the carrying value of the company's deferred tax asset.

9. FIXED ASSET INVESTMENTS

	<i>Investments in subsidiary companies £000</i>	<i>Other investment £000</i>	<i>Total £000</i>
Cost			
At 1 January 2019	2,132,773	11,786	2,144,559
Additions	60,341	-	60,341
At 31 December 2019	2,193,114	11,786	2,204,900
Impairment			
At 1 January 2019	91,382	-	91,382
At 31 December 2019	91,382	-	91,382
Net book value			
At 31 December 2019	2,101,732	11,786	2,113,518
At 31 December 2018	2,041,391	11,786	2,053,177

On 17 June 2019, the Company subscribed for an additional 6,764,706 ordinary shares in a subsidiary undertaking, Six Continents Holdings Limited, as part of a group reorganisation for a total consideration of £60,341,000.

The Company did not receive dividend income from its subsidiary undertaking during the year (2018: £105,336,000).

A full list of related undertakings is included in note 16.

ASIA PACIFIC HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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10. DEBTORS

	<i>2019</i> <i>£000</i>	<i>2018</i> <i>£000</i>
Due after more than one year		
Deferred tax asset (note 11)	1,437	3,181
	<u>1,437</u>	<u>3,181</u>
Due within one year		
Amounts owed by Group undertakings	73,882	128,770
Other debtors	12	10
Corporation tax	2,167	-
	<u>76,061</u>	<u>128,780</u>

11. DEFERRED TAXATION

The deferred tax asset is comprised as follows:

	<i>Tax losses carried forward £000</i>
At 1 January 2019	3,181
Income Statement	(1,744)
At 31 December 2019	<u>1,437</u>

Capital losses with a tax-value of £4,874,000 (2018: £4,874,000) have not been recognised as their use is uncertain or not currently anticipated. The unrecognised deferred tax assets would be recognised if the Company realised capital gains against which these capital losses could be offset.

No deferred tax asset has been recognised in respect of £40,000,000 (2018: £56,000,000) of deductible temporary differences relating to subsidiaries because the company is in a position to control the timing of the reversal of these temporary differences and it is probable that such differences will not reverse in the foreseeable future.

ASIA PACIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

12. SHARE CAPITAL

	2019 £000	2018 £000
Allotted, called up and fully paid		
6,000 Ordinary shares of £1 each	6	6

The Company no longer has an authorised share capital.

13. RESERVES

Share premium

The balance classified as share premium represents the amount of proceeds received for shares in excess of their nominal value.

14. POST BALANCE SHEET EVENTS

The impact of the COVID-19 pandemic is discussed on page 12.

The Company has concluded that the COVID-19 crisis is a non-adjusting post balance sheet event as at 31 December 2019 on the basis that the World Health Organisation was first informed of cases of a new virus in Wuhan on 31 December and as such had not declared a global health emergency at that date. Consequently, no adjustments have been made to the Company's reported results or financial position as a result of COVID-19.

The future financial impact cannot presently be estimated as it is highly dependent on the severity and duration of the pandemic, but it is unlikely to have a material impact on the Company's results or financial position.

15. CONTROLLING PARTY

As at 31 December 2019, InterContinental Hotels Group PLC, a company incorporated and registered in England and Wales was the ultimate parent undertaking and controlling party of the Company. The registered office of the ultimate parent undertaking is Broadwater Park, Denham, Buckinghamshire, UB9 5HR.

The largest and smallest group in which the results of the Company are consolidated is that headed by InterContinental Hotels Group PLC. Consolidated financial statements of InterContinental Hotels Group PLC are available from the following address:

Companies House, Crown Way, Cardiff, CF14 3UZ.

The immediate parent undertaking is Six Continents Limited, a company incorporated and registered in England and Wales. The registered office of the immediate parent undertaking is Broadwater Park, Denham, Buckinghamshire, UB9 5HR.

ASIA PACIFIC HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

16. RELATED UNDERTAKINGS

In accordance with Section 409 of the Companies Act 2006 a full list of entities in which the Company has an interest of greater than or equal to 20%, the registered office and effective percentage of equity owned as at 31 December 2019 are disclosed below. Unless otherwise stated the Company is the indirect beneficial owner of 25% of the ordinary share capital with 75% owned by another Group subsidiary undertaking.

"IHG Management" d.o.o. Beograd (29.66%) (e)	(a) Directly owned by Asia Pacific Holdings Limited
BHR Holdings B.V. (29.66%) (h)	(b) Ordinary shares and preference shares
Blue Blood (Tianjin) Equity Investment Management Co., Limited (30.05%) (ab)	(c) Ordinary shares and redeemable preference shares
China Hotel Investment Limited (30.05%) (a) (d) (r)	(d) Accounted for as an other investment due to IHG being unable to exercise significant influence over the financial and operating policy decisions of the entity
HH France Holdings SAS (40%) (j)	
Holiday Inns (China) Ltd (l)	
Holiday Inns (Courtalin) Holdings SAS (40%) (j)	
Holiday Inns (Courtalin) SAS (40%) (j)	
Holiday Inns (Middle East) Limited (l)	
Holiday Inns Holdings (Australia) Pty Ltd (k)	
Hotel InterContinental London (Holdings) Limited (g)	
IC Hotelbetriebsführungs GmbH (29.66%) (m)	
IC Hotels Management (Portugal) Unipessoal, Lda (n)	
IHC London (Holdings) (29.66%) (g)	
IHG (Marseille) SAS (40%) (j)	
IHG (Myanmar) Ltd (o)	
IHG (Thailand) Limited (q)	
IHG Bangkok Ltd (i)	
IHG Hotels (New Zealand) Limited (s)	
IHG Hotels Limited (g)	
IHG Hotels Management (Australia) Pty Limited (b) (k)	
IHG Hotels Nigeria Limited (t)	
IHG Hotels South Africa (Pty) Limited (u)	
IHG International Partnership (g)	
IHG Istanbul Otel Yönetim Limited Sirketi (af)	
IHG Japan (Management) LLC (w)	
IHG Japan (Osaka) LLC (w)	
IHG Management (Netherlands) B.V. (29.66%) (h)	
IHG Management SL d.o.o (ac)	
IHG PS Nominees Limited (g)	
IHG Systems Pty Ltd (b) (k)	
IHG Szalloda Budapest Szolgalato Kft. (x)	
InterContinental (Branson) 1 Limited (100%) (c) (g)	
InterContinental (PB) 1 (100%) (a) (g)	
InterContinental Gestion Hotelera S.L. (29.66%) (ag)	
Inter-Continental Hotels (Singapore) Pte. Ltd. (p)	
Intercontinental Hotels Corporation Limited (b) (f)	
InterContinental Hotels Group (Asia Pacific) Pte Ltd (p)	
InterContinental Hotels Group (Australia) Pty Limited (k)	
InterContinental Hotels Group (India) Pvt. Ltd (v)	
InterContinental Hotels Group (New Zealand) Limited (s)	
InterContinental Hotels Group (Shanghai) Ltd. (y)	
InterContinental Hotels Group Customer Services Limited (g)	
InterContinental Hotels Group Services Company (g)	
InterContinental Hotels Italia, S.r.L. (z)	
InterContinental Management AM LLC (ah)	
InterContinental Management Bulgaria EOOD (ad)	
InterContinental Management France SAS (40%) (j)	
InterContinental Management Poland sp. z o.o (ai)	
Six Continents Holdings Limited (40%) (a) (g)	
SPHC Group Pty Ltd. (k)	
Tianjin ICBCI IHG Equity Investment Fund Management Co., Limited (21.04%) (ae)	
Universal de Hoteles SA (24.13%) (aa)	
	(e) Krunska 73, Beograd, 11000, Serbia
	(f) Clarendon House, 2 Church Street, Hamilton HM11, Bermuda
	(g) Broadwater Park, Denham, Buckinghamshire, UB9 5HR, UK
	(h) Kingsfordweg 151, 1043 GR Amsterdam, The Netherlands
	(i) Craigmuir Chambers, Road Town, Tortola VG1110, British Virgin Islands
	(j) 31-33 rue Mogador - 75009 Paris, France
	(k) Level 11, 20 Bond Street, Sydney NSW 2000, Australia
	(l) Level 54, Hopewell Center, 183 Queen's Road East, Hong Kong
	(m) QBC 4 - Am Belvedere 4, 1100, Vienna, Austria
	(n) Avenida da Republica, no 52 - 9, 1069 - 211, Lisbon, Portugal
	(o) 10 Bo Yar Zar Street, Kyaukkone Yankin Township, Yangon, Myanmar
	(p) 230 Victoria Street, #13-00 Bugis Junction Towers, 188024, Singapore
	(q) 973 President Tower, 7th Floor, Units 7A, 7B, 7C, 7D, 7I, 7F, 7G and 7H, Ploenchit Road, Khwaeng Lumpini, Khet Pathumwan, Bangkok Metropolis, 10330, Thailand
	(r) The Phoenix Centre, George Street, Belleville St. Michael, Barbados
	(s) Level 10, Commerce Street, Auckland Central, Auckland 1000, New Zealand
	(t) 1, Murtala Muhammed Drive, Ikoyi, Lagos, Nigeria
	(u) Central Office Park Unit 4, 257 Jean Avenue, Centurion 0157, South Africa
	(v) 11th Floor, Building No. 10, Tower C, DLF Phase-II, DLF Cyber City, Gurgaon, Haryana-122002, India
	(w) 20th Floor, Toranomon Kotohira Tower, 2-8, Toranomon 1-chome, Minato-ku, Tokyo, Japan
	(x) 1052 Budapest, Apaczai Csere Janos u. 12-14, Hungary
	(y) 22nd Floor, Citigroup Tower, No. 33 Huayuanshiqiao Road, Pudong, Shanghai, P.R. China
	(z) Viale Monte Nero n.84, 20135 Milano, Italy
	(aa) Calle 49, Sur 45 A 300 Of 1102 Envigado Antioquia, Colombia
	(ab) Room N306, 3rd Floor, Building 6, Binhai Financial Street, No. 52 West Xincheng Road, Tianjin Economy and Technology Development Zone, Tianjin, P.R. China
	(ac) Cesta v Mestni log 1, 1000 Ljubljana, Slovenia
	(ad) 37A Professor Fridtjof Nansen Street, 5th Floor, District Sredets, Sofia, 1142, Bulgaria
	(ae) Room R316, 3rd Floor, Building 6, Binhai Financial Street, No. 52 West Xincheng Road, Tianjin Economy and Technology Development Zone, Tianjin, P.R. China
	(af) Eski Buyukdere Cd. Park Plaza No:14 K-4 Maslak - Sariyer, Istanbul, Turkey
	(ag) Paseo de la Castellana 49, 28046 Madrid, Spain
	(ah) 23/6 D. Anghat Str., Yerevan, 0069, Armenia
	(ai) Generation Park Z - ul. Towarowa 28, 00-839 Warsaw, Poland