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SHANGRI-LA ASIA LIMITED

香格里拉(亞洲)有限公司

(Incorporated in Bermuda with limited liability)

website: www.ir.shangri-la.com

(Stock code: 00069)

OVERSEAS REGULATORY ANNOUNCEMENT

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

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

Executive director(s)

Ms KUOK Hui Kwong (Chairman)

Mr LIM Beng Chee (CEO)

Mr LUI Man Shing

Non-executive director(s)

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

Independent non-executive director(s)

Mr Alexander Reid HAMILTON

Professor LI Kwok Cheung Arthur

Dr LEE Kai-Fu

Mr YAP Chee Keong

Hong Kong, 26 February 2018

Shangri-La Hotel Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2017

Independent Auditor's Report

To the Shareholders of Shangri-La Hotel Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Shangri-La Hotel Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Shangri-La Hotel Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shangri-La Hotel Public Company Limited and its subsidiaries and of Shangri-La Hotel Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, was of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Recognition of revenue from hotel operations

The revenue from hotel operations, which comprises room revenue, food and beverages revenue and related services, is a significant account of the Company. Since it constitutes 95 percent of total revenue (separate financial statements: 97 percent of total revenue) and revenue is derived from recurring daily transactions and the amounts recorded directly impact the Company's annual profit and loss. Moreover, the Company has numerous customers in various categories with whom different commercial terms and conditions are applied. I have therefore focused on the Company's revenue from hotel operations recognition.

I have examined the revenue from hotel operations recognition of the Company by assessing and testing the Company's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, and with special considerations given to expanding the scope of the testing of the internal control with respond to the risks of revenue recognition. I applied a sampling method to select revenue transactions and examining supporting documents for actual revenue transactions occurred during the year and near the end of the accounting period to assess whether revenue recognition was consistent with the terms and conditions, and whether it was in compliance with the Company's policy. I reviewed credit notes that the Company issued after the period-end, including performed analytical procedures on disaggregated data to detect possible irregularities in revenue transactions throughout the period, particularly for accounting entries made through journal vouchers.

Net realisable value of long-term loans to and interest receivables from related parties

As disclosed in Note 6 to financial statements, as of 31 December 2017 the Group had long-term loans to and interest receivables from related parties (three associated companies) which is significant to the consolidated statement of financial position, I have paid particular attention to the determination of the net realisable value of loans to and interest receivables from those associates, since these considerations required the exercise of significant management judgement with respect to projections of the future operating performance of the associates, and the determination of an appropriate discount rate and key assumptions.

I gained an understanding and assessed the management's identification of the cash-generating units of the associated companies, the assumptions of the future cash flow projections of the associated companies which were estimated by an independent appraiser or management and the process of obtaining such figures. I also compared previous cash flow projections with actual operating results in order to assess the exercise of management judgement in preparing the cash flow projections of the associated companies and made a comparison between the long-term growth rate and economic and industry forecast including the assessment of the discount rate based on average cost of capital and other data which used by comparable organizations in the same industry.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Chonlaros Suntiasvaraporn

Certified Public Accountant (Thailand) No. 4523

EY Office Limited

Bangkok: 26 February 2018

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	7	846,939,969	1,211,754,745	103,282,309	170,723,686
Current investments - fixed deposits					
with financial institutions		3,259,879,353	2,258,900,000	2,870,000,000	2,250,000,000
Trade and other receivables	8	189,277,991	169,698,206	186,201,155	168,107,206
Inventories	9	28,977,451	32,198,617	28,977,451	32,198,617
Other current assets		3,559,361	3,210,364	3,537,591	3,192,436
Total current assets		4,328,634,125	3,675,761,932	3,191,998,506	2,624,221,945
Non-current assets					
Investments in subsidiaries	10	-	-	1,303,000,000	1,303,000,000
Investments in associates	11	-	-	-	-
Other long-term investments					
Investments in related parties	12	776,108,865	395,541,716	-	-
Investment in other company	13	131,150,597	131,150,597	-	-
Long-term loans to and interest receivables					
from related parties	6	2,043,660,068	2,323,739,149	-	-
Property, plant and equipment	14	1,917,863,138	2,074,427,898	1,916,009,524	2,072,574,284
Intangible assets		3,148,492	3,556,256	3,148,492	3,556,256
Deferred tax assets	21	36,898,988	38,030,990	20,496,308	21,628,309
Other non-current assets		18,857,786	7,533,641	18,857,786	7,533,641
Total non-current assets		4,927,687,934	4,973,980,247	3,261,512,110	3,408,292,490
Total assets		9,256,322,059	8,649,742,179	6,453,510,616	6,032,514,435

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 31 December 2017

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	15	331,810,917	317,082,906	310,058,532	286,860,356
Short-term loans from related party	6	-	-	492,450,000	539,550,000
Income tax payable		83,969,253	51,863,602	81,761,283	49,475,973
Other current liabilities	16	155,017,772	119,651,144	155,017,668	119,651,144
Total current liabilities		<u>570,797,942</u>	<u>488,597,652</u>	<u>1,039,287,483</u>	<u>995,537,473</u>
Non-current liabilities					
Provision for long-term employee benefits	17	71,073,462	65,611,643	71,073,462	65,611,643
Rental deposits		17,241,188	16,254,668	17,241,188	16,254,668
Total non-current liabilities		<u>88,314,650</u>	<u>81,866,311</u>	<u>88,314,650</u>	<u>81,866,311</u>
Total liabilities		<u>659,112,592</u>	<u>570,463,963</u>	<u>1,127,602,133</u>	<u>1,077,403,784</u>
Shareholders' equity					
Share capital					
Registered, issued and fully paid up					
130,000,000 ordinary shares of Baht 10 each		1,300,000,000	1,300,000,000	1,300,000,000	1,300,000,000
Share premium		1,590,400,000	1,590,400,000	1,590,400,000	1,590,400,000
Retained earnings					
Appropriated-statutory reserve	18	130,000,000	130,000,000	130,000,000	130,000,000
Unappropriated		4,362,457,093	4,072,863,411	2,313,453,285	1,942,655,453
Other components of shareholders' equity		1,178,975,930	958,803,046	(7,944,802)	(7,944,802)
Equity attributable to owners of the Company		8,561,833,023	8,052,066,457	5,325,908,483	4,955,110,651
Non-controlling interests of the subsidiary	10	35,376,444	27,211,759	-	-
Total shareholders' equity		<u>8,597,209,467</u>	<u>8,079,278,216</u>	<u>5,325,908,483</u>	<u>4,955,110,651</u>
Total liabilities and shareholders' equity		<u>9,256,322,059</u>	<u>8,649,742,179</u>	<u>6,453,510,616</u>	<u>6,032,514,435</u>
		-	-	-	-

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

Directors

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit or loss:					
Revenues					
Revenues from hotel operations		2,398,672,934	2,203,303,753	2,398,672,934	2,203,303,753
Other income					
Interest income		84,653,364	88,680,045	40,381,562	38,920,930
Exchange gains		-	40,943,742	-	-
Others		54,315,523	44,941,488	26,220,476	18,614,369
Total revenues		<u>2,537,641,821</u>	<u>2,377,869,028</u>	<u>2,465,274,972</u>	<u>2,260,839,052</u>
Expenses					
Cost of hotel operations		769,395,783	724,212,396	769,395,783	724,212,396
Selling expenses		151,470,424	141,410,003	151,470,424	141,410,003
Administrative expenses		556,909,820	544,634,830	543,942,001	531,316,810
Depreciation and amortisation expenses		266,058,412	260,338,561	266,058,412	260,338,561
Exchange losses		81,039,451	-	-	-
Total expenses		<u>1,824,873,890</u>	<u>1,670,595,790</u>	<u>1,730,866,620</u>	<u>1,657,277,770</u>
Profit before finance cost and income tax expenses		<u>712,767,931</u>	<u>707,273,238</u>	<u>734,408,352</u>	<u>603,561,282</u>
Finance income (cost)	20	-	-	47,100,000	3,450,000
Profit before income tax expenses		<u>712,767,931</u>	<u>707,273,238</u>	<u>781,508,352</u>	<u>607,011,282</u>
Income tax expenses	21	(155,009,564)	(121,306,651)	(150,710,520)	(116,472,553)
Profit for the year		<u>557,758,367</u>	<u>585,966,587</u>	<u>630,797,832</u>	<u>490,538,729</u>

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
Note	2017	2016	2017	2016
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency	(197,336,535)	(87,776,875)	-	-
Gain on changes in value of available-for-sale investments	417,509,419	29,279,293	-	-
Other comprehensive income for the year	220,172,884	(58,497,582)	-	-
Total comprehensive income for the year	777,931,251	527,469,005	630,797,832	490,538,729
Profit attributable to:				
Equity holders of the Company	549,593,682	576,976,823	630,797,832	490,538,729
Non-controlling interests of the subsidiary	8,164,685	8,989,764		
	557,758,367	585,966,587		
Total comprehensive income attributable to:				
Equity holders of the Company	769,766,566	518,479,241	630,797,832	490,538,729
Non-controlling interests of the subsidiary	8,164,685	8,989,764		
	777,931,251	527,469,005		
Earnings per share				
Basic earnings per share	22			
Profit attributable to equity holders of the Company	4.23	4.44	4.85	3.77

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from operating activities				
Profit before tax	712,767,931	707,273,238	781,508,352	607,011,282
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	266,058,412	260,338,561	266,058,412	260,338,561
Allowance for doubtful accounts (reversal)	496,116	(826,789)	496,116	(826,789)
Reduction of inventory to net realisable value (reversal)	26,154	(274,125)	26,154	(274,125)
Reversal of allowance for interest receivables	-	-	(11,408,670)	(12,039,300)
Loss (gain) on sales of equipment	(1,527,153)	1,609,786	(1,527,153)	1,609,786
Provision for long-term employee benefits	7,752,637	7,418,853	7,752,637	7,418,853
Unrealised exchange losses (gains)	260,267,386	18,612,398	(47,100,000)	(3,450,000)
Dividend income	(27,721,100)	(28,223,397)	-	-
Interest income	(84,653,364)	(88,680,045)	(40,381,562)	(38,920,930)
Profit from operating activities before changes in operating assets and liabilities	1,133,467,019	877,248,480	955,424,286	820,867,338
Operating assets (increase) decrease				
Trade and other receivables	(16,549,704)	(1,138,602)	(16,557,579)	(1,122,196)
Inventories	3,195,013	10,258,637	3,195,013	10,258,637
Other current assets	(341,124)	63,639	(341,124)	63,639
Other non-current assets	(11,324,145)	(1,761,467)	(11,324,145)	(1,761,467)
Operating liabilities increase (decrease)				
Trade and other payables	16,430,026	(12,791,961)	24,900,192	(3,893,631)
Other current liabilities	35,366,628	(7,344,110)	35,366,525	(7,343,746)
Provision for long-term employee benefits	(2,290,818)	(3,206,692)	(2,290,818)	(3,206,692)
Other non-current liabilities	986,519	469,930	986,519	469,930
Cash flows from operating activities	1,158,939,414	861,797,854	989,358,869	814,331,812
Cash paid for corporate income tax	(121,764,170)	(122,296,930)	(117,297,240)	(118,376,088)
Net cash flows from operating activities	1,037,175,244	739,500,924	872,061,629	695,955,724

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash flows from investing activities					
Increase in current investments		(1,000,979,353)	(708,900,000)	(620,000,000)	(705,000,000)
Loans to related parties		-	(210,969,051)	-	-
Cash received from loans to related parties		91,593,717	-	-	-
Cash received from interest receivables from related party		-	-	11,408,670	12,039,300
Cash received from interest income		46,271,802	55,949,061	38,349,075	42,387,250
Dividend income		27,721,100	28,223,397	-	-
Acquisitions of building and equipment		(111,585,621)	(182,891,009)	(111,585,621)	(182,891,009)
Proceeds from sales of equipment		<u>2,324,870</u>	<u>789,065</u>	<u>2,324,870</u>	<u>789,065</u>
Net cash flows used in investing activities		<u>(944,653,485)</u>	<u>(1,017,798,537)</u>	<u>(679,503,006)</u>	<u>(832,675,394)</u>
Cash flows from financing activities					
Dividend paid	25	<u>(260,000,000)</u>	<u>(260,000,000)</u>	<u>(260,000,000)</u>	<u>(260,000,000)</u>
Net cash flows used in financing activities		<u>(260,000,000)</u>	<u>(260,000,000)</u>	<u>(260,000,000)</u>	<u>(260,000,000)</u>
Decrease in translation adjustments		<u>(197,336,535)</u>	<u>(87,776,876)</u>	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents		<u>(364,814,776)</u>	<u>(626,074,489)</u>	<u>(67,441,377)</u>	<u>(396,719,670)</u>
Cash and cash equivalents at beginning of year		<u>1,211,754,745</u>	<u>1,837,829,234</u>	<u>170,723,686</u>	<u>567,443,356</u>
Cash and cash equivalents at end of year		<u><u>846,939,969</u></u>	<u><u>1,211,754,745</u></u>	<u><u>103,282,309</u></u>	<u><u>170,723,686</u></u>
		-	-	-	-

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: 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					
Issued and fully paid-up share capital	Share premium	Retained earnings		foreign currency	translation of financial statements in	in value of available-for-sale investments - related company	Actuarials loss on defined employee benefit plans	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
		Appropriated	Unappropriated								
Balance as at 1 January 2016	1,300,000,000	1,590,400,000	130,000,000	3,755,886,588	1,045,788,832	(20,543,402)	(7,944,802)	1,017,300,628	7,793,587,216	18,221,995	7,811,809,211
Profit for the year	-	-	-	576,976,823	-	-	-	-	576,976,823	8,989,764	585,966,587
Other comprehensive income for the year	-	-	-	-	(87,776,875)	29,279,293	-	(58,497,582)	(58,497,582)	-	(58,497,582)
Total comprehensive income for the year	-	-	-	576,976,823	(87,776,875)	29,279,293	-	(58,497,582)	518,479,241	8,989,764	527,469,005
Dividend paid (Note 25)	-	-	-	(260,000,000)	-	-	-	-	(260,000,000)	-	(260,000,000)
Balance as at 31 December 2016	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>4,072,863,411</u>	<u>958,011,957</u>	<u>8,735,891</u>	<u>(7,944,802)</u>	<u>958,803,046</u>	<u>8,052,066,457</u>	<u>27,211,759</u>	<u>8,079,278,216</u>
Balance as at 1 January 2017	1,300,000,000	1,590,400,000	130,000,000	4,072,863,411	958,011,957	8,735,891	(7,944,802)	958,803,046	8,052,066,457	27,211,759	8,079,278,216
Profit for the year	-	-	-	549,593,682	-	-	-	-	549,593,682	8,164,685	557,758,367
Other comprehensive income for the year	-	-	-	-	(197,336,535)	417,509,419	-	220,172,884	220,172,884	-	220,172,884
Total comprehensive income for the year	-	-	-	549,593,682	(197,336,535)	417,509,419	-	220,172,884	769,766,566	8,164,685	777,931,251
Dividend paid (Note 25)	-	-	-	(260,000,000)	-	-	-	-	(260,000,000)	-	(260,000,000)
Balance as at 31 December 2017	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>4,362,457,093</u>	<u>760,675,422</u>	<u>426,245,310</u>	<u>(7,944,802)</u>	<u>1,178,975,930</u>	<u>8,561,833,023</u>	<u>35,376,444</u>	<u>8,597,209,467</u>

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements						
					Other components of shareholders' equity		
					Other comprehensive		
					income		
	Issued and fully paid-up share capital	Share premium	Retained earnings		Actuarials loss on defined employee benefit plans	Total other components of shareholders' equity	Total shareholders' equity
			Appropriated	Unappropriated			
Balance as at 1 January 2016	1,300,000,000	1,590,400,000	130,000,000	1,712,116,724	(7,944,802)	(7,944,802)	4,724,571,922
Total comprehensive income for the year	-	-	-	490,538,729	-	-	490,538,729
Dividend paid (Note 25)	-	-	-	(260,000,000)	-	-	(260,000,000)
Balance as at 31 December 2016	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>1,942,655,453</u>	<u>(7,944,802)</u>	<u>(7,944,802)</u>	<u>4,955,110,651</u>
Balance as at 1 January 2017	1,300,000,000	1,590,400,000	130,000,000	1,942,655,453	(7,944,802)	(7,944,802)	4,955,110,651
Total comprehensive income for the year	-	-	-	630,797,832	-	-	630,797,832
Dividend paid (Note 25)	-	-	-	(260,000,000)	-	-	(260,000,000)
Balance as at 31 December 2017	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>2,313,453,285</u>	<u>(7,944,802)</u>	<u>(7,944,802)</u>	<u>5,325,908,483</u>

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2017

1. General information

Shangri-La Hotel Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. Its parent company is Shangri-La Asia Limited, which was incorporated in Hong Kong. The Company is principally engaged in hotel operations in Bangkok and Chiang Mai provinces. The registered office of the Company is at No. 89, Soi Wat Suan Plu, Charoenkrung Road, Bangrak, Bangkok, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Shangri-La Hotel Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries"):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2017</u>	<u>2016</u>
			Percent	Percent
<u>Subsidiary held directly by the Company</u>				
Town Development Company Limited	Holding investment	Thailand	100.00	100.00
<u>Subsidiaries held through its subsidiaries</u>				
Apizaco Limited	Holding investment	Hong Kong	100.00	100.00
Hasfield Holdings Pte.,Ltd.	Holding investment	Singapore	100.00	100.00
Zukerman Limited	Holding investment	British Virgin	100.00	100.00
TRR-Kerry Development Company Limited	Holding investment	Thailand	57.33	57.33
Traders Hotel and Resort Limited	Hotel business	Thailand	100.00	100.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
 - c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
 - f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
 - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

3. New financial reporting standards

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

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

(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Revenues from hotel and restaurant operations

Revenues from hotel and restaurant operations mainly comprise of room sales, food and beverage sales and revenues from auxiliary activities, and represent the invoiced value, excluding value added tax, of goods delivered and services rendered after deducting discounts and service charges.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Inventories are valued at the lower of cost (under the weighted average method) and net realisable value.

4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Buildings	-	20 - 40 years
Machinery and building equipment	-	10 - 15 years
Furniture, fixtures and equipment	-	5 years
Computer	-	3 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.7 Intangible assets

Intangible assets are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

The useful lives of intangible asset, computer software are 3 and 5 years.

4.8 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel, directors, and officers with authority in the planning and direction of operations of the Company and its subsidiaries.

4.9 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.10 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

4.11 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

4.12 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.13 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.14 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, 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)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with associated companies</u>					
Interest income	35	35	-	-	USD LIBOR and 0.92 to 2.05 percent per annum
<u>Transactions with related companies</u>					
Revenue from hotel operations	24	20	24	20	Normal business price
Management fees	77	72	77	72	Contract price
Marketing and promotion fees	24	22	24	22	Contract price
Advertising and reservation fees	16	17	16	17	Contract price

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

		(Unit: Thousand Baht)	
		Consolidated	Separate
		financial statements	financial statements
		<u>2017</u>	<u>2016</u>
		<u>2017</u>	<u>2016</u>
<u>Other receivables - related parties (Note 8)</u>			
Associated company			
Traders Yangon Company Limited		1,080	2,501
Related companies			
Others		3,429	1,837
Total other receivables - related parties		<u>4,509</u>	<u>4,338</u>
<u>Interest receivables from related party</u>			
Subsidiary			
TRR-Kerry Development Company Limited		-	-
Less: Allowance for doubtful interest receivables		(27,702)	(39,111)
Total interest receivables from related party - net		<u>-</u>	<u>-</u>
<u>Long-term loans to and interest receivables from related parties</u>			
Associated companies			
Non-interest bearing			
Traders Square Company Limited		43,915	48,552
		<u>43,915</u>	<u>48,552</u>
Interest bearing			
Shangri-La Yangon Company Limited		732,189	796,369
Traders Yangon Company Limited		505,586	549,814
Traders Square Company Limited		761,970	929,004
		<u>1,999,745</u>	<u>2,275,187</u>
Total long-term loans to and interest receivables from related parties		<u>2,043,660</u>	<u>2,323,739</u>

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

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Other payables - related parties (Note 15)</u>				
Related companies				
Shangri-La International Hotel Management Limited	16,259	14,370	16,259	14,370
Shangri-La International Hotel Management BV	11,505	11,189	11,505	11,189
Total other payables - related parties	<u>27,764</u>	<u>25,559</u>	<u>27,764</u>	<u>25,559</u>

Short-term loan from related party

Subsidiary

Hasfield Holdings Pte., Ltd.	-	-	492,450	539,550
	<u>-</u>	<u>-</u>	<u>492,450</u>	<u>539,550</u>

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

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

(Unit: Thousand Baht)				
	Separate financial statements			
	Balance	Increase	Decrease	Balance
	as at	during	during	as at
	1 January 2017	the year	the year	31 December 2017
<u>Interest receivables from related party</u>				
Subsidiary				
TRR-Kerry Development Company Limited	39,111	-	(11,409)	27,702
Total interest receivables from related party	<u>39,111</u>	<u>-</u>	<u>(11,409)</u>	<u>27,702</u>

(Unit: Thousand Baht)

	Consolidated financial statements				
	Balance	Increase	Decrease		Balance
	as at	during	during	Loss on	as at
	1 January 2017	the year	the year	exchange	31 December 2017
<u>Long-term loans to and interest receivables</u>					
<u>from related parties</u>					
Associated companies					
Non-interest bearing					
Traders Square Company Limited	48,552	-	-	(4,637)	43,915
Interest bearing					
Shangri-La Yangon Company Limited	796,369	12,378	-	(76,558)	732,189
Traders Yangon Company Limited	549,814	8,632	-	(52,860)	505,586
Traders Square Company Limited	929,004	13,845	(91,594)	(89,285)	761,970
Total long-term loans to and interest receivables					
from related parties	2,323,739	34,855	(91,594)	(223,340)	2,043,660

(Unit: Thousand Baht)

	Separate financial statements				
	Balance				Balance
	as at	Increase	Decrease	Gain on	as at
	1 January 2017	during the year	during the year	exchange	31 December 2017
<u>Short-term loans from related party</u>					
Subsidiary					
Hasfield Holdings Pte.,Ltd.	539,550	-	-	(47,100)	492,450
Total short-term loans from related party	539,550	-	-	(47,100)	492,450

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses to their directors and management as detailed below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	<u>2017</u>	<u>2016</u>
Short-term employee benefits	61,317	53,379
Post-employment benefits	3,944	3,586
Total	65,261	56,965

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 26.2 to the financial statements.

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	4,094	5,365	4,064	5,316
Bank deposits	842,846	1,206,390	99,218	165,408
Total	<u>846,940</u>	<u>1,211,755</u>	<u>103,282</u>	<u>170,724</u>

As at 31 December 2017, bank deposits in saving accounts and fixed deposits carried interests between 0.25 and 1.57 percent per annum (2016: between 0.25 and 1.50 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade receivables - unrelated parties</u>				
Age on the basis of invoice date				
Less than 120 days	153,606	137,181	153,606	137,181
120 - 180 days	602	53	602	53
Over 180 days	211	109	211	109
Total	154,419	137,343	154,419	137,343
Less: Allowance for doubtful debts	(636)	(140)	(636)	(140)
Total trade receivables - unrelated parties, net	<u>153,783</u>	<u>137,203</u>	<u>153,783</u>	<u>137,203</u>
<u>Other receivables</u>				
Other receivables - related parties (Note 6)	4,509	4,338	4,509	4,338
Other receivables - unrelated parties	1,559	2,726	1,559	2,726
Interest receivables	15,489	11,964	12,421	10,389
Prepaid expenses	13,938	13,467	13,929	13,451
Total other receivables	<u>35,495</u>	<u>32,495</u>	<u>32,418</u>	<u>30,904</u>
Total trade and other receivables - net	<u>189,278</u>	<u>169,698</u>	<u>186,201</u>	<u>168,107</u>

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements/Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Food and beverages	10,513	11,169	-	-	10,513	11,169
Operating equipment	3,207	8,023	(423)	(423)	2,784	7,600
General supplies	12,280	9,424	(76)	(76)	12,204	9,348
Engineering tools, spare parts and supplies	4,589	5,169	(1,113)	(1,087)	3,476	4,082
Total	30,589	33,785	(1,612)	(1,586)	28,977	32,199

During the current year, the Company reduced cost of inventories by Baht 0.2 million (2016: Baht 0.2 million), to reflect the net realisable value. This was included in cost of hotel operations. In addition, the Company reversed the write-down of cost of inventories by Baht 0.2 million (2016: Baht 0.5 million), and recorded as a reduction to the amount of inventories recognised as expenses during the year.

10. Investments in subsidiaries

10.1 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	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
			(Percent)	(Percent)		
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	
			<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
					(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

10.2 Details of investments in subsidiaries that have material non-controlling interests

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit allocated to non-controlling interests during the year	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Percent)	(Percent)				
TRR-Kerry Development Company Limited	42.67	42.67	35,376	27,212	8,165	8,990

10.3 Summarised financial information that based on amounts before inter-company elimination about subsidiary (TRR-Kerry Development Company Limited) that have material non-controlling interests;

Summarised information about financial position

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Current assets	644	1,403
Non-current assets	131,151	131,151
Current liabilities	48,888	68,782

Summarised information about comprehensive income

(Unit: Thousand Baht)		
For the years ended 31 December		
	<u>2017</u>	<u>2016</u>
Revenue	21,327	23,461
Profit	19,134	21,068
Total comprehensive income	19,134	21,068

Summarised information about cash flow

(Unit: Thousand Baht)		
For the years ended 31 December		
	<u>2017</u>	<u>2016</u>
Cash flow from operating activities	(22,090)	(23,393)
Cash flow from investing activities	21,327	23,461
Net increase (decrease) in cash and cash equivalents	<u>(763)</u>	<u>68</u>

11. Investments in associates

11.1 Details of associates:

(Unit: Thousand Baht)								
Consolidated financial statements								
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
			(Percent)	(Percent)				
<u>Associated companies (owned by Zukerman Limited)</u>								
Traders Yangon Company Limited	Hotel	Myanmar	23.53	23.53	28,935	31,990	-	-
Shangri-La Yangon Company Limited	Serviced apartments	Myanmar	22.22	22.22	17,103	18,909	-	-
Traders Square Company Limited	Commercial complex and office for rent	Myanmar	23.56	23.56	682	754	-	-
Total					46,720	51,653	-	-

During the years 2017 and 2016, the Company has no share of profit/loss from investments in associates in the consolidated financial statements.

11.2 Summarised financial information of associates

Financial information of the associated companies is summarised below.

(Unit: Thousand Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues		Profit (loss)	
	as at 31 December		as at 31 December		as at 31 December		for the years ended		for the years ended	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Traders Yangon Company Limited	USD 3.6 million	USD 3.6 million	2,187,621	2,799,768	3,851,898	4,511,864	679,041	868,596	(106,650)	7,031
Shangri-La Yangon Company Limited	USD 2.0 million	USD 2.0 million	3,766,050	4,423,468	4,213,981	4,799,785	589,191	638,196	(108,735)	(67,728)
Traders Square Company Limited	USD 0.1 million	USD 0.1 million	4,143,690	4,357,429	4,414,090	4,419,877	155,503	7,347	(223,163)	(64,676)

11.3 Investments in associates with capital deficit

The Company recognised share of losses from investment in 3 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: Million Baht)

Company's name	Unrecognised share of gains (losses)			
	Share of gains (losses)		Cumulative share	
	for the years ended		of losses up to	
	31 December		31 December	
	2017	2016	2017	2016
Traders Yangon Company Limited	(25,094)	1,654	(421,325)	(396,231)
Shangri-La Yangon Company Limited	(24,161)	(15,049)	(102,768)	(78,607)
Traders Square Company Limited	(52,577)	(15,237)	(68,500)	(15,923)
Total	(101,832)	(28,632)	(592,593)	(490,761)

The financial information of associated companies

The financial information of these associated companies for the years ended 31 December 2017 and 2016, which was included in the consolidated financial statements, was prepared by the associates' management. However, the Company's management believes that there would have been no significant difference to financial information if those financial information had been audited by auditors.

12. Investments in related parties

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2017</u>	<u>2016</u>
Cost - Ordinary shares of Shangri-La Asia Limited	349,864	386,806
Add: Unrealised gain (loss) on changes in value of investments	<u>426,245</u>	<u>8,736</u>
Fair value	<u>776,109</u>	<u>395,542</u>

During the year 2017, the subsidiary recognised dividend income from this related party amounting to HKD 1.5 million or equivalent to approximately Baht 6.4 million (2016: HKD 1.1 million or equivalent to approximately Baht 4.8 million).

13. Investments in other company

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

During the year 2017, the subsidiary recognised dividend income from such company amounting to Baht 21.3 million (2016: Baht 23.4 million).

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land	Buildings and building improvement	Machinery and building equipment	Furniture, fixtures, equipment and computer	Operating equipment	Motor vehicles	Assets under installation	Total
Cost:								
1 January 2016	495,363	3,387,016	1,178,843	3,656,490	97,280	8,029	10,283	8,833,304
Additions	-	764	10,121	76,970	944	1,337	84,791	174,927
Disposals	-	(4,143)	(1,778)	(25,184)	-	(1,005)	-	(32,110)
Transfers in (out)	-	11,988	25,418	43,936	-	-	(81,342)	-
31 December 2016	495,363	3,395,625	1,212,604	3,752,212	98,224	8,361	13,732	8,976,121
Additions	-	303	8,388	45,448	655	2,617	50,696	108,107
Disposals/write-off	-	(1,292)	(6,145)	(54,728)	(59)	(3,982)	-	(66,206)
Transfers in (out)	-	-	13,396	44,542	-	-	(57,938)	-
31 December 2017	495,363	3,394,636	1,228,243	3,787,474	98,820	6,996	6,490	9,018,022
Accumulated depreciation:								
1 January 2016	-	2,149,172	954,692	3,466,041	95,266	7,832	-	6,673,003
Depreciation for the year	-	105,288	70,456	81,226	1,104	327	-	258,401
Depreciation on disposals	-	(1,799)	(1,729)	(25,178)	-	(1,005)	-	(29,711)
31 December 2016	-	2,252,661	1,023,419	3,522,089	96,370	7,154	-	6,901,693
Depreciation for the year	-	105,169	69,896	87,483	903	423	-	263,874
Depreciation on disposals/write-off	-	(614)	(6,145)	(54,608)	(59)	(3,982)	-	(65,408)
31 December 2017	-	2,357,216	1,087,170	3,554,964	97,214	3,595	-	7,100,159
Net book value:								
31 December 2016	495,363	1,142,964	189,185	230,123	1,854	1,207	13,732	2,074,428
31 December 2017	495,363	1,037,420	141,073	232,510	1,606	3,401	6,490	1,917,863

(Unit: Thousand Baht)

	Separate financial statements							
	Land	Buildings and building improvement	Machinery and building equipment	Furniture, fixtures, equipment and computer	Operating equipment	Motor vehicles	Assets under installation	Total
Cost:								
1 January 2016	493,509	3,387,016	1,178,843	3,656,490	97,280	8,029	10,283	8,831,450
Additions	-	764	10,121	76,970	944	1,337	84,791	174,927
Disposals	-	(4,143)	(1,778)	(25,184)	-	(1,005)	-	(32,110)
Transfers in (out)	-	11,988	25,418	43,936	-	-	(81,342)	-
31 December 2016	493,509	3,395,625	1,212,604	3,752,212	98,224	8,361	13,732	8,974,267
Additions	-	303	8,388	45,448	655	2,617	50,696	108,107
Disposals/write-off	-	(1,292)	(6,145)	(54,728)	(59)	(3,982)	-	(66,206)
Transfers in (out)	-	-	13,396	44,542	-	-	(57,938)	-
31 December 2017	493,509	3,394,636	1,228,243	3,787,474	98,820	6,996	6,490	9,016,168
Accumulated depreciation:								
1 January 2016	-	2,149,172	954,692	3,466,041	95,266	7,832	-	6,673,003
Depreciation for the year	-	105,288	70,456	81,226	1,104	327	-	258,401
Depreciation on disposals	-	(1,799)	(1,729)	(25,178)	-	(1,005)	-	(29,711)
31 December 2016	-	2,252,661	1,023,419	3,522,089	96,370	7,154	-	6,901,693
Depreciation for the year	-	105,169	69,896	87,483	903	423	-	263,874
Depreciation on disposal/write-offs	-	(614)	(6,145)	(54,608)	(59)	(3,982)	-	(65,408)
31 December 2017	-	2,357,216	1,087,170	3,554,964	97,214	3,595	-	7,100,159
Net book value:	-							
31 December 2016	493,509	1,142,964	189,185	230,123	1,854	1,207	13,732	2,072,574
31 December 2017	493,509	1,037,420	141,073	232,510	1,606	3,401	6,490	1,916,009

As at 31 December 2017, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated of those assets amounted to approximately Baht 4,771 million (2016: Baht 4,781 million).

15. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade payables - unrelated parties	104,483	94,667	104,483	94,667
Other payables - related parties (Note 6)	27,764	25,559	27,764	25,559
Other payables - unrelated parties	21,489	19,807	21,489	19,807
Interest payables to minority shareholders of subsidiary	21,086	29,577	-	-
Payables for purchases of assets	2,314	4,016	2,314	4,016
Retention payables	8,334	7,636	8,334	7,636
Accrued expenses	146,341	135,821	145,675	135,175
Total trade and other payables	<u>331,811</u>	<u>317,083</u>	<u>310,059</u>	<u>286,860</u>

16. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Advances from customers	117,893	79,799	117,893	79,799
Others	37,125	39,852	37,125	39,852
Total other current liabilities	<u>155,018</u>	<u>119,651</u>	<u>155,018</u>	<u>119,651</u>

17. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2017 and 2016, which is compensations on employees' retirement and other long-term employee benefits, were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements					
	Post-employment benefits from employee's retirement		Other long-term employee benefits plan		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Defined benefit obligation at beginning of year	60,260	55,691	5,352	5,708	65,612	61,399
<i>Included in profit or loss:</i>						
Current service cost	5,304	5,162	675	658	5,979	5,820
Interest cost	1,642	1,467	131	132	1,773	1,599
<i>Benefits paid during the year</i>	<u>(1,065)</u>	<u>(2,060)</u>	<u>(1,226)</u>	<u>(1,146)</u>	<u>(2,291)</u>	<u>(3,206)</u>
Defined benefit obligation at end of year	66,141	60,260	4,932	5,352	71,073	65,612

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements					
	Post-employment		Other long-term			
	benefits plan		employee benefits plan		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cost of hotel operations	3,779	3,612	586	575	4,365	4,187
Selling and administrative						
expenses	<u>3,167</u>	<u>3,017</u>	<u>220</u>	<u>215</u>	<u>3,387</u>	<u>3,232</u>
Total expenses recognised in						
profit or loss	6,946	6,629	806	790	7,752	7,419

The Company expects to pay Baht 6 million of long-term employee benefits during the next year (2016: Baht 1 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 8 years (2016: 8 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements/ Separate financial statements	
	<u>2017</u>	<u>2016</u>
	(% per annum)	(% per annum)
Discount rate	2.75	2.75
Future salary increase rate	4.00 - 5.00	4.00 - 5.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: million Baht)

	Consolidated financial statements/Separate financial statements			
	As at 31 December 2017		As at 31 December 2016	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(3)	3	(3)	3
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Salary increase rate	8	(7)	7	(6)

18. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

19. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salaries and wages and other employee benefits	517,248	481,310	517,248	481,310
Depreciation and amortisation expenses	266,058	260,339	266,058	260,339
Direct cost of food and beverage	261,625	243,357	261,625	243,357
Other direct cost of hotel operations	245,835	244,164	245,835	244,164
Utilities expenses	140,820	138,546	140,820	138,546
Management fees	76,974	72,035	76,974	72,035
Advertising and promotion expenses	76,083	73,942	76,083	73,942
Maintenance expenses	55,860	55,352	55,860	55,352

20. Finance cost

Finance cost for the years ended 31 December 2017 and 2016 are summarised below:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Unrealised gain on exchange rate on short-term loan from related parties	-	-	47,100	3,450
Total	-	-	47,100	3,450

21. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Current corporate income tax charge	(153,878)	(119,498)	(149,579)	(114,664)
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,132)	(1,809)	(1,132)	(1,809)
Income tax expenses reported in the statements of comprehensive income	<u>(155,010)</u>	<u>(121,307)</u>	<u>(150,711)</u>	<u>(116,473)</u>

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit before tax	712,768	707,273	781,508	607,011
Income tax at Thai corporate income tax rate of 20 percent	142,554	141,455	156,302	121,402
Difference in tax rate in group companies	(3,693)	(1,772)	-	-
Effects of:				
Exemption of income	(2,131)	(14,693)	-	-
Non-deductible expenses	24,830	274	694	274
Additional expense deductions allowed	(6,293)	(5,328)	(6,293)	(5,328)
Others	(297)	1,371	8	125
Total	16,149	(18,376)	(5,591)	(4,929)
Income tax expenses reported in the statement of comprehensive income	155,010	121,307	150,711	116,473

The tax rate enacted at the end of the reporting period of the subsidiaries in overseas countries are 0 percent to 17 percent.

The components of deferred tax assets are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax assets				
Allowance for doubtful interest receivables on loan	5,540	7,822	5,540	7,822
Allowance for diminution in value of inventories	322	317	322	317
Allowance for impairment of investment in other company	16,403	16,403	-	-
Allowance for doubtful accounts	127	28	127	28
Provision for long-term employee benefits	14,215	13,122	14,215	13,122
Provisions and other accruals	292	339	292	339
Total deferred tax assets	36,899	38,031	20,496	21,628

22. Earnings per share

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

The following table sets forth the computation of basic earnings per share.

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit for the year (Thousand Baht)	549,594	576,977	630,798	490,539
Weighted average number of ordinary shares				
(Thousand shares)	130,000	130,000	130,000	130,000
Earnings per share (Baht per share)	4.23	4.44	4.85	3.77

23. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organised into business units based on its services and have 2 reportable segments as follows:

- (1) Hotel business
- (2) Holding investment

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2017 and 2016.

(Unit: Million Baht)

	Hotel business											
	Hotel in		Hotel in		Holding Investment		Total segments		Adjustments and		Consolidated	
	Bangkok		Chiangmai						eliminations			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues												
External customers	1,889	1,712	510	491	-	-	2,399	2,203	-	-	2,399	2,203
Total revenues	1,889	1,712	510	491	-	-	2,399	2,203	-	-	2,399	2,203
Operating results												
Segment gross profit	1,270	1,138	359	341	-	-	1,629	1,479	-	-	1,629	1,479
Interest income	40	39	-	1	45	49	85	89	-	-	85	89
Exchange gains (losses)	-	-	-	-	(81)	41	(81)	41	-	-	(81)	41
Other income	24	18	2	2	28	25	54	45	-	-	54	45
Depreciation and amortisation expenses	(152)	(150)	(114)	(110)	-	-	(266)	(260)	-	-	(266)	(260)
Profit (loss) before income tax expenses	654	535	69	57	(10)	115	713	707	-	-	713	707
Income tax expenses	(138)	(106)	(13)	(10)	(4)	(5)	(155)	(121)	-	-	(155)	(121)
Profit (loss) for the year	516	429	56	47	(14)	110	558	586	-	-	558	586
Segment total assets	4,406	3,881	740	844	4,110	3,925	9,256	8,650	-	-	9,256	8,650

Major customers

For the years 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

24. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salaries. The fund, which is managed by Finansia Asset Management Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2017, the Company contributed Baht 15 million (2016: Baht 14 million) to the fund.

25. Dividends

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

26. Commitments and contingent liabilities

26.1 Capital commitments

As at 31 December 2017, the Company had capital commitments of approximately Baht 50 million (2016: Baht 39 million), relating to the construction and renovation of the building of the Hotel.

26.2 Guarantee

- (1) As at 31 December 2017, there were outstanding bank guarantees of approximately Baht 11 million (2016: Baht 11 million) issued by a bank on behalf of the Company in respect of electricity usage.
- (2) As at 31 December 2017 and 2016, 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.

26.3 Litigation

In 2012, the Social Security Office ordered the Company to pay additional contributions of Baht 8 million for the year 2010, and the Company filed an appeal with the Board of Appeal, in accordance with the Social Security Act. Subsequently, on 30 June 2017, the Board of Appeal dismissed the Company's appeal and ordered the Company to pay the additional contributions and penalty fees. The Company did not agree with the decision of the Board of Appeal, and therefore filed a lawsuit with the Labour Court requesting the revocation of the order of the Social Security Office and the decision of the Board of Appeal under the Social Security Act B.E. 2533. Currently, the case is awaiting the taking of evidence by the Labour Court. However, the management of the Company believes that the case will not have result in any significant losses.

27. Fair value hierarchy

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

(Unit: Thousand Baht)			
Consolidated financial statements			
As at 31 December 2017			
Level 1	Level 2	Level 3	Total
Financial assets measured at fair value			
Investments in related party			
Equity instruments	776,109	-	776,109

(Unit: Thousand Baht)			
Consolidated financial statements			
As at 31 December 2016			
Level 1	Level 2	Level 3	Total
Financial assets measured at fair value			
Investments in related party			
Equity instruments	395,542	-	395,542

28. Financial instruments

28.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, loans to related parties, trade and other payables, and loans from related parties. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables, and loans to related parties. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, giving credits to trade receivables, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, current investments, loans to related parties and loans from related parties. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below.

						(Unit: Million Baht)
Consolidated financial statements						
As at 31 December 2017						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	Over 1 year				
Financial Assets						(% per annum)
Cash and cash equivalent	730	-	113	4	847	0.25 - 1.57
Current investments - fixed deposits with financial institution	3,260	-	-	-	3,260	1.30 - 1.75
Trade and other receivables	-	-	-	189	189	-
Long-term loans to and interest receivables from related parties	-	1,831	35	178	2,044	USD LIBOR and 0.92 to 2.05 percent per annum
	<u>3,990</u>	<u>1,831</u>	<u>148</u>	<u>371</u>	<u>6,340</u>	
Financial liabilities						
Trade and other payables	-	-	-	332	332	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>332</u>	<u>332</u>	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2016

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	Over 1 year				
Financial Assets						
Cash and cash equivalent	1,099	-	108	5	1,212	0.25 - 1.50
Current investments - fixed						
deposits with financial institution	2,259	-	-	-	2,259	1.40 - 1.90
Trade and other receivables	-	-	-	170	170	-
Long-term loans to and interest receivables from related parties	-	2,125	39	160	2,324	USD LIBOR and 0.92 to 2.05 percent per annum
	3,358	2,125	147	335	5,965	

Financial liabilities

Trade and other payables	-	-	-	317	317	-
	-	-	-	317	317	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2017

	Fixed interest		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	rates within 1 year					
Financial Assets						
Cash and cash equivalent	-	99		4	103	0.25 - 1.57
Current investments - fixed						
deposits with financial institution	2,870	-		-	2,870	1.30 - 1.75
Trade and other receivables	-	-		186	186	-
	2,870	99		190	3,159	
Financial liabilities						
Trade and other payables	-	-		310	310	-
Short-term loans from related party	-	-		492	492	-
	-	-		802	802	

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2016					
	Fixed interest			Total	Effective interest rate (% per annum)
	rates within	Floating	Non-interest		
	1 year	interest rate	bearing		
Financial Assets					
Cash and cash equivalent	95	71	5	171	0.25 - 1.50
Current investments - fixed					
deposits with financial institution	2,250	-	-	2,250	1.40 - 1.90
Trade and other receivables	-	-	168	168	-
	2,345	71	173	2,589	
Financial liabilities					
Trade and other payables	-	-	287	287	-
Short-term loans from related party	-	-	540	540	-
	-	-	827	827	

Foreign currency risk

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	67	66	-	-	32.6809	35.8307

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	-	-	15	15	32.6809	35.8307

28.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries's financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

29. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.08:1 (2016: 0.07:1) and the Company's was 0.21:1 (2016: 0.22:1).

30. Events after the reporting period

On 26 February 2018, the Company's Board of Directors' Meeting passed the resolution to approve the dividend payment for 2017 of Baht 2.25 per share, a total of approximately Baht 292.5 million. However, this resolution will be further proposed for the shareholders' approval in the Annual General Meeting of the shareholders for the year 2018.

31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2018.

To : Managing Director
The Stock Exchange of Thailand

Date : February 26, 2018

Re : Management Discussion and Analysis for the period ended December 31, 2017

The Board of Directors is pleased to announce the Company's results for the period ended December 31, 2017 as follows:-

Net profit after corporate income tax for the year ended December 31, 2017 and 2016:

(Baht in million)	<u>2017</u>	<u>2016</u>	<u>Change</u>
The Company	630.80	490.54	28.59%
Consolidated	549.59	576.98	(4.75%)

The Company:

The Company's profit before corporate income tax for the year ended December 31, 2017 increased by Baht 174.50 million against the year of 2016. The increase in the Company's profit was mainly attributed to the increase in profit before income tax of Shangri-La Hotel, Bangkok ("SLBK") by Baht 163.18 million and increase in profit of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 11.32 million.

Revenues from hotel operations of SLBK increased by Baht 176.94 million from Baht 1,711.98 million to Baht 1,888.92 million due to the increase in room, food & beverages and other revenues resulting from higher occupancy (increased by 8.55%). Gross Profit before expenses increased by Baht 131.99 million. Selling and administrative expenses increased by Baht 7.96 million and Baht 9.72 million respectively. Depreciation expense increased by Baht 2.73 million against last year. Finance cost decreased by Baht 43.65 million mainly due to strengthening of Thai Baht currency against US Dollar. As a result, the profit before corporate income tax increased by Baht 163.18 million from Baht 549.74 million to Baht 712.92 million.

Profit of SLCM increased by Baht 11.32 million as compared to 2016, mainly attributed to higher revenues from hotel operations by Baht 18.43 million from Baht 491.32 million to Baht 509.75 million as a result of higher room occupancy and better average room rates in 2017. Gross Profit before expenses increased by Baht 18.19 million, to Baht 358.95 million from Baht 340.76 million during the same period last year. Selling and administrative expenses increased by Baht 2.10 million and Baht 2.90 million, respectively. Depreciation Expenses increased by Baht 2.99 million against last year. As a result, the profit before corporate income tax increased by Baht 11.32 million from Baht 57.27 million to Baht 68.59 million.

Consequently the total profit of SLBK and SLCM before corporate income tax increased by Baht 174.50 million from Baht 607.01 million to Baht 781.51 million. The corporate income tax increased by Baht 34.24 million as compared to 2016 due to higher profit before income tax in 2017. The Company recorded a net profit after tax of Baht 630.80 million for the year ended December 31, 2017 compared to profit of Baht 490.54 million last year (increased by 28.59%).

Consolidated:

The consolidated profit before corporate income tax for the year ended December 31, 2017 increased by Baht 5.49 million against last year. The increase in consolidated profit before corporate income tax was due to increase in the Company's profit before corporate income tax of Baht 174.50 million and increase in loss from subsidiaries by Baht 169.00 million. The decrease in profit of subsidiaries was largely due to exchange loss from loan to a related company. As a result, the corporate income tax increased by Baht 33.70 million mainly as a result of higher profit from the Company. Overall, the consolidated net profit after tax for the year ended December 31, 2017 decreased by Baht 27.38 million against last year (decreased by 4.75%).

Yours faithfully,

(Mrs. Pavinee Meensuk)
Director and Company Secretary

To : Managing Director
The Stock Exchange of Thailand

Date : February 26, 2018

Re : Resolutions on recommendation on annual dividend and fixing date of AGM No. 1/2018

Dear Sirs,

The Board of Directors of Shangri-La Hotel Public Company Limited (the “Company”) would like to inform you of the following resolutions passed at its Board Meeting No. 1/2018 held on February 26, 2018:

1. That an annual dividend for the operation of the Company from January 1, 2017 to December 31, 2017 at the rate of Baht 2.25 per share for 130,000,000 ordinary shares amounting to Baht 292,500,000 which will be payable to shareholders of the Company (the “Shareholders”) on May 24, 2018 be recommended to the Shareholders for approval at the Annual General Meeting scheduled to be held on April 26, 2018.
2. That the “record date” on which the Shareholders have the right to receive the annual dividend shall be May 8, 2018.
3. That the “record date” on which the Shareholders have the right to attend and vote at the Annual General Meeting of Shareholders No. 1/2018 shall be March 14, 2018.
4. That the Annual General Meeting of Shareholders No. 1/2018 be held on April 26, 2018 at 10.00 a.m. at Myanmar Room, 3rd Floor, Chao Phya Tower, Shangri-La Hotel, Bangkok.
5. That the agenda for the Annual General Meeting of Shareholders No. 1/2018 be as follows:
 - 5.1) To consider approval of minutes of the Annual General Meeting of Shareholders No. 1/2017 which was held on April 27, 2017;
 - 5.2) To acknowledge the report of the Board of Directors on the business operation of the Company for the year 2017;
 - 5.3) To approve the Company’s Statements of Financial Position and the Statements of Income for the year ended December 31, 2017;
 - 5.4) To consider and approve payment of the annual dividend for the year ended December 31, 2017;
 - 5.5) To approve the appointment of Directors in place of those Directors retiring by rotation;
 - 5.6) To consider the remuneration of the Directors;
 - 5.7) To appoint the Company’s auditors and to fix their remuneration; and
 - 5.8) To consider other business (if any).

Yours faithfully,

(Mrs. Pavinee Meensuk)
Director and Company Secretary

Headline: Audited Yearly 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	Yearly

(In thousands)

The Consolidated Financial Statement

		Yearly
Status	Audited	
Ending	31 December	
Year	2017	2016
Net profit (loss)	549,594	576,977
EPS (baht)	4.23	4.44

The Company Financial Statement

		Yearly
Status	Audited	
Ending	31 December	
Year	2017	2016
Net profit (loss)	630,798	490,539
EPS (baht)	4.85	3.77

Type of report	Unqualified opinion
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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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