

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, 24 February 2020

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

Executive director(s)

Ms KUOK Hui Kwong (Chairman)

Mr LIM Beng Chee (CEO)

Non-executive director(s)

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

Independent non-executive director(s)

Professor LI Kwok Cheung Arthur

Mr YAP Chee Keong

Mr LI Xiaodong Forrest

Mr ZHUANG Chenchao

Shangri-La Hotel Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2019

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 2019, 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 2019, 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 to 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 94 percent of total revenue (separate financial statements: 98 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 and reviewed journal vouchers to detect possible irregularities in revenue transactions throughout the period.

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 2019 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 and management and the process of obtaining such figures. I compared the assumptions with external and internal source of information, 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 organisations 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: 24 February 2020

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	7	1,402,752,931	2,782,273,601	329,603,696	1,675,701,402
Current investments - fixed deposits					
with financial institutions		1,752,848,106	1,872,030,585	1,725,000,000	1,845,000,000
Trade and other receivables	8	166,528,304	165,697,267	165,825,376	165,020,501
Inventories	9	26,586,087	27,034,236	26,586,087	27,034,236
Other current assets		1,287,009	420,315	1,271,863	394,866
Total current assets		3,350,002,437	4,847,456,004	2,248,287,022	3,713,151,005
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 party	12	331,075,666	502,757,918	-	-
Investments in other company	13	131,150,597	131,150,597	-	-
Long-term loans to and interest receivables					
from related parties	6	1,795,263,990	1,977,470,397	-	-
Property, plant and equipment	14	3,608,705,574	1,812,036,784	3,606,851,960	1,810,183,170
Intangible assets		6,865,475	5,522,838	6,865,475	5,522,838
Deferred tax assets	21	34,889,080	32,082,233	18,486,399	15,679,553
Other non-current assets		18,811,209	11,576,693	18,811,209	11,576,693
Total non-current assets		5,926,761,591	4,472,597,460	4,954,015,043	3,145,962,254
Total assets		9,276,764,028	9,320,053,464	7,202,302,065	6,859,113,259

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 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	15	268,509,513	332,544,300	266,584,909	331,792,842
Short-term loans from related party	6	-	-	454,969,500	489,222,000
Income tax payable		86,673,588	77,353,383	83,867,357	72,003,129
Other current liabilities	16	<u>168,328,782</u>	<u>146,061,433</u>	<u>168,328,782</u>	<u>143,954,573</u>
Total current liabilities		<u>523,511,883</u>	<u>555,959,116</u>	<u>973,750,548</u>	<u>1,036,972,544</u>
Non-current liabilities					
Provision for long-term employee benefits	17	89,613,511	74,338,111	89,613,511	74,338,111
Other non-current liabilities		<u>22,243,487</u>	<u>20,513,858</u>	<u>22,243,487</u>	<u>20,513,858</u>
Total non-current liabilities		<u>111,856,998</u>	<u>94,851,969</u>	<u>111,856,998</u>	<u>94,851,969</u>
Total liabilities		<u>635,368,881</u>	<u>650,811,085</u>	<u>1,085,607,546</u>	<u>1,131,824,513</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		5,123,875,879	4,771,412,292	3,102,313,349	2,712,907,576
Other components of shareholders' equity		<u>435,980,913</u>	<u>819,563,167</u>	<u>(6,018,830)</u>	<u>(6,018,830)</u>
Equity attributable to owners of the Company		8,580,256,792	8,611,375,459	6,116,694,519	5,727,288,746
Non-controlling interests of the subsidiary	10	<u>61,138,355</u>	<u>57,866,920</u>	-	-
Total shareholders' equity		<u>8,641,395,147</u>	<u>8,669,242,379</u>	<u>6,116,694,519</u>	<u>5,727,288,746</u>
Total liabilities and shareholders' equity		<u>9,276,764,028</u>	<u>9,320,053,464</u>	<u>7,202,302,065</u>	<u>6,859,113,259</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 2019

(Unit: Baht)

	Note	<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		2,503,260,762	2,546,092,077	2,503,260,762	2,546,092,077
Other income					
Interest income		85,238,317	95,220,043	30,165,591	42,679,003
Exchange gains		20,051,828	37,324,032	-	-
Others		46,333,219	97,639,452	28,650,054	30,794,223
Total revenues		<u>2,654,884,126</u>	<u>2,776,275,604</u>	<u>2,562,076,407</u>	<u>2,619,565,303</u>
Expenses					
Cost of hotel operations		808,729,490	821,450,680	808,729,490	821,450,680
Selling expenses		170,450,412	161,107,003	170,450,412	161,107,003
Administrative expenses		557,368,687	586,164,978	556,151,911	557,038,719
Depreciation and amortisation expenses		216,648,065	225,465,376	216,648,065	225,465,376
Allowance for losses on loans	6	89,830,274	81,210,687	-	-
Total expenses		<u>1,843,026,928</u>	<u>1,875,398,724</u>	<u>1,751,979,878</u>	<u>1,765,061,778</u>
Profit before finance cost and income tax expenses		811,857,198	900,876,880	810,096,529	854,503,525
Finance income	20	-	-	34,252,500	3,228,000
Profit before income tax expenses		811,857,198	900,876,880	844,349,029	857,731,525
Income tax expenses	21	(163,622,176)	(176,931,205)	(162,443,256)	(165,777,234)
Profit for the year		<u>648,235,022</u>	<u>723,945,675</u>	<u>681,905,773</u>	<u>691,954,291</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 2019

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</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		(234,363,313)	(91,226,723)	-	-
Loss on changes in value of available-for-sale investment	12	(149,218,941)	(270,112,012)	-	-
Other comprehensive income to be reclassified to profit					
or loss in subsequent periods		(383,582,254)	(361,338,735)	-	-
<i>Other comprehensive income not to be reclassified to profit</i>					
<i>or loss in subsequent periods</i>					
Actuarial gain - net of income tax		-	1,925,972	-	1,925,972
Other comprehensive income for the year		<u>(383,582,254)</u>	<u>(359,412,763)</u>	<u>-</u>	<u>1,925,972</u>
Total comprehensive income for the year		<u>264,652,768</u>	<u>364,532,912</u>	<u>681,905,773</u>	<u>693,880,263</u>
Profit attributable to:					
Equity holders of the Company		644,963,587	701,455,199	<u>681,905,773</u>	<u>691,954,291</u>
Non-controlling interests of the subsidiary		<u>3,271,435</u>	<u>22,490,476</u>		
		<u>648,235,022</u>	<u>723,945,675</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		261,381,333	342,042,436	<u>681,905,773</u>	<u>693,880,263</u>
Non-controlling interests of the subsidiary		<u>3,271,435</u>	<u>22,490,476</u>		
		<u>264,652,768</u>	<u>364,532,912</u>		
Earnings per share					
Basic earnings per share	22				
Profit attributable to equity holders of the Company		<u>4.96</u>	<u>5.40</u>	<u>5.25</u>	<u>5.32</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 2019

(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						
				translation of	in value of	Actuarials loss					
				financial	available-for-sale	on defined					
				statements in	investments -	employee					
Issued and	Retained earnings										
fully paid-up				foreign currency	related company	benefit plans	Total other	Total equity	Equity attributable	Total	
share capital	Share premium	Appropriated	Unappropriated	statements in	investments -	benefit plans	components of	attributable to	to non-controlling	shareholders'	
share capital	Share premium	Appropriated	Unappropriated	foreign currency	related company	benefit plans	equity	the Company	the subsidiary	equity	
Balance as at 1 January 2018	1,300,000,000	1,590,400,000	130,000,000	4,362,457,093	760,675,422	426,245,310	(7,944,802)	1,178,975,930	8,561,833,023	35,376,444	8,597,209,467
Profit for the year	-	-	-	701,455,199	-	-	-	-	701,455,199	22,490,476	723,945,675
Other comprehensive income for the year	-	-	-	-	(91,226,723)	(270,112,012)	1,925,972	(359,412,763)	(359,412,763)	-	(359,412,763)
Total comprehensive income for the year	-	-	-	701,455,199	(91,226,723)	(270,112,012)	1,925,972	(359,412,763)	342,042,436	22,490,476	364,532,912
Dividend paid (Note 25)	-	-	-	(292,500,000)	-	-	-	-	(292,500,000)	-	(292,500,000)
Balance as at 31 December 2018	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>4,771,412,292</u>	<u>669,448,699</u>	<u>156,133,298</u>	<u>(6,018,830)</u>	<u>819,563,167</u>	<u>8,611,375,459</u>	<u>57,866,920</u>	<u>8,669,242,379</u>
Balance as at 1 January 2019	1,300,000,000	1,590,400,000	130,000,000	4,771,412,292	669,448,699	156,133,298	(6,018,830)	819,563,167	8,611,375,459	57,866,920	8,669,242,379
Profit for the year	-	-	-	644,963,587	-	-	-	-	644,963,587	3,271,435	648,235,022
Other comprehensive income for the year	-	-	-	-	(234,363,313)	(149,218,941)	-	(383,582,254)	(383,582,254)	-	(383,582,254)
Total comprehensive income for the year	-	-	-	644,963,587	(234,363,313)	(149,218,941)	-	(383,582,254)	261,381,333	3,271,435	264,652,768
Dividend paid (Note 25)	-	-	-	(292,500,000)	-	-	-	-	(292,500,000)	-	(292,500,000)
Balance as at 31 December 2019	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>5,123,875,879</u>	<u>435,085,386</u>	<u>6,914,357</u>	<u>(6,018,830)</u>	<u>435,980,913</u>	<u>8,580,256,792</u>	<u>61,138,355</u>	<u>8,641,395,147</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 2019

(Unit: 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	Share premium	Appropriated	Unappropriated	on defined	components of	Total	
share capital	Share premium	Appropriated	Unappropriated	employee	shareholders'	shareholders'	
share capital	Share premium	Appropriated	Unappropriated	benefit plans	equity	equity	
Balance as at 1 January 2018	1,300,000,000	1,590,400,000	130,000,000	2,313,453,285	(7,944,802)	(7,944,802)	5,325,908,483
Total comprehensive income for the year	-	-	-	691,954,291	1,925,972	1,925,972	693,880,263
Dividend paid (Note 25)	-	-	-	(292,500,000)	-	-	(292,500,000)
Balance as at 31 December 2018	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>2,712,907,576</u>	<u>(6,018,830)</u>	<u>(6,018,830)</u>	<u>5,727,288,746</u>
							-
Balance as at 1 January 2019	1,300,000,000	1,590,400,000	130,000,000	2,712,907,576	(6,018,830)	(6,018,830)	5,727,288,746
Total comprehensive income for the year	-	-	-	681,905,773	-	-	681,905,773
Dividend paid (Note 25)	-	-	-	(292,500,000)	-	-	(292,500,000)
Balance as at 31 December 2019	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>3,102,313,349</u>	<u>(6,018,830)</u>	<u>(6,018,830)</u>	<u>6,116,694,519</u>
							-

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 2019

(Unit: 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>
Cash flows from operating activities					
Profit before tax		811,857,198	900,876,880	844,349,029	857,731,525
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:					
Depreciation and amortisation		216,648,065	225,465,376	216,648,065	225,465,376
Bad debt		1,029,236	-	1,029,236	-
Reversal of allowance for doubtful accounts		(175,801)	(449,140)	(175,801)	(449,140)
Reduction of inventory to net realisable value (reversal)		(640,816)	7,690	(640,816)	7,690
Reversal of allowance for interest receivables		-	-	-	(27,702,123)
Allowance for losses on loans		89,830,274	81,210,687	-	-
Gain on disposals of machinery and equipment		(1,415,226)	(819,575)	(1,415,226)	(819,575)
Loss on write-off of equipment		349,235	-	349,235	-
Provision for long-term employee benefits		21,110,616	11,343,174	21,110,616	11,343,174
Unrealised gain on exchange		-	-	(34,252,500)	(3,228,000)
Dividend income		(17,683,165)	(66,845,229)	-	-
Interest income		(85,238,317)	(95,220,043)	(30,165,591)	(42,679,003)
Profit from operating activities before changes in operating assets and liabilities		1,035,671,299	1,055,569,820	1,016,836,247	1,019,669,924
Operating assets (increase) decrease					
Trade and other receivables		(4,279,503)	19,506,284	(4,266,662)	19,498,645
Inventories		1,088,965	1,935,525	1,088,965	1,935,525
Other current assets		(856,391)	174,553	(876,997)	178,232
Other non-current assets		(7,234,516)	7,281,093	(7,234,516)	7,281,093
Operating liabilities increase (decrease)					
Trade and other payables		(64,578,230)	(32,664,917)	(65,751,376)	(11,663,990)
Other current liabilities		22,267,349	(8,956,339)	24,374,209	(11,063,095)
Provision for long-term employee benefits		(5,835,216)	(5,671,060)	(5,835,216)	(5,671,060)
Other non-current liabilities		1,729,629	3,272,670	1,729,629	3,272,670
Cash flows from operating activities		977,973,386	1,040,447,629	960,064,283	1,023,437,944
Cash paid for corporate income tax		(157,119,121)	(176,247,320)	(153,385,874)	(168,235,633)
Net cash flows from operating activities		820,854,265	864,200,309	806,678,409	855,202,311

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 2019

(Unit: Baht)

	Note	<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 in current investments		119,182,479	1,387,848,768	120,000,000	1,025,000,000
Cash received from interest receivables from related party		-	-	-	27,702,123
Cash received from interest income		54,365,500	65,611,861	32,773,943	44,810,152
Dividend income		17,683,165	66,845,229	-	-
Acquisitions of property, plant and equipment		(2,009,814,713)	(83,726,265)	(2,009,814,713)	(83,726,265)
Acquisitions of intangible assets		(4,769,186)	(4,973,600)	(4,769,186)	(4,973,600)
Proceeds from sales of machinery and equipment		1,533,841	904,372	1,533,841	904,372
Net cash flows from (used in) investing activities		<u>(1,821,818,914)</u>	<u>1,432,510,365</u>	<u>(1,860,276,115)</u>	<u>1,009,716,782</u>
Cash flows from financing activities					
Dividend paid	25	(292,500,000)	(292,500,000)	(292,500,000)	(292,500,000)
Net cash flows used in financing activities		<u>(292,500,000)</u>	<u>(292,500,000)</u>	<u>(292,500,000)</u>	<u>(292,500,000)</u>
Decrease in translation adjustments		<u>(86,056,021)</u>	<u>(68,877,042)</u>	-	-
Net increase (decrease) in cash and cash equivalents		<u>(1,379,520,670)</u>	<u>1,935,333,632</u>	<u>(1,346,097,706)</u>	<u>1,572,419,093</u>
Cash and cash equivalents at beginning of year		<u>2,782,273,601</u>	<u>846,939,969</u>	<u>1,675,701,402</u>	<u>103,282,309</u>
Cash and cash equivalents at end of year		<u>1,402,752,931</u>	<u>2,782,273,601</u>	<u>329,603,696</u>	<u>1,675,701,402</u>
		-	-	-	-
Supplemental cash flows information					
Non-cash items					
Purchase of equipment for which no cash has been paid		-	33,368,316	-	33,368,316
Purchase of intangible assets for which no cash has been paid		543,443	29,984	543,443	29,984

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 2019

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	
			2019	2018
			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 Group 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 Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years 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 Group’s 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 Group's financial statements. In accordance with TFRS 15, advance received from customers is presented as contract liability, and is the consideration that the Group 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 Group 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 and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which 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 Group expects the adoption of these accounting standards to result in the following adjustments.

- Classification and measurement of investments in equity instruments of non-listed companies and investments in available-for-sale listed equity securities - The Group is to measure investments in equity instruments of non-listed companies and investments in available-for-sale listed equity securities at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Group elects to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.
- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables and applies the general approach for loans to and interest receivables from related parties.

The management of the Group is currently evaluating the impact of these standards on 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 Group plans to adopt TFRS 16 using the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Group expects the effect of the adoption of this accounting standard to the statement of financial position as at 1 January 2020 to be to increase the Company's assets by approximately Baht 21 million and the Company's liabilities by approximately Baht 21 million.

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 - 10 years
Computer	-	3 - 5 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, whether directly or indirectly, or which are under common control with the Company.

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

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 Group 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 Group 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 Group have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Group treat these severance payment obligations as a defined benefit plan. In addition, the Group 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 defined benefit plans 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.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring-related costs.

4.12 Provisions

Provisions are recognised when the Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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:

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

The Group had 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.

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with associated companies</u>					
Interest income	33	34	-	-	USD LIBOR and 0.92 to 2.05 percent per annum
<u>Transactions with related companies</u>					
Revenue from hotel operations	43	33	43	33	Normal business price
Management fees	79	81	79	81	Contract price
Marketing and promotion fees	25	26	25	26	Contract price
Advertising and reservation fees	15	14	15	14	Contract price
Training fees	4	-	4	-	Contract price

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade receivables - related parties (Note 8)</u>				
Related companies				
Others	242	957	242	957
Total trade receivables - related parties	<u>242</u>	<u>957</u>	<u>242</u>	<u>957</u>
<u>Other receivables - related parties (Note 8)</u>				
Associated company				
Traders Yangon Company Limited	42	186	42	186
Related companies				
Others	5,282	5,543	5,282	5,543
Total other receivables - related parties	<u>5,324</u>	<u>5,729</u>	<u>5,324</u>	<u>5,729</u>
<u>Long-term loans to and interest receivables</u>				
<u>from related parties</u>				
Associated companies				
Non-interest bearing				
Traders Square Company Limited	40,689	43,508	-	-
	<u>40,689</u>	<u>43,508</u>	<u>-</u>	<u>-</u>
Interest bearing				
Shangri-La Yangon Company Limited	700,410	737,178	-	-
Traders Yangon Company Limited	488,505	511,290	-	-
Traders Square Company Limited	728,695	767,054	-	-
	<u>1,917,610</u>	<u>2,015,522</u>	<u>-</u>	<u>-</u>
Total	1,958,299	2,059,030	-	-
Less: Allowance for losses on loans	<u>(163,035)</u>	<u>(81,560)</u>	<u>-</u>	<u>-</u>
Total long-term loans to and interest receivables				
from related parties - net	<u>1,795,264</u>	<u>1,977,470</u>	<u>-</u>	<u>-</u>

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.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Other payables - related parties (Note 15)</u>				
Related companies				
Shangri-La International Hotel Management Limited	20,146	23,769	20,146	23,769
Shangri-La International Hotel Management BV	14,648	16,026	14,648	16,026
Other	682	32	241	32
Total other payables - related parties	<u>35,476</u>	<u>39,827</u>	<u>35,035</u>	<u>39,827</u>

Short-term loans from related party**Subsidiary**

Hasfield Holdings Pte., Ltd.	-	-	454,970	489,222
Total short-term loans from related party	<u>-</u>	<u>-</u>	<u>454,970</u>	<u>489,222</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 party were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements				Balance as at 31 December 2019
	Balance as at 1 January 2019	Increase during the year	Decrease during the year	Gain (loss) on exchange	
<u>Long-term loans to and interest receivables from related parties</u>					
Associated companies					
Non-interest bearing					
Traders Square Company Limited	43,508	-	-	(2,819)	40,689
Interest bearing					
Shangri-La Yangon Company Limited	737,178	11,262	-	(48,030)	700,410
Traders Yangon Company Limited	511,290	10,591	-	(33,376)	488,505
Traders Square Company Limited	767,054	11,615	-	(49,974)	728,695
Total	<u>2,059,030</u>	<u>33,468</u>	<u>-</u>	<u>(134,199)</u>	<u>1,958,299</u>
Less: Allowance for losses on loans	<u>(81,560)</u>	<u>(89,830)</u>	<u>-</u>	<u>8,355</u>	<u>(163,035)</u>
Total long-term loans to and interest receivables from related parties - net	<u>1,977,470</u>	<u>(56,362)</u>	<u>-</u>	<u>(125,844)</u>	<u>1,795,264</u>

(Unit: Thousand Baht)

	Separate financial statements				Balance as at 31 December 2019
	Balance as at 1 January 2019	Increase during the year	Decrease during the year	Gain on exchange	
	<u>Short-term loans from related party</u>				
Subsidiary					
Hasfield Holdings Pte., Ltd.	489,222	-	-	(34,252)	454,970
Total short-term loans from related party	489,222	-	-	(34,252)	454,970

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Group had employee benefit expenses to their directors and management as detailed below.

	(Unit: Thousand Baht)	
	Consolidated financial statements/ Separate financial statements	
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	62,136	73,292
Post-employment benefits	3,365	3,792
Total	65,501	77,084

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 26.4 to the financial statements.

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash	3,920	4,872	3,913	4,858
Bank deposits	1,398,833	2,777,402	325,691	1,670,843
Total	1,402,753	2,782,274	329,604	1,675,701

As at 31 December 2019, bank deposits in saving accounts and fixed deposits carried interests between 0.25 and 1.96 percent per annum (2018: between 0.25 and 2.89 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade receivables - related parties</u> (Note 6)				
Age on the basis of invoice date				
Less than 120 days	242	957	242	957
Total trade receivables - related parties	242	957	242	957
<u>Trade receivables - unrelated parties</u>				
Age on the basis of invoice date				
Less than 120 days	131,433	125,018	131,433	125,018
120 - 180 days	216	198	216	198
Over 180 days	-	43	-	43
Total	131,649	125,259	131,649	125,259
Less: Allowance for doubtful debts	(11)	(187)	(11)	(187)
Total trade receivables - unrelated parties, net	131,638	125,072	131,638	125,072
Total trade receivables, net	131,880	126,029	131,880	126,029
<u>Other receivables</u>				
Other receivables - related parties (Note 6)	5,324	5,729	5,324	5,729
Other receivables - unrelated parties	2,189	2,542	2,189	2,542
Interest receivables	8,371	10,966	7,681	10,290
Prepaid expenses	18,764	20,431	18,751	20,431
Total other receivables	34,648	39,668	33,945	38,992
Total trade and other receivables - net	166,528	165,697	165,825	165,021

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements					
	Cost		Reduce cost to net		Inventories-net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Food and beverages	12,194	10,735	-	-	12,194	10,735
Operating equipment	188	484	-	(295)	188	189
General supplies	9,180	10,873	-	(178)	9,180	10,695
Engineering tools, spare parts and supplies	6,003	6,562	(979)	(1,147)	5,024	5,415
Total	27,565	28,654	(979)	(1,620)	26,586	27,034

During the current year, the Company reduced cost of inventories by Baht 0.1 million (2018: Baht 0.8 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 0.7 million (2018: Baht 0.8 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	
	2019	2018	2019	2018	2019	2018
			(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					<u>1,303,000</u>	<u>1,303,000</u>

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	
			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

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

(Unit: Thousand Baht)

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	
	2019	2018	2019	2018	2019	2018
	(Percent)	(Percent)				
TRR-Kerry Development Company Limited	42.67	42.67	61,138	57,866	3,271	22,490

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>2019</u>	<u>2018</u>
Current assets	12,196	6,631
Non-current assets	131,151	131,151
Current liabilities	65	2,167

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	<u>2019</u>	<u>2018</u>
Revenue	8,599	58,627
Profit	7,667	52,708
Total comprehensive income	7,667	52,708

Summarised information about cash flow

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	<u>2019</u>	<u>2018</u>
Cash flow from operating activities	(3,024)	(57,060)
Cash flow from investing activities	7,770	63,042
Net increase in cash and cash equivalents	<u>4,746</u>	<u>5,982</u>

11. Investments in associates

11.1 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	
			<u>2019</u> (Percent)	<u>2018</u> (Percent)	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Associated companies (owned by Zukerman Limited)								
Traders Yangon Company Limited	Hotel	Myanmar	23.53	23.53	26,809	28,667	-	-
Shangri-La Yangon Company Limited	Serviced apartments	Myanmar	22.22	22.22	15,847	16,945	-	-
Traders Square Company Limited	Commercial complex and office for rent	Myanmar	23.56	23.56	632	676	-	-
Total					43,288	46,288	-	-

During the years 2019 and 2018, 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 for the years ended		Gain (loss) for the years ended	
	as at 31 December		as at 31 December		as at 31 December		31 December		31 December	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Traders Yangon Company Limited	USD 3.6 million	USD 3.6 million	1,413,449	1,784,426	3,225,276	3,601,940	436,313	518,295	(126,543)	(164,298)
Shangri-La Yangon Company Limited	USD 2.0 million	USD 2.0 million	3,151,397	3,457,198	3,682,927	4,058,412	430,938	505,325	27,953	(155,781)
Traders Square Company Limited	USD 0.1 million	USD 0.1 million	3,556,250	4,107,610	3,979,565	4,526,913	331,475	251,592	(34,676)	(150,169)

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: Thousand Baht)

Company's name	Unrecognised share of losses			
	Share of profit (losses) for the years ended 31 December		Cumulative share of losses up to 31 December	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Traders Yangon Company Limited	(29,776)	(38,659)	(489,760)	(459,984)
Shangri-La Yangon Company Limited	6,212	(34,615)	(131,171)	(137,383)
Traders Square Company Limited	(8,170)	(35,380)	(112,050)	(103,880)
Total	<u>(31,734)</u>	<u>(108,654)</u>	<u>(732,981)</u>	<u>(701,247)</u>

The financial information of associated companies

The financial information of these associated companies for the years ended 31 December 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 audited by auditors.

12. Investments in related party

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2019</u>	<u>2018</u>
Cost - Ordinary shares of Shangri-La Asia Limited	324,162	346,625
Add: Unrealised gain on changes in value of investments	<u>6,914</u>	<u>156,133</u>
Fair value	<u>331,076</u>	<u>502,758</u>

During the current year, movements of the investment in related party account are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Fair value as at 1 January 2019	502,758
Unrealised loss on changes in value of investment for the year	(149,219)
Translation adjustment	(22,463)
Fair value as at 31 December 2019	331,076

During the year 2019, the subsidiary recognised dividend income from this related party amounting to HKD 2.3 million or equivalent to approximately Baht 9.2 million (2018: HKD 2.0 million or equivalent to approximately Baht 8.2 million).

13. Investments in other company

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	<u>2019</u>	<u>2018</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	(82,013)	(82,013)
Investments in other company, net	<u>131,151</u>	<u>131,151</u>

During the year 2019, the subsidiary recognised dividend income from such company amounting to Baht 8.5 million (2018: Baht 58.6 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 2018	495,363	3,394,636	1,228,243	3,787,474	98,820	6,996	6,490	9,018,022
Additions	-	-	6,663	38,570	-	322	71,539	117,094
Disposals/write-off	-	-	(2,046)	(25,800)	-	-	-	(27,846)
Transfers in (out)	-	-	51,422	20,921	-	-	(72,343)	-
31 December 2018	495,363	3,394,636	1,284,282	3,821,165	98,820	7,318	5,686	9,107,270
Additions	1,883,062	-	2,891	36,876	-	380	86,605	2,009,814
Disposals/write-off	-	-	(19,725)	(19,171)	-	-	(349)	(39,245)
Transfers in (out)	-	5,874	34,687	22,181	-	-	(62,742)	-
31 December 2019	2,378,425	3,400,510	1,302,135	3,861,051	98,820	7,698	29,200	11,077,839
Accumulated depreciation:								
1 January 2018	-	2,357,216	1,087,170	3,554,964	97,214	3,595	-	7,100,159
Depreciation for the year	-	104,778	31,485	85,046	680	847	-	222,836
Depreciation on disposals/write-off	-	-	(2,046)	(25,716)	-	-	-	(27,762)
31 December 2018	-	2,461,994	1,116,609	3,614,294	97,894	4,442	-	7,295,233
Depreciation for the year	-	104,113	32,005	75,342	320	897	-	212,677
Depreciation on disposals/write-off	-	-	(19,725)	(19,052)	-	-	-	(38,777)
31 December 2019	-	2,566,107	1,128,889	3,670,584	98,214	5,339	-	7,469,133
Net book value:								
31 December 2018	495,363	932,642	167,673	206,871	926	2,876	5,686	1,812,037
31 December 2019	2,378,425	834,403	173,246	190,467	606	2,359	29,200	3,608,706

(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 2018	493,509	3,394,636	1,228,243	3,787,474	98,820	6,996	6,490	9,016,168
Additions	-	-	6,663	38,570	-	322	71,539	117,094
Disposals/write-off	-	-	(2,046)	(25,800)	-	-	-	(27,846)
Transfers in (out)	-	-	51,422	20,921	-	-	(72,343)	-
31 December 2018	493,509	3,394,636	1,284,282	3,821,165	98,820	7,318	5,686	9,105,416
Additions	1,883,062	-	2,891	36,876	-	380	86,605	2,009,814
Disposals/write-off	-	-	(19,725)	(19,171)	-	-	(349)	(39,245)
Transfers in (out)	-	5,874	34,687	22,181	-	-	(62,742)	-
31 December 2019	2,376,571	3,400,510	1,302,135	3,861,051	98,820	7,698	29,200	11,075,985
Accumulated depreciation:								
1 January 2018	-	2,357,216	1,087,170	3,554,964	97,214	3,595	-	7,100,159
Depreciation for the year	-	104,778	31,485	85,046	680	847	-	222,836
Depreciation on disposals/write-off	-	-	(2,046)	(25,716)	-	-	-	(27,762)
31 December 2018	-	2,461,994	1,116,609	3,614,294	97,894	4,442	-	7,295,233
Depreciation for the year	-	104,113	32,005	75,342	320	897	-	212,677
Depreciation on disposals/write-off	-	-	(19,725)	(19,052)	-	-	-	(38,777)
31 December 2019	-	2,566,107	1,128,889	3,670,584	98,214	5,339	-	7,469,133
Net book value:								
31 December 2018	493,509	932,642	167,673	206,871	926	2,876	5,686	1,810,183
31 December 2019	2,376,571	834,403	173,246	190,467	606	2,359	29,200	3,606,852

On 14 March 2019, the Company purchased the land and structures thereon from an unrelated company, a total value of Baht 1,883 million. Subsequently, on 11 November 2019, Board of Directors of the Company has a resolution to approve the Company entered into an agreement with a third party to purchase and to sell of land and structures thereon for a total value of Baht 150 million. The Company made payment of deposits amounting to Baht 10 million in November 2019. The Company paid the remaining obligations in connection with the land purchase agreement on 29 January 2020. The Company has an objective to use the land for developing its new hotel.

As at 31 December 2019, 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 5,377 million (2018: Baht 5,350 million).

15. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade payables - unrelated parties	61,545	67,222	61,545	67,222
Other payables - related parties (Note 6)	35,476	39,827	35,035	39,827
Other payables - unrelated parties	21,198	24,212	21,193	24,212
Payables for purchase of assets	20,046	35,713	20,046	35,713
Retention payables	7,691	6,837	7,691	6,837
Accrued expenses	122,554	158,733	121,075	157,982
Total trade and other payables	<u>268,510</u>	<u>332,544</u>	<u>266,585</u>	<u>331,793</u>

16. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Advances from customers	138,359	110,632	138,359	110,632
Others	29,970	35,429	29,970	33,323
Total other current liabilities	<u>168,329</u>	<u>146,061</u>	<u>168,329</u>	<u>143,955</u>

17. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2019 and 2018, 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		Other long-term		Total	
	benefits from		employee benefits plan			
	employee's retirement					
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Defined benefit obligation at beginning of year	65,742	66,141	8,596	4,932	74,338	71,073
<i>Included in profit or loss:</i>						
Current service cost	5,759	5,450	749	695	6,508	6,145
Interest cost	1,857	1,680	213	136	2,070	1,816
Past service costs	12,532	-	-	3,636	12,532	3,636
Actuarial gain	-	-	-	(254)	-	(254)
<i>Included in other comprehensive income:</i>						
Actuarial (gain) loss arising from						
Demographic assumptions changes	-	(3,155)	-	-	-	(3,155)
Financial assumptions changes	-	2,458	-	-	-	2,458
Experience adjustments	-	(1,710)	-	-	-	(1,710)
<i>Benefits paid during the year</i>	<u>(4,947)</u>	<u>(5,122)</u>	<u>(888)</u>	<u>(549)</u>	<u>(5,835)</u>	<u>(5,671)</u>
Defined benefit obligation at end of year	<u>80,943</u>	<u>65,742</u>	<u>8,670</u>	<u>8,596</u>	<u>89,613</u>	<u>74,338</u>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 12 million as a result. The Company reflects the effect of the change by recognising past service costs as expenses in the income statement of the current year.

The Company expects to pay Baht 8 million of long-term employee benefits during the next year.

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 8 years (2018: 8 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements/ Separate financial statements	
	<u>2019</u>	<u>2018</u>
	(% per annum)	(% per annum)
Discount rate	2.75	2.75
Future salary increase rate	4.50 - 5.00	4.50 - 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 2019 and 2018 are summarised below:

(Unit: million Baht)

	Consolidated financial statements/Separate financial statements			
	As at 31 December 2019		As at 31 December 2018	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(4)	4	(5)	6
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Salary increase rate	8	(7)	6	(5)

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:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Salaries and wages and other employee benefits	562,704	561,699	562,704	561,699
Depreciation and amortisation expenses	216,648	225,465	216,648	225,465
Direct cost of food and beverage	272,657	283,797	272,657	283,797
Other direct cost of hotel operations	245,634	245,838	245,634	245,838
Utilities expenses	145,732	148,590	145,732	148,590
Management fees	79,097	81,012	79,097	81,012
Advertising and promotion expenses	88,130	80,213	88,130	80,213
Maintenance expenses	54,466	57,497	54,466	57,497

20. Finance income

Finance income for the years ended 31 December 2019 and 2018 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Unrealised gain on exchange rate on short-term loans from related party	-	-	34,252	3,228
Total	-	-	34,252	3,228

21. Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Current corporate income tax charge	(169,043)	(172,596)	(165,304)	(161,442)
Adjustment in respect of income tax of previous year	2,615	-	55	-
Deferred tax:				
Relating to origination and reversal of temporary differences	2,806	(4,335)	2,806	(4,335)
Income tax expenses reported in the statements of comprehensive income	<u>(163,622)</u>	<u>(176,931)</u>	<u>(162,443)</u>	<u>(165,777)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax relating to actuarial gain	-	(481)	-	(481)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting profit before tax	811,857	900,877	844,349	857,731
Income tax at Thai corporate income tax rate of 20 percent	162,371	180,175	168,870	171,546
Adjustment in respect of income tax of previous year	(2,615)	-	(55)	-
Difference in tax rate in group companies	11,062	7,927	-	-
Effects of:				
Exemption of income	(853)	(5,862)	-	-
Non-deductible expenses	(619)	(2,120)	335	339
Additional expense deductions allowed	(6,477)	(6,108)	(6,477)	(6,108)
Others	753	2,919	(230)	-
Total	(7,196)	(11,171)	(6,372)	(5,769)
Income tax expenses reported in the statement of comprehensive income	<u>163,622</u>	<u>176,931</u>	<u>162,443</u>	<u>165,777</u>

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax assets				
Allowance for diminution in value of inventories	196	324	196	324
Allowance for impairment of investment in other company	16,403	16,403	-	-
Allowance for doubtful accounts	2	37	2	37
Provision for long-term employee benefits	17,923	14,868	17,923	14,868
Provisions and other accruals	365	451	365	451
Total deferred tax assets	<u>34,889</u>	<u>32,083</u>	<u>18,486</u>	<u>15,680</u>

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the year (Thousand Baht)	644,964	701,455	681,906	691,954
Weighted average number of ordinary shares (Thousand shares)	130,000	130,000	130,000	130,000
Earnings per share (Baht per share)	4.96	5.40	5.25	5.32

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 Group 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 Group's operating segments for the years ended 31 December 2019 and 2018.

(Unit: Million Baht)

	Hotel business						Total segments		Adjustments and eliminations		Consolidated	
	Hotel in Bangkok		Hotel in Chiangmai		Holding Investment							
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues												
External customers	2,016	2,011	487	535	-	-	2,503	2,546	-	-	2,503	2,546
Total revenues	<u>2,016</u>	<u>2,011</u>	<u>487</u>	<u>535</u>	<u>-</u>	<u>-</u>	<u>2,503</u>	<u>2,546</u>	<u>-</u>	<u>-</u>	<u>2,503</u>	<u>2,546</u>
Operating results												
Segment gross profit	1,364	1,349	331	376	-	-	1,695	1,725	-	-	1,695	1,725
Interest income	30	42	-	-	55	53	85	95	-	-	85	95
Exchange gains	-	-	-	-	20	37	20	37	-	-	20	37
Other income	25	26	4	5	17	67	46	98	-	-	46	98
Depreciation and amortisation expenses	(135)	(145)	(82)	(80)	-	-	(217)	(225)	-	-	(217)	(225)
Allowance for losses on loans	-	-	-	-	(90)	(81)	(90)	(81)	-	-	(90)	(81)
Profit before income tax expenses	734	711	76	116	2	74	812	901	-	-	812	901
Income tax expenses	(149)	(144)	(14)	(22)	(1)	(11)	(164)	(177)	-	-	(164)	(177)
Profit for the year	585	567	62	94	1	63	648	724	-	-	648	724
Segment total assets	5,280	4,874	615	679	3,382	3,767	9,277	9,320	-	-	9,277	9,320

Major customers

For the years 2019 and 2018, the Group 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 Principal Asset Management Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2019, the Company contributed Baht 16 million (2018: Baht 15 million) to the fund.

25. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2017	Annual General Meeting of the shareholders on 26 April 2018	293	2.25
Total dividends for 2018		293	2.25
Final dividends for 2018	Annual General Meeting of the shareholders on 24 April 2019	293	2.25
Total dividends for 2019		293	2.25

26. Commitments and contingent liabilities

26.1 Capital commitments

As at 31 December 2019, the Company had capital commitments of approximately Baht 211 million (2018: Baht 30 million), relating to the acquisition the land and structures thereon, construction and renovation of the Hotel.

26.2 Operating lease commitment

The Company has entered into operating lease agreement in respect of vehicle agreement. The terms of the agreement is generally between 1 and 3 years.

As at 31 December 2019 and 2018, future minimum payments required under these non-cancellable operating lease agreement were as follows:

	(Unit: Million Baht)	
	Consolidated financial statements/ Separate financial statements	
	<u>31 December 2019</u>	<u>31 December 2018</u>
Payable:		
In up to 1 year	10	1
In over 1 and up to 3 years	11	-

26.3 Service commitments

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

26.4 Guarantees

- (1) As at 31 December 2019, there were outstanding bank guarantees of approximately Baht 12 million (2018: Baht 11 million) issued by a bank on behalf of the Company in respect of electricity usage.
- (2) As at 31 December 2019 and 2018, 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.

27. Fair value hierarchy

As at 31 December 2019 and 2018, 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 2019			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets measured at fair value				
Investments in related party				
Equity instruments	331,076	-	-	331,076

(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

28. Financial instruments

28.1 Financial risk management

The Group' 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 Group are exposed to credit risk primarily with respect to trade and other receivables, and loans to related parties. The Group 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 and loans to related parties as stated in the statement of financial position.

Interest rate risk

The Group' exposure to interest rate risk relates primarily to its cash at banks, current investments, loans to related parties and loans from related party. Most of the Group' 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 2019						
	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	1,266	-	49	88	1,403	0.25 - 1.96
Current investments - fixed						
deposits with financial institution	1,753	-	-	-	1,753	0.90 - 1.73
Trade and other receivables	-	-	-	166	166	-
Long-term loans to and interest						USD LIBOR and 0.92 to
receivables from related parties	-	1,565	-	230	1,795	2.05 percent per annum
	<u>3,019</u>	<u>1,565</u>	<u>49</u>	<u>484</u>	<u>5,117</u>	
Financial liabilities						
Trade and other payables	-	-	-	269	269	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>269</u>	<u>269</u>	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2018						
	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	2,626	-	73	83	2,782	0.25 - 2.89
Current investments - fixed						
deposits with financial institution	1,872	-	-	-	1,872	1.10 - 1.65
Trade and other receivables	-	-	-	166	166	-
Long-term loans to and interest						USD LIBOR and 0.92 to
receivables from related parties	-	1,767	-	210	1,977	2.05 percent per annum
	<u>4,498</u>	<u>1,767</u>	<u>73</u>	<u>459</u>	<u>6,797</u>	
Financial liabilities						
Trade and other payables	-	-	-	333	333	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>333</u>	<u>333</u>	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2019

	Fixed interest			Total	Effective interest rate (% per annum)
	rates within 1 year	Floating interest rate	Non-interest bearing		
Financial assets					
Cash and cash equivalent	220	49	61	330	0.25 - 1.10
Current investments - fixed deposits with financial institution	1,725	-	-	1,725	1.38 - 1.75
Trade and other receivables	-	-	166	166	-
	1,945	49	227	2,221	
Financial liabilities					
Trade and other payables	-	-	267	267	-
Short-term loans from related party	-	-	455	455	-
	-	-	722	722	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2018

	Fixed interest			Total	Effective interest rate (% per annum)
	rates within 1 year	Floating interest rate	Non-interest bearing		
Financial assets					
Cash and cash equivalent	1,540	73	63	1,676	0.25 - 1.40
Current investments - fixed deposits with financial institution	1,845	-	-	1,845	1.35 - 1.65
Trade and other receivables	-	-	165	165	-
	3,385	73	228	3,686	
Financial liabilities					
Trade and other payables	-	-	332	332	-
Short-term loans from related party	-	-	489	489	-
	-	-	821	821	

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	70	69	-	-	30.1540	32.4498

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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	-	-	15	15	30.1540	32.4498

28.2 Fair values of financial instruments

Since the majority of the Group'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 Group's 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 2019, the Group's debt-to-equity ratio was 0.07:1 (2018: 0.07:1) and the Company's was 0.18:1 (2018: 0.20:1).

30. Events after the reporting period

On 24 February 2020, the Company's Board of Directors' meeting passed a resolution approving the dividend payment for 2019 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 2020.

31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2020.

To : Managing Director
The Stock Exchange of Thailand

Date : February 24, 2020

Re : Resolutions on recommendation on annual dividend and fixing date of AGM No. 1/2020

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. 1/2020 held on February 24, 2020:

1. That an annual dividend for the operation of the Company from January 1, 2019 to December 31, 2019 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 22, 2020 be recommended to the Shareholders for approval at the Annual General Meeting scheduled to be held on April 24, 2020.
2. That the “record date” on which the Shareholders have the right to receive the annual dividend shall be May 7, 2020.
3. That the “record date” on which the Shareholders have the right to attend and vote at the Annual General Meeting of Shareholders No. 1/2020 shall be March 13, 2020.
4. That the Annual General Meeting of Shareholders No. 1/2020 be held on April 24, 2020 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. 1/2020 be as follows:
 - 5.1) To consider approval of minutes of the Annual General Meeting of Shareholders No. 1/2019 which was held on April 24, 2019;
 - 5.2) To acknowledge the report of the Board of Directors on the business operation of the Company for the year 2019;
 - 5.3) To approve the Company’s Statements of Financial Position and the Statements of Income for the year ended December 31, 2019;
 - 5.4) To consider and approve payment of the annual dividend for the year ended December 31, 2019. The details are mentioned in Items 1 and 2;
 - 5.5) To approve the appointment of Directors in place of those Directors retiring by rotation;

All 4 retiring directors in 2020 namely as below will be re-appointed to retain the office for another term:-

1. Mr. Pong Sarasin (Chairman and Independent Director)
2. Mr. Suvat Asdathorn (Vice Chairman)
3. Mr. Surin Asdathorn (Director)
4. Mr. Chan Kong Leong (Director)

.../2

5.6) To approve the appointment of an additional independent director

The Board had considered proposing the shareholders to approve the appointment of Mr. Chor.nun Petpaisit as an additional independent director of the Company due to the said person is knowledgeable, capable and creditable. He has neither been punished, dismissed or removed on the ground of dishonest performance, nor been imprisoned for an offense related to property committed with dishonest intent, nor entered into any transaction which may cause conflict of interest against the business of the Company. Moreover, he is also able to express independent opinion concerning the operations of the Company including connected transactions.

In case Mr. Chor.nun Petpaisit be appointed as an additional independent director, the member of the Board will comprise of 13 directors and 5 out of 13 are independent directors.

5.7) To consider the remuneration of the Directors;

The directors' remuneration for the year 2020 will be at the same rate as previous year, which are comparable to the practices among the companies in the similar industry and at the similar size. The details are as follows:-

Position	Remuneration per annum for each position (Baht)	No. of person	Total Remuneration (Baht)
Chairman of the Board of Director	500,000	1	500,000
Director (include 1 new director)	180,000	12	2,160,000
Chairman of the Audit Committee	400,000	1	400,000
Member of the Audit Committee	300,000	2	600,000
		Total	3,660,000

5.8) To appoint the Company's auditors and to fix their remuneration;

The below-named auditors of EY Office Limited will be appointed as the Company's auditors for the year 2020 as recommended by the Audit Committee:

- 1) Mrs. Chonlaros Suntiasvaraporn, Certified Public Accountant (Thailand) No. 4523 and/or
- 2) Ms. Siraporn Ouaanunkun, Certified Public Accountant (Thailand) No. 3844 and/or
- 3) Mr. Chatchai Kasemsrithanawat, Certified Public Accountant (Thailand) No. 5813.

In the absence of the above-named auditors, EY Office Limited is authorized to identify one other Certified Public Accountant within EY Office Limited to carry out the work.

The audit fee for the year 2020 will be Baht 1,740,000 which is the same as compared to previous year.

5.9) To consider other business (if any).

Yours faithfully,

(Mrs. Pavinee Meensuk)
Director and Company Secretary

Headline: Audited Yearly financial performance (F45)
Security Symbol: SHANG

Announcement Details

Financial Statement (F45)		
Company name	SHANGRI-LA HOTEL PUBLIC COMPANY LIMITED	
Quarter	Yearly	
(In thousands)		
Financial Statement		
	Yearly	
Status	Audited	
Ending	31 December	
Year	2019	2018
Profit (loss) attributable to equity holders of the Company *	644,964	701,455
EPS (baht)	4.96	5.40
Type of report	Unqualified opinion	

*For consolidated financial statements

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

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

Signature _____
(Mrs. Pavinee Meensuk)
Director and Company Secretary
Authorized Persons to Disclose Information

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