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**SHANGRI-LA ASIA LIMITED**

**香格里拉(亞洲)有限公司**

(Incorporated in Bermuda with limited liability)

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

(Stock code: 00069)

**OVERSEAS REGULATORY ANNOUNCEMENT**

Shangri-La Hotel Public Company Limited (“**SHPCL**”) is a company listed on the Stock Exchange of Thailand (“**SET**”) and a 73.61% owned subsidiary of Shangri-La Asia Limited. SHPCL released to SET an announcement (“**Announcement**”) today. The following is a reproduction of the Announcement as required by the Note to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

*As at the date hereof, the directors of Shangri-La Asia Limited are:*

*Executive directors*

*Ms KUOK Hui Kwong (Chairman)*

*Mr LIM Beng Chee (CEO)*

*Mr LUI Man Shing*

*Mr Madhu Rama Chandra RAO*

*Independent non-executive directors*

*Mr Alexander Reid HAMILTON*

*Professor LI Kwok Cheung Arthur*

*Dr LEE Kai-Fu*

*Non-executive director*

*Mr HO Kian Guan (alternate – Mr HO Chung Tao)*

Hong Kong, 7 August 2017

Shangri-La Hotel Public Company Limited  
and its subsidiaries  
Report and consolidated interim financial statements  
For the three-month and six-month periods ended  
30 June 2017

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Shangri-La Hotel Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Shangri-La Hotel Public Company Limited and its subsidiaries as at 30 June 2017, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2017, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Shangri-La Hotel Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. 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 Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### **Conclusion**

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Chonlaros Suntiasvaraporn  
Certified Public Accountant (Thailand) No. 4523

EY Office Limited  
Bangkok: 7 August 2017

**Shangri-La Hotel Public Company Limited and its subsidiaries**

**Statement of financial position**

**As at 30 June 2017**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>		
	<b>Note</b>	<b>30 June 2017</b> (Unaudited but reviewed)	<b>31 December 2016</b> (Audited)	<b>30 June 2017</b> (Unaudited but reviewed)	<b>31 December 2016</b> (Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		1,210,533	1,211,754	183,010	170,724
Current investments - fixed deposits					
with financial institutions		2,387,400	2,258,900	2,365,000	2,250,000
Trade and other receivables	4	117,555	169,698	116,141	168,107
Inventories		30,981	32,199	30,981	32,199
Other current assets		3,645	3,210	3,629	3,192
<b>Total current assets</b>		<b>3,750,114</b>	<b>3,675,761</b>	<b>2,698,761</b>	<b>2,624,222</b>
<b>Non-current assets</b>					
Investments in subsidiaries	5	-	-	1,303,000	1,303,000
Investments in associates	6	-	-	-	-
Other long-term investments					
Investments in related party	7	603,580	395,542	-	-
Investment in other company	8	131,151	131,151	-	-
Long-term loans to and interest receivables					
from related parties	3	2,206,686	2,323,739	-	-
Property, plant and equipment	9	1,971,304	2,074,428	1,969,450	2,072,574
Intangible assets		3,254	3,556	3,254	3,556
Deferred tax assets		37,033	38,031	20,630	21,628
Other non-current assets		8,459	7,534	8,459	7,534
<b>Total non-current assets</b>		<b>4,961,467</b>	<b>4,973,981</b>	<b>3,304,793</b>	<b>3,408,292</b>
<b>Total assets</b>		<b>8,711,581</b>	<b>8,649,742</b>	<b>6,003,554</b>	<b>6,032,514</b>

The accompanying notes are an integral part of the financial statements.

**Shangri-La Hotel Public Company Limited and its subsidiaries**

**Statement of financial position (continued)**

As at 30 June 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2017	31 December 2016	30 June 2017	31 December 2016
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	10	238,940	317,083	214,569	286,860
Short-term loans from related party	3	-	-	512,100	539,550
Income tax payable		73,667	51,864	71,740	49,476
Other current liabilities	11	133,591	119,651	132,578	119,651
<b>Total current liabilities</b>		<b>446,198</b>	<b>488,598</b>	<b>930,987</b>	<b>995,537</b>
<b>Non-current liabilities</b>					
Provision for long-term employee benefits	12	69,206	65,612	69,206	65,612
Rental deposits		16,666	16,254	16,666	16,254
<b>Total non-current liabilities</b>		<b>85,872</b>	<b>81,866</b>	<b>85,872</b>	<b>81,866</b>
<b>Total liabilities</b>		<b>532,070</b>	<b>570,464</b>	<b>1,016,859</b>	<b>1,077,403</b>
<b>Shareholders' equity</b>					
Share capital					
Registered, issued and fully paid up					
130,000,000 ordinary shares of Baht 10 each		1,300,000	1,300,000	1,300,000	1,300,000
Share premium		1,590,400	1,590,400	1,590,400	1,590,400
Retained earnings					
Appropriated-statutory reserve		130,000	130,000	130,000	130,000
Unappropriated		4,047,731	4,072,863	1,974,240	1,942,656
Other components of shareholders' equity		1,078,038	958,803	(7,945)	(7,945)
Equity attributable to owners of the Company		8,146,169	8,052,066	4,986,695	4,955,111
Non-controlling interests of the subsidiary		33,342	27,212	-	-
<b>Total shareholders' equity</b>		<b>8,179,511</b>	<b>8,079,278</b>	<b>4,986,695</b>	<b>4,955,111</b>
<b>Total liabilities and shareholders' equity</b>		<b>8,711,581</b>	<b>8,649,742</b>	<b>6,003,554</b>	<b>6,032,514</b>
		-	-	-	-

The accompanying notes are an integral part of the financial statements.

Directors

(Unaudited but reviewed)

**Shangri-La Hotel Public Company Limited and its subsidiaries****Statement of comprehensive income****For the three-month period ended 30 June 2017**

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenues from hotel operations		452,719	395,252	452,719	395,252
Other income					
Interest income		21,414	23,798	10,079	10,027
Others		25,085	18,586	5,316	4,221
<b>Total revenues</b>		<b>499,218</b>	<b>437,636</b>	<b>468,114</b>	<b>409,500</b>
<b>Expenses</b>					
Cost of hotel operations		158,676	145,031	158,676	145,031
Selling expenses		26,202	19,659	26,202	19,659
Administrative expenses		129,448	123,458	120,822	113,978
Depreciation and amortisation expenses		65,138	65,014	65,138	65,014
Exchange losses		19,168	716	-	-
<b>Total expenses</b>		<b>398,632</b>	<b>353,878</b>	<b>370,838</b>	<b>343,682</b>
<b>Profit before finance cost and income tax expenses</b>		<b>100,586</b>	<b>83,758</b>	<b>97,276</b>	<b>65,818</b>
Finance income (cost)	13	-	-	6,600	4,200
<b>Profit before income tax expenses</b>		<b>100,586</b>	<b>83,758</b>	<b>103,876</b>	<b>70,018</b>
Income tax expenses	14	(22,717)	(15,049)	(20,716)	(14,425)
<b>Profit for the period</b>		<b>77,869</b>	<b>68,709</b>	<b>83,160</b>	<b>55,593</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		(27,854)	(3,207)	-	-
Gain (loss) on changes in value of available-for-sale investments		85,968	(52,468)	-	-
<b>Other comprehensive income for the period</b>		<b>58,114</b>	<b>(55,675)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>135,983</b>	<b>13,034</b>	<b>83,160</b>	<b>55,593</b>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**Shangri-La Hotel Public Company Limited and its subsidiaries**

**Statement of comprehensive income (continued)**

**For the three-month period ended 30 June 2017**

(Unit: Thousand Baht except earnings per share expressed in Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Profit attributable to:</b>				
Equity holders of the Company	71,733	62,802	<u>83,160</u>	<u>55,593</u>
Non-controlling interests of the subsidiary	<u>6,136</u>	<u>5,907</u>		
	<u>77,869</u>	<u>68,709</u>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	129,847	7,127	<u>83,160</u>	<u>55,593</u>
Non-controlling interests of the subsidiary	<u>6,136</u>	<u>5,907</u>		
	<u>135,983</u>	<u>13,034</u>		
<b>Earnings per share</b>				
Basic earnings per share	15			
Profit attributable to equity holders of the Company	<u>0.55</u>	<u>0.48</u>	<u>0.64</u>	<u>0.43</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**Shangri-La Hotel Public Company Limited and its subsidiaries****Statement of comprehensive income****For the six-month period ended 30 June 2017**

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenues from hotel operations		1,112,378	1,090,456	1,112,378	1,090,456
Other income					
Interest income		42,334	46,393	19,754	20,504
Others		31,361	26,263	11,265	9,113
<b>Total revenues</b>		<b>1,186,073</b>	<b>1,163,112</b>	<b>1,143,397</b>	<b>1,120,073</b>
<b>Expenses</b>					
Cost of hotel operations		352,162	342,812	352,162	342,812
Selling expenses		67,877	66,290	67,877	66,290
Administrative expenses		265,666	265,957	256,592	256,130
Depreciation and amortisation expenses		129,886	129,854	129,886	129,854
Exchange losses		54,452	60,074	-	-
<b>Total expenses</b>		<b>870,043</b>	<b>864,987</b>	<b>806,517</b>	<b>795,086</b>
<b>Profit before finance cost and income tax expenses</b>		<b>316,030</b>	<b>298,125</b>	<b>336,880</b>	<b>324,987</b>
Finance income (cost)	13	-	-	27,450	13,500
<b>Profit before income tax expenses</b>		<b>316,030</b>	<b>298,125</b>	<b>364,330</b>	<b>338,487</b>
Income tax expenses	14	(75,032)	(69,034)	(72,746)	(68,087)
<b>Profit for the period</b>		<b>240,998</b>	<b>229,091</b>	<b>291,584</b>	<b>270,400</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		(111,175)	12,658	-	-
Gain on changes in value of available-for-sale investments		230,410	10,067	-	-
<b>Other comprehensive income for the period</b>		<b>119,235</b>	<b>22,725</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>360,233</b>	<b>251,816</b>	<b>291,584</b>	<b>270,400</b>

The accompanying notes are an integral part of the financial statements.



(Unaudited but reviewed)

**Shangri-La Hotel Public Company Limited and its subsidiaries**

**Statement of comprehensive income (continued)**

**For the six-month period ended 30 June 2017**

(Unit: Thousand Baht except earnings per share expressed in Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Profit attributable to:</b>				
Equity holders of the Company	234,868	221,370	<u>291,584</u>	<u>270,400</u>
Non-controlling interests of the subsidiary	<u>6,130</u>	<u>7,721</u>		
	<u>240,998</u>	<u>229,091</u>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	354,103	244,095	<u>291,584</u>	<u>270,400</u>
Non-controlling interests of the subsidiary	<u>6,130</u>	<u>7,721</u>		
	<u>360,233</u>	<u>251,816</u>		
<b>Earnings per share</b>				
Basic earnings per share	15			
Profit attributable to equity holders of the Company	<u>1.81</u>	<u>1.70</u>	<u>2.24</u>	<u>2.08</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**Shangri-La Hotel Public Company Limited and its subsidiaries**

**Cash flow statement**

**For the six-month period ended 30 June 2017**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities</b>				
Profit before tax	316,030	298,125	364,330	338,487
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation expenses	129,886	129,854	129,886	129,854
Allowance for doubtful accounts (reversal)	586	(99)	586	(99)
Reversal of reduction of inventory to net realisable value	-	(91)	-	(91)
Reversal of allowance for interest receivables	-	-	(8,313)	(9,173)
Gain on sales of equipment	(169)	(127)	(169)	(127)
Provision for long-term employee benefits	3,876	3,709	3,876	3,709
Unrealised (gain) loss on exchange	157,194	65,898	(27,450)	(13,500)
Dividend income	(19,739)	(20,517)	-	-
Interest income	(42,334)	(46,393)	(19,754)	(20,504)
Profit from operating activities before changes in operating assets and liabilities	545,330	430,359	442,992	428,556
Operating assets (increase) decrease				
Trade and other receivables	55,054	65,307	55,045	65,323
Inventories	1,217	3,409	1,217	3,409
Other current assets	(1,897)	(424)	(1,897)	(424)
Other non-current assets	(925)	(3,281)	(925)	(3,281)
Operating liabilities increase (decrease)				
Trade and other payables	(76,441)	(115,177)	(70,589)	(108,688)
Other current liabilities	13,940	(25,331)	12,927	(25,332)
Provision for long-term employee benefits	(282)	(1,389)	(282)	(1,389)
Other non-current liabilities	411	877	411	877
Cash flows from operating activities	536,407	354,350	438,899	359,051
Cash paid for corporate income tax	(50,752)	(57,479)	(48,022)	(54,841)
<b>Net cash flows from operating activities</b>	<b>485,655</b>	<b>296,871</b>	<b>390,877</b>	<b>304,210</b>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

**Shangri-La Hotel Public Company Limited and its subsidiaries**

**Cash flow statement (continued)**

**For the six-month period ended 30 June 2017**

(Unit: Thousand Baht)

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from investing activities</b>				
Cash paid for investment in current investments - net	(128,500)	(48,400)	(115,000)	(45,000)
Increase in loans to related parties	-	(206,993)	-	-
Cash received from interest receivables from related party	-	-	8,313	9,173
Cash received from interest income	21,052	30,178	16,088	23,099
Dividend income	19,739	20,517	-	-
Acquisitions of plant and equipment	(33,778)	(54,946)	(33,778)	(54,946)
Proceeds from sales of equipment	5,786	341	5,786	341
<b>Net cash flows used in investing activities</b>	<u>(115,701)</u>	<u>(259,303)</u>	<u>(118,591)</u>	<u>(67,333)</u>
<b>Cash flows from financing activities</b>				
Dividend paid	(260,000)	(260,000)	(260,000)	(260,000)
<b>Net cash flows used in financing activities</b>	<u>(260,000)</u>	<u>(260,000)</u>	<u>(260,000)</u>	<u>(260,000)</u>
<b>Increase (decrease) in translation adjustments</b>	<u>(111,175)</u>	<u>12,658</u>	<u>-</u>	<u>-</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(1,221)</u>	<u>(209,774)</u>	<u>12,286</u>	<u>(23,123)</u>
Cash and cash equivalents at beginning of period	<u>1,211,754</u>	<u>1,837,829</u>	<u>170,724</u>	<u>567,443</u>
<b>Cash and cash equivalents at end of period</b>	<u><u>1,210,533</u></u>	<u><u>1,628,055</u></u>	<u><u>183,010</u></u>	<u><u>544,320</u></u>
	-		-	

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

## Shangri-La Hotel Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

For the six-month period ended 30 June 2017

(Unit: Thousand Baht)

<b>Consolidated financial statements</b>												
Equity attributable to owners of the Company												
		Other components of shareholders' equity										
		Other comprehensive income										
				Exchange	Surplus on							
				differences on	changes							
				translation of	in value of	Actuarial loss	Total other	Total equity	Equity attributable			
				financial	available-for-sale	on defined	components of	attributable to	to non-controlling	Total		
		Retained earnings		statements in	investments -	employee	shareholders'	owners of	interests of	shareholders'		
Issued and	fully paid-up	share capital	Share premium	Appropriated	Unappropriated	foreign currency	related company	benefit plans	equity	the Company	the subsidiary	equity
<b>Balance as at 1 January 2016</b>	1,300,000	1,590,400	130,000	3,755,887	1,045,789	(20,543)	(7,945)	1,017,301	7,793,588	18,222	7,811,810	
Profit for the period	-	-	-	221,370	-	-	-	-	221,370	7,721	229,091	
Other comprehensive income for the period	-	-	-	-	12,658	10,067	-	22,725	22,725	-	22,725	
Total comprehensive income for the period	-	-	-	221,370	12,658	10,067	-	22,725	244,095	7,721	251,816	
Dividend paid (Note 17)	-	-	-	(260,000)	-	-	-	-	(260,000)	-	(260,000)	
<b>Balance as at 30 June 2016</b>	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>3,717,257</u>	<u>1,058,447</u>	<u>(10,476)</u>	<u>(7,945)</u>	<u>1,040,026</u>	<u>7,777,683</u>	<u>25,943</u>	<u>7,803,626</u>	
<b>Balance as at 1 January 2017</b>	1,300,000	1,590,400	130,000	4,072,863	958,012	8,736	(7,945)	958,803	8,052,066	27,212	8,079,278	
Profit for the period	-	-	-	234,868	-	-	-	-	234,868	6,130	240,998	
Other comprehensive income for the period	-	-	-	-	(111,175)	230,410	-	119,235	119,235	-	119,235	
Total comprehensive income for the period	-	-	-	234,868	(111,175)	230,410	-	119,235	354,103	6,130	360,233	
Dividend paid (Note 17)	-	-	-	(260,000)	-	-	-	-	(260,000)	-	(260,000)	
<b>Balance as at 30 June 2017</b>	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>4,047,731</u>	<u>846,837</u>	<u>239,146</u>	<u>(7,945)</u>	<u>1,078,038</u>	<u>8,146,169</u>	<u>33,342</u>	<u>8,179,511</u>	

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2017

(Unit: Thousand Baht)

<b>Separate financial statements</b>							
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity		Total shareholders' equity
			Appropriated	Unappropriated	Other comprehensive income	Total other components of shareholders' equity	
					Actuarials loss on defined employee benefit plans		
<b>Balance as at 1 January 2016</b>	1,300,000	1,590,400	130,000	1,712,117	(7,945)	(7,945)	4,724,572
Total comprehensive income for the period	-	-	-	270,400	-	-	270,400
Dividend paid (Note 17)	-	-	-	(260,000)	-	-	(260,000)
<b>Balance as at 30 June 2016</b>	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>1,722,517</u>	<u>(7,945)</u>	<u>(7,945)</u>	<u>4,734,972</u>
<b>Balance as at 1 January 2017</b>	1,300,000	1,590,400	130,000	1,942,656	(7,945)	(7,945)	4,955,111
Total comprehensive income for the period	-	-	-	291,584	-	-	291,584
Dividend paid (Note 17)	-	-	-	(260,000)	-	-	(260,000)
<b>Balance as at 30 June 2017</b>	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>1,974,240</u>	<u>(7,945)</u>	<u>(7,945)</u>	<u>4,986,695</u>

The accompanying notes are an integral part of the financial statements.

**Shangri-La Hotel Public Company Limited and its subsidiaries**  
**Notes to consolidated interim financial statements**  
**For the three-month and six-month periods ended 30 June 2017**

**1. General information**

**1.1 Basis for the preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2016) Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

**1.2 Basis of consolidation**

These consolidated financial statements include the financial statements of Shangri-La Hotel Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2016. There have been no changes in the composition of the Group during the current period.

**1.3 New financial reporting standards**

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

## 2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2016.

## 3. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, were concluded on terms and bases agreed upon between the Company and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with associated companies</u>					
Interest income	9	9	-	-	USD LIBOR and USD LIBOR plus 1 percent per annum
<u>Transactions with related companies</u>					
Revenues from hotel operations	6	4	6	4	Normal business price
Management fees	15	14	15	14	Contract price
Marketing and promotion fees	5	4	5	4	Contract price
Advertising and reservation fees	4	4	4	4	Contract price

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with associated companies</u>					
Interest income	18	17	-	-	USD LIBOR and USD LIBOR plus 1 percent per annum
<u>Transactions with related companies</u>					
Revenues from hotel operations	10	10	10	10	Normal business price
Management fees	36	36	36	36	Contract price
Marketing and promotion fees	11	11	11	11	Contract price
Advertising and reservation fees	8	9	8	9	Contract price

(Unaudited but reviewed)

The balances of the accounts between the Company and these related companies as at 30 June 2017 and 31 December 2016 are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
<b><u>Other receivables - related parties (Note 4)</u></b>				
<b>Associated company</b>				
Traders Yangon Company Limited	1,900	2,501	1,900	2,501
<b>Related companies</b>				
Others	5,928	1,837	5,928	1,837
Total other receivables - related parties	<u>7,828</u>	<u>4,338</u>	<u>7,828</u>	<u>4,338</u>
<b><u>Interest receivables from related party</u></b>				
<b>Subsidiary</b>				
TRR-Kerry Development Company Limited	-	-	30,798	39,111
Less: Allowance for doubtful interest receivables	-	-	(30,798)	(39,111)
Total interest receivables from related party - net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Long-term loans to and interest receivables</u></b>				
<b><u>from related parties</u></b>				
<b>Associated companies</b>				
<b>Non-interest bearing</b>				
Traders Square Company Limited	45,744	48,552	-	-
	<u>45,744</u>	<u>48,552</u>	<u>-</u>	<u>-</u>
<b>Interest bearing</b>				
Shangri-La Yangon Company Limited	756,445	796,369	-	-
Traders Yangon Company Limited	522,081	549,814	-	-
Traders Square Company Limited	882,416	929,004	-	-
	<u>2,160,942</u>	<u>2,275,187</u>	<u>-</u>	<u>-</u>
Total long-term loans to and interest receivables from related parties	<u>2,206,686</u>	<u>2,323,739</u>	<u>-</u>	<u>-</u>

The above loans-interest bearing carry interests at the rates of USD LIBOR and USD LIBOR plus 1 percent per annum.



(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
<b><u>Other payables - related parties (Note 10)</u></b>				
<b>Related companies</b>				
Shangri-La International Hotel Management Limited				
	15,409	14,370	15,409	14,370
Shangri-La International Hotel Management BV				
	15,516	11,189	15,516	11,189
Total other payables - related parties	<u>30,925</u>	<u>25,559</u>	<u>30,925</u>	<u>25,559</u>
<b><u>Short-term loan from related party</u></b>				
<b>Subsidiary</b>				
Hasfield Holdings Pte., Ltd.				
	-	-	512,100	539,550
	<u>-</u>	<u>-</u>	<u>512,100</u>	<u>539,550</u>

The above loans are repayable on demand and no interest bearing.

During the current period, movements of loans to and interest receivables from related parties and loans from related parties were as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance	Increase	Decrease	Balance
	as at	during	during	as at
	1 January 2017	the current	the current	30 June 2017
		period	period	
<b><u>Interest receivables from related party</u></b>				
<b>Subsidiary</b>				
TRR-Kerry Development Company Limited				
	39,111	-	(8,313)	-
Total interest receivables from related party	<u>39,111</u>	<u>-</u>	<u>(8,313)</u>	<u>-</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements				
	Balance as at 1 January 2017	Increase during the current period	Decrease during the current period	Balance as at 30 June 2017	
<b><u>Long-term loans to and interest receivables from related parties</u></b>					
<b>Associated companies</b>					
<b>Non-interest bearing</b>					
Traders Square Company Limited	48,552	-	-	(2,808)	45,744
<b>Interest bearing</b>					
Shangri-La Yangon Company Limited	796,369	6,292	-	(46,216)	756,445
Traders Yangon Company Limited	549,814	4,170	-	(31,903)	522,081
Traders Square Company Limited	929,004	7,324	-	(53,912)	882,416
Total long-term loans to and interest receivables from related parties	2,323,739	17,786	-	(134,839)	2,206,686

(Unit: Thousand Baht)

	Separate financial statements				
	Balance as at 1 January 2017	Increase during the current period	Decrease during the current period	Balance as at 30 June 2017	
<b><u>Short-term loans from related party</u></b>					
<b>Subsidiary</b>					
Hasfield Holdings Pte.,Ltd.	539,550	-	-	(27,450)	512,100
Total short-term loans from related party	539,550	-	-	(27,450)	512,100

**Directors and management's benefits**

During the three-month and six-month periods ended 30 June 2017 and 2016, the Company and its subsidiaries had employee benefit expenses to their directors and management as detailed below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June	
	Consolidated financial statements/ Separate financial statements	
	<u>2017</u>	<u>2016</u>
Short-term employee benefits	14,067	13,604
Post-employment benefits	913	919
Total	14,980	14,523

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	Consolidated financial statements/ Separate financial statements	
	<u>2017</u>	<u>2016</u>
Short-term employee benefits	28,305	27,771
Post-employment benefits	1,902	1,895
Total	<u>30,207</u>	<u>29,666</u>

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 18.2 to the financial statements.

**4. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
		(Audited)		(Audited)
<u>Trade receivables - unrelated parties</u>				
Age on the basis of invoice date				
Less than 120 days	74,957	137,181	74,957	137,181
120 - 180 days	1,294	53	1,294	53
Over 180 days	303	109	303	109
Total	<u>76,554</u>	<u>137,343</u>	<u>76,554</u>	<u>137,343</u>
Less: Allowance for doubtful debts	<u>(726)</u>	<u>(140)</u>	<u>(726)</u>	<u>(140)</u>
Total trade receivables - unrelated parties, net	<u>75,828</u>	<u>137,203</u>	<u>75,828</u>	<u>137,203</u>
<u>Other receivables</u>				
Other receivables - related parties (Note 3)	7,828	4,338	7,828	4,338
Other receivables - unrelated parties	17,249	14,690	15,844	13,115
Prepaid expenses	16,650	13,467	16,641	13,451
Total other receivables	<u>41,727</u>	<u>32,495</u>	<u>40,313</u>	<u>30,904</u>
Total trade and other receivables - net	<u>117,555</u>	<u>169,698</u>	<u>116,141</u>	<u>168,107</u>

## 5. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost	
	30 June	31 December	30 June	31 December	30 June	31 December
	2017	2016	2017	2016	2017	2016
			(Percent)	(Percent)		(Audited)
Town Development Company Limited	Baht 1,303 million	Baht 1,303 million	100	100	1,303,000	1,303,000
Total investments in subsidiary					1,303,000	1,303,000

The Company's subsidiaries held through its subsidiaries are summarised below.

Company's name	Nature of business	Country of incorporation	Paid-up capital		Percentage of shareholding	
			30 June	31 December	30 June	31 December
			2017	2016	2017	2016
					(Percent)	(Percent)
<b><u>Subsidiaries held through Town Development Company Limited</u></b>						
TRR-Kerry Development Company Limited	Holding investment	Thailand	Baht 231 million	Baht 231 million	57.33	57.33
Apizaco Limited	Holding investment	Hong Kong	HKD 206 million	HKD 206 million	100.00	100.00
Hasfield Holdings Pte.,Ltd.	Holding investment	Singapore	SGD 34 million	SGD 34 million	100.00	100.00
Traders Hotel and Resort Limited	Hotel business	Thailand	Baht 0.2 million	Baht 0.2 million	100.00	100.00
<b><u>Subsidiary held through Apizaco Limited</u></b>						
Zukerman Limited	Holding investment	British Virgin	USD 1	USD 1	100.00	100.00

## 6. Investments in associates

### 6.1 Details of associates:

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 June	31 December	30 June	31 December	30 June	31 December
			2017	2016	2017	2016	2017	2016
					(Audited)		(Audited)	
<b><u>Associated companies (owned by Zukerman Limited)</u></b>								
Traders Yangon Company Limited	Hotel	Myanmar	23.53	23.53	30,140	31,990	-	-
Shangri-La Yangon Company Limited	Serviced apartments	Myanmar	22.22	22.22	17,816	18,909	-	-
Traders Square Company Limited	Commercial complex and office for rent	Myanmar	23.56	23.56	710	754	-	-
Total					48,666	51,653	-	-

## 6.2 Summarised financial information of associates

Financial information of the associated companies is summarised below.

(Unit: Thousand Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues		Profit (loss)	
							for the six-month		for the six-month	
	30 June	31 December	30 June	31 December	30 June	31 December	periods ended		periods ended	
	2017	2016	2017	2016	2017	2016	30 June		30 June	
						2017	2016	2017	2016	
Traders Yangon Company Limited	USD 3.6 million	USD 3.6 million	2,491,219	2,799,768	4,148,689	4,511,864	356,524	441,050	(34,459)	22,412
Shangri-La Yangon Company Limited	USD 2.0 million	USD 2.0 million	4,108,772	4,423,468	4,503,038	4,799,785	308,876	321,028	(38,171)	(24,523)
Traders Square Company Limited	USD 0.1 million	USD 0.1 million	4,068,287	4,357,429	4,249,575	4,419,877	62,572	-	(125,943)	(9,353)

## 6.3 Investment in associates with capital deficit

The Company recognised share of losses from investment in three associates, as listed below, until the value of the investments approached zero. Subsequent losses incurred by those associates have not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of those associates. The amount of such unrecognised share of losses is set out below.

(Unit: Thousand Baht)

Company's name	Unrecognised share of losses		
	For the six-month	Cumulative unrecognised	
	period ended	share of losses as at	
	30 June 2017	30 June 2017	31 December 2016
			(Audited)
Traders Yangon Company Limited	(8,108)	(404,339)	(396,231)
Shangri-La Yangon Company Limited	(8,482)	(87,089)	(78,607)
Traders Square Company Limited	(29,672)	(45,595)	(15,923)
Total	(46,262)	(537,023)	(490,761)

### The financial information of associated companies

The financial information of these associated companies for the three-month and six-month periods ended 30 June 2017 and 2016, which was included in the consolidated financial statements, was prepared by the associates' management. However, the Company's management believes that there would have been no significant difference to financial information if those financial information had been reviewed by auditors.

(Unaudited but reviewed)

## 7. Investments in related party

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 June 2017	31 December 2016
		(Audited)
Cost - Ordinary shares of Shangri-La Asia Limited	364,434	386,806
Add: Unrealised gain on changes in value of investments	239,146	8,736
Fair value	<u>603,580</u>	<u>395,542</u>

## 8. Investments in other company - Net

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 June 2017	31 December 2016
		(Audited)
Cost - Ordinary shares of Don Muang Tollway Public Company Limited	213,164	213,164
Less: Allowance for loss on diminution in value of investments	(82,013)	(82,013)
Investments in other company, net	<u>131,151</u>	<u>131,151</u>

## 9. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2017</b>	2,074,428	2,072,574
Acquisitions during the period - at cost	31,399	31,399
Disposals during the period - net book value at disposal date	(5,617)	(5,617)
Depreciation for the period	(128,906)	(128,906)
<b>Net book value as at 30 June 2017</b>	<u>1,971,304</u>	<u>1,969,450</u>

(Unaudited but reviewed)

## 10. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
Trade payables - unrelated parties	73,965	94,667	73,965	94,667
Other payables - related parties (Note 3)	30,925	25,559	30,925	25,559
Other payables - unrelated parties	16,713	19,807	16,713	19,807
Interest payables to minority shareholders of subsidiary	23,390	29,577	-	-
Payables for purchases of assets	2,314	4,016	2,314	4,016
Retention payables	8,101	7,636	8,101	7,636
Accrued expenses	83,532	135,821	82,551	135,175
Total trade and other payables	<u>238,940</u>	<u>317,083</u>	<u>214,569</u>	<u>286,860</u>

## 11. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
Advances from customers	103,701	79,799	103,701	79,799
Others	29,890	39,852	28,877	39,852
Total other current liabilities	<u>133,591</u>	<u>119,651</u>	<u>132,578</u>	<u>119,651</u>

(Unaudited but reviewed)

## 12. Provision for long-term employee benefits

Movements in the provision for long-term employee benefits account during the six-month period ended 30 June 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements
<b>Balance as at 1 January 2017</b>	65,612
Current service cost	2,990
Interest cost	886
Benefits paid during the period	(282)
<b>Balance as at 30 June 2017</b>	<u>69,206</u>

## 13. Finance cost

Finance cost for the three-month and six-month periods ended 30 June 2017 and 2016 are summarised below:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Unrealised gain on exchange rate on short-term loan from related party	-	-	6,600	4,200
Total	-	-	<u>6,600</u>	<u>4,200</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Unrealised gain on exchange rate on short-term loan from related party	-	-	27,450	13,500
Total	-	-	<u>27,450</u>	<u>13,500</u>



**14. Income tax**

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and six-month periods ended 30 June 2017 and 2016 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	(21,360)	(13,094)	(19,359)	(12,470)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,357)	(1,955)	(1,357)	(1,955)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>(22,717)</u>	<u>(15,049)</u>	<u>(20,716)</u>	<u>(14,425)</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	(74,034)	(67,617)	(71,748)	(66,670)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(998)	(1,417)	(998)	(1,417)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>(75,032)</u>	<u>(69,034)</u>	<u>(72,746)</u>	<u>(68,087)</u>

**15. Earnings per share**

Basic earnings per share is calculated by dividing profit for the periods attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit for the period (Thousand Baht)	71,733	62,802	83,160	55,593
Weighted average number of ordinary shares (Thousand shares)	130,000	130,000	130,000	130,000
Earnings per share (Baht per share)	0.55	0.48	0.64	0.43

  

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit for the period (Thousand Baht)	234,868	221,370	291,584	270,400
Weighted average number of ordinary shares (Thousand shares)	130,000	130,000	130,000	130,000
Earnings per share (Baht per share)	1.81	1.70	2.24	2.08

## 16. Segment information

The Company and its subsidiaries are organised into business units based on its services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and six-month periods ended 30 June 2017 and 2016.

(Unit: Million Baht)

	For the three-month periods ended 30 June											
	Hotel business				Holding Investment	Total segments		Adjustments and eliminations		Consolidated		
	Hotel in Bangkok		Hotel in Chiangmai					2017	2016	2017	2016	2017
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Revenues</b>												
External customers	352	308	101	87	-	-	453	395	-	-	453	395
<b>Total revenues</b>	<b>352</b>	<b>308</b>	<b>101</b>	<b>87</b>	<b>-</b>	<b>-</b>	<b>453</b>	<b>395</b>	<b>-</b>	<b>-</b>	<b>453</b>	<b>395</b>
<b>Operating results</b>												
Segment gross profit	225	195	69	55	-	-	294	250	-	-	294	250
Interest income	10	10	-	-	11	14	21	24	-	-	21	24
Other income	5	4	-	1	20	14	25	19	-	-	25	19
Depreciation and amortisation expenses	(37)	(38)	(28)	(27)	-	-	(65)	(65)	-	-	(65)	(65)
Exchange losses	-	-	-	-	(19)	(1)	(19)	(1)	-	-	(19)	(1)
<b>Profit before income tax expenses</b>	<b>90</b>	<b>84</b>	<b>(1)</b>	<b>(10)</b>	<b>12</b>	<b>10</b>	<b>101</b>	<b>84</b>	<b>-</b>	<b>-</b>	<b>101</b>	<b>84</b>
Income tax expenses	(21)	(16)	-	2	(2)	(1)	(23)	(15)	-	-	(23)	(15)
<b>Profit for the period</b>	<b>69</b>	<b>68</b>	<b>(1)</b>	<b>(8)</b>	<b>10</b>	<b>9</b>	<b>78</b>	<b>69</b>	<b>-</b>	<b>-</b>	<b>78</b>	<b>69</b>

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month periods ended 30 June

	Hotel business											
	Hotel in Bangkok		Hotel in Chiangmai		Holding Investment		Total segments		Adjustments and eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Revenues</b>												
External customers	871	850	241	240	-	-	1,112	1,090	-	-	1,112	1,090
<b>Total revenues</b>	<b>871</b>	<b>850</b>	<b>241</b>	<b>240</b>	<b>-</b>	<b>-</b>	<b>1,112</b>	<b>1,090</b>	<b>-</b>	<b>-</b>	<b>1,112</b>	<b>1,090</b>
<b>Operating results</b>												
Segment gross profit	587	580	174	168	-	-	761	748	-	-	761	748
Interest income	20	20	-	-	22	26	42	46	-	-	42	46
Other income	10	8	1	1	20	17	31	26	-	-	31	26
Depreciation and amortisation expenses	(74)	(75)	(56)	(55)	-	-	(130)	(130)	-	-	(130)	(130)
Exchange losses	-	-	-	-	(54)	(60)	(54)	(60)	-	-	(54)	(60)
<b>Profit before income tax expenses</b>	<b>296</b>	<b>303</b>	<b>33</b>	<b>30</b>	<b>(13)</b>	<b>(35)</b>	<b>316</b>	<b>298</b>	<b>-</b>	<b>-</b>	<b>316</b>	<b>298</b>
Income tax expenses	(66)	(62)	(7)	(6)	(2)	(1)	(75)	(69)	-	-	(75)	(69)
<b>Profit for the period</b>	<b>230</b>	<b>241</b>	<b>26</b>	<b>24</b>	<b>(15)</b>	<b>(36)</b>	<b>241</b>	<b>229</b>	<b>-</b>	<b>-</b>	<b>241</b>	<b>229</b>

**17. Dividends**

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht)
Final dividends for 2015	Annual General Meeting of the shareholders on 28 April 2016	260	2.00
Total dividends for 2016		260	2.00
Final dividends for 2016	Annual General Meeting of the shareholders on 27 April 2017	260	2.00
Total dividends for 2017		260	2.00

**18. Commitments and contingent liabilities****18.1 Capital commitments**

As at 30 June 2017, the Company had capital commitments of approximately Baht 34 million (31 December 2016: Baht 40 million), relating to the construction and renovation of the Hotel building.

**18.2 Guarantee**

- (1) As at 30 June 2017, there were outstanding bank guarantees of approximately Baht 11 million (31 December 2016: Baht 11 million) issued by a bank on behalf of the Company in respect of electricity usage.
- (2) As at 30 June 2017 and 31 December 2016, the Company has guaranteed loans of its two associated companies, Traders Yangon Company Limited and Shangri-La Yangon Company Limited, amounting to USD 11.77 million and USD 6.67 million, respectively, which is guaranteed loans with respect to the subsidiary's proportionate interest in these associates.

**19. Foreign currency risk**

The balances of financial assets and liabilities denominated in foreign currencies of the Company and its subsidiaries as at 30 June 2017 and 31 December 2016 are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	As at	As at	As at	As at	As at	As at
	30 June	31 December	30 June	31 December	30 June	31 December
2017	2016	2017	2016	2017	2016	
(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)		
	(Audited)		(Audited)			
USD	67	66	-	-	33.9814	35.8307

  

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	As at	As at	As at	As at	As at	As at
	30 June	31 December	30 June	31 December	30 June	31 December
2017	2016	2017	2016	2017	2016	
(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)		
	(Audited)		(Audited)			
USD	-	-	15	15	33.9814	35.8307

**20. Fair value of financial instruments**

As at 30 June 2017 and 31 December 2016, the subsidiary had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 30 June 2017			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Investments in related party				
Equity instruments	603,580	-	-	603,580

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated financial statements				
As at 31 December 2016				
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Investments in related party				
Equity instruments	395,542	-	-	395,542

During the current period, there were no transfers within the fair value hierarchy.

## 21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 7 August 2017.

To : Managing Director  
The Stock Exchange of Thailand

Date : August 7, 2017

Re : Management Discussion and Analysis for the period ended June 30, 2017

The Board of Directors is pleased to announce the Company's results for the period ended June 30, 2017 as follows:-

**Net profit after corporate income tax for the three-month period ended June 30, 2017 and 2016:**

(Baht in million)	<u>2017</u>	<u>2016</u>	<u>Change (%)</u>
The Company	83.16	55.59	49.59%
Consolidated	71.73	62.80	14.22%

**The Company:**

The Company's profit before corporate income tax for the three-month period ended June 30, 2017 increased by Baht 33.86 million against the corresponding period last year. The increase in the Company's profit was mainly attributed to the increase in profit before corporate income tax of Shangri-La Hotel, Bangkok ("SLBK") by Baht 24.93 million and decrease in loss of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 8.93 million.

Revenues from hotel operation of SLBK increased by Baht 43.47 million from Baht 308.41 million to Baht 351.88 million during the same period last year due to the increase in room, food & beverages and other revenues due to higher occupancy, MICE business and higher banqueting revenue. Gross profit increased by Baht 30.88 million. Selling expenses increased by Baht 6.52 million and administrative expenses increased by Baht 3.83 million. Depreciation expenses decreased by Baht 0.68 million against the same period last year. Finance cost decreased by Baht 2.4 million due to strengthening of the Thai Baht currency against US Dollar. As a result, the profit before corporate income tax increased by Baht 24.93 million from Baht 79.46 million to Baht 104.39 million.

Revenues from hotel operation of SLCM increased by Baht 14 million from Baht 86.84 million to Baht 100.84 million during the same period last year. Gross profit increased by Baht 12.95 million. Selling expenses increased by Baht 0.02 million and administrative expenses increased by Baht 3.01 million. Depreciation expenses increased by Baht 0.81 million against the same period last year. As a result, the loss before corporate income tax decreased by Baht 8.93 million from Baht 9.44 million to Baht 0.51 million.

Consequently, the total profit before corporate income tax of SLBK and SLCM increased by Baht 33.86 million from Baht 70.02 million to Baht 103.88 million. The corporate income tax increased by Baht 6.29 million. As a result, the Company recorded a net profit after tax of Baht 83.16 million for the three-month period ended June 30, 2017 from a profit of Baht 55.59 million against the corresponding period last year (increased by 49.59%).

**Consolidated:**

The consolidated profit before corporate income tax for the three-month period ended June 30, 2017 increased by Baht 16.83 million against the corresponding period last year. The increase in consolidated profit before corporate income tax was due to the increase in the Company's profit before corporate income tax of Baht 33.86 million whereas profit of subsidiaries decreased by Baht 17.03 million which was largely due to exchange loss from loan to a related company. The corporate income tax increased by Baht 7.67 million. Overall, the consolidated net profit after tax attributable to the equity holders of the Company for the three-month period ended June 30, 2017 increased by Baht 8.93 million against the corresponding period last year (increased by 14.22%).

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**Net profit after corporate income tax for the six-month period ended June 30, 2017 and 2016:**

(Baht in million)	<u>2017</u>	<u>2016</u>	<u>Change (%)</u>
The Company	291.58	270.40	7.83%
Consolidated	234.87	221.37	6.10%

**The Company:**

The Company's profit before corporate income tax for the six-month period ended June 30, 2017 increased by Baht 25.84 million against the corresponding period last year. The increase in the Company's profit was mainly attributed to the increase in profit before corporate income tax of SLBK by Baht 22.45 million and increase in profit of SLCM by Baht 3.39 million.

Revenues from hotel operation of SLBK increased by Baht 20.67 million from Baht 850.41 million to Baht 871.08 million during the same period last year due to the increase in room and food & beverages revenues which resulted from higher occupancy. Gross profit increased by Baht 6.51 million. Selling expenses increased by Baht 2.50 million whereas administrative expenses decreased by Baht 1.38 million. Depreciation expenses decreased by Baht 1.43 million against the same period last year. Finance cost decreased by Baht 13.95 million mainly due to strengthening of Thai Baht currency against US Dollar. As a result, the profit before corporate income tax increased by Baht 22.45 million from Baht 308.59 million to Baht 331.04 million.

Revenues from hotel operation of SLCM increased by Baht 1.25 million from Baht 240.04 million to Baht 241.29 million during the same period last year. Gross profit increased by Baht 6.06 million. Selling expenses decreased by Baht 0.91 million whereas administrative expenses increased by Baht 1.85 million. Depreciation expenses increased by Baht 1.46 million against the same period last year. As a result, the profit before corporate income tax increased by Baht 3.39 million from Baht 29.90 million to Baht 33.29 million.

Consequently, the total profit before corporate income tax of SLBK and SLCM increased by Baht 25.84 million from Baht 338.49 million to Baht 364.33 million. The corporate income tax increased by Baht 4.66 million. As a result, the Company recorded a net profit after tax of Baht 291.59 million for the six-month period ended June 30, 2017 from a profit of Baht 270.40 million against the corresponding period last year (increased by 7.83%).

**Consolidated:**

The consolidated profit before corporate income tax for the six-month period ended June 30, 2017 increased by Baht 17.91 million against the corresponding period last year. The increase in consolidated profit before corporate income tax was due to the increase in the Company's profit before corporate income tax of Baht 25.84 million and increase in loss from subsidiaries by Baht 7.93 million. The decrease in profit of subsidiaries was largely due to exchange loss from loan to a related company. As a result, the corporate income tax increased by Baht 6.00 million. Overall, the consolidated net profit after tax attributable to the equity holders of the Company for the six-month period ended June 30, 2017 increased by Baht 13.50 million against the corresponding period last year (increased by 6.10%).

Yours faithfully,

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Mrs. Pavinee Meensuk  
Director and Company Secretary

**Headline:** Reviewed Quarter 2 and Consolidated F/S (F45-3)

**Security Symbol:** SHANG

Announcement Details

**The Company and Consolidated Financial Statement (F45-3)**

Company name	SHANGRI-LA HOTEL PUBLIC COMPANY LIMITED			
Quarter	Quarter 2			

(In thousands)

The Consolidated Financial Statement

	Quarter 2		For 6 Months	
Status	Reviewed		Reviewed	
Ending	30 June		30 June	
Year	2017	2016	2017	2016
Net profit (loss)	71,733	62,802	234,868	221,370
EPS (baht)	0.55	0.48	1.81	1.70

The Company Financial Statement

	Quarter 2		For 6 Months	
Status	Reviewed		Reviewed	
Ending	30 June		30 June	
Year	2017	2016	2017	2016
Net profit (loss)	83,160	55,593	291,584	270,400
EPS (baht)	0.64	0.43	2.24	2.08

Type of report      Unqualified opinion

Please see details in financial statements, auditor's report and remarks from SET SMART

"The company hereby certifies that the information above is correct and complete. In addition, the company has already reported and disseminated its financial statements in full via the SET Electronic Listed Company Information Disclosure (SET Portal), and has also submitted the original report to the Securities and Exchange Commission."

Signature \_\_\_\_\_  
(Mrs. Pavinee Meensuk)  
Director and Company Secretary  
Authorized to sign on behalf of the company

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