

SHANGRI-LA GROUP

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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, 13 August 2019

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 (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

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 2019

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 2019, the related consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2019, 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: 13 August 2019

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	<u>Note</u>	<u>30 June 2019</u> (Unaudited but reviewed)	<u>31 December 2018</u> (Audited)	<u>30 June 2019</u> (Unaudited but reviewed)	<u>31 December 2018</u> (Audited)
Assets					
Current assets					
Cash and cash equivalents		335,827	2,782,274	91,930	1,675,701
Current investments - fixed deposits					
with financial institutions		2,419,969	1,872,031	1,560,000	1,845,000
Trade and other receivables	4	102,955	165,697	102,129	165,021
Inventories		26,696	27,034	26,696	27,034
Other current assets		1,786	420	1,771	395
Total current assets		<u>2,887,233</u>	<u>4,847,456</u>	<u>1,782,526</u>	<u>3,713,151</u>
Non-current assets					
Investments in subsidiaries	5	-	-	1,303,000	1,303,000
Investments in associates	6	-	-	-	-
Other long-term investments					
Investment in related party	7	405,323	502,758	-	-
Investment in other company	8	131,151	131,151	-	-
Long-term loans to and interest receivables					
from related parties	3	1,897,310	1,977,470	-	-
Property, plant and equipment	9	3,637,016	1,812,036	3,635,163	1,810,183
Intangible assets		6,002	5,523	6,002	5,523
Deferred tax assets		34,706	32,082	18,304	15,680
Other non-current assets		9,509	11,577	9,509	11,577
Total non-current assets		<u>6,121,017</u>	<u>4,472,597</u>	<u>4,971,978</u>	<u>3,145,963</u>
Total assets		<u>9,008,250</u>	<u>9,320,053</u>	<u>6,754,504</u>	<u>6,859,114</u>

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 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	30 June 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	10	194,830	332,544	193,846	331,793
Short-term loan from related party	3	-	-	463,728	489,222
Income tax payable		85,977	77,353	80,473	72,003
Other current liabilities	11	154,314	146,062	154,314	143,955
Total current liabilities		435,121	555,959	892,361	1,036,973
Non-current liabilities					
Provision for long-term employee benefits	12	87,603	74,338	87,603	74,338
Rental deposits		20,594	20,514	20,594	20,514
Total non-current liabilities		108,197	94,852	108,197	94,852
Total liabilities		543,318	650,811	1,000,558	1,131,825
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		4,817,547	4,771,412	2,739,565	2,712,908
Other components of shareholders' equity		567,076	819,563	(6,019)	(6,019)
Equity attributable to owners of the Company		8,405,023	8,611,375	5,753,946	5,727,289
Non-controlling interests of the subsidiary		59,909	57,867	-	-
Total shareholders' equity		8,464,932	8,669,242	5,753,946	5,727,289
Total liabilities and shareholders' equity		9,008,250	9,320,053	6,754,504	6,859,114
		-	-	-	-

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 2019

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit or loss:					
Revenues					
Revenues from hotel operations		494,765	513,600	494,765	513,600
Other income					
Interest income		20,602	24,249	6,444	11,255
Exchange gains		18,196	30,166	-	-
Others		16,464	27,230	5,210	6,568
Total revenues		<u>550,027</u>	<u>595,245</u>	<u>506,419</u>	<u>531,423</u>
Expenses					
Cost of hotel operations		183,832	175,843	183,832	175,843
Selling expenses		43,353	32,092	43,353	32,092
Administrative expenses		141,683	134,081	141,376	125,451
Depreciation and amortisation expenses		53,878	56,454	53,878	56,454
Total expenses		<u>422,746</u>	<u>398,470</u>	<u>422,439</u>	<u>389,840</u>
Profit before finance cost and income tax expenses		<u>127,281</u>	<u>196,775</u>	<u>83,980</u>	<u>141,583</u>
Finance income (cost)	13	-	-	15,950	(29,250)
Profit before income tax expenses		<u>127,281</u>	<u>196,775</u>	<u>99,930</u>	<u>112,333</u>
Income tax expenses	14	(22,382)	(25,403)	(19,902)	(22,396)
Profit for the period		<u>104,899</u>	<u>171,372</u>	<u>80,028</u>	<u>89,937</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		(117,335)	138,739	-	-
Loss on changes in value of					
available-for-sale investment		(58,368)	(25,038)	-	-
Other comprehensive income for the period		<u>(175,703)</u>	<u>113,701</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>(70,804)</u>	<u>285,073</u>	<u>80,028</u>	<u>89,937</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 2019

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit attributable to:					
Equity holders of the Company		102,851	165,237	<u>80,028</u>	<u>89,937</u>
Non-controlling interests of the subsidiary		<u>2,048</u>	<u>6,135</u>		
		<u>104,899</u>	<u>171,372</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		(72,852)	278,938	<u>80,028</u>	<u>89,937</u>
Non-controlling interests of the subsidiary		<u>2,048</u>	<u>6,135</u>		
		<u>(70,804)</u>	<u>285,073</u>		
Earnings per share					
Basic earnings per share	15				
Profit attributable to equity holders of the Company		<u>0.79</u>	<u>1.27</u>	<u>0.62</u>	<u>0.69</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 2019**

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

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit or loss:					
Revenues					
Revenues from hotel operations		1,228,887	1,266,097	1,228,887	1,266,097
Other income					
Interest income		44,436	46,873	16,190	22,401
Exchange gains		11,641	21,023	-	-
Others		21,653	35,207	10,399	14,544
Total revenues		<u>1,306,617</u>	<u>1,369,200</u>	<u>1,255,476</u>	<u>1,303,042</u>
Expenses					
Cost of hotel operations		392,966	381,407	392,966	381,407
Selling expenses		88,650	73,396	88,650	73,396
Administrative expenses		294,271	275,313	293,659	266,394
Depreciation and amortisation expenses		106,887	114,700	106,887	114,700
Total expenses		<u>882,774</u>	<u>844,816</u>	<u>882,162</u>	<u>835,897</u>
Profit before finance cost and income tax expenses		<u>423,843</u>	<u>524,384</u>	<u>373,314</u>	<u>467,145</u>
Finance income (cost)	13	-	-	25,494	(7,500)
Profit before income tax expenses		<u>423,843</u>	<u>524,384</u>	<u>398,808</u>	<u>459,645</u>
Income tax expenses	14	(83,166)	(95,223)	(79,651)	(91,818)
Profit for the period		<u>340,677</u>	<u>429,161</u>	<u>319,157</u>	<u>367,827</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		(172,042)	1,326	-	-
Loss on changes in value of					
available-for-sale investment		(80,445)	(124,944)	-	-
Other comprehensive income for the period		<u>(252,487)</u>	<u>(123,618)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>88,190</u>	<u>305,543</u>	<u>319,157</u>	<u>367,827</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 2019

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit attributable to:					
Equity holders of the Company		338,635	423,032	<u>319,157</u>	<u>367,827</u>
Non-controlling interests of the subsidiary		<u>2,042</u>	<u>6,129</u>		
		<u>340,677</u>	<u>429,161</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		86,148	299,414	<u>319,157</u>	<u>367,827</u>
Non-controlling interests of the subsidiary		<u>2,042</u>	<u>6,129</u>		
		<u>88,190</u>	<u>305,543</u>		
Earnings per share					
Basic earnings per share	15				
Profit attributable to equity holders of the Company		<u>2.60</u>	<u>3.25</u>	<u>2.46</u>	<u>2.83</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 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Profit before tax	423,843	524,384	398,808	459,645
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	106,887	114,700	106,887	114,700
Allowance for doubtful accounts	303	286	303	286
Reversal of reduction of inventory to net realisable value	(168)	(163)	(168)	(163)
Reversal of allowance for interest receivables	-	-	-	(8,198)
Gain on disposals of machineries and equipment	(716)	(611)	(716)	(611)
Loss on write-off of equipment	343	-	343	-
Provision for long-term employee benefits	16,821	3,981	16,821	3,981
Unrealised (gain) loss on exchange	-	-	(25,494)	7,500
Dividend income	(11,253)	(20,663)	-	-
Interest income	(44,436)	(46,873)	(16,190)	(22,401)
Profit from operating activities before changes in operating assets and liabilities	491,624	575,041	480,594	554,739
Operating assets (increase) decrease				
Trade and other receivables	58,765	73,798	58,782	73,790
Inventories	506	3,276	506	3,276
Other current assets	(1,366)	98	(1,376)	96
Other non-current assets	2,068	(22)	2,068	(22)
Operating liabilities increase (decrease)				
Trade and other payables	(137,860)	(107,278)	(138,093)	(101,561)
Other current liabilities	8,252	(23,582)	10,359	(24,581)
Provision for long-term employee benefits	(3,556)	(3,462)	(3,556)	(3,462)
Rental deposits	80	4,319	80	4,319
Cash flows from operating activities	418,513	522,188	409,364	506,594
Cash paid for corporate income tax	(77,166)	(83,198)	(73,805)	(80,568)
Net cash flows from operating activities	341,347	438,990	335,559	426,026

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 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities				
Decrease (increase) in current investments	(547,938)	231,752	285,000	(135,000)
Cash received from interest receivable from related party	-	-	-	8,198
Cash received from interest income	31,252	37,040	19,997	26,386
Dividend income	11,253	20,663	-	-
Acquisitions of property, plant and equipment	(1,930,298)	(42,226)	(1,930,298)	(42,226)
Acquisitions of intangible assets	(2,269)	(2,794)	(2,269)	(2,794)
Proceeds from disposals of machineries and equipment	740	667	740	667
Net cash flows from (used in) investing activities	<u>(2,437,260)</u>	<u>245,102</u>	<u>(1,626,830)</u>	<u>(144,769)</u>
Cash flows from financing activities				
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>(292,500)</u>	<u>(292,500)</u>	<u>(292,500)</u>	<u>(292,500)</u>
Decrease in translation adjustments	<u>(58,034)</u>	<u>(25,386)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,446,447)</u>	<u>366,206</u>	<u>(1,583,771)</u>	<u>(11,243)</u>
Cash and cash equivalents at beginning of period	<u>2,782,274</u>	<u>846,940</u>	<u>1,675,701</u>	<u>103,282</u>
Cash and cash equivalents at end of period	<u>335,827</u>	<u>1,213,146</u>	<u>91,930</u>	<u>92,039</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 2019

(Unit: Thousand Baht)

Consolidated financial statements											
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	Actuarials loss		Total other		Total equity	
				financial	available-for-sale	on defined		components of		attributable to	
				statements in	investments -	employee		shareholders'		owners of	
				foreign currency	related company	benefit plans		equity		the Company	
Issued and fully paid-up share capital	Share premium	Retained earnings									
		Appropriated	Unappropriated								
				equity	to non-controlling interests of the subsidiary	Total					
				shareholders'	equity	Total					
				equity	Total	Total					
				equity	Total	Total					
				equity	Total	Total					
				equity	Total	Total					
				equity	Total	Total					
				equity	Total	Total					
				equity	Total	Total					
Balance as at 1 January 2018	1,300,000	1,590,400	130,000	4,362,458	760,675	426,245	(7,945)	1,178,975	8,561,833	35,376	8,597,209
Profit for the period	-	-	-	423,032	-	-	-	-	423,032	6,129	429,161
Other comprehensive income for the period	-	-	-	-	1,326	(124,944)	-	(123,618)	(123,618)	-	(123,618)
Total comprehensive income for the period	-	-	-	423,032	1,326	(124,944)	-	(123,618)	299,414	6,129	305,543
Dividend paid (Note 17)	-	-	-	(292,500)	-	-	-	-	(292,500)	-	(292,500)
Balance as at 30 June 2018	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>4,492,990</u>	<u>762,001</u>	<u>301,301</u>	<u>(7,945)</u>	<u>1,055,357</u>	<u>8,568,747</u>	<u>41,505</u>	<u>8,610,252</u>
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 17)	-	-	-	(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>

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 2019

(Unit: Thousand Baht)

Separate financial statements							
				<u>Other components of shareholders' equity</u>			
				<u>Other comprehensive</u>			
				<u>income</u>			
Issued and		<u>Retained earnings</u>		Actuarials loss	Total other		
fully paid-up				on defined	components of	Total	
<u>share capital</u>	<u>Share premium</u>	<u>Appropriated</u>	<u>Unappropriated</u>	employee	shareholders'	shareholders'	
				<u>benefit plans</u>	<u>equity</u>	<u>equity</u>	
Balance as at 1 January 2018	1,300,000	1,590,400	130,000	2,313,453	(7,945)	(7,945)	5,325,908
Total comprehensive income for the period	-	-	-	367,827	-	-	367,827
Dividend paid (Note 17)	-	-	-	(292,500)	-	-	(292,500)
Balance as at 30 June 2018	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>2,388,780</u>	<u>(7,945)</u>	<u>(7,945)</u>	<u>5,401,235</u>
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 17)	-	-	-	(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>

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 2019

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 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 2018. There have been no changes in the composition of the Group during the current period.

1.3 New financial reporting standards

(a) Financial reporting standards that became effective in the current period

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. 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 Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any material impact on the Company's and its subsidiaries' financial statements. In accordance with TFRS 15, advance received from customers is presented as contract liability, and is the consideration that the Company and its subsidiaries receive or are entitled to receive from a customer while they still have an obligation to transfer goods or services to the customer. Advance received from customers is recognised as revenue when the Company and its subsidiaries fulfill the obligation specified in the contract.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve 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
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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. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

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 using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

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 2018.

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with associated companies</u>					
Interest income	9	8	-	-	USD LIBOR and 0.92 to 2.05 percent per annum
<u>Transactions with related companies</u>					
Revenues from hotel operations	10	7	10	7	Normal business price
Management fees	16	17	16	17	Contract price
Marketing and promotion fees	5	5	5	5	Contract price
Advertising and reservation fees	4	3	4	3	Contract price

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with associated companies</u>					
Interest income	17	16	-	-	USD LIBOR and 0.92 to 2.05 percent per annum
<u>Transactions with related companies</u>					
Revenues from hotel operations	22	14	22	14	Normal business price
Management fees	39	40	39	40	Contract price
Marketing and promotion fees	12	13	12	13	Contract price
Advertising and reservation fees	8	6	8	6	Contract price

(Unaudited but reviewed)

The balances of the accounts between the Company and these related companies as at 30 June 2019 and 31 December 2018 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
<u>Trade receivables - related parties (Note 4)</u>				
Related companies				
Others	994	957	994	957
Total trade receivables - related parties	994	957	994	957
<u>Other receivables - related parties (Note 4)</u>				
Associated company				
Traders Yangon Company Limited	436	186	436	186
Related companies				
Others	3,148	5,543	3,148	5,543
Total other receivables - related parties	3,584	5,729	3,584	5,729
<u>Long-term loans to and interest receivables</u>				
<u>from related parties</u>				
Associated companies				
Non-interest bearing				
Traders Square Company Limited	41,376	43,508	-	-
	41,376	43,508	-	-
Interest bearing				
Shangri-La Yangon Company Limited	706,595	737,178	-	-
Traders Yangon Company Limited	491,433	511,290	-	-
Traders Square Company Limited	735,180	767,054	-	-
	1,933,208	2,015,522	-	-
Total	1,974,584	2,059,030	-	-
Less: Allowance for losses on loans	(77,274)	(81,560)	-	-
Total long-term loans to and interest receivables				
from related parties - net	1,897,310	1,977,470	-	-

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
	2019	2018	2019	2018
	(Audited)		(Audited)	
<u>Other payables - related parties (Note 10)</u>				
Related companies				
Shangri-La International Hotel Management Limited	17,578	23,769	17,578	23,769
Shangri-La International Hotel Management BV	10,308	16,026	10,308	16,026
Others	111	32	111	32
Total other payables - related parties	<u>27,997</u>	<u>39,827</u>	<u>27,997</u>	<u>39,827</u>
<u>Short-term loan from related party</u>				
Subsidiary				
Hasfield Holdings Pte., Ltd.	-	-	463,728	489,222
	-	-	463,728	489,222

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 2019	the period	the period	exchange	30 June 2019
<u>Long-term loans to and interest receivables</u>					
<u>from related parties</u>					
Associated companies					
Non-interest bearing					
Traders Square Company Limited	43,508	-	-	(2,132)	41,376
Interest bearing					
Shangri-La Yangon Company Limited	737,178	5,678	-	(36,261)	706,595
Traders Yangon Company Limited	511,290	5,324	-	(25,181)	491,433
Traders Square Company Limited	767,054	5,856	-	(37,730)	735,180
Total	<u>2,059,030</u>	<u>16,858</u>	<u>-</u>	<u>(101,304)</u>	<u>1,974,584</u>
Less: Allowance for losses on loans	<u>(81,560)</u>	<u>-</u>	<u>-</u>	<u>4,286</u>	<u>(77,274)</u>
Total long-term loans to and interest receivables from related parties - net	<u>1,977,470</u>	<u>16,858</u>	<u>-</u>	<u>(97,018)</u>	<u>1,897,310</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	Balance	Increase	Decrease	Balance
	as at	during	during	as at
	1 January 2019	the period	the period	30 June 2019
<u>Short-term loan from related party</u>				
Subsidiary				
Hasfield Holdings Pte., Ltd.	489,222	-	(25,494)	463,728
Total short-term loan from related party	489,222	-	(25,494)	463,728

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2019 and 2018, 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>2019</u>	<u>2018</u>
Short-term employee benefits	15,822	16,818
Post-employment benefits	869	1,027
Total	16,691	17,845

	(Unit: Thousand Baht)	
	For the six-month periods ended 30 June	
	Consolidated financial statements/ Separate financial statements	
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	32,063	30,163
Post-employment benefits	1,823	2,003
Total	33,886	32,166

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 18.3 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
	2019	2018	2019	2018
	(Audited)		(Audited)	
<u>Trade receivables - related parties (Note 3)</u>				
Age on the basis of invoice date				
Less than 120 days	994	957	994	957
Total trade receivables - related parties	994	957	994	957
<u>Trade receivables - unrelated parties</u>				
Age on the basis of invoice date				
Less than 120 days	71,524	125,018	71,524	125,018
120 - 180 days	59	198	59	198
Over 180 days	1,310	43	1,310	43
Total	72,893	125,259	72,893	125,259
Less: Allowance for doubtful debts	(490)	(187)	(490)	(187)
Total trade receivables - unrelated parties, net	72,403	125,072	72,403	125,072
Total trade receivables, net	73,397	126,029	73,397	126,029
<u>Other receivables</u>				
Other receivables - related parties (Note 3)	3,584	5,729	3,584	5,729
Other receivables - unrelated parties	3,425	2,542	3,425	2,542
Interest receivables	7,292	10,966	6,483	10,290
Prepaid expenses	15,257	20,431	15,240	20,431
Total other receivables	29,558	39,668	28,732	38,992
Total trade and other receivables - net	102,955	165,697	102,129	165,021

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
	2019	2018	2019	2018	2019	2018
			(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
			2019	2018	2019	2018
				(Percent)	(Percent)	
<u>Subsidiaries held through Town Development Company Limited</u>						
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
<u>Subsidiary held through Apizaco Limited</u>						
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		
			2019	2018	2019	2018	2019	2018		
			(Percent)	(Percent)		(Audited)		(Audited)		
<u>Associated companies (owned by Zukerman Limited)</u>										
Traders Yangon Company Limited	Hotel	Myanmar	23.53	23.53	27,262	28,667	-	-	-	-
Shangri-La Yangon Company Limited	Serviced apartments	Myanmar	22.22	22.22	16,114	16,945	-	-	-	-
Traders Square Company Limited	Commercial complex and office for rent	Myanmar	23.56	23.56	643	676	-	-	-	-
Total					44,019	46,288	-	-	-	-

During the current period, the Company 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		Loss for the six-month periods ended	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June		30 June	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Traders Yangon Company Limited	USD 3.6 million	USD 3.6 million	1,516,516	1,784,426	3,303,520	3,601,940	212,773	269,254	(66,825)	(76,254)
Shangri-La Yangon Company Limited	USD 2.0 million	USD 2.0 million	3,218,543	3,457,198	3,789,083	4,058,412	227,255	251,300	(950)	(74,502)
Traders Square Company Limited	USD 0.1 million	USD 0.1 million	3,787,569	4,107,610	4,214,516	4,526,913	168,246	97,976	(30,509)	(82,212)

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 period ended 30 June 2019	Cumulative unrecognised share of losses as at	
		30 June 2019	31 December 2018
			(Audited)
Traders Yangon Company Limited	(15,724)	(475,708)	(459,984)
Shangri-La Yangon Company Limited	(211)	(137,594)	(137,383)
Traders Square Company Limited	(7,188)	(111,068)	(103,880)
Total	(23,123)	(724,370)	(701,247)

The financial information of associated companies

The financial information of these associated companies for the three-month and six-month periods ended 30 June 2019 and 2018, 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.

7. Investment in related party

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 June 2019	31 December 2018
		(Audited)
Cost - Ordinary shares of Shangri-La Asia Limited	329,635	346,625
Add: Unrealised gain on change in value of investment	75,688	156,133
Fair value	405,323	502,758

(Unaudited but reviewed)

Movements of the investments in related party account during the six-month period ended 30 June 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Fair value as at 1 January 2019	502,758
Unrealised loss on change in value of investment for the period	(80,445)
Translation adjustment	(16,990)
Fair value as at 30 June 2019	<u>405,323</u>

During the current period, the subsidiary recognised dividend income from this related party amounting to HKD 1.5 million or equivalent to approximately Baht 5.9 million.

8. Investment in other company

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	30 June 2019	31 December 2018
		(Audited)
Cost - Ordinary shares of Don Muang Tollway Public Company Limited	213,164	213,164
Less: Allowance for loss on diminution in value of investment	(82,013)	(82,013)
Investment in other company, net	<u>131,151</u>	<u>131,151</u>

During the current period, the subsidiary recognised dividend income from such company amounting to Baht 5.3 million.

9. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2019	1,812,036	1,810,183
Acquisitions during the period - at cost	1,930,298	1,930,298
Disposals/write-off during the period - net book value at disposal/write-off date	(367)	(367)
Depreciations for the period	(104,951)	(104,951)
Net book value as at 30 June 2019	<u>3,637,016</u>	<u>3,635,163</u>

(Unaudited but reviewed)

On 4 February 2019, the Company entered into the Land Purchase Agreement with an unrelated company, a total value of Baht 1,886 million. Subsequently, on 14 March 2019 the Company registered the transfer of the ownership of the property and made full payment to the seller. The Company has an objective to use the land for developing its new hotel.

10. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
Trade payables - unrelated parties	35,530	67,222	35,530	67,222
Other payables - related parties (Note 3)	27,997	39,827	27,997	39,827
Other payables - unrelated parties	13,664	24,212	13,664	24,212
Payables for purchases of assets	8,896	35,713	8,896	35,713
Retention payables	6,672	6,837	6,672	6,837
Accrued expenses	102,071	158,733	101,087	157,982
Total trade and other payables	<u>194,830</u>	<u>332,544</u>	<u>193,846</u>	<u>331,793</u>

11. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
Advance received from customers	130,386	110,632	130,386	110,632
Others	23,928	35,430	23,928	33,323
Total other current liabilities	<u>154,314</u>	<u>146,062</u>	<u>154,314</u>	<u>143,955</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Unrealised gain (loss) on exchange rate of short-term loan from related party	-	-	25,494	(7,500)
Total	-	-	25,494	(7,500)

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 2019 and 2018 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	(24,717)	(23,621)	(22,237)	(20,614)
Adjustment in respect of income tax expense of previous year	55	-	55	-
Deferred tax:				
Relating to origination and reversal of temporary differences	2,280	(1,782)	2,280	(1,782)
Income tax expenses reported in the statements of comprehensive income	<u>(22,382)</u>	<u>(25,403)</u>	<u>(19,902)</u>	<u>(22,396)</u>

	(Unit: Thousand Baht)			
	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	(85,845)	(93,795)	(82,330)	(90,390)
Adjustment in respect of income tax expense of previous year	55	-	55	-
Deferred tax:				
Relating to origination and reversal of temporary differences	2,624	(1,428)	2,624	(1,428)
Income tax expenses reported in the statements of comprehensive income	<u>(83,166)</u>	<u>(95,223)</u>	<u>(79,651)</u>	<u>(91,818)</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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the period (Thousand Baht)	102,851	165,237	80,028	89,937
Weighted average number of ordinary shares (Thousand shares)	130,000	130,000	130,000	130,000
Earnings per share (Baht per share)	0.79	1.27	0.62	0.69

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the period (Thousand Baht)	338,635	423,032	319,157	367,827
Weighted average number of ordinary shares (Thousand shares)	130,000	130,000	130,000	130,000
Earnings per share (Baht per share)	2.60	3.25	2.46	2.83

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 2019 and 2018.

(Unit: Million Baht)

	For the three-month periods ended 30 June											
	Hotel business				Holding		Total segments		Adjustments and		Consolidated	
	Hotel in		Hotel in		Investment				eliminations			
	Bangkok		Chiangmai				2019	2018	2019	2018	2019	2018
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues												
External customers	414	424	81	90	-	-	495	514	-	-	495	514
Total revenues	414	424	81	90	-	-	495	514	-	-	495	514
Operating results												
Segment gross profit	263	280	48	57	-	-	311	337	-	-	311	337
Interest income	6	11	-	-	14	13	20	24	-	-	20	24
Other income	5	6	-	1	12	20	17	27	-	-	17	27
Depreciation and amortisation expenses	(34)	(37)	(20)	(19)	-	-	(54)	(56)	-	-	(54)	(56)
Exchange gains	-	-	-	-	19	30	19	30	-	-	19	30
Profit (loss) before income tax expenses	97	136	(13)	(1)	43	62	127	196	-	-	127	196
Income tax	(23)	(23)	3	-	(2)	(3)	(22)	(25)	-	-	(22)	(25)
Profit (loss) for the period	74	113	(10)	(1)	41	59	105	171	-	-	105	171

(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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenues												
External customers	990	1,006	239	260	-	-	1,229	1,266	-	-	1,229	1,266
Total revenues	<u>990</u>	<u>1,006</u>	<u>239</u>	<u>260</u>	<u>-</u>	<u>-</u>	<u>1,229</u>	<u>1,266</u>	<u>-</u>	<u>-</u>	<u>1,229</u>	<u>1,266</u>
Operating results												
Segment gross profit	672	698	164	186	-	-	836	884	-	-	836	884
Interest income	16	22	-	-	28	25	44	47	-	-	44	47
Other income	9	12	1	3	12	20	22	35	-	-	22	35
Depreciation and amortisation expenses	(67)	(74)	(40)	(40)	-	-	(107)	(114)	-	-	(107)	(114)
Exchange gains	-	-	-	-	12	21	12	21	-	-	12	21
Profit before income tax expenses	338	396	36	63	50	65	424	524	-	-	424	524
Income tax	(73)	(79)	(7)	(13)	(3)	(3)	(83)	(95)	-	-	(83)	(95)
Profit for the period	265	317	29	50	47	62	341	429	-	-	341	429

17. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht)
Final dividends for 2017	Annual General Meeting of the shareholders on 26 April 2018	292.5	2.25
Total dividends for 2018		<u>292.5</u>	<u>2.25</u>
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>

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

As at 30 June 2019, the Company had capital commitments of approximately Baht 38 million (31 December 2018: Baht 30 million), relating to the construction, renovation of the Hotel building and acquisition of equipment.

18.2 Operating lease and service commitments

The Company has entered into several lease agreements in respect of vehicles and other service agreements. The terms of the agreements are generally between 1 and 4 years.

As at 30 June 2019 and 31 December 2018, future minimum payments required under these non-cancellable operating leases and service contracts were as follows:

	(Unit: Million Baht)	
	Consolidated financial statements/ Separate financial statements	
	<u>30 June 2019</u>	<u>31 December 2018</u>
Payable:		
In up to 1 year	11	2
In over 1 and up to 4 years	6	-

18.3 Guarantee

- (1) As at 30 June 2019, there were outstanding bank guarantees of approximately Baht 11 million (31 December 2018: Baht 11 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.

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 2019 and 31 December 2018 are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	(Million)	(Million) (Audited)	(Million)	(Million) (Audited)	(Baht per 1 foreign currency unit)	
USD	69	69	-	-	30.7443	32.4498

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
	(Million)	(Million) (Audited)	(Million)	(Million) (Audited)	(Baht per 1 foreign currency unit)	
USD	-	-	15	15	30.7443	32.4498

20. Fair value of financial instruments

As at 30 June 2019 and 31 December 2018, 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 2019			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in related party				
Equity instruments	405,323	-	-	405,323

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2018			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in related party				
Equity instruments	502,758	-	-	502,758

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 13 August 2019.

To : Managing Director
The Stock Exchange of Thailand

Date : August 13, 2019

Re : Management Discussion and Analysis for the period ended June 30, 2019

The Board of Directors is pleased to announce the Company's results for the period ended June 30, 2019 as follows:-

Net profit after corporate income tax for the three-month period ended June 30, 2019 and 2018:

(Baht in million)	<u>2019</u>	<u>2018</u>	<u>Change (%)</u>
The Company	80.03	89.94	-11.02%
Consolidated	102.85	165.24	-37.76%

The Company:

The Company's profit before corporate income tax for the three-month period ended June 30, 2019 decreased by Baht 12.40 million against the corresponding period last year. The decrease in the Company's profit was mainly attributed to the decrease in profit before corporate income tax of Shangri-La Hotel, Bangkok ("SLBK") by Baht 0.95 million and increase in loss before corporate income tax of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 11.45 million.

Revenues from hotel operation of SLBK decreased by Baht 11.18 million from Baht 424.26 million to Baht 413.08 million during the same period last year due to the decrease in room, food & beverages revenues due to lower occupancy. Gross profit decreased by Baht 17.83 million. Selling expenses increased by Baht 10.22 million and administrative expenses increased by Baht 15.45 million. Depreciation expenses decreased by Baht 3.33 million against the same period last year. Finance cost decreased by Baht 45.20 million due to strengthening of the Thai Baht currency against US Dollar. As a result, the profit before corporate income tax decreased by Baht 0.95 million from Baht 113.64 million to Baht 112.69 million.

Revenues from hotel operation of SLCM decreased by Baht 7.66 million from Baht 89.35 million to Baht 81.69 million during the same period last year. Gross profit decreased by Baht 9.00 million. Selling expenses increased by Baht 1.04 million and administrative expenses increased by Baht 0.48 million. Depreciation expenses increased by Baht 0.76 million against the same period last year. As a result, the loss before corporate income tax increased by Baht 11.45 million from Baht 1.30 million to Baht 12.75 million.

Consequently, the total profit before corporate income tax of SLBK and SLCM decreased by Baht 12.40 million from Baht 112.33 million to Baht 99.93 million. The corporate income tax decreased by Baht 2.49 million. As a result, the Company recorded a net profit after tax of Baht 80.03 million for the three-month period ended June 30, 2019 from a profit of Baht 89.94 million against the corresponding period last year (decreased by 11.02%).

Consolidated:

The consolidated profit before corporate income tax for the three-month period ended June 30, 2019 decreased by Baht 69.49 million against the corresponding period last year. The decrease in consolidated profit before corporate income tax was due to the decrease in the Company's profit before corporate income tax of Baht 12.40 million whereas profit of subsidiaries decreased by Baht 57.09 million which was largely due to the decrease in exchange gain from loan to a related company. The corporate income tax decreased by Baht 3.02 million. Overall, the consolidated net profit after tax attributable to the equity holders of the company for the three-month period ended June 30, 2019 decreased by Baht 62.39 million against the corresponding period last year (decreased by 37.76%).

.../2

Net profit after corporate income tax for the six-month period ended June 30, 2019 and 2018:

(Baht in million)	<u>2019</u>	<u>2018</u>	<u>Change (%)</u>
The Company	319.16	367.83	-13.23%
Consolidated	338.64	423.03	-19.95%

The Company:

The Company's profit before corporate income tax for the six-month period ended June 30, 2019 decreased by Baht 60.84 million against the corresponding period last year. The decrease in the Company's profit was mainly attributed to the decrease in profit before corporate income tax of SLBK by Baht 33.51 million and decrease in profit before corporate income tax of SLCM by Baht 27.33 million.

Revenues from hotel operation of SLBK decreased by Baht 16.84 million from Baht 1,006.42 million to Baht 989.58 million during the same period last year due to the decrease in room and food & beverages which resulted from lower occupancy (decreased by 2.15%). Gross profit decreased by Baht 26.64 million. Selling expenses increased by Baht 14.06 million whereas administrative expenses increased by Baht 24.59 million. Depreciation expenses decreased by Baht 7.72 million against the same period last year. Finance cost decreased by Baht 32.99 million mainly due to strengthening of Thai Baht currency against US Dollar. As a result, the profit before corporate income tax decreased by Baht 33.51 million from Baht 396.61 million to Baht 363.10 million.

Revenues from hotel operation of SLCM decreased by Baht 20.37 million from Baht 259.68 million to Baht 239.31 million during the same period last year. Gross profit decreased by Baht 22.13 million. Selling expenses increased by Baht 1.20 million whereas administrative expenses increased by Baht 2.67 million. Depreciation expenses decreased by Baht 0.1 million against the same period last year. As a result, the profit before corporate income tax decreased by Baht 27.33 million from Baht 63.03 million to Baht 35.70 million.

Consequently, the total profit before corporate income tax of SLBK and SLCM decreased by Baht 60.84 million from Baht 459.65 million to Baht 398.81 million. The corporate income tax decreased by Baht 12.17 million. As a result, the Company recorded a net profit after tax of Baht 319.16 million for the six-month period ended June 30, 2019 from a profit of Baht 367.83 million against the corresponding period last year (decreased by 13.23%).

Consolidated:

The consolidated profit before corporate income tax for the six-month period ended June 30, 2019 decreased by Baht 100.54 million against the corresponding period last year. The decrease in consolidated profit before corporate income tax was due to the decrease in the Company's profit before corporate income tax of Baht 60.84 million and decrease in profit from subsidiaries by Baht 39.70 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 12.06 million. Overall, the consolidated net profit after tax attributable to the equity holders of the company for the six-month period ended June 30, 2019 decreased by Baht 84.39 million against the corresponding period last year (decreased by 19.95%).

Yours faithfully,

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	2019	2018	2019	2018
Net profit (loss)	102,851	165,237	338,635	423,032
EPS (baht)	0.79	1.27	2.60	3.25

The Company Financial Statement

	Quarter 2		For 6 Months	
Status	Reviewed		Reviewed	
Ending	30 June		30 June	
Year	2019	2018	2019	2018
Net profit (loss)	80,028	89,937	319,157	367,827
EPS (baht)	0.62	0.69	2.46	2.83

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 Persons to Disclose Information

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