

SHANGRI-LA GROUP

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Shangri-La Asia Limited

(Incorporated in Bermuda with limited liability)

website: 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.

Hong Kong, 10 August 2020

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

Executive director(s)

Ms KUOK Hui Kwong (Chairman)

Mr LIM Beng Chee (Group CEO)

Non-executive director(s)

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

Independent non-executive director(s)

Professor LI Kwok Cheung Arthur

Mr YAP Chee Keong

Mr LI Xiaodong Forrest

Mr ZHUANG Chenchao

Shangri-La Hotel Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month and six-month periods ended
30 June 2020

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 2020, the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, and the related consolidated statement of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Shangri-La Hotel Public Company Limited for the same periods (collectively "interim financial information"). 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*.

Emphasis of Matters

I draw attention to the following matters:

- a) I draw attention to Note 1.1 to the interim consolidated financial statements. The COVID-19 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more

This situation significantly affects the Group's business activities in terms of the suspension of hotel services since 1 April 2020 until 31 May 2020, and this is significantly impacting the Group's financial position, operating results, and cash flows at present, and is expected to do so in the future. However, the impact cannot be reasonably estimated at this stage.

The Group's management has continuously monitored the ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

- b) I draw attention to Note 1.4 to the interim consolidated financial statements. Due to the impact of the COVID-19 outbreak, in preparing the interim financial information for the three-month and six-month periods ended 30 June 2020, the Group has adopted the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic issued by the Federation of Accounting Professions.

My conclusion is not modified in respect of these matters.

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

EY Office Limited
Bangkok: 10 August 2020

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		1,606,135	1,402,753	521,396	329,604
Fixed deposits with financial institutions	2	892,600	1,752,848	870,000	1,725,000
Trade and other receivables	4	31,483	147,764	31,135	147,074
Inventories		27,590	26,586	27,590	26,586
Other current assets	2	23,885	20,051	23,868	20,024
Total current assets		2,581,693	3,350,002	1,473,989	2,248,288
Non-current assets					
Other non-current financial assets	2, 7	408,776	-	-	-
Investments in subsidiaries	5	-	-	1,303,000	1,303,000
Investments in associates	6	-	-	-	-
Other long-term investments					
Investment in related party	2, 7	-	331,076	-	-
Investment in other company	2, 7	-	131,151	-	-
Long-term loans to and interest receivables					
from related parties	2, 3	1,864,800	1,795,264	-	-
Property, plant and equipment	2, 8	3,706,915	3,608,706	3,705,061	3,606,852
Intangible assets		5,083	6,865	5,083	6,865
Deferred tax assets		58,433	34,889	42,030	18,486
Other non-current assets		5,395	18,811	5,395	18,811
Total non-current assets		6,049,402	5,926,762	5,060,569	4,954,014
Total assets		8,631,095	9,276,764	6,534,558	7,202,302

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 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2020	31 December 2019	30 June 2020	31 December 2019
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	9	118,339	268,510	115,982	266,585
Short-term loan from related party	3	-	-	465,987	454,970
Current portion of lease liability	2	9,910	-	9,910	-
Income tax payable		3,403	86,673	-	83,867
Other current liabilities	10	93,948	168,329	93,947	168,329
Total current liabilities		225,600	523,512	685,826	973,751
Non-current liabilities					
Lease liability, net of current portion	2	6,099	-	6,099	-
Provision for long-term employee benefits	11	92,078	89,613	92,078	89,613
Deferred tax liability		7,375	-	-	-
Other non-current liabilities		19,852	22,244	19,852	22,244
Total non-current liabilities		125,404	111,857	118,029	111,857
Total liabilities		351,004	635,369	803,855	1,085,608
Shareholders' equity					
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		4,803,794	5,123,876	2,716,322	3,102,313
Other components of shareholders' equity		394,759	435,981	(6,019)	(6,019)
Equity attributable to owners of the Company		8,218,953	8,580,257	5,730,703	6,116,694
Non-controlling interests of the subsidiary		61,138	61,138	-	-
Total shareholders' equity		8,280,091	8,641,395	5,730,703	6,116,694
Total liabilities and shareholders' equity		8,631,095	9,276,764	6,534,558	7,202,302
		-	-	-	-

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 2020**

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit or loss:					
Revenues					
Revenues from hotel operations		24,425	494,765	24,425	494,765
Interest income		16,666	20,602	5,257	6,444
Exchange gains		-	18,196	-	-
Other income		1,602	16,464	1,602	5,210
Total revenues		<u>42,693</u>	<u>550,027</u>	<u>31,284</u>	<u>506,419</u>
Expenses					
Cost of hotel operations		69,886	183,832	69,886	183,832
Selling expenses		19,813	43,353	19,813	43,353
Administrative expenses		72,499	141,683	72,198	141,376
Depreciation and amortisation expenses		55,450	53,878	55,450	53,878
Exchange losses		5,929	-	-	-
Total expenses		<u>223,577</u>	<u>422,746</u>	<u>217,347</u>	<u>422,439</u>
Profit (loss) from operating activities		(180,884)	127,281	(186,063)	83,980
Finance income (Finance cost)	12	(46)	-	26,384	15,950
Profit (loss) before income tax		(180,930)	127,281	(159,679)	99,930
Income tax	13	24,247	(22,382)	32,011	(19,902)
Profit (loss) for the period		<u>(156,683)</u>	<u>104,899</u>	<u>(127,668)</u>	<u>80,028</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		(160,942)	(117,335)	-	-
Loss on investments in equity designated at fair value through other comprehensive income		-	(58,368)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		<u>(160,942)</u>	<u>(175,703)</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Gain on investments in equity designated at fair value through other comprehensive income		64,322	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		<u>64,322</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other comprehensive income for the period		<u>(96,620)</u>	<u>(175,703)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>(253,303)</u>	<u>(70,804)</u>	<u>(127,668)</u>	<u>80,028</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 (continued)

For the three-month period ended 30 June 2020

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit (loss) attributable to:				
Equity holders of the Company	(156,687)	102,851	<u>(127,668)</u>	<u>80,028</u>
Non-controlling interests of the subsidiary	<u>4</u>	<u>2,048</u>		
	<u>(156,683)</u>	<u>104,899</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	(253,307)	(72,852)	<u>(127,668)</u>	<u>80,028</u>
Non-controlling interests of the subsidiary	<u>4</u>	<u>2,048</u>		
	<u>(253,303)</u>	<u>(70,804)</u>		
Earnings per share				
Basic earnings (loss) per share	14			
Profit (loss) attributable to equity holders of the Company			<u>(1.21)</u>	<u>0.79</u>
			<u>(0.98)</u>	<u>0.62</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 2020**

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

	Consolidated financial statements		Separate financial statements		
	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit or loss:					
Revenues					
Revenues from hotel operations		449,434	1,228,887	449,434	1,228,887
Interest income		36,914	44,436	12,216	16,190
Exchange gains		38,964	11,641	-	-
Other income		4,947	21,653	4,947	10,399
Total revenues		<u>530,259</u>	<u>1,306,617</u>	<u>466,597</u>	<u>1,255,476</u>
Expenses					
Cost of hotel operations		212,683	392,966	212,683	392,966
Selling expenses		53,577	88,650	53,577	88,650
Administrative expenses		194,146	294,271	193,551	293,659
Depreciation and amortisation expenses		112,658	106,887	112,658	106,887
Total expenses		<u>573,064</u>	<u>882,774</u>	<u>572,469</u>	<u>882,162</u>
Profit (loss) from operating activities		(42,805)	423,843	(105,872)	373,314
Finance income (Finance cost)	12	(146)	-	(11,163)	25,494
Profit (loss) before income tax		<u>(42,951)</u>	<u>423,843</u>	<u>(117,035)</u>	<u>398,808</u>
Income tax	13	15,369	(83,166)	23,544	(79,651)
Profit (loss) for the period		<u>(27,582)</u>	<u>340,677</u>	<u>(93,491)</u>	<u>319,157</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		21,803	(172,042)	-	-
Loss on investments in equity designated at fair value through other comprehensive income		-	(80,445)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		<u>21,803</u>	<u>(252,487)</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Loss on investments in equity designated at fair value through other comprehensive income		(63,025)	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		<u>(63,025)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other comprehensive income for the period		<u>(41,222)</u>	<u>(252,487)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>(68,804)</u>	<u>88,190</u>	<u>(93,491)</u>	<u>319,157</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 (continued)

For the six-month period ended 30 June 2020

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit (loss) attributable to:				
Equity holders of the Company	(27,582)	338,635	<u>(93,491)</u>	<u>319,157</u>
Non-controlling interests of the subsidiary	<u>-</u>	<u>2,042</u>		
	<u>(27,582)</u>	<u>340,677</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	(68,804)	86,148	<u>(93,491)</u>	<u>319,157</u>
Non-controlling interests of the subsidiary	<u>-</u>	<u>2,042</u>		
	<u>(68,804)</u>	<u>88,190</u>		
Earnings per share				
Basic earnings (loss) per share	14			
Profit (loss) attributable to equity holders of the Company	<u>(0.21)</u>	<u>2.60</u>	<u>(0.72)</u>	<u>2.46</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 2020

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities				
Profit (loss) before tax	(42,951)	423,843	(117,035)	398,808
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	112,658	106,887	112,658	106,887
Allowance for doubtful accounts	3,867	303	3,867	303
Reversal of reduction of inventory to net realisable value	-	(168)	-	(168)
Gain on disposals/write-off of machinery and equipment	(805)	(373)	(805)	(373)
Unrealised (gain) loss on exchange	-	-	11,017	(25,494)
Provision for long-term employee benefits	4,463	16,821	4,463	16,821
Dividend income	-	(11,253)	-	-
Interest income	(36,914)	(44,436)	(12,216)	(16,190)
Interest expenses	146	-	146	-
Profit from operating activities before changes in operating assets and liabilities	40,464	491,624	2,095	480,594
Operating assets (increase) decrease				
Trade and other receivables	109,032	58,765	109,032	58,782
Inventories	(1,004)	506	(1,004)	506
Other current assets	(3,326)	(1,366)	(3,337)	(1,376)
Other non-current assets	3,416	2,068	3,416	2,068
Operating liabilities increase (decrease)				
Trade and other payables	(150,171)	(137,860)	(150,603)	(138,093)
Other current liabilities	(74,381)	8,252	(74,382)	10,359
Provision for long-term employee benefits	(1,998)	(3,556)	(1,998)	(3,556)
Other non-current liabilities	(2,392)	80	(2,392)	80
Cash flows from (used in) operating activities	(80,360)	418,513	(119,173)	409,364
Cash paid for corporate income tax	(85,282)	(77,166)	(85,224)	(73,805)
Net cash flows from (used in) operating activities	(165,642)	341,347	(204,397)	335,559

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 2020

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from investing activities				
Decrease (increase) in fixed deposits with financial institutions	860,248	(547,938)	855,000	285,000
Cash received from interest income	24,271	31,252	15,256	19,997
Dividend income	-	11,253	-	-
Acquisitions of property, plant and equipment	(179,381)	(1,930,298)	(179,381)	(1,930,298)
Acquisitions of intangible assets	(145)	(2,269)	(145)	(2,269)
Proceeds from disposals of machinery and equipment	883	740	883	740
Net cash flows from (used in) investing activities	<u>705,876</u>	<u>(2,437,260)</u>	<u>691,613</u>	<u>(1,626,830)</u>
Cash flows from financing activities				
Cash paid for lease liability	(2,924)	-	(2,924)	-
Dividend paid	<u>(292,500)</u>	<u>(292,500)</u>	<u>(292,500)</u>	<u>(292,500)</u>
Net cash flows used in financing activities	<u>(295,424)</u>	<u>(292,500)</u>	<u>(295,424)</u>	<u>(292,500)</u>
Decrease in translation adjustments	<u>(41,428)</u>	<u>(58,034)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	203,382	(2,446,447)	191,792	(1,583,771)
Cash and cash equivalents at beginning of period	<u>1,402,753</u>	<u>2,782,274</u>	<u>329,604</u>	<u>1,675,701</u>
Cash and cash equivalents at end of period	<u>1,606,135</u>	<u>335,827</u>	<u>521,396</u>	<u>91,930</u>
	-		-	
Supplemental cash flows information				
Non-cash item				
Purchase of intangible assets for which no cash has been paid	-	146	-	146

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 2020

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
				Other components of shareholders' equity							
				Other comprehensive income							
		Retained earnings		Exchange	Surplus (deficits)						
				differences on	on changes						
				translation of	in value of	Actuarial loss	Total other		Total equity		
				financial	investments	on defined	components of		attributable to		
				statements in	in equity	employee	shareholders'		owners of		
				foreign currency	instruments	benefit plans	equity		the Company		
Issued and	Share premium	Appropriated	Unappropriated	foreign currency	instruments	benefit plans	equity	the Company	Equity attributable	Total	
fully paid-up									to non-controlling	shareholders'	
share capital									interests of	equity	
									the subsidiary		
Balance as at 1 January 2019	1,300,000	1,590,400	130,000	4,771,412	669,449	156,133	(6,019)	819,563	8,611,375	57,867	8,669,242
Profit for the period	-	-	-	338,635	-	-	-	-	338,635	2,042	340,677
Other comprehensive income for the period	-	-	-	-	(172,042)	(80,445)	-	(252,487)	(252,487)	-	(252,487)
Total comprehensive income for the period	-	-	-	338,635	(172,042)	(80,445)	-	(252,487)	86,148	2,042	88,190
Dividend paid (Note 16)	-	-	-	(292,500)	-	-	-	-	(292,500)	-	(292,500)
Balance as at 30 June 2019	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>4,817,547</u>	<u>497,407</u>	<u>75,688</u>	<u>(6,019)</u>	<u>567,076</u>	<u>8,405,023</u>	<u>59,909</u>	<u>8,464,932</u>
Balance as at 1 January 2020	1,300,000	1,590,400	130,000	5,123,876	435,086	6,914	(6,019)	435,981	8,580,257	61,138	8,641,395
Profit for the period	-	-	-	(27,582)	-	-	-	-	(27,582)	-	(27,582)
Other comprehensive income for the period	-	-	-	-	21,803	(63,025)	-	(41,222)	(41,222)	-	(41,222)
Total comprehensive income for the period	-	-	-	(27,582)	21,803	(63,025)	-	(41,222)	(68,804)	-	(68,804)
Dividend paid (Note 16)	-	-	-	(292,500)	-	-	-	-	(292,500)	-	(292,500)
Balance as at 30 June 2020	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>4,803,794</u>	<u>456,889</u>	<u>(56,111)</u>	<u>(6,019)</u>	<u>394,759</u>	<u>8,218,953</u>	<u>61,138</u>	<u>8,280,091</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 2020

(Unit: Thousand Baht)

Separate financial statements							
				Other components of shareholders' equity			
				Other comprehensive			
				income			
				Actuarials loss		Total other	
				on defined		components of	
				employee		shareholders'	
				benefit plans		equity	
						Total	
						shareholders'	
						equity	
Balance as at 1 January 2019	1,300,000	1,590,400	130,000	2,712,908	(6,019)	(6,019)	5,727,289
Total comprehensive income for the period	-	-	-	319,157	-	-	319,157
Dividend paid (Note 16)	-	-	-	(292,500)	-	-	(292,500)
Balance as at 30 June 2019	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>2,739,565</u>	<u>(6,019)</u>	<u>(6,019)</u>	<u>5,753,946</u>
Balance as at 1 January 2020	1,300,000	1,590,400	130,000	3,102,313	(6,019)	(6,019)	6,116,694
Total comprehensive income for the period	-	-	-	(93,491)	-	-	(93,491)
Dividend paid (Note 16)	-	-	-	(292,500)	-	-	(292,500)
Balance as at 30 June 2020	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>2,716,322</u>	<u>(6,019)</u>	<u>(6,019)</u>	<u>5,730,703</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 2020

1. General information

1.1 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more.

This situation significantly affects the Group's business activities in terms of the suspension of hotel services since 1 April 2020 until 31 May 2020, and this is significantly impacting the Group's financial position, operating results, and cash flows at present, and is expected to do so in the future. However, the impact cannot be reasonably estimated at this stage. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 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.

1.3 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 2019. There have been no changes in the composition of the Group during the current period.

1.4 New financial reporting standards that became effective in the current period

During the period, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
--------	-------------------------------------

Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The impact of the adoption of these standards on the Group's financial statements is as follows.

- Classification and measurement of investments in equity instruments of non-listed companies - The Group measures investments in equity instruments of non-listed companies at fair value and classifies the investments as financial assets at fair value through other comprehensive income.

- Recognition of credit losses - The Group recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables and applies the general approach for loans to and interest receivables from related parties.

The Group adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

However, these standards do not have any significant impact on the Group's financial statements.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Group adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Group has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.
- To measure the fair value of investments in unquoted equity instruments using the fair value as at 1 January 2020.
- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.
- Not to use information relating to the COVID-19 situation in determining whether sufficient taxable profits will be available in future periods against which deferred tax assets can be utilised.
- Not to consider the COVID-19 situation as an indication that an asset may be impaired in accordance with TAS 36, *Impairment of Assets*.

1.5 Significant accounting policies

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019 except the changes in accounting policies related to financial instruments and leases.

1.5.1 Financial instruments

Classification and measurement

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets that are equity instruments are measured at fair value through profit or loss. In case, the Group makes an election to measure them at fair value through other comprehensive income, with no subsequent recycling to profit or loss.

Financial liabilities are classified and measured at amortised cost.

Impairment of financial assets

The Group recognises an allowance for expected credit losses on its financial assets measured at amortised cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Group accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables that do not contain a significant financing component, the Group applies a simplified approach to determine the lifetime expected credit losses.

1.5.2 Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Short-term leases and Leases of low-value assets

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

2. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 1.4 to the financial statements, during the current period, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts on the beginning balance of retained earnings of 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			1 January 2020
	31 December 2019	The impacts of Financial reporting standards related to financial instruments	TFRS 16	
Statement of financial position				
Assets				
Current assets				
Other current assets	20,051	-	(850)	19,201
Non-current assets				
Other non-current financial assets	-	462,227	-	462,227
Other long-term investments				
- Investment in related party	331,076	(331,076)	-	-
- Investment in other company	131,151	(131,151)	-	-
Property, plant and equipment	3,608,706	-	21,324	3,630,030
Liabilities				
Current liabilities				
Current portion of lease liability	-	-	9,232	9,232
Non-current liabilities				
Lease liability, net of current portion	-	-	11,242	11,242

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	The impacts of			
	31 December	Financial		1 January
	2019	reporting	standards related	2020
		to financial	TFRS 16	
		instruments		
Statement of financial position				
Assets				
Current assets				
Other current assets	20,024	-	(850)	19,174
Non-current assets				
Property, plant and equipment	3,606,852	-	21,324	3,628,176
Liabilities				
Current liabilities				
Current portion of lease liability	-	-	9,232	9,232
Non-current liabilities				
Lease liability, net of current portion	-	-	11,242	11,242

2.1 Financial instruments

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through other comprehensive		
		income	Amortised cost	Total
Financial assets as at 1 January 2020				
Cash and cash equivalents	1,402,753	-	1,402,753	1,402,753
Fixed deposits with financial institutions	1,752,848	-	1,752,848	1,752,848
Trade and other receivables	147,764	-	147,764	147,764
Other non-current financial assets				
- Investment in related party	331,076	331,076	-	331,076
- Investment in other company	131,151	131,151	-	131,151
Long-term loans to and interest receivables from related parties	1,795,264	-	1,795,264	1,795,264
Total financial assets	5,560,856	462,227	5,098,629	5,560,856

(Unit: Thousand Baht)

	Separate financial statements	
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9
		Amortised cost
Financial assets as at 1 January 2020		
Cash and cash equivalents	329,604	329,604
Fixed deposits with financial institutions	1,725,000	1,725,000
Trade and other receivables	147,074	147,074
Total financial assets	2,201,678	2,201,678

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

2.2 Leases

Upon initial application of TFRS 16 the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Thousand Baht) Consolidated/Separate financial statements
Operating lease commitments as at 31 December 2019	21,120
Less: Deferred interest expenses	(646)
Increase in lease liability due to TFRS 16 adoption as at 1 January 2020	<u>20,474</u>
Comprise of:	
Current lease liability	9,232
Non-current lease liability	11,242
	<u>20,474</u>

The adjustment of right-of-use asset due to TFRS 16 adoption as at 1 January 2020 is summarised below:

	(Unit: Thousand Baht) Consolidated/Separate financial statements
Right-of-use asset - Motor vehicle	<u>21,324</u>

3. Related party transactions

During the periods, the Group 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<u>Transactions with associated companies</u>					
Interest income	8	9	-	-	USD LIBOR and 0.92 to 2.05 percent per annum
<u>Transactions with related companies</u>					
Revenues from hotel operations	10	10	10	10	Normal business price
Management fees	3	16	3	16	Contract price
Marketing and promotion fees	1	5	1	5	Contract price
Advertising and reservation fees	3	4	3	4	Contract price

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<u>Transactions with associated companies</u>					
Interest income	16	17	-	-	USD LIBOR and 0.92 to 2.05 percent per annum
<u>Transactions with related companies</u>					
Revenues from hotel operations	21	22	21	22	Normal business price
Management fees	17	39	17	39	Contract price
Marketing and promotion fees	5	12	5	12	Contract price
Advertising and reservation fees	7	8	7	8	Contract price

(Unaudited but reviewed)

The balances of the accounts between the Company and these related companies as at 30 June 2020 and 31 December 2019 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
		(Audited)		(Audited)
<u>Trade receivables - related parties (Note 4)</u>				
Related companies				
Others	757	242	757	242
Total trade receivables - related parties	757	242	757	242
<u>Other receivables - related parties (Note 4)</u>				
Associated company				
Traders Yangon Company Limited	55	42	55	42
Related companies				
Others	5,068	5,282	5,068	5,282
Total other receivables - related parties	5,123	5,324	5,123	5,324
<u>Long-term loans to and interest receivables from related parties</u>				
Associated companies				
Non-interest bearing				
Traders Square Company Limited	41,891	40,689	-	-
	41,891	40,689	-	-
Interest bearing				
Shangri-La Yangon Company Limited	726,747	700,410	-	-
Traders Yangon Company Limited	507,134	488,505	-	-
Traders Square Company Limited	756,045	728,695	-	-
	1,989,926	1,917,610	-	-
Total	2,031,817	1,958,299	-	-
Less: Allowance for losses on loans	(167,017)	(163,035)	-	-
Total long-term loans to and interest receivables from related parties - net	1,864,800	1,795,264	-	-

The above loans-interest bearing carry interests at the rates of USD LIBOR and 0.92 to 2.05 percent per annum and are repayable on demand.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
		(Audited)		(Audited)
<u>Other payables - related parties (Note 9)</u>				
Related companies				
Shangri-La International Hotel Management Pte., Ltd.	39,703	-	38,867	-
Shangri-La International Hotel Management Limited	2,751	20,146	2,751	20,146
Shangri-La International Hotel Management BV	-	14,648	-	14,648
Others	680	682	11	241
Total other payables - related parties	43,134	35,476	41,629	35,035
<u>Short-term loans from related party</u>				
Subsidiary				
Hasfield Holdings Pte., Ltd.	-	-	465,987	454,970
Total short-term loans from related party	-	-	465,987	454,970

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 loan from related party were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	Balance	Increase	Decrease	Gain	Balance
	as at	during	during	(loss) on	as at
	1 January 2020	the period	the period	exchange	30 June 2020
<u>Long-term loans to and interest receivables</u>					
<u>from related parties</u>					
Associated companies					
Non-interest bearing					
Traders Square Company Limited	40,689	-	-	1,202	41,891
Interest bearing					
Shangri-La Yangon Company Limited	700,410	5,775	-	20,562	726,747
Traders Yangon Company Limited	488,505	4,294	-	14,335	507,134
Traders Square Company Limited	728,695	5,956	-	21,394	756,045
Total	1,958,299	16,025	-	57,493	2,031,817
Less: Allowance for losses on loans	(163,035)	-	-	(3,982)	(167,017)
Total long-term loans to and interest receivables from related parties - net	1,795,264	16,025	-	53,511	1,864,800

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	Balance	Increase	Decrease	Balance
	as at 1 January 2020	during the period	during the period	as at 30 June 2020
<u>Short-term loan from related party</u>				
Subsidiary				
Hasfield Holdings Pte., Ltd.	454,970	-	-	465,987
Total short-term loan from related party	454,970	-	-	465,987

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2020 and 2019, the Group had employee benefit expenses to their directors and management as detailed below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June	
	Consolidated / Separate financial statements	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	11,771	15,822
Post-employment benefits	796	869
Total	12,567	16,691

(Unit: Thousand Baht)

	For the six-month periods ended 30 June	
	Consolidated / Separate financial statements	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	24,944	32,063
Post-employment benefits	1,646	1,823
Total	26,590	33,886

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 17.3 to the financial statements.

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
		(Audited)		(Audited)
<u>Trade receivables - related parties</u> (Note 3)				
Age on the basis of invoice date				
Less than 120 days	757	242	757	242
Total trade receivables - related parties	757	242	757	242
<u>Trade receivables - unrelated parties</u>				
Age on the basis of invoice date				
Less than 120 days	5,121	131,433	5,121	131,433
120 - 180 days	7,324	216	7,324	216
Over 180 days	9,481	-	9,481	-
Total	21,926	131,649	21,926	131,649
Less: Allowance for doubtful debts	(3,878)	(11)	(3,878)	(11)
Total trade receivables - unrelated parties, net	18,048	131,638	18,048	131,638
Total trade receivables, net	18,805	131,880	18,805	131,880
<u>Other receivables</u>				
Other receivables - related parties (Note 3)	5,123	5,324	5,123	5,324
Other receivables - unrelated parties	2,566	2,189	2,566	2,189
Interest receivables	4,989	8,371	4,641	7,681
Total other receivables	12,678	15,884	12,330	15,194
Total trade and other receivables - net	31,483	147,764	31,135	147,074

5. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	30 June	31 December	30 June	31 December	30 June	31 December
	2020	2019	2020	2019	2020	2019
			(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

(Unaudited but reviewed)

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
			2020	2019	2020	2019
					(Percent)	(Percent)

Subsidiaries held through Town Development Company Limited

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

Subsidiary held through Apizaco Limited

Zukerman Limited	Holding investment	British Virgin	USD 1	USD 1	100.00	100.00
------------------	--------------------	----------------	-------	-------	--------	--------

6. Investments in associates

6.1 Details of associates:

(Unit: Thousand Baht)

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
			2020	2019	2020	2019	2020	2019
			(Percent)	(Percent)		(Audited)		(Audited)
<u>Associated companies (owned by Zukerman Limited)</u>								
Traders Yangon Company Limited	Hotel	Myanmar	23.53	23.53	27,601	26,809	-	-
Shangri-La Yangon Company Limited	Serviced apartments	Myanmar	22.22	22.22	16,315	15,847	-	-
Traders Square Company Limited	Commercial complex and office for rent	Myanmar	23.56	23.56	651	632	-	-
Total					44,567	43,288	-	-

During the current period, the Group has no share of profit/loss from investments in associates in the consolidated financial statements.

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 for the six-month periods ended		Profit (loss) for the six-month periods ended	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June		30 June	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Traders Yangon Company Limited	USD 3.6 million	USD 3.6 million	1,310,215	1,413,449	3,262,584	3,225,276	108,269	212,773	(98,552)	(66,825)
Shangri-La Yangon Company Limited	USD 2.0 million	USD 2.0 million	3,184,237	3,151,397	3,700,725	3,682,927	198,712	227,255	28,684	(950)
Traders Square Company Limited	USD 0.1 million	USD 0.1 million	3,643,885	3,556,250	4,130,154	3,979,565	171,170	168,246	(53,851)	(30,509)

6.3 Investment in associates with capital deficit

The Group 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 Group's accounts since the Group 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		
	Share of profit (losses)	Cumulative unrecognised	
	for the six-month period ended	share of losses as at	
	30 June 2020	30 June 2020	31 December 2019
			(Audited)
Traders Yangon Company Limited	(23,189)	(512,949)	(489,760)
Shangri-La Yangon Company Limited	6,373	(124,798)	(131,171)
Traders Square Company Limited	(12,687)	(124,737)	(112,050)
Total	(29,503)	(762,484)	(732,981)

The financial information of associated companies

The financial information of these associated companies for the three-month and six-month periods ended 30 June 2020 and 2019, which was included in the consolidated financial statements, was prepared by the associates' management. However, the Group's management believes that there would have been no significant difference to financial information if those financial information had been reviewed by auditors.

7. Other non-current financial assets

As at 30 June 2020, details of other non-current financial assets are as below.

	(Unit: Thousand Baht)
	Consolidated financial statements
	<u> </u>
Financial assets at fair value through other comprehensive income	
Investment in related party - Shangri-La Asia Limited	277,625
Investment in other company - Don Muang Tollway Public Company Limited (Note 19)	<u>131,151</u>
Total financial assets at fair value through other comprehensive income	<u>408,776</u>

Movements of the investment in related party during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
	<u> </u>
Fair value as at 1 January 2020	331,076
Unrealised loss on change in value of investment for the period	(63,026)
Translation adjustment	<u>9,575</u>
Fair value as at 30 June 2020	<u>277,625</u>

8. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	<u> </u>	<u> </u>
Net book value as at 1 January 2020	3,608,706	3,606,852
Adjustment of right-of-use asset due to TFRS 16 adoption	21,324	21,324
Acquisitions during the period - at cost	189,381	189,381
Disposals/Write-off during the period - net book value at disposals/write-off date	(54)	(54)
Depreciation for the period	(110,755)	(110,755)
Discount from lease during the period	<u>(1,687)</u>	<u>(1,687)</u>
Net book value as at 30 June 2020	<u>3,706,915</u>	<u>3,705,061</u>

(Unaudited but reviewed)

During the current period, the Company additionally purchased land with structure thereon with an unrelated party, a total value of Baht 150 million. The Company has an objective to use the land for developing its new hotel.

9. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
		(Audited)		(Audited)
Trade payables - unrelated parties	7,773	61,545	7,773	61,545
Other payables - related parties (Note 3)	43,134	35,476	41,629	35,035
Other payables - unrelated parties	3,612	21,198	3,590	21,193
Payables for purchase of assets	6,290	20,046	6,290	20,046
Retention payables	5,968	7,691	5,968	7,691
Accrued expenses	51,562	122,554	50,732	121,075
Total trade and other payables	<u>118,339</u>	<u>268,510</u>	<u>115,982</u>	<u>266,585</u>

10. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
		(Audited)		(Audited)
Advance received from customers	76,239	138,359	76,239	138,359
Others	17,709	29,970	17,708	29,970
Total other current liabilities	<u>93,948</u>	<u>168,329</u>	<u>93,947</u>	<u>168,329</u>

11. Provision for long-term employee benefits

Movements in the provision for long-term employee benefits account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Thousand Baht)
	Consolidated / Separate financial statements
Balance as at 1 January 2020	89,613
Current service cost	3,343
Interest cost	1,120
Benefits paid during the period	(1,998)
Balance as at 30 June 2020	92,078

12. Finance cost

Finance cost for the three-month and six-month periods ended 30 June 2020 and 2019 are summarised below:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Unrealised gain on exchange rate				
of short-term loan from related party	-	-	26,430	15,950
Interest expenses - lease liability	(46)	-	(46)	-
Total financial income (finance cost)	(46)	-	26,384	15,950

	(Unit: Thousand Baht)			
	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Unrealised gain (loss) on exchange rate				
of short-term loan from related party	-	-	(11,017)	25,494
Interest expenses - lease liability	(146)	-	(146)	-
Total financial income (finance cost)	(146)	-	(11,163)	25,494

13. 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 for the three-month and six-month periods ended 30 June 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax:				
Interim corporate income tax charge	8,035	(24,717)	8,278	(22,237)
Adjustment in respect of income tax expense of previous year	-	55	-	55
Deferred tax:				
Relating to origination and reversal of temporary differences	16,212	2,280	23,733	2,280
Income tax reported in the statements of comprehensive income	<u>24,247</u>	<u>(22,382)</u>	<u>32,011</u>	<u>(19,902)</u>

	(Unit: Thousand Baht)			
	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax:				
Interim corporate income tax charge	(654)	(85,845)	-	(82,330)
Adjustment in respect of income tax expense of previous year	-	55	-	55
Deferred tax:				
Relating to origination and reversal of temporary differences	16,023	2,624	23,544	2,624
Income tax reported in the statements of comprehensive income	<u>15,369</u>	<u>(83,166)</u>	<u>23,544</u>	<u>(79,651)</u>

14. Earnings per share

Basic earnings per share is calculated by dividing profit (loss) 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit (loss) for the period (Thousand Baht)	(156,687)	102,851	(127,668)	80,028
Weighted average number of ordinary shares (Thousand shares)	130,000	130,000	130,000	130,000
Earnings (loss) per share (Baht per share)	(1.21)	0.79	(0.98)	0.62
	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit (loss) for the period (Thousand Baht)	(27,582)	338,635	(93,491)	319,157
Weighted average number of ordinary shares (Thousand shares)	130,000	130,000	130,000	130,000
Earnings (loss) per share (Baht per share)	(0.21)	2.60	(0.72)	2.46

15. Segment information

The Group is organised into business units based on its services. During the current period, the Group have not changed the organisation of their reportable segments.

The following tables present revenue and profit information regarding the Group's operating segments for the three-month and six-month periods ended 30 June 2020 and 2019.

(Unit: Million Baht)

	For the three-month periods ended 30 June											
	Hotel business				Holding		Total segments		Adjustments and		Consolidated	
	Hotel in Bangkok		Hotel in Chiangmai		Investment				eliminations			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues												
External customers	21	414	3	81	-	-	24	495	-	-	24	495
Total revenues	21	414	3	81	-	-	24	495	-	-	24	495
Operating results												
Segment gross profit	(35)	263	(10)	48	-	-	(45)	311	-	-	(45)	311
Interest income	5	6	-	-	12	14	17	20	-	-	17	20
Other income	2	5	-	-	-	12	2	17	-	-	2	17
Depreciation and amortisation expenses	(34)	(34)	(22)	(20)	-	-	(56)	(54)	-	-	(56)	(54)
Exchange gains (losses)	-	-	-	-	(32)	3	(32)	3	26	16	(6)	19
Finance income	26	16	-	-	-	-	26	16	(26)	(16)	-	-
Profit (loss) before income tax	(107)	(113)	(53)	(13)	(21)	(27)	(181)	127	-	-	(181)	127
Income tax	31	(23)	-	3	(7)	(2)	24	(22)	-	-	24	(22)
Profit (loss) for the period	(76)	90	(53)	(10)	(28)	25	(157)	105	-	-	(157)	105

(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	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues												
External customers	359	990	90	239	-	-	449	1,229	-	-	449	1,229
Total revenues	<u>359</u>	<u>990</u>	<u>90</u>	<u>239</u>	<u>-</u>	<u>-</u>	<u>449</u>	<u>1,229</u>	<u>-</u>	<u>-</u>	<u>449</u>	<u>1,229</u>
Operating results												
Segment gross profit	189	672	48	164	-	-	237	836	-	-	237	836
Interest income	12	16	-	-	25	28	37	44	-	-	37	44
Other income	4	9	1	1	-	12	5	22	-	-	5	22
Depreciation and amortisation expenses	(70)	(67)	(43)	(40)	-	-	(113)	(107)	-	-	(113)	(107)
Exchange gains	-	-	-	-	50	(13)	50	(13)	(11)	25	39	12
Finance income (Finance cost)	(11)	25	-	-	-	-	(11)	25	11	(25)	-	-
Profit (loss) before income tax	(63)	363	(54)	36	74	25	(43)	424	-	-	(43)	424
Income tax	23	(73)	-	(7)	(8)	(3)	15	(83)	-	-	15	(83)
Profit (loss) for the period	(40)	290	(54)	29	66	22	(28)	341	-	-	(28)	341

16. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht)
Final dividends for 2018	Annual General Meeting of the shareholders on 24 April 2019	292.5	2.25
Total dividends for 2019		<u>292.5</u>	<u>2.25</u>
Final interim dividends for 2019	The Board of Directors' Meeting on 29 April 2020	292.5	2.25
Total dividends for 2020		<u>292.5</u>	<u>2.25</u>

17. Commitments and contingent liabilities**17.1 Capital commitments**

As at 30 June 2020, the Company had capital commitments of approximately Baht 64 million (31 December 2019: Baht 211 million), relating to the construction, renovation of the hotel building and acquisition of equipment.

17.2 Service commitments

As at 30 June 2020, future minimum payments required under non-cancellable service contracts of approximately Baht 1 million (31 December 2019: Baht 1 million) which are payable up to 1 year.

17.3 Guarantees

- (1) As at 30 June 2020, there were outstanding bank guarantees of approximately Baht 12 million (31 December 2019: Baht 12 million) issued by a bank on behalf of the Company in respect of electricity usage.
- (2) The Company entered into the Counter Indemnity Agreement with the parent company to indemnify the contingent liability relating to loan facilities 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 loan facilities according to the subsidiary's proportionate interest in these associates.

18. Foreign currency risk

The balances of financial assets and liabilities denominated in foreign currencies of the Group as at 30 June 2020 and 31 December 2019 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
	2020	2019	2020	2019	2020	2019
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
		(Audited)		(Audited)		
USD	70	70	-	-	30.8905	30.1540

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
	2020	2019	2020	2019	2020	2019
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
		(Audited)		(Audited)		
USD	-	-	15	15	30.8905	30.1540

19. Fair value of financial instruments

As at 30 June 2020 and 31 December 2019, 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 2020			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Investment in related party	277,625	-	-	277,625
Investment in other company	-	-	131,151	131,151

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through other comprehensive income				
Investment in related party	331,076	-	-	331,076

Valuation techniques and inputs to Level 3 valuation

- The fair value of investment in other company has been determined by analysis and considering change in the invested company's financial position and operating performance, including other several factors and elected to apply temporary relief measures as discussed in Note 1.4 to the interim financial statements.

During the current period, there was no transfer within the fair value hierarchy.

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 August 2020.

To : Managing Director
The Stock Exchange of Thailand

Date : August 10, 2020

Re : Management Discussion and Analysis for the period ended June 30, 2020

The Board of Directors is pleased to announce the Company's results of operation for the period ended June 30, 2020 as follows: -

Net profit after corporate income tax for the three-month period ended June 30, 2020 and 2019:

(Baht in million)	<u>2020</u>	<u>2019</u>	<u>Change</u>
The Company	(127.67)	80.03	(259.53%)
Consolidated	(156.69)	102.85	(252.35%)

The Company:

The Company's profit before corporate income tax for three-month period ended June 30, 2020 decreased by Baht 259.61 million against the corresponding period of last year. The decrease in the Company's profit was mainly attributed to the decrease in profit before income tax of Shangri-La Hotel, Bangkok ("SLBK") by Baht 220.05 million and increase in loss of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 39.56 million.

Revenues from hotel operations of SLBK decreased by Baht 391.69 million from Baht 413.08 million to Baht 21.39 million mainly due to the decrease in all type of revenues including room, food & beverages and other revenue resulting from lower occupancy due to COVID-19 pandemic situation. Gross Profit before expenses decreased by Baht 297.22 million. Selling and administrative expenses decreased by Baht 19.74 million and Baht 51.86 million, respectively. Depreciation expense increased by Baht 0.5 million against last year. Finance income increased by Baht 10.43 million mainly due to strengthening of Thai Baht currency against US Dollar. As a result, the profit before corporate income tax decreased by Baht 220.05 million from profit of Baht 112.69 million to loss of Baht 107.36 million.

Loss before corporate income tax of SLCM increased by Baht 39.56 million as compared to 2019, mainly attributed to lower revenues from hotel operations by Baht 78.65 million from Baht 81.69 million to Baht 3.04 million as a result of lower room occupancy and average room rates in 2020 due to COVID-19 pandemic situation. Gross Profit before expenses decreased by Baht 59.17 million. Selling and administrative expenses decreased by Baht 3.80 million and Baht 17.32 million, respectively. Depreciation Expenses increased by Baht 1.02 million against last year. As a result, the loss before corporate income tax increased by Baht 39.56 million from Baht 12.76 million to Baht 52.32 million.

Consequently, the total profit of SLBK and SLCM before corporate income tax decreased by Baht 259.61 million from profit of Baht 99.93 million to loss of Baht 159.68 million. The corporate income tax decreased by Baht 51.91 million as compared to 2019 due to loss before income tax in 2020. The Company recorded a net loss after tax of Baht 127.67 million for the three-month period ended June 30, 2020 compared to profit of Baht 80.03 million last year (decreased by 259.53%).

Consolidated:

The consolidated profit before corporate income tax for the three-month period ended June 30, 2020 decreased by Baht 308.21 million against last year. The decrease in consolidated profit before corporate income tax was due to decrease in the Company's profit before corporate income tax of Baht 259.61 million and decrease in profit from subsidiaries by Baht 48.60 million. The decrease in profit of subsidiaries was largely due to the decrease in exchange gain from loan to a related company. As a result, the corporate income tax decreased by Baht 46.63 million mainly as a result of loss from the Company. Overall, the consolidated net profit after tax attributable to the equity holders of the Company for the three-month period ended June 30, 2020 decreased by Baht 259.54 million against last year (decreased by 252.35%).

.../2

Net profit after corporate income tax for the six-month period ended June 30, 2020 and 2019:

(Baht in million)	<u>2020</u>	<u>2019</u>	<u>Change</u>
The Company	(93.49)	319.16	(129.29%)
Consolidated	(27.58)	338.64	(108.14%)

The Company:

The Company's profit before corporate income tax for the six-month period ended June 30, 2020 decreased by Baht 515.84 million against the corresponding period of last year. The decrease in the Company's profit was mainly attributed to the decrease in profit before income tax of Shangri-La Hotel, Bangkok ("SLBK") by Baht 426.44 million and decrease in profit of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 89.40 million.

Revenues from hotel operations of SLBK decreased by Baht 630.45 million from Baht 989.58 million to Baht 359.13 million mainly due to the decrease in all type of revenues including room, food & beverages and other revenue resulting from lower occupancy due to COVID-19 pandemic situation. Gross Profit before expenses decreased by Baht 482.45 million. Selling and administrative expenses decreased by Baht 29.20 million and Baht 76.38 million, respectively. Depreciation expense increased by Baht 3.51 million against last year. Finance income decreased by Baht 36.66 million mainly due to reduce of unrealized exchange loss from US Dollar loan compared to 2019. As a result, the profit before corporate income tax decreased by Baht 426.44 million from profit of Baht 363.10 million to loss of Baht 63.34 million.

Profit before corporate income tax of SLCM decreased by Baht 89.40 million as compared to 2019, mainly attributed to lower revenues from hotel operations by Baht 149.01 million from Baht 239.31 million to Baht 90.30 million as a result of lower room occupancy and average room rates in 2020 due to COVID-19 pandemic situation. Gross Profit before expenses decreased by Baht 116.72 million. Selling and administrative expenses decreased by Baht 5.87 million and Baht 23.73 million, respectively. Depreciation Expenses increased by Baht 2.26 million against last year. As a result, the profit before corporate income tax decreased by Baht 89.40 million from profit of Baht 35.70 million to loss of Baht 53.70 million.

Consequently, the total profit of SLBK and SLCM before corporate income tax decreased by Baht 515.84 million from profit of Baht 398.81 million to loss of Baht 117.03 million. The corporate income tax decreased by Baht 103.20 million as compared to 2019 due to lower profit before income tax in 2020. The Company recorded a net loss after tax of Baht 93.49 million for the six-month period ended June 30, 2020 compared to profit of Baht 319.16 million last year (decreased by 129.29%).

Consolidated:

The consolidated profit before corporate income tax for the six-month period ended June 30, 2020 decreased by Baht 466.79 million against last year. The decrease in consolidated profit before corporate income tax was due to decrease in the Company's profit before corporate income tax of Baht 515.84 million and increase in profit from subsidiaries by Baht 49.05 million. The increase in profit of subsidiaries was largely due to the increase in exchange gain from loan to a related company. As a result, the corporate income tax decreased by Baht 98.54 million mainly as a result of loss from the Company. Overall, the consolidated net profit after tax attributable to the equity holders of the Company for the six-month period ended June 30, 2020 decreased by Baht 366.22 million against last year (decreased by 108.14%).

Yours faithfully,

(Mrs. Pavinee Meensuk)
Director

Headline: Financial Performance Quarter 2 (F45) (Reviewed)

Security Symbol: SHANG

Announcement Details

Financial Statement (F45)

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

(In thousands)

Financial Statement	Quarter 2		For 6 Months	
Status	Reviewed		Reviewed	
Ending	30 June		30 June	
Year	2020	2019	2020	2019
Profit (loss) attributable to equity holders of the Company *	(156,687)	102,851	(27,582)	338,635
EPS (baht)	(1.21)	0.79	(0.21)	2.60

Type of report Unqualified opinion with an emphasis of matters /Others

*For consolidated financial statements

Please review financial statement (Full Version) before making investment decision

"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)."

Signature _____

(Mrs. Pavinee Meensuk)

Director

Authorized Persons to Disclose Information

This announcement was prepared and disseminated by listed company or issuer through the electronic system which is provided for the purpose of dissemination of the information and related documents of listed company or issuer to the Stock Exchange of Thailand only. The Stock Exchange of Thailand has no responsibility for the correctness and completeness of any statements, figures, reports or opinions contained in this announcement, and has no liability for any losses and damages in any cases. In case you have any inquiries or clarification regarding this announcement, please directly contact listed company or issuer who made this announcement.