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SHANGRI-LA ASIA LIMITED

香格里拉(亞洲)有限公司

(Incorporated in Bermuda with limited liability)

website: www.ir.shangri-la.com

(Stock code: 00069)

OVERSEAS REGULATORY ANNOUNCEMENT

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

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

Executive director(s)

Ms KUOK Hui Kwong (Chairman)

Mr LIM Beng Chee (CEO)

Mr LUI Man Shing

Non-executive director(s)

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

Independent non-executive director(s)

Mr Alexander Reid HAMILTON

Professor LI Kwok Cheung Arthur

Dr LEE Kai-Fu

Mr YAP Chee Keong

Hong Kong, 14 May 2018

Shangri-La Hotel Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month period ended 31 March 2018

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Shangri-La Hotel Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Shangri-La Hotel Public Company Limited and its subsidiaries as at 31 March 2018, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Shangri-La Hotel Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

EY Office Limited
Bangkok: 14 May 2018

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Assets					
Current assets					
Cash and cash equivalents		1,044,427	846,940	320,381	103,282
Current investments - fixed deposits					
with financial institutions		3,305,459	3,259,879	2,925,000	2,870,000
Trade and other receivables	4	175,051	189,278	170,771	186,201
Inventories		25,166	28,977	25,166	28,977
Other current assets		4,197	3,560	4,175	3,539
Total current assets		4,554,300	4,328,634	3,445,493	3,191,999
Non-current assets					
Investments in subsidiaries	5	-	-	1,303,000	1,303,000
Investments in associates	6	-	-	-	-
Other long-term investments					
Investments in related parties	7	659,363	776,109	-	-
Investment in other company	8	131,151	131,151	-	-
Long-term loans to and interest receivables					
from related parties	3	1,953,000	2,043,660	-	-
Property, plant and equipment	9	1,863,800	1,917,863	1,861,946	1,916,009
Intangible assets		4,335	3,148	4,335	3,148
Deferred tax assets		37,253	36,899	20,850	20,496
Other non-current assets		21,768	18,858	21,768	18,858
Total non-current assets		4,670,670	4,927,688	3,211,899	3,261,511
Total assets		9,224,970	9,256,322	6,657,392	6,453,510

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	10	232,272	331,811	210,423	310,059
Short-term loans from related party	3	-	-	470,700	492,450
Income tax payable		154,085	83,970	151,537	81,761
Other current liabilities	11	129,035	155,018	129,035	155,018
Total current liabilities		515,392	570,799	961,695	1,039,288
Non-current liabilities					
Provision for long-term employee benefits	12	72,102	71,073	72,102	71,073
Rental deposits		19,797	17,241	19,797	17,241
Total non-current liabilities		91,899	88,314	91,899	88,314
Total liabilities		607,291	659,113	1,053,594	1,127,602
Shareholders' equity					
Share capital					
Registered, issued and fully paid up					
130,000,000 ordinary shares of Baht 10 each		1,300,000	1,300,000	1,300,000	1,300,000
Share premium		1,590,400	1,590,400	1,590,400	1,590,400
Retained earnings					
Appropriated-statutory reserve		130,000	130,000	130,000	130,000
Unappropriated		4,620,253	4,362,458	2,591,343	2,313,453
Other components of shareholders' equity		941,656	1,178,975	(7,945)	(7,945)
Equity attributable to owners of the Company		8,582,309	8,561,833	5,603,798	5,325,908
Non-controlling interests of the subsidiary		35,370	35,376	-	-
Total shareholders' equity		8,617,679	8,597,209	5,603,798	5,325,908
Total liabilities and shareholders' equity		9,224,970	9,256,322	6,657,392	6,453,510
		-	-	-	-

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

Directors

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries**Statement of comprehensive income****For the three-month period ended 31 March 2018**

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

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss:					
Revenues					
Revenues from hotel operations		752,497	659,659	752,497	659,659
Interest income		22,624	20,921	11,146	9,675
Other income		7,977	6,275	7,976	5,949
Total revenues		<u>783,098</u>	<u>686,855</u>	<u>771,619</u>	<u>675,283</u>
Expenses					
Cost of hotel operations		205,564	193,486	205,564	193,486
Selling expenses		41,304	41,675	41,304	41,675
Administrative expenses		141,232	136,218	140,943	135,770
Depreciation and amortisation expenses		58,246	64,748	58,246	64,748
Exchange losses		9,143	35,284	-	-
Total expenses		<u>455,489</u>	<u>471,411</u>	<u>446,057</u>	<u>435,679</u>
Profit before finance cost and income tax expenses		<u>327,609</u>	<u>215,444</u>	<u>325,562</u>	<u>239,604</u>
Finance income (cost)	13	-	-	21,750	20,850
Profit before income tax expenses		<u>327,609</u>	<u>215,444</u>	<u>347,312</u>	<u>260,454</u>
Income tax expenses	14	(69,820)	(52,315)	(69,422)	(52,030)
Profit for the period		<u>257,789</u>	<u>163,129</u>	<u>277,890</u>	<u>208,424</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		(137,413)	(83,321)	-	-
Gain (loss) on changes in value of					
available-for-sale investments		(99,906)	144,442	-	-
Other comprehensive income for the period		<u>(237,319)</u>	<u>61,121</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>20,470</u>	<u>224,250</u>	<u>277,890</u>	<u>208,424</u>

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 31 March 2018

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit attributable to:				
Equity holders of the Company	257,795	163,135	<u>277,890</u>	<u>208,424</u>
Non-controlling interests of the subsidiary	<u>(6)</u>	<u>(6)</u>		
	<u>257,789</u>	<u>163,129</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	20,476	224,256	<u>277,890</u>	<u>208,424</u>
Non-controlling interests of the subsidiary	<u>(6)</u>	<u>(6)</u>		
	<u>20,470</u>	<u>224,250</u>		
Earnings per share				
Basic earnings per share	15			
Profit attributable to equity holders of the Company	<u>1.98</u>	<u>1.25</u>	<u>2.14</u>	<u>1.60</u>

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries**Cash flow statement****For the three-month period ended 31 March 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit before tax	327,609	215,444	347,312	260,454
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	58,246	64,748	58,246	64,748
Allowance for doubtful accounts	198	93	198	93
Reversal of reduction of inventory to net realisable value	(147)	-	(147)	-
Gain on sales of equipment	(435)	(31)	(435)	(31)
Provision for long-term employee benefits	1,990	1,938	1,990	1,938
Unrealised gain on exchange	-	-	(21,750)	(20,850)
Interest income	(22,624)	(20,921)	(11,146)	(9,675)
Profit from operating activities before changes in operating assets and liabilities	364,837	261,271	374,268	296,677
Operating assets (increase) decrease				
Trade and other receivables	17,155	3,973	17,154	3,973
Inventories	3,959	5,947	3,959	5,947
Other current assets	228	(1,438)	228	(1,438)
Other non-current assets	(2,910)	(951)	(2,910)	(951)
Operating liabilities increase (decrease)				
Trade and other payables	(99,694)	(40,656)	(99,791)	(40,988)
Other current liabilities	(25,982)	(3,966)	(25,982)	(3,966)
Provision for long-term employee benefits	(962)	(282)	(962)	(282)
Other non-current liabilities	2,556	1,860	2,556	1,860
Cash flows from operating activities	259,187	225,758	268,520	260,832
Cash paid for corporate income tax	(926)	(699)	(867)	(707)
Net cash flows from operating activities	258,261	225,059	267,653	260,125

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the three-month period ended 31 March 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities				
Increase in current investments	(45,580)	(223,500)	(55,000)	(210,000)
Cash received from interest income	11,699	8,411	9,225	5,794
Acquisitions of plant and equipment	(3,377)	(14,036)	(3,377)	(14,036)
Acquisitions of intangible assets	(1,840)	-	(1,840)	-
Proceeds from sales of equipment	438	101	438	101
Net cash flows used in investing activities	<u>(38,660)</u>	<u>(229,024)</u>	<u>(50,554)</u>	<u>(218,141)</u>
Increase (decrease) in translation adjustments	<u>(22,114)</u>	<u>27,100</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	197,487	23,135	217,099	41,984
Cash and cash equivalents at beginning of period	<u>846,940</u>	<u>1,211,754</u>	<u>103,282</u>	<u>170,724</u>
Cash and cash equivalents at end of period	<u><u>1,044,427</u></u>	<u><u>1,234,889</u></u>	<u><u>320,381</u></u>	<u><u>212,708</u></u>
	-		-	

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2018

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
				Other components of shareholders' equity							
				Other comprehensive income							
				Exchange							
				differences on	Surplus on changes						
				translation of	in value of	Actuarials loss	Total other	Total equity	Equity attributable		
				financial	available-for-sale	on defined	components of	attributable to	to non-controlling	Total	
				statements in	investments -	employee	shareholders'	owners of	interests of	shareholders'	
Issued and		Retained earnings		foreign currency	related company	benefit plans	equity	the Company	the subsidiary	equity	
share capital	Share premium	Appropriated	Unappropriated								
Balance as at 1 January 2017	1,300,000	1,590,400	130,000	4,072,863	958,012	8,736	(7,945)	958,803	8,052,066	27,212	8,079,278
Profit for the period	-	-	-	163,135	-	-	-	-	163,135	(6)	163,129
Other comprehensive income for the period	-	-	-	-	(83,321)	144,442	-	61,121	61,121	-	61,121
Total comprehensive income for the period	-	-	-	163,135	(83,321)	144,442	-	61,121	224,256	(6)	224,250
Balance as at 31 March 2017	1,300,000	1,590,400	130,000	4,235,998	874,691	153,178	(7,945)	1,019,924	8,276,322	27,206	8,303,528
Balance as at 1 January 2018	1,300,000	1,590,400	130,000	4,362,458	760,675	426,245	(7,945)	1,178,975	8,561,833	35,376	8,597,209
Profit for the period	-	-	-	257,795	-	-	-	-	257,795	(6)	257,789
Other comprehensive income for the period	-	-	-	-	(137,413)	(99,906)	-	(237,319)	(237,319)	-	(237,319)
Total comprehensive income for the period	-	-	-	257,795	(137,413)	(99,906)	-	(237,319)	20,476	(6)	20,470
Balance as at 31 March 2018	1,300,000	1,590,400	130,000	4,620,253	623,262	326,339	(7,945)	941,656	8,582,309	35,370	8,617,679

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2018

(Unit: Thousand Baht)

Separate financial statements									
				<u>Other components of shareholders' equity</u>					
				<u>Other comprehensive</u>					
				<u>income</u>					
Issued and fully paid-up		<u>Retained earnings</u>		Actuarials loss on defined employee benefit plans		Total other components of shareholders' equity		Total shareholders' equity	
share capital	Share premium	Appropriated	Unappropriated	benefit plans	equity	equity	equity		
Balance as at 1 January 2017	1,300,000	1,590,400	130,000	1,942,656	(7,945)	(7,945)	4,955,111		
Total comprehensive income for the period	-	-	-	208,424	-	-	208,424		
Balance as at 31 March 2017	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>2,151,080</u>	<u>(7,945)</u>	<u>(7,945)</u>	<u>5,163,535</u>		
Balance as at 1 January 2018	1,300,000	1,590,400	130,000	2,313,453	(7,945)	(7,945)	5,325,908		
Total comprehensive income for the period	-	-	-	277,890	-	-	277,890		
Balance as at 31 March 2018	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>2,591,343</u>	<u>(7,945)</u>	<u>(7,945)</u>	<u>5,603,798</u>		

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

Shangri-La Hotel Public Company Limited and its subsidiaries
Notes to consolidated interim financial statements
For the three-month period ended 31 March 2018

1. General information

1.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.2 Basis of consolidation

These consolidated financial statements include the financial statements of Shangri-La Hotel Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2017. There have been no changes in the composition of the Group during the current period.

1.4 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The 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 period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. 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.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

3. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 31 March				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with associated companies</u>					
Interest income	8	9	-	-	USD LIBOR and 0.92 to 2.05 percent per annum
<u>Transactions with related companies</u>					
Revenue from hotel operations	7	4	7	4	Normal business price
Management fees	23	21	23	21	Contract price
Marketing and promotion fees	8	7	8	7	Contract price
Advertising and reservation fees	3	4	3	4	Contract price

(Unaudited but reviewed)

The balances of the accounts between the Company and these related companies as at 31 March 2018 and 31 December 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
				(Audited)
				(Audited)
<u>Other receivables - related parties (Note 4)</u>				
Associated company				
Traders Yangon Company Limited	2,526	1,080	2,526	1,080
Related companies				
Others	2,989	3,429	2,989	3,429
Total other receivables - related parties	<u>5,515</u>	<u>4,509</u>	<u>5,515</u>	<u>4,509</u>
<u>Interest receivables from related party</u>				
Subsidiary				
TRR-Kerry Development Company Limited	-	-	27,702	27,702
Less: Allowance for doubtful interest receivables	-	-	(27,702)	(27,702)
Total interest receivables from related party - net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Long-term loans to and interest receivables</u>				
<u>from related parties</u>				
Associated companies				
Non-interest bearing				
Traders Square Company Limited	41,801	43,915	-	-
	<u>41,801</u>	<u>43,915</u>	<u>-</u>	<u>-</u>
Interest bearing				
Shangri-La Yangon Company Limited	699,736	732,189	-	-
Traders Yangon Company Limited	483,291	505,586	-	-
Traders Square Company Limited	728,172	761,970	-	-
	<u>1,911,199</u>	<u>1,999,745</u>	<u>-</u>	<u>-</u>
Total long-term loans to and interest receivables from related parties	<u>1,953,000</u>	<u>2,043,660</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.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Other payables - related parties (Note 10)</u>				
Related companies				
Shangri-La International Hotel Management				
Limited	18,469	16,259	18,469	16,259
Shangri-La International Hotel Management BV	11,981	11,505	11,981	11,505
Others	53	-	53	-
Total other payables - related parties	<u>30,503</u>	<u>27,764</u>	<u>30,503</u>	<u>27,764</u>

Short-term loan from related party

Subsidiary

Hasfield Holdings Pte., Ltd.	-	-	470,700	492,450
	<u>-</u>	<u>-</u>	<u>470,700</u>	<u>492,450</u>

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

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

(Unit: Thousand Baht)

	Separate financial statements			
	Balance	Increase	Decrease	Balance
	as at	during	during	as at
	1 January 2018	the period	the period	31 March 2018
<u>Interest receivables from related party</u>				
Subsidiary				
TRR-Kerry Development Company Limited	27,702	-	-	27,702
Total interest receivables from related party	<u>27,702</u>	<u>-</u>	<u>-</u>	<u>27,702</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated financial statements				
Balance	Increase	Decrease		Balance
as at	during	during	Translation	as at
1 January 2018	the period	the period	Adjustment	31 March 2018
<u>Long-term loans to and interest receivables</u>				
<u>from related parties</u>				
Associated companies				
Non-interest bearing				
Traders Square Company Limited	43,915	-	(2,114)	41,801
Interest bearing				
Shangri-La Yangon Company Limited	732,189	2,823	(35,276)	699,736
Traders Yangon Company Limited	505,586	2,064	(24,359)	483,291
Traders Square Company Limited	761,970	2,912	(36,710)	728,172
Total long-term loans to and interest receivables from related parties	2,043,660	7,799	(98,459)	1,953,000

(Unit: Thousand Baht)

Separate financial statements				
Balance	Increase	Decrease		Balance
as at	during	during	Gain on	as at
1 January 2018	the period	the period	exchange	31 March 2018
<u>Short-term loans from related party</u>				
Subsidiary				
Hasfield Holdings Pte.,Ltd.	492,450	-	(21,750)	470,700
Total short-term loans from related party	492,450	-	(21,750)	470,700

Directors and management's benefits

During the three-month periods ended 31 March 2018 and 2017, the Company and its subsidiaries had employee benefit expenses to their directors and management as detailed below.

(Unit: Thousand Baht)

For the three-month periods ended 31 March		
Consolidated financial statements/ Separate financial statements		
	2018	2017
Short-term employee benefits	13,345	14,238
Post-employment benefits	976	989
Total	14,321	15,227

Guarantee obligations with related parties

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

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Trade receivables - unrelated parties</u>				
Age on the basis of invoice date				
Less than 120 days	134,263	153,606	134,263	153,606
120 - 180 days	1,096	602	1,096	602
Over 180 days	843	211	843	211
Total	136,202	154,419	136,202	154,419
Less: Allowance for doubtful debts	(834)	(636)	(834)	(636)
Total trade receivables - unrelated parties, net	135,368	153,783	135,368	153,783
<u>Other receivables</u>				
Other receivables - related parties (Note 3)	5,515	4,509	5,515	4,509
Other receivables - unrelated parties	1,810	1,559	1,810	1,559
Interest receivables	18,615	15,489	14,343	12,421
Prepaid expenses	13,743	13,938	13,735	13,929
Total other receivables	39,683	35,495	35,403	32,418
Total trade and other receivables - net	175,051	189,278	170,771	186,201

5. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	31 March	31 December	31 March	31 December	31 March	31 December
	2018	2017	2018	2017	2018	2017
			(Percent)	(Percent)		(Audited)
Town Development Company Limited	Baht 1,303 million	Baht 1,303 million	100	100	1,303,000	1,303,000
Total investments in subsidiary					1,303,000	1,303,000

(Unaudited but reviewed)

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

Company's name	Nature of business	Country of incorporation	Paid-up capital		Percentage of shareholding		
			31 March	31 December	31 March	31 December	
			2018	2017	2018	2017	
						(Percent)	(Percent)
<u>Subsidiaries held through Town Development Company Limited</u>							
TRR-Kerry Development Company Limited	Holding investment	Thailand	Baht 231 million	Baht 231 million	57.33	57.33	
Apizaco Limited	Holding investment	Hong Kong	HKD 206 million	HKD 206 million	100.00	100.00	
Hasfield Holdings Pte.,Ltd.	Holding investment	Singapore	SGD 34 million	SGD 34 million	100.00	100.00	
Traders Hotel and Resort Limited	Hotel business	Thailand	Baht 0.2 million	Baht 0.2 million	100.00	100.00	
<u>Subsidiary held through Apizaco Limited</u>							
Zukerman Limited	Holding investment	British Virgin	USD 1	USD 1	100.00	100.00	

6. Investments in associates

6.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements						
			Shareholding percentage		Cost		Carrying amounts based on equity method		
			31 March	31 December	31 March	31 December	31 March	31 December	
				2018	2017	2018	2017	2018	2017
				(Percent)	(Percent)	(Audited)		(Audited)	
<u>Associated companies (owned by Zukerman Limited)</u>									
Traders Yangon Company Limited	Hotel	Myanmar	23.53	23.53	27,543	28,935	-	-	
Shangri-La Yangon Company Limited	Serviced apartments	Myanmar	22.22	22.22	16,280	17,103	-	-	
Traders Square Company Limited	Commercial complex and office for rent	Myanmar	23.56	23.56	649	682	-	-	
Total					44,472	46,720	-	-	

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

6.2 Summarised financial information of associates

Financial information of the associated companies is summarised below.

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues		Profit (loss)	
							for the three-month		for the three-month	
	31 March	31 December	31 March	31 December	31 March	31 December	periods ended		periods ended	
	2018	2017	2018	2017	2018	2017	31 March		31 March	
Traders Yangon Company Limited	USD 3.6 million	USD 3.6 million	1,943,269	2,187,621	3,554,186	3,851,898	163,148	220,989	(20,638)	6,660
Shangri-La Yangon Company Limited	USD 2.0 million	USD 2.0 million	3,462,746	3,766,050	3,925,301	4,213,981	125,256	156,977	(34,827)	(16,265)
Traders Square Company Limited	USD 0.1 million	USD 0.1 million	3,944,070	4,143,690	4,245,360	4,414,090	44,068	26,978	(43,304)	(62,220)

6.3 Investment in associates with capital deficit

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

(Unit: Thousand Baht)

Company's name	Unrecognised share of losses		
	For the three-month	Cumulative unrecognised	
	period ended	share of losses as at	
	31 March 2018	31 March 2018	31 December 2017
			(Audited)
Traders Yangon Company Limited	(4,856)	(426,181)	(421,325)
Shangri-La Yangon Company Limited	(7,739)	(110,507)	(102,768)
Traders Square Company Limited	(10,202)	(78,702)	(68,500)
Total	(22,797)	(615,390)	(592,593)

The financial information of associated companies

The financial information of these associated companies for the three-month periods ended 31 March 2018 and 2017, which was included in the consolidated financial statements, was prepared by the associates' management. However, the Company's management believes that there would have been no significant difference to financial information if those financial information had been reviewed by auditors.

(Unaudited but reviewed)

7. Investments in related party

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 March 2018	31 December 2017
		(Audited)
Cost - Ordinary shares of Shangri-La Asia Limited	333,024	349,864
Add: Unrealised gain on changes in value of investments	326,339	426,245
Fair value	<u>659,363</u>	<u>776,109</u>

Movements of the investments in related party account during the three-month period ended 31 March 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements
Fair value as at 1 January 2018	776,109
Unrealised gain on changes in value of investments for the period	(99,906)
Translation adjustment	(16,840)
Fair value as at 31 March 2018	<u><u>659,363</u></u>

8. Investments in other company

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 March 2018	31 December 2017
		(Audited)
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>

9. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2018	1,917,863	1,916,009
Acquisitions during the period - at cost	3,532	3,532
Disposals during the period - net book value at disposal date	(3)	(3)
Depreciation for the period	(57,592)	(57,592)
Net book value as at 31 March 2018	1,863,800	1,861,946

10. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Trade payables - unrelated parties	53,671	104,483	53,671	104,483
Other payables - related parties (Note 3)	30,503	27,764	30,503	27,764
Other payables - unrelated parties	19,153	21,489	19,153	21,489
Interest payables to minority shareholders of subsidiary	21,086	21,086	-	-
Payables for purchases of assets	2,470	2,314	2,470	2,314
Retention payables	7,580	8,334	7,580	8,334
Accrued expenses	97,809	146,341	97,046	145,675
Total trade and other payables	232,272	331,811	210,423	310,059

11. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Advances from customers	88,407	117,893	88,407	117,893
Others	40,628	37,125	40,628	37,125
Total other current liabilities	129,035	155,018	129,035	155,018

12. Provision for long-term employee benefits

Movements in the provision for long-term employee benefits account during the three-month period ended 31 March 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements
Balance as at 1 January 2018	71,073
Current service cost	1,536
Interest cost	455
Benefits paid during the period	(962)
Balance as at 31 March 2018	72,102

13. Finance cost

Finance cost for the three-month periods ended 31 March 2018 and 2017 are summarised below:

(Unit: Thousand Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Unrealised gain on exchange rate of short-term loans from related party	-	-	21,750	20,850
Total	-	-	21,750	20,850

14. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 March 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Interim corporate income tax charge	(70,174)	(52,674)	(69,776)	(52,389)
Deferred tax:				
Relating to origination and reversal of temporary differences	354	359	354	359
Income tax expenses reported in the statements of comprehensive income	<u>(69,820)</u>	<u>(52,315)</u>	<u>(69,422)</u>	<u>(52,030)</u>

15. Earnings per share

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

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the period (Thousand Baht)	257,795	163,135	277,890	208,424
Weighted average number of ordinary shares (Thousand shares)	130,000	130,000	130,000	130,000
Earnings per share (Baht per share)	1.98	1.25	2.14	1.60

16. Segment information

The Company and its subsidiaries are organised into business units based on its services. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month periods ended 31 March 2018 and 2017.

(Unit: Million Baht)

	For the three-month periods ended 31 March											
	Hotel business				Holding Investment	Total segments	Adjustments and				Consolidated	
	Hotel in Bangkok		Hotel in Chiangmai				eliminations					
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues												
External customers	582	519	170	141	-	-	752	660	-	-	752	660
Total revenues	582	519	170	141	-	-	752	660	-	-	752	660
Operating results												
Segment gross profit	418	361	129	105	-	-	547	466	-	-	547	466
Interest income	11	10	-	-	12	11	23	21	-	-	23	21
Other income	6	6	2	-	-	-	8	6	-	-	8	6
Depreciation and amortisation expenses	(37)	(37)	(21)	(28)	-	-	(58)	(65)	-	-	(58)	(65)
Exchange losses	-	-	-	-	(9)	(35)	(9)	(35)	-	-	(9)	(35)
Profit before income tax expenses	261	206	64	34	3	(25)	328	215	-	-	328	215
Income tax expenses	(57)	(45)	(13)	(7)	-	-	(70)	(52)	-	-	(70)	(52)
Profit for the period	204	161	51	27	3	(25)	258	163	-	-	258	163

17. Commitments and contingent liabilities

17.1 Capital commitments

As at 31 March 2018, the Company had capital commitments of approximately Baht 43 million (31 December 2017: Baht 50 million), relating to the construction and renovation of the Hotel building.

17.2 Operating lease and service commitments

The Company has entered into several lease agreements in respect of vehicles and other service agreements. The terms of the agreements are generally between 1 and 2 years.

As at 31 March 2018, the Company's future minimum payments required under these non-cancellable operating leases and service agreements amounted to Baht 11 million, which are payable within 1 year.

17.3 Guarantee

- (1) As at 31 March 2018, there were outstanding bank guarantees of approximately Baht 11 million (31 December 2017: Baht 11 million) issued by a bank on behalf of the Company in respect of electricity usage.
- (2) The Company entered into the Counter Indemnity Agreement with the parent company to indemnify the contingent liability relating to loan facilities of its two associated companies, Traders Yangon Company Limited and Shangri-La Yangon Company Limited, amounting to USD 11.77 million and USD 6.67 million, respectively, which is loan facilities according to the subsidiary's proportionate interest in these associates.

17.4 Litigation

In 2012, the Social Security Office ordered the Company to pay additional contributions of Baht 8 million for the year 2010, and the Company filed an appeal with the Board of Appeal, in accordance with the Social Security Act. Subsequently, on 30 June 2017, the Board of Appeal dismissed the Company's appeal and ordered the Company to pay the additional contributions as mentioned above. The Company did not agree with the decision of the Board of Appeal, and therefore filed a lawsuit with the Labour Court requesting the revocation of the order of the Social Security Office and the decision of the Board of Appeal under the Social Security Act B.E. 2533. Subsequently, on 21 April 2018, the Central Labor Court ordered the revocation of the Social Security Office's order and the Board of Appeal's decision. Currently, the Company is waiting for the decision by the Social Security Office and the Board of Appeal whether to appeal the judgement. However, the management of the Company believes that the case will not result in any significant losses.

18. Foreign currency risk

The balances of financial assets and liabilities denominated in foreign currencies of the Company and its subsidiaries as at 31 March 2018 and 31 December 2017 are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	As at 31 March 2018	As at 31 December 2017	As at 31 March 2018	As at 31 December 2017	As at 31 March 2018	As at 31 December 2017
	(Million)	(Million) (Audited)	(Million)	(Million) (Audited)	(Baht per 1 foreign currency unit)	
USD	68	67	-	-	31.2318	32.6809

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	As at 31 March 2018	As at 31 December 2017	As at 31 March 2018	As at 31 December 2017	As at 31 March 2018	As at 31 December 2017
	(Million)	(Million) (Audited)	(Million)	(Million) (Audited)	(Baht per 1 foreign currency unit)	
USD	-	-	15	15	31.2318	32.6809

19. Fair value of financial instruments

As at 31 March 2018 and 31 December 2017, the subsidiary had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 March 2018			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in related party				
Equity instruments	659,363	-	-	659,363

(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated financial statements

As at 31 December 2017

	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in related party				
Equity instruments	776,109	-	-	776,109

During the current period, there were no transfers within the fair value hierarchy.

20. Events after the reporting period

On 26 April 2018, the Annual General Meeting of the Company's shareholders approved the payment of a dividend for 2017 of Baht 2.25 per share, or a total of Baht 292.5 million. The dividend will be paid to the shareholders in May 2018 and will be recorded in the second quarter of current year.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 May 2018.

To : Managing Director
The Stock Exchange of Thailand

Date : May 14, 2018

Re : Management Discussion and Analysis for the period ended March 31, 2018

The Board of Directors is pleased to announce the Company's results for the period ended March 31, 2018 as follows:-

Net profit after corporate income tax for the period ended March 31, 2018 and 2017:

(Baht in million)	<u>2018</u>	<u>2017</u>	<u>Change</u>
The Company	277.89	208.42	33.33%
Consolidated	257.79	163.13	58.03%

The Company:

The Company's profit before corporate income tax for the period ended March 31, 2018 increased by Baht 86.86 million against the corresponding period last year. The increase in the Company's profit was mainly attributed to the increase in profit before income tax of Shangri-La Hotel, Bangkok ("SLBK") by Baht 56.33 million and increase in profit of Shangri-La Hotel, Chiang Mai ("SLCM") by 30.53 million.

Revenues from hotel operation of SLBK increased by Baht 62.97 million from Baht 519.20 million to Baht 582.17 million during the same period last year due to the increase in room, food & beverage and other revenues due to higher occupancy, MICE business and higher banqueting revenue. Gross profit increased by Baht 80.76 million. Selling expenses decreased by Baht 0.37 million and administrative expenses increased by Baht 5.17 million. Depreciation decreased by Baht 6.5 million against the same period last year. As a result, the profit before corporate income tax increased by Baht 86.86 million from profit of Baht 260.45 million to Baht 347.31 million.

Profit before income tax of SLCM increased by Baht 30.53 million primarily due to higher revenues from hotel operation by Baht 29.87 million from Baht 140.46 million to Baht 170.33 million as a result of higher room occupancy and better average room rates. Gross profit before expenses increased by Baht 23.71 million, from Baht 104.94 million to Baht 128.65 million during the same period last year. Selling and administrative expenses increased by Baht 1.65 million and Baht 0.20 million respectively. Depreciation decreased by Baht 7.19 million against the same period last year. As a result, the profit before corporate income tax increased by Baht 30.53 million from profit of Baht 33.80 million to Baht 64.33 million. Consequently, the total profit before corporate income tax of SLBK and SLCM increased by Baht 86.86 million, from Baht 260.45 million to Baht 347.31 million. The corporate income tax increased by Baht 17.39 million. As a result, the Company recorded a net profit after tax of Baht 277.89 million for the period ended March 31, 2018 compared to profit of Baht 208.42 million against the same period last year (increased by 33.33%).

Consolidated:

The consolidated profit before corporate income tax for the period ended March 31, 2018 increased by Baht 112.16 million against the corresponding period last year. The increase in consolidated profit before corporate income tax was due to the increase in the Company's profit before corporate income tax of Baht 86.86 million plus the decrease in loss of subsidiaries of Baht 25.30 million due to exchange gain from loan to a related company in March 2018. As a result, the corporate income tax increased by Baht 17.50 million. Overall, the consolidated net profit after tax attributable to the equity holders of the Company for the period ended March 31, 2018 increased by Baht 94.66 million against the corresponding period last year (increased by 58.03%).

Yours faithfully,

(Mrs. Pavinee Meensuk)
Director and Company Secretary

Headline: Reviewed Quarter 1 and Consolidated F/S (F45-3)

Security Symbol: SHANG

Announcement Details

The Company and Consolidated Financial Statement (F45-3)

Company name	SHANGRI-LA HOTEL PUBLIC COMPANY LIMITED		
Quarter	Quarter 1		

(In thousands)

The Consolidated Financial Statement

	Quarter 1	
Status	Reviewed	
Ending	31 March	
Year	2018	2017
Net profit (loss)	257,795	163,135
EPS (baht)	1.98	1.25

The Company Financial Statement

	Quarter 1	
Status	Reviewed	
Ending	31 March	
Year	2018	2017
Net profit (loss)	277,890	208,424
EPS (baht)	2.14	1.60

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

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

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

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