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**SHANGRI-LA ASIA LIMITED**

**香格里拉(亞洲)有限公司**

(Incorporated in Bermuda with limited liability)

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

(Stock code: 00069)

**OVERSEAS REGULATORY ANNOUNCEMENT**

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

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

*Executive directors*

*Ms KUOK Hui Kwong (Chairman)*

*Mr LIM Beng Chee (CEO)*

*Mr LIU Kung Wei Christopher (MD & COO)*

*Mr LUI Man Shing*

*Mr Madhu Rama Chandra RAO*

*Independent non-executive directors*

*Mr Alexander Reid HAMILTON*

*Mr Timothy David DATTELS*

*Professor LI Kwok Cheung Arthur*

*Dr LEE Kai-Fu*

*Non-executive directors*

*Mr KUOK Khoon Chen*

*Mr HO Kian Guan*

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

Hong Kong, 20 February 2017

Shangri-La Hotel Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2016

## **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 2016, 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 2016, 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 under the Royal Patronage of His Majesty the King 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 Matter**

Key audit matter is that matter that, in my professional judgement, was of most significance in my audit of the financial statements of the current period. This matter was 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 this matter.

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 this matter. 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 matter below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matter and how audit procedures respond for the matter is 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 93 percent of total revenue (separate financial statements: 97 percent of total revenue) and revenue is derived from recurring daily transactions and the amounts recorded directly impact the Company's annual profit and loss. Moreover, the Company has numerous customers in various categories with whom different commercial terms and conditions are applied. I have therefore focused on the Company's revenue from hotel operations recognition.

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

### **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.

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Chonlaros Suntiasvaraporn.

Chonlaros Suntiasvaraporn  
Certified Public Accountant (Thailand) No. 4523

EY Office Limited  
Bangkok: 20 February 2017

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	1,211,754,745	1,837,829,234	170,723,686	567,443,356
Current investments - fixed deposits					
with financial institutions		2,258,900,000	1,550,000,000	2,250,000,000	1,545,000,000
Trade and other receivables	8	169,698,206	170,011,277	168,107,206	169,624,540
Inventories	9	32,198,617	42,183,129	32,198,617	42,183,129
Other current assets		3,210,364	5,845,633	3,192,436	5,827,555
<b>Total current assets</b>		<b>3,675,761,932</b>	<b>3,605,869,273</b>	<b>2,624,221,945</b>	<b>2,330,078,580</b>
<b>Non-current assets</b>					
Investments in subsidiaries	10	-	-	1,303,000,000	1,303,000,000
Investments in associates	11	-	-	-	-
Other long-term investments					
Investments in related parties	13	395,541,716	369,292,124	-	-
Investment in other company	14	131,150,597	131,150,597	-	-
Long-term loans to and interest receivables					
from related parties	6	2,323,739,149	2,093,459,238	-	-
Property, plant and equipment	15	2,074,427,898	2,160,301,342	2,072,574,284	2,158,447,728
Intangible assets		3,556,256	3,078,643	3,556,256	3,078,643
Deferred tax assets	22	38,030,990	39,839,698	21,628,309	23,437,018
Other non-current assets		7,533,641	5,772,174	7,533,641	5,772,174
<b>Total non-current assets</b>		<b>4,973,980,247</b>	<b>4,802,893,816</b>	<b>3,408,292,490</b>	<b>3,493,735,563</b>
<b>Total assets</b>		<b>8,649,742,179</b>	<b>8,408,763,089</b>	<b>6,032,514,435</b>	<b>5,823,814,143</b>

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	16	317,082,906	335,424,296	286,860,356	296,303,415
Short-term loans from related party	6	-	-	539,550,000	543,000,000
Income tax payable		51,863,602	57,350,107	49,475,973	55,759,696
Other current liabilities	17	119,651,144	126,995,255	119,651,144	126,994,890
<b>Total current liabilities</b>		<b>488,597,652</b>	<b>519,769,658</b>	<b>995,537,473</b>	<b>1,022,058,001</b>
<b>Non-current liabilities</b>					
Provision for long-term employee benefits	18	65,611,643	61,399,483	65,611,643	61,399,483
Rental deposits		16,254,668	15,784,737	16,254,668	15,784,737
<b>Total non-current liabilities</b>		<b>81,866,311</b>	<b>77,184,220</b>	<b>81,866,311</b>	<b>77,184,220</b>
<b>Total liabilities</b>		<b>570,463,963</b>	<b>596,953,878</b>	<b>1,077,403,784</b>	<b>1,099,242,221</b>
<b>Shareholders' equity</b>					
Share capital					
Registered, issued and fully paid up					
130,000,000 ordinary shares of Baht 10 each		1,300,000,000	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	19	130,000,000	130,000,000	130,000,000	130,000,000
Unappropriated		4,072,863,411	3,755,886,588	1,942,655,453	1,712,116,724
Other components of shareholders' equity		958,803,046	1,017,300,628	(7,944,802)	(7,944,802)
Equity attributable to owners of the Company		8,052,066,457	7,793,587,216	4,955,110,651	4,724,571,922
Non-controlling interests of the subsidiary		27,211,759	18,221,995	-	-
<b>Total shareholders' equity</b>		<b>8,079,278,216</b>	<b>7,811,809,211</b>	<b>4,955,110,651</b>	<b>4,724,571,922</b>
<b>Total liabilities and shareholders' equity</b>		<b>8,649,742,179</b>	<b>8,408,763,089</b>	<b>6,032,514,435</b>	<b>5,823,814,143</b>
		-	-	-	-

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenues from hotel operations		2,203,303,753	2,368,808,423	2,203,303,753	2,368,808,423
Other income					
Gains on sales of investment in available-for-sale securities	12	-	26,142,552	-	26,142,552
Interest income		88,680,045	76,600,977	38,920,930	36,517,952
Exchange gains		40,943,742	58,854,221	-	-
Others		44,941,488	31,641,654	18,614,369	18,935,562
<b>Total revenues</b>		<u>2,377,869,028</u>	<u>2,562,047,827</u>	<u>2,260,839,052</u>	<u>2,450,404,489</u>
<b>Expenses</b>					
Cost of hotel operations		724,212,396	759,831,578	724,212,396	759,831,578
Selling expenses		141,410,003	147,667,561	141,410,003	147,667,561
Administrative expenses		544,634,830	533,809,139	531,316,810	526,949,545
Depreciation and amortisation expenses		260,338,561	319,123,474	260,338,561	319,123,474
<b>Total expenses</b>		<u>1,670,595,790</u>	<u>1,760,431,752</u>	<u>1,657,277,770</u>	<u>1,753,572,158</u>
<b>Profit before share of loss from investments in associates, finance cost and income tax expenses</b>		707,273,238	801,616,075	603,561,282	696,832,331
Share of loss from investments in associates	11	-	(759,960)	-	-
<b>Profit before finance cost and income tax expenses</b>		707,273,238	800,856,115	603,561,282	696,832,331
Finance cost	21	-	-	3,450,000	(47,400,000)
<b>Profit before income tax expenses</b>		707,273,238	800,856,115	607,011,282	649,432,331
Income tax expenses	22	(121,306,651)	(131,324,115)	(116,472,553)	(129,312,786)
<b>Profit for the year</b>		<u>585,966,587</u>	<u>669,532,000</u>	<u>490,538,729</u>	<u>520,119,545</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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Other comprehensive income:</b>					
<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		(87,776,875)	207,292,534	-	-
Gain (loss) on changes in value of					
available-for-sale investments		29,279,293	(136,088,472)	-	5,446,364
Reversal of gains on changes in value of					
available-for-sale investments	12	-	(26,142,552)	-	(26,142,552)
Less: Income tax effect	22	-	4,139,238	-	4,139,238
Net other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(58,497,582)	49,200,748	-	(16,556,950)
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Actuarial loss	18	-	(4,018,032)	-	(4,018,032)
Less: Income tax effect	22	-	803,606	-	803,606
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		-	(3,214,426)	-	(3,214,426)
<b>Other comprehensive income for the year</b>		<b>(58,497,582)</b>	<b>45,986,322</b>	<b>-</b>	<b>(19,771,376)</b>
<b>Total comprehensive income for the year</b>		<b>527,469,005</b>	<b>715,518,322</b>	<b>490,538,729</b>	<b>500,348,169</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		576,976,823	665,453,645	490,538,729	520,119,545
Non-controlling interests of the subsidiary		8,989,764	4,078,355		
		<u>585,966,587</u>	<u>669,532,000</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		518,479,241	711,439,967	490,538,729	500,348,169
Non-controlling interests of the subsidiary		8,989,764	4,078,355		
		<u>527,469,005</u>	<u>715,518,322</u>		
<b>Earnings per share</b>					
Basic earnings per share	23				
Profit attributable to equity holders of the Company		<u>4.44</u>	<u>5.12</u>	<u>3.77</u>	<u>4.00</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 2016**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Cash flows from operating activities</b>					
Profit before tax		707,273,238	800,856,115	607,011,282	649,432,331
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:					
Depreciation and amortisation		260,338,561	319,123,474	260,338,561	319,123,474
Allowance for doubtful accounts (reversal)		(826,789)	237,014	(826,789)	237,014
Reversal of reduction of inventory to net realisable value		(274,125)	(7,842)	(274,125)	(7,842)
Reversal of allowance for interest receivables		-	-	(12,039,300)	(5,446,350)
Loss on sales of equipment		1,609,786	936,279	1,609,786	936,279
Gains on sales of investment in available-for-sale securities	12	-	(26,142,552)	-	(26,142,552)
Share of loss from investments in associates	11	-	759,960	-	-
Provision for long-term employee benefits		7,418,853	6,580,520	7,418,853	6,580,520
Unrealised exchange losses (gains)		18,612,398	(192,581,776)	(3,450,000)	47,400,000
Dividend income		(28,223,397)	(15,761,618)	-	-
Interest income		(88,680,045)	(76,600,977)	(38,920,930)	(36,517,952)
Profit from operating activities before changes in operating assets and liabilities		877,248,480	817,398,597	820,867,338	955,594,922
Operating assets (increase) decrease					
Trade and other receivables		(1,138,602)	18,127,452	(1,122,196)	18,127,452
Inventories		10,258,637	(7,868,665)	10,258,637	(7,868,665)
Other current assets		63,639	(17,271)	63,639	(17,271)
Other non-current assets		(1,761,467)	(1,125,379)	(1,761,467)	(1,125,379)
Operating liabilities increase (decrease)					
Trade and other payables		(12,791,961)	32,169,345	(3,893,631)	36,218,228
Other current liabilities		(7,344,110)	5,453,704	(7,343,746)	5,453,337
Provision for long-term employee benefits		(3,206,692)	(5,597,680)	(3,206,692)	(5,597,680)
Other non-current liabilities		469,930	144,101	469,930	144,101
Cash flows from operating activities		861,797,854	858,684,204	814,331,812	1,000,929,045
Cash paid for corporate income tax		(122,296,930)	(54,145,096)	(118,376,088)	(51,764,528)
<b>Net cash flows from operating activities</b>		<b>739,500,924</b>	<b>804,539,108</b>	<b>695,955,724</b>	<b>949,164,517</b>

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Cash flows from investing activities</b>					
Cash paid for current investments - net		(708,900,000)	(786,890,000)	(705,000,000)	(805,000,000)
Proceeds from sales of investment in available-for-sale securities	12	-	76,249,110	-	76,249,110
Net cash received from purchases of investment in subsidiary		-	10,467	-	-
Loans to related parties		(210,969,051)	(425,242,981)	-	-
Cash received from loans to related parties		-	160,443,166	-	-
Cash received from interest receivables from related party		-	-	12,039,300	5,446,350
Cash received from interest income		55,949,061	42,670,354	42,387,250	28,658,717
Dividend income		28,223,397	15,761,618	-	-
Acquisitions of building and equipment		(182,891,009)	(90,656,086)	(182,891,009)	(90,656,086)
Proceeds from sales of equipment		789,065	1,269,159	789,065	1,269,159
<b>Net cash flows used in investing activities</b>		<b>(1,017,798,537)</b>	<b>(1,006,385,193)</b>	<b>(832,675,394)</b>	<b>(784,032,750)</b>
<b>Cash flows from financing activities</b>					
Dividend paid	26	(260,000,000)	(97,500,000)	(260,000,000)	(97,500,000)
<b>Net cash flows used in financing activities</b>		<b>(260,000,000)</b>	<b>(97,500,000)</b>	<b>(260,000,000)</b>	<b>(97,500,000)</b>
<b>Increase (decrease) in translation adjustments</b>		<b>(87,776,876)</b>	<b>207,292,534</b>	<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(626,074,489)</b>	<b>(92,053,551)</b>	<b>(396,719,670)</b>	<b>67,631,767</b>
Cash and cash equivalents at beginning of year		1,837,829,234	1,929,882,785	567,443,356	499,811,589
<b>Cash and cash equivalents at end of year</b>		<b>1,211,754,745</b>	<b>1,837,829,234</b>	<b>170,723,686</b>	<b>567,443,356</b>
		-	-	-	-

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 2016

(Unit: Baht)

<b>Consolidated financial statements</b>												
Equity attributable to owners of the Company												
				Other components of shareholders' equity								
				Other comprehensive income								
				Exchange	Surplus on changes in value		Actuarials loss	Total other	Total equity	Equity attributable	Total	
Issued and		Retained earnings		translation of	of available-for-sale investments		on defined	components of	attributable to	to non-controlling	shareholders'	
fully paid-up	Share premium	Appropriated	Unappropriated	statements in	Other	Related	employee	shareholders'	owners of	interests of	shareholders'	
share capital	Share premium	Appropriated	Unappropriated	foreign currency	company	company	benefit plans	equity	the Company	the subsidiary	equity	
<b>Balance as at 1 January 2015</b>	1,300,000,000	1,590,400,000	130,000,000	3,187,932,943	838,496,298	16,556,950	120,991,434	(4,730,376)	971,314,306	7,179,647,249	14,143,640	7,193,790,889
Profit for the year	-	-	-	665,453,645	-	-	-	-	-	665,453,645	4,078,355	669,532,000
Other comprehensive income for the year	-	-	-	-	207,292,534	(16,556,950)	(141,534,836)	(3,214,426)	45,986,322	45,986,322	-	45,986,322
Total comprehensive income for the year	-	-	-	665,453,645	207,292,534	(16,556,950)	(141,534,836)	(3,214,426)	45,986,322	711,439,967	4,078,355	715,518,322
Dividend paid (Note 26)	-	-	-	(97,500,000)	-	-	-	-	-	(97,500,000)	-	(97,500,000)
<b>Balance as at 31 December 2015</b>	<b>1,300,000,000</b>	<b>1,590,400,000</b>	<b>130,000,000</b>	<b>3,755,886,588</b>	<b>1,045,788,832</b>	<b>-</b>	<b>(20,543,402)</b>	<b>(7,944,802)</b>	<b>1,017,300,628</b>	<b>7,793,587,216</b>	<b>18,221,995</b>	<b>7,811,809,211</b>
<b>Balance as at 1 January 2016</b>	1,300,000,000	1,590,400,000	130,000,000	3,755,886,588	1,045,788,832	-	(20,543,402)	(7,944,802)	1,017,300,628	7,793,587,216	18,221,995	7,811,809,211
Profit for the year	-	-	-	576,976,823	-	-	-	-	-	576,976,823	8,989,764	585,966,587
Other comprehensive income for the year	-	-	-	-	(87,776,875)	-	29,279,293	-	(58,497,582)	(58,497,582)	-	(58,497,582)
Total comprehensive income for the year	-	-	-	576,976,823	(87,776,875)	-	29,279,293	-	(58,497,582)	518,479,241	8,989,764	527,469,005
Dividend paid (Note 26)	-	-	-	(260,000,000)	-	-	-	-	-	(260,000,000)	-	(260,000,000)
<b>Balance as at 31 December 2016</b>	<b>1,300,000,000</b>	<b>1,590,400,000</b>	<b>130,000,000</b>	<b>4,072,863,411</b>	<b>958,011,957</b>	<b>-</b>	<b>8,735,891</b>	<b>(7,944,802)</b>	<b>958,803,046</b>	<b>8,052,066,457</b>	<b>27,211,759</b>	<b>8,079,278,216</b>

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 2016

(Unit: Baht)

	Separate financial statements							
					Other components of shareholders' equity			
					Other comprehensive income			
					Surplus			
	Issued and fully paid-up share capital	Share premium	Retained earnings		on changes in value of available-for-sale investments	Actuarials loss on defined employee benefit plans	Total other components of shareholders' equity	Total shareholders' equity
		Appropriated	Unappropriated					
<b>Balance as at 1 January 2015</b>	1,300,000,000	1,590,400,000	130,000,000	1,289,497,179	16,556,950	(4,730,376)	11,826,574	4,321,723,753
Profit for the year	-	-	-	520,119,545	-	-	-	520,119,545
Other comprehensive income for the year	-	-	-	-	(16,556,950)	(3,214,426)	(19,771,376)	(19,771,376)
Total comprehensive income for the year	-	-	-	520,119,545	(16,556,950)	(3,214,426)	(19,771,376)	500,348,169
Dividend paid (Note 26)	-	-	-	(97,500,000)	-	-	-	(97,500,000)
<b>Balance as at 31 December 2015</b>	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>1,712,116,724</u>	<u>-</u>	<u>(7,944,802)</u>	<u>(7,944,802)</u>	<u>4,724,571,922</u>
<b>Balance as at 1 January 2016</b>	1,300,000,000	1,590,400,000	130,000,000	1,712,116,724	-	(7,944,802)	(7,944,802)	4,724,571,922
Total comprehensive income for the year	-	-	-	490,538,729	-	-	-	490,538,729
Dividend paid (Note 26)	-	-	-	(260,000,000)	-	-	-	(260,000,000)
<b>Balance as at 31 December 2016</b>	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>1,942,655,453</u>	<u>-</u>	<u>(7,944,802)</u>	<u>(7,944,802)</u>	<u>4,955,110,651</u>

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 2016

#### 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 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

#### 2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2016</u>	<u>2015</u>
			Percent	Percent
<b><u>Subsidiary held directly by the Company</u></b>				
Town Development Company Limited	Holding investment	Thailand	100.00	100.00
<b><u>Subsidiaries held through its subsidiaries</u></b>				
Apizaco Limited	Holding investment	Hong Kong	100.00	100.00
Hasfield Holdings Pte.,Ltd.	Holding investment	Singapore	100.00	100.00
Zukerman Limited	Holding investment	British Virgin	100.00	100.00
TRR-Kerry Development Company Limited	Holding investment	Thailand	57.33	57.33
Traders Hotel and Resort Limited	Hotel business	Thailand	100.00	100.00

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

2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

### **3. New financial reporting standards**

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries’ financial statements.

## **(b) Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

### **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company's financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### *Revenues from hotel and restaurant operations*

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

#### *Interest income*

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

#### *Dividends*

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

## **4.2 Cash and cash equivalents**

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

## **4.3 Trade accounts receivable**

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

## **4.4 Inventories**

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

## **4.5 Investments**

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

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

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

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

#### **4.6 Property, plant and equipment/Depreciation**

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

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

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

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

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

#### **4.7 Intangible assets**

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

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

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

#### **4.8 Related party transactions**

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

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

#### **4.9 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

#### **4.10 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries performs 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.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### **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 benefit plans and other long-term employee benefits*

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

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

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

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

#### **4.12 Provisions**

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

#### **4.13 Income tax**

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

##### **Current tax**

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

## **Deferred tax**

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

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

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

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

### **4.14 Fair value measurement**

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

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

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

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

## 5. Significant accounting judgements and estimates

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

### Property plant and equipment/Depreciation

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

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

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

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

## 6. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements	financial statements	financial statements	financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with associated companies</u>					
Interest income	35	26	-	-	USD LIBOR and USD LIBOR plus 1 percent per annum
<u>Transactions with related companies</u>					
Revenue from hotel operations	20	15	20	15	Normal business price
Management fees	72	76	72	76	Contract price
Marketing and promotion fees	22	24	22	24	Contract price
Advertising and reservation fees	17	18	17	18	Contract price

The balances of the accounts between the Company and these related companies as at 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b><u>Other receivables - related parties (Note 8)</u></b>				
<b>Associated company</b>				
Traders Yangon Company Limited	2,501	2,218	2,501	2,218
<b>Related companies</b>				
Others	1,837	851	1,837	851
Total other receivables - related parties	<u>4,338</u>	<u>3,069</u>	<u>4,338</u>	<u>3,069</u>
<b><u>Interest receivables from related party</u></b>				
<b>Subsidiary</b>				
TRR-Kerry Development Company Limited	-	-	39,111	51,150
Less: Allowance for doubtful interest receivables	-	-	(39,111)	(51,150)
Total interest receivables from related party - net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Long-term loans to and interest receivables from related parties</u></b>				
<b>Associated companies</b>				
<b>Non-interest bearing</b>				
Traders Square Company Limited	48,552	48,932	-	-
	<u>48,552</u>	<u>48,932</u>	<u>-</u>	<u>-</u>
<b>Interest bearing</b>				
Shangri-La Yangon Company Limited	796,369	789,336	-	-
Traders Yangon Company Limited	549,814	546,567	-	-
Traders Square Company Limited	929,004	708,624	-	-
	<u>2,275,187</u>	<u>2,044,527</u>	<u>-</u>	<u>-</u>
Total long-term loans to and interest receivables from related parties	<u>2,323,739</u>	<u>2,093,459</u>	<u>-</u>	<u>-</u>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b><u>Other payables - related parties (Note 16)</u></b>				
<b>Related companies</b>				
Shangri-La International Hotel Management				
Limited	14,370	14,393	14,370	14,393
Shangri-La International Hotel Management BV	11,189	10,528	11,189	10,528
Others	-	1,213	-	1,213
Total other payables - related parties	<u>25,559</u>	<u>26,134</u>	<u>25,559</u>	<u>26,134</u>

**Short-term loan from related party**

**Subsidiary**

Hasfield Holdings Pte., Ltd.	-	-	539,550	543,000
	<u>-</u>	<u>-</u>	<u>539,550</u>	<u>543,000</u>

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

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

(Unit: Thousand Baht)

	Separate financial statements			
	Balance	Increase	Decrease	Balance
	as at	during	during	Gain on
	1 January 2016	the year	the year	exchange
				31 December 2016
<b><u>Interest receivables from related party</u></b>				
<b>Subsidiary</b>				
TRR-Kerry Development Company Limited	51,150	-	(12,039)	-
Total interest receivables from related party	<u>51,150</u>	<u>-</u>	<u>(12,039)</u>	<u>39,111</u>

(Unit: Thousand Baht)

	Consolidated financial statements				
	Balance	Increase	Decrease		Balance
	as at	during	during	Loss on	as at
	1 January 2016	the year	the year	exchange	31 December 2016
<b><u>Long-term loans to and interest receivables</u></b>					
<b><u>from related parties</u></b>					
<b>Associated companies</b>					
<b>Non-interest bearing</b>					
Traders Square Company Limited	48,932	-	-	(380)	48,552
<b>Interest bearing</b>					
Shangri-La Yangon Company Limited	789,336	12,956	-	(5,923)	796,369
Traders Yangon Company Limited	546,567	7,374	-	(4,127)	549,814
Traders Square Company Limited	708,624	225,648	-	(5,268)	929,004
Total long-term loans to and interest receivables					
from related parties	2,093,459	245,978	-	(15,698)	2,323,739

(Unit: Thousand Baht)

	Separate financial statements				
	Balance	Increase	Decrease		Balance
	as at	during the year	during the year	Gain on	as at
	1 January 2016	during the year	during the year	exchange	31 December 2016
<b><u>Short-term loans from related party</u></b>					
<b>Subsidiary</b>					
Hasfield Holdings Pte.,Ltd.	543,000	-	-	(3,450)	539,550
Total short-term loans from related party	543,000	-	-	(3,450)	539,550

**Directors and management's benefits**

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses to their directors and management as detailed below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2016	2015
	Short-term employee benefits	53,379
Post-employment benefits	3,586	3,404
Total	56,965	55,437

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 27.2 to the financial statements.

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash	5,365	6,208	5,316	6,143
Bank deposits	1,206,390	1,831,621	165,408	561,300
Total	<u>1,211,755</u>	<u>1,837,829</u>	<u>170,724</u>	<u>567,443</u>

As at 31 December 2016, bank deposits in saving accounts and fixed deposits carried interests between 0.25 and 1.90 percent per annum (2015: between 0.25 and 2.00 percent per annum).

## 8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade receivables - unrelated parties</u>				
Age on the basis of invoice date				
Less than 120 days	137,181	135,954	137,181	135,954
120 - 180 days	53	2,462	53	2,462
Over 180 days	109	865	109	865
Total	<u>137,343</u>	<u>139,281</u>	<u>137,343</u>	<u>139,281</u>
Less: Allowance for doubtful debts	<u>(140)</u>	<u>(967)</u>	<u>(140)</u>	<u>(967)</u>
Total trade receivables - unrelated parties, net	<u>137,203</u>	<u>138,314</u>	<u>137,203</u>	<u>138,314</u>
<u>Other receivables</u>				
Other receivables - related parties (Note 6)	4,338	3,069	4,338	3,069
Other receivables - unrelated parties	14,690	15,612	13,115	15,226
Prepaid expenses	13,467	13,016	13,451	13,016
Total other receivables	<u>32,495</u>	<u>31,697</u>	<u>30,904</u>	<u>31,311</u>
Total trade and other receivables - net	<u>169,698</u>	<u>170,011</u>	<u>168,107</u>	<u>169,625</u>

## 9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2016	2015	2016	2015	2016	2015
Food and beverages	11,169	11,425	-	-	11,169	11,425
Operating equipment	8,023	14,549	(423)	(423)	7,600	14,126
General supplies	9,424	11,830	(76)	(108)	9,348	11,722
Engineering tools, spare parts and supplies	5,169	6,238	(1,087)	(1,328)	4,082	4,910
<b>Total</b>	<b>33,785</b>	<b>44,042</b>	<b>(1,586)</b>	<b>(1,859)</b>	<b>32,199</b>	<b>42,183</b>

During the current year, the Company reduced cost of inventories by Baht 0.2 million (2015: Baht 0.2 million), to reflect the net realisable value. This was included in cost of hotel operations. In addition, the Company reversed the write-down of cost of inventories by Baht 0.5 million (2015: Baht 0.2 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:

Company's name	(Unit: Thousand Baht)					
	Paid-up capital		Shareholding percentage		Cost	
	2016	2015	2016 (Percent)	2015 (Percent)	2016	2015
Town Development Company Limited	Baht 1,303 million	Baht 1,303 million	100	100	1,303,000	1,303,000
<b>Total investments in subsidiary</b>					<b>1,303,000</b>	<b>1,303,000</b>

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

Company's name	Nature of business	Country of incorporation	Paid-up capital		Percentage of shareholding	
			<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
					(Percent)	(Percent)
<b><u>Subsidiaries held through Town Development Company Limited</u></b>						
TRR-Kerry Development Company Limited	Holding investment	Thailand	Baht 231 million	Baht 231 million	57.33	57.33
Apizaco Limited	Holding investment	Hong Kong	HKD 206 million	HKD 206 million	100.00	100.00
Hasfield Holdings Pte.,Ltd.	Holding investment	Singapore	SGD 34 million	SGD 34 million	100.00	100.00
Traders Hotel and Resort Limited	Hotel business	Thailand	Baht 0.2 million	Baht 0.2 million	100.00	100.00
<b><u>Subsidiary held through Apizaco Limited</u></b>						
Zukerman Limited	Holding investment	British Virgin	USD 1	USD 1	100.00	100.00

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

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit allocated to non-controlling interests during the year	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Percent)	(Percent)				
TRR-Kerry Development Company Limited	42.67	42.67	27,212	18,222	8,990	4,078

(Unit: Thousand Baht)

## 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

	<u>2016</u>	<u>2015</u>
Current assets	1,403	1,336
Non-current assets	131,151	131,151
Current liabilities	68,782	89,782

(Unit: Thousand Baht)

## Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	<u>2016</u>	<u>2015</u>
Revenue	23,461	10,676
Profit	21,068	9,558
Total comprehensive income	21,068	9,558

## Summarised information about cash flow

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	<u>2016</u>	<u>2015</u>
Cash flow from operating activities	(23,393)	(10,617)
Cash flow from investing activities	23,461	10,680
Net increase in cash and cash equivalents	<u>68</u>	<u>63</u>

## 11. Investments in associates

### 11.1 Details of associates:

			(Unit: Thousand Baht)					
			Consolidated financial statements					
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			<u>2016</u> (Percent)	<u>2015</u> (Percent)	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b><u>Associated companies (owned by Zukerman Limited)</u></b>								
Traders Yangon Company Limited	Hotel	Myanmar	23.53	23.53	31,990	32,241	-	-
Shangri-La Yangon Company Limited	Serviced apartments	Myanmar	22.22	22.22	18,909	19,057	-	-
Traders Square Company Limited	Commercial complex and office for rent	Myanmar	23.56	23.56	754	760	-	-
Total					<u>51,653</u>	<u>52,058</u>	<u>-</u>	<u>-</u>

## 11.2 Share of comprehensive income

During the years, the Company has recognised its share of loss from investments in associate companies in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Company's name	Share of loss from investments in associates during the year	
	2016	2015
	Traders Square Company Limited	-
<b>Total</b>	<b>-</b>	<b>760</b>

## 11.3 Summarised financial information of associates

Financial information of the associated companies is summarised below.

(Unit: Thousand Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues		Profit (loss)	
	as at 31 December		as at 31 December		as at 31 December		for the year ended		for the year ended	
	2016	2015	2016	2015	2016	2015	31 December	31 December	2016	2015
Traders Yangon Company Limited	USD 3.6 million	USD 3.6 million	2,799,768	3,115,498	4,511,864	4,847,107	868,596	979,377	7,031	74,232
Shangri-La Yangon Company Limited	USD 2.0 million	USD 2.0 million	4,423,468	4,649,096	4,799,785	4,958,874	638,196	599,187	(67,728)	(175,901)
Traders Square Company Limited	USD 0.1 million	USD 0.1 million	4,357,429	3,387,583	4,419,877	3,390,598	7,347	-	(64,676)	(5,925)

## 11.4 Investment in associates with capital deficit

The Company recognised share of losses from investment in 3 associates, as listed below, until the value of the investments approached zero. Subsequent losses incurred by those associates have not been recognised in the Company's accounts since the Company has no obligations, whether legal or constructive, to make any payments on behalf of those associates. The amount of such unrecognised share of losses is set out below.

(Unit: Million Baht)

Company's name	Unrecognised share of gains (losses)			
	Share of gains (losses) for the years ended		Cumulative share of losses up to	
	31 December		31 December	
	2016	2015	2016	2015
Traders Yangon Company Limited	1,654	17,467	(396,231)	(397,885)
Shangri-La Yangon Company Limited	(15,049)	(39,085)	(78,607)	(63,558)
Traders Square Company Limited	(15,237)	(686)	(15,923)	(686)
<b>Total</b>	<b>(28,632)</b>	<b>(22,304)</b>	<b>(490,761)</b>	<b>(462,129)</b>

## The financial information of associated companies

The financial information of these associated companies for the years ended 31 December 2016 and 2015, 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 or reviewed by auditors.

### 12. Investments in available-for-sale securities

In May 2015, the Company disposed of all ordinary shares of Post Publishing Public Company Limited, of which the fair value as at the disposal date amounted to Baht 76 million. The Company reversed gains on changes in value of available-for-sale investment in other comprehensive income in the shareholders' equity and recognised gains on sales of investment in available-for-sale securities of Baht 26 million as other income in the statement of comprehensive income for year 2015.

### 13. Investments in related parties

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2016</u>	<u>2015</u>
Cost - Ordinary shares of Shangri-La Asia Limited	386,806	389,835
Add: Unrealised gain (loss) on changes in value of investments	8,736	(20,543)
Fair value	<u>395,542</u>	<u>369,292</u>

During the year 2016, the subsidiary recognised dividend income from the related party of approximately Baht 5 million (2015: Baht 5 million).

### 14. Investments in other company

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2016</u>	<u>2015</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>

## 15. Property, plant and equipment

(Unit: Thousand Baht)

		Consolidated financial statements						
	Land	Buildings and building improvement	Machinery and building equipment	Furniture, fixtures and equipment	Operating equipment	Motor vehicles	Assets under installation	Total
<b>Cost:</b>								
1 January 2015	495,363	3,390,068	1,159,252	3,607,845	101,797	8,029	1,464	8,763,818
Additions	-	526	3,029	40,476	-	-	49,004	93,035
Disposals	-	(3,578)	(2,033)	(13,421)	(4,517)	-	-	(23,549)
Transfers in (out)	-	-	18,595	21,590	-	-	(40,185)	-
31 December 2015	495,363	3,387,016	1,178,843	3,656,490	97,280	8,029	10,283	8,833,304
Additions	-	764	10,121	76,970	944	1,337	84,791	174,927
Disposals	-	(4,143)	(1,778)	(25,184)	-	(1,005)	-	(32,110)
Transfers in (out)	-	11,988	25,418	43,936	-	-	(81,342)	-
31 December 2016	495,363	3,395,625	1,212,604	3,752,212	98,224	8,361	13,732	8,976,121
<b>Accumulated depreciation:</b>								
1 January 2015	-	2,043,623	888,344	3,339,751	98,247	7,714	-	6,377,679
Depreciation for the year	-	106,927	68,381	139,705	1,536	118	-	316,667
Depreciation on disposals	-	(1,378)	(2,033)	(13,415)	(4,517)	-	-	(21,343)
31 December 2015	-	2,149,172	954,692	3,466,041	95,266	7,832	-	6,673,003
Depreciation for the year	-	105,288	70,456	81,226	1,104	327	-	258,401
Depreciation on disposals	-	(1,799)	(1,729)	(25,178)	-	(1,005)	-	(29,711)
31 December 2016	-	2,252,661	1,023,419	3,522,089	96,370	7,154	-	6,901,693
<b>Net book value:</b>								
31 December 2015	495,363	1,237,844	224,151	190,449	2,014	197	10,283	2,160,301
31 December 2016	495,363	1,142,964	189,185	230,123	1,854	1,207	13,732	2,074,428

(Unit: Thousand Baht)

## Separate financial statements

	Land	Buildings and building improvement	Machinery and building equipment	Furniture, fixtures and equipment	Operating equipment	Motor vehicles	Assets under installation	Total
<b>Cost:</b>								
1 January 2015	493,509	3,390,068	1,159,252	3,607,845	101,797	8,029	1,464	8,761,964
Additions	-	526	3,029	40,476	-	-	49,004	93,035
Disposals	-	(3,578)	(2,033)	(13,421)	(4,517)	-	-	(23,549)
Transfers in (out)	-	-	18,595	21,590	-	-	(40,185)	-
31 December 2015	493,509	3,387,016	1,178,843	3,656,490	97,280	8,029	10,283	8,831,450
Additions	-	764	10,121	76,970	944	1,337	84,791	174,927
Disposals	-	(4,143)	(1,778)	(25,184)	-	(1,005)	-	(32,110)
Transfers in (out)	-	11,988	25,418	43,936	-	-	(81,342)	-
31 December 2016	493,509	3,395,625	1,212,604	3,752,212	98,224	8,361	13,732	8,974,267
<b>Accumulated depreciation:</b>								
1 January 2015	-	2,043,623	888,344	3,339,751	98,247	7,714	-	6,377,679
Depreciation for the year	-	106,927	68,381	139,705	1,536	118	-	316,667
Depreciation on disposals	-	(1,378)	(2,033)	(13,415)	(4,517)	-	-	(21,343)
31 December 2015	-	2,149,172	954,692	3,466,041	95,266	7,832	-	6,673,003
Depreciation for the year	-	105,288	70,456	81,226	1,104	327	-	258,401
Depreciation on disposals	-	(1,799)	(1,729)	(25,178)	-	(1,005)	-	(29,711)
31 December 2016	-	2,252,661	1,023,419	3,522,089	96,370	7,154	-	6,901,693
<b>Net book value:</b>								
31 December 2015	493,509	1,237,844	224,151	190,449	2,014	197	10,283	2,158,447
31 December 2016	493,509	1,142,964	189,185	230,123	1,854	1,207	13,732	2,072,574

As at 31 December 2016, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated of those assets amounted to approximately Baht 4,781 million (2015: Baht 4,665 million).

## 16. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trade payables - unrelated parties	94,667	104,903	94,667	104,903
Other payables - related parties (Note 6)	25,559	26,134	25,559	26,134
Other payables - unrelated parties	19,807	15,062	19,807	15,062
Interest payables to minority shareholders of subsidiary	29,577	38,538	-	-
Payables for purchases of assets	4,016	9,566	4,016	9,566
Retention payables	7,636	4,014	7,636	4,014
Accrued expenses	135,821	137,207	135,175	136,624
<b>Total trade and other payables</b>	<b><u>317,083</u></b>	<b><u>335,424</u></b>	<b><u>286,860</u></b>	<b><u>296,303</u></b>

## 17. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Advances from customers	79,799	87,036	79,799	87,036
Others	39,852	39,959	39,852	39,959
<b>Total other current liabilities</b>	<b><u>119,651</u></b>	<b><u>126,995</u></b>	<b><u>119,651</u></b>	<b><u>126,995</u></b>

## 18. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2016 and 2015, which is compensations on employees' retirement and other long-term employee benefits, were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements					
	Post-employment benefits from employee's retirement		Other long-term employee benefits plan		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Defined benefit obligation at beginning of year</b>	55,691	49,186	5,708	7,213	61,399	56,399
<i>Included in profit or loss:</i>						
Current service cost	5,162	4,301	658	653	5,820	4,954
Interest cost	1,467	1,724	132	171	1,599	1,895
Actuarial (gain) loss arising from						
Financial assumptions changes	-	-	-	208	-	208
Experience adjustments	-	-	-	(477)	-	(477)
<i>Included in other comprehensive income:</i>						
Actuarial loss arising from						
Financial assumptions changes	-	3,722	-	-	-	3,722
Experience adjustments	-	296	-	-	-	296
<i>Benefits paid during the year</i>	<u>(2,060)</u>	<u>(3,538)</u>	<u>(1,146)</u>	<u>(2,060)</u>	<u>(3,206)</u>	<u>(5,598)</u>
<b>Defined benefit obligation at end of year</b>	<u>60,260</u>	<u>55,691</u>	<u>5,352</u>	<u>5,708</u>	<u>65,612</u>	<u>61,399</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements					
	Post-employment benefits plan		Other long-term employee benefits plan		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cost of hotel operations	3,612	3,076	575	421	4,187	3,497
Selling and administrative expenses	3,017	2,950	215	133	3,232	3,083
Total expenses recognised in profit or loss	<u>6,629</u>	<u>6,026</u>	<u>790</u>	<u>554</u>	<u>7,419</u>	<u>6,580</u>

The Company expects to pay Baht 1 million of long-term employee benefits during the next year (2015: Baht 3 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 8 years (2015: 8 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements/ Separate financial statements	
	<u>2016</u>	<u>2015</u>
	(% per annum)	(% per annum)
Discount rate	2.75	2.75
Future salary increase rate	4.00 - 5.00	4.00 - 5.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: million Baht)

	Consolidated financial statements/Separate financial statements			
	As at 31 December 2016		As at 31 December 2015	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(3)	3	(3)	3
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Salary increase rate	7	(6)	6	(5)

## 19. 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.

## 20. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Salaries and wages and other employee benefits	481,310	486,697	481,310	486,697
Depreciation and amortisation expenses	260,339	319,123	260,339	319,123
Direct cost of food and beverage	243,357	263,586	243,357	263,586
Other direct cost of hotel operations	244,164	244,349	244,164	244,349
Utilities expenses	138,546	148,700	138,546	148,700
Management fees	72,035	76,260	72,035	76,260
Advertising and promotion expenses	73,942	75,452	73,942	75,452
Maintenance expenses	55,352	54,167	55,352	54,167

## 21. Finance cost

Finance cost for the years ended 31 December 2016 and 2015 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Unrealised gain (loss) on exchange rate on short-term loan from related parties	-	-	3,450	(47,400)
Total	-	-	3,450	(47,400)

## 22. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Current income tax:</b>				
Current corporate income tax charge	(119,498)	(109,493)	(114,664)	(107,482)
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,809)	(21,831)	(1,809)	(21,831)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>(121,307)</u>	<u>(131,324)</u>	<u>(116,473)</u>	<u>(129,313)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax relating to loss on changes in value of available-for-sale investments	-	4,139	-	4,139
Deferred tax relating to actuarial loss	-	804	-	804
	<u>-</u>	<u>4,943</u>	<u>-</u>	<u>4,943</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accounting profit before tax	<u>707,273</u>	<u>800,856</u>	<u>607,011</u>	<u>649,432</u>
Income tax at Thai corporate income tax rate of 20 percent	141,455	160,171	121,402	129,886
Difference in tax rate in group companies	(1,772)	(3,607)	-	-
Effects of:				
Exemption of income	(15,150)	(18,845)	-	-
Non-deductible expenses	(1,890)	(291)	(1,890)	(291)
Additional expense deductions allowed	(5,328)	(456)	(5,328)	(456)
Others	3,992	(5,648)	2,289	174
Total	<u>(18,376)</u>	<u>(25,240)</u>	<u>(4,929)</u>	<u>(573)</u>
Income tax expense reported in the statement of comprehensive income	<u>121,307</u>	<u>131,324</u>	<u>116,473</u>	<u>129,313</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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Deferred tax assets</b>				
Allowance for doubtful interest receivables on loan	7,822	10,230	7,822	10,230
Allowance for diminution in value of inventories	317	372	317	372
Allowance for impairment of investment in other company	16,403	16,403	-	-
Allowance for doubtful accounts	28	193	28	193
Provision for long-term employee benefits	13,122	11,476	13,122	11,476
Actuarial loss on defined employee benefit plans	-	804	-	804
Provisions and other accruals	339	362	339	362
Total deferred tax assets	<u>38,031</u>	<u>39,840</u>	<u>21,628</u>	<u>23,437</u>

### 23. 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit for the year (Thousand Baht)	576,977	665,454	490,539	520,120
Weighted average number of ordinary shares (Thousand shares)	130,000	130,000	130,000	130,000
Earnings per share (Baht per share)	4.44	5.12	3.77	4.00

## **24. Segment information**

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

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

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

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

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

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

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2016 and 2015, respectively.

(Unit: Million Baht)

	Hotel business				Holding Investment		Total segments		Adjustments and		Consolidated	
	Hotel in Bangkok		Hotel in Chiangmai						eliminations			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues</b>												
External customers	1,712	1,873	491	496	-	-	2,203	2,369	-	-	2,203	2,369
Total revenues	<u>1,712</u>	<u>1,873</u>	<u>491</u>	<u>496</u>	<u>-</u>	<u>-</u>	<u>2,203</u>	<u>2,369</u>	<u>-</u>	<u>-</u>	<u>2,203</u>	<u>2,369</u>
<b>Operating results</b>												
Segment gross profit	1,138	1,264	341	345	-	-	1,479	1,609	-	-	1,479	1,609
Interest income	39	36	1	1	49	40	89	77	-	-	89	77
Exchange gains	-	-	-	-	41	59	41	59	-	-	41	59
Other income	18	46	2	-	25	12	45	58	-	-	45	58
Depreciation and amortisation expenses	(150)	(212)	(110)	(107)	-	-	(260)	(319)	-	-	(260)	(319)
Share of loss from investments in associates	-	-	-	-	-	(1)	-	(1)	-	-	-	(1)
<b>Profit before income tax expenses</b>	535	629	57	62	115	110	707	801	-	-	707	801
Income tax expenses	(106)	(129)	(10)	-	(5)	(2)	(121)	(131)	-	-	(121)	(131)
<b>Profit for the year</b>	429	500	47	62	110	108	586	670	-	-	586	670
<b>Segment total assets</b>	3,881	3,602	844	919	3,925	3,888	8,650	8,409	-	-	8,650	8,409

## Major customers

For the years 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

## 25. 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 Finansa Asset Management Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2016, the Company contributed Baht 14 million (2015: Baht 13 million) to the fund.

## 26. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2014	Annual General Meeting of the shareholders on 22 April 2015	98	0.75
Total dividends for 2015		98	0.75
Final dividends for 2015	Annual General Meeting of the shareholders on 28 April 2016	260	2.00
Total dividends for 2016		260	2.00

## 27. Commitments and contingent liabilities

### 27.1 Capital commitments

As at 31 December 2016, the Company had capital commitments of approximately Baht 39 million (2015: Baht 40 million), relating to the construction and renovation of the building of the Hotel.

### 27.2 Guarantee

- (1) As at 31 December 2016, there were outstanding bank guarantees of approximately Baht 11 million (2015: Baht 11 million) issued by a bank on behalf of the Company in respect of electricity usage.
- (2) As at 31 December 2016 and 2015, the Company has guaranteed loans of its two associated companies, Traders Yangon Company Limited and Shangri-La Yangon Company Limited, amounting to USD 11.77 million and USD 6.67 million, respectively, which is guaranteed loans with respect to the subsidiary's proportionate interest in these associates.

## 28. Fair value hierarchy

As at 31 December 2016 and 2015, 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 2016			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Investments in related party				
Equity instruments	395,542	-	-	395,542

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December 2015			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Investments in related party				
Equity instruments	369,292	-	-	369,292

## 29. Financial instruments

### 29.1 Financial risk management

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

#### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables, and loans to related parties. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, 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 Company and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, current investments, loans to related parties and loans from related parties. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

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

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2016					
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<b>Financial Assets</b>					
Cash and cash equivalent	1,099	108	5	1,212	0.25 - 1.50
Current investments - fixed deposits with financial institution	2,259	-	-	2,259	1.40 - 1.90
Trade and other receivables	-	-	170	170	-
Long-term loans to and interest receivables from related parties	-	2,164	160	2,324	USD LIBOR and USD LIBOR plus 1 percent per annum
	<u>3,358</u>	<u>2,272</u>	<u>335</u>	<u>5,965</u>	
<b>Financial liabilities</b>					
Trade and other payables	-	-	317	317	-
	<u>-</u>	<u>-</u>	<u>317</u>	<u>317</u>	

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2015					
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<b>Financial Assets</b>					
Cash and cash equivalent	1,740	92	6	1,838	0.25 - 2.00
Current investments - fixed deposits with financial institution	1,550	-	-	1,550	1.75 - 3.00
Trade and other receivables	-	-	170	170	-
Long-term loans to and interest receivables from related parties	-	1,968	125	2,093	USD LIBOR and USD LIBOR plus 1 percent per annum
	<u>3,290</u>	<u>2,060</u>	<u>301</u>	<u>5,651</u>	
<b>Financial liabilities</b>					
Trade and other payables	-	-	335	335	-
	<u>-</u>	<u>-</u>	<u>335</u>	<u>335</u>	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2016

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

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2015

	Fixed interest			Total	Effective interest rate (% per annum)
	rates within 1 year	Floating interest rate	Non- interest bearing		
<b>Financial Assets</b>					
Cash and cash equivalent	505	56	6	567	0.25 - 2.00
Current investments - fixed deposits with financial institution	1,545	-	-	1,545	1.75 - 3.00
Trade and other receivables	-	-	170	170	-
	<u>2,050</u>	<u>56</u>	<u>176</u>	<u>2,282</u>	
<b>Financial liabilities</b>					
Trade and other payables	-	-	296	296	-
Short-term loans from related party	-	-	543	543	-
	<u>-</u>	<u>-</u>	<u>839</u>	<u>839</u>	

## 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	66	59	-	-	35.8307	36.0886

  

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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	-	-	15	15	35.8307	36.0886

## 29.2 Fair values of financial instruments

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

## 30. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.07:1 (2015: 0.08:1) and the Company's was 0.22:1 (2015: 0.23:1).

## 31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2017.

To : Managing Director  
The Stock Exchange of Thailand

Date : February 20, 2017

Re : Resolutions on recommendation on annual dividend and fixing date of AGM No. 1/2017

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. 1/2017 held on February 20, 2017:

1. That an annual dividend for the operation of the Company from January 1, 2016 to December 31, 2016 at the rate of Baht 2 per share for 130,000,000 ordinary shares amounting to Baht 260,000,000 which will be payable to shareholders of the Company (the “Shareholders”) on May 25, 2017 be recommended to the Shareholders for approval at the Annual General Meeting scheduled to be held on April 27, 2017.
2. That the “record date” on which the Shareholders have the right to receive the annual dividend shall be May 9, 2017. Further, May 11, 2017 shall be the Company’s share register book closing date for collecting names of the Shareholders under Section 225 of the Securities and Exchange Act.
3. That the “record date” on which the Shareholders have the right to attend and vote at the Annual General Meeting of Shareholders No. 1/2017 shall be March 15, 2017. Further, March 16, 2017 shall be the Company’s share register book closing date for collecting names of the Shareholders under Section 225 of the Securities and Exchange Act.
4. That the Annual General Meeting of Shareholders No. 1/2017 be held on April 27, 2017 at 10.00 a.m. at Myanmar Room, 3<sup>rd</sup> Floor, Chao Phya Tower, Shangri-La Hotel, Bangkok.
5. That the agenda for the Annual General Meeting of Shareholders No. 1/2017 be as follows:
  - 5.1) To consider approval of the minutes of the Annual General Meeting of Shareholders No. 1/2016 which was held on April 28, 2016;
  - 5.2) To acknowledge the report of the Board of Directors on the business operation of the Company for the year 2016;
  - 5.3) To approve the Company’s Statements of Financial Position and the Statements of Income for the year ended December 31, 2016;
  - 5.4) To consider and approve payment of the annual dividend for the year ended December 31, 2016;
  - 5.5) To approve the appointment of Directors in place of those Directors retiring by rotation;
  - 5.6) To approve the appointment of an additional independent director;
  - 5.7) To consider the remuneration of the Directors;
  - 5.8) To appoint the Company’s auditors and to fix their remuneration; and
  - 5.9) To consider other business (if any).

Yours faithfully,

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(Mrs. Pavinee Meensuk)  
Director and Company Secretary

**Headline:** Audited Yearly and Consolidated F/S (F45-3)

**Security Symbol:** SHANG

Announcement Details

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

Company name	SHANGRI-LA HOTEL PUBLIC COMPANY LIMITED		
Quarter	Yearly		
(In thousands)			
The Consolidated Financial Statement			
		Yearly	
Status	Audited		
Ending	31 December		
Year	2016	2015	
Net profit (loss)	576,977	665,454	
EPS (baht)	4.44	5.12	

The Company Financial Statement

		Yearly	
Status	Audited		
Ending	31 December		
Year	2016	2015	
Net profit (loss)	490,539	520,120	
EPS (baht)	3.77	4.00	

Type of report Unqualified opinion

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

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

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

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