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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.

Hong Kong, 25 February 2019

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

Executive director(s)

Ms KUOK Hui Kwong (Chairman)

Mr LIM Beng Chee (CEO)

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

Shangri-La Hotel Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2018

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 2018, 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 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Recognition of revenue from hotel operations

The revenue from hotel operations, which comprises room revenue, food and beverages revenue and related services, is a significant account of the Company. Since it constitutes 92 percent of total revenue (separate financial statements: 98 percent of total revenue) and revenue is derived from recurring daily transactions and the amounts recorded directly impact the Company's annual profit and loss. Moreover, the Company has numerous customers in various categories with whom different commercial terms and conditions are applied. I have therefore focused on the Company's revenue from hotel operations recognition.

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

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

As disclosed in Note 6 to financial statements, as of 31 December 2018 the Group had long-term loans to and interest receivables from related parties (three associated companies) which is significant to the consolidated statement of financial position, I have paid particular attention to the determination of the net realisable value of loans to and interest receivables from those associates, since these considerations required the exercise of significant management judgement with respect to projections of the future operating performance of the associates, and the determination of an appropriate discount rate and key assumptions.

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

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

EY Office Limited
Bangkok: 25 February 2019

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	2,782,273,601	846,939,969	1,675,701,402	103,282,309
Current investments - fixed deposits					
with financial institutions		1,872,030,585	3,259,879,353	1,845,000,000	2,870,000,000
Trade and other receivables	8	165,697,267	189,277,991	165,020,501	186,201,155
Inventories	9	27,034,236	28,977,451	27,034,236	28,977,451
Other current assets		420,315	594,868	394,866	573,098
Total current assets		4,847,456,004	4,325,669,632	3,713,151,005	3,189,034,013
Non-current assets					
Investments in subsidiaries	10	-	-	1,303,000,000	1,303,000,000
Investments in associates	11	-	-	-	-
Other long-term investments					
Investments in related party	12	502,757,918	776,108,865	-	-
Investment in other company	13	131,150,597	131,150,597	-	-
Long-term loans to and interest receivables					
from related parties	6	1,977,470,397	2,043,660,068	-	-
Property, plant and equipment	14	1,812,036,784	1,917,863,138	1,810,183,170	1,916,009,524
Intangible assets		5,522,838	3,148,492	5,522,838	3,148,492
Deferred tax assets	21	32,082,233	36,898,988	15,679,553	20,496,308
Other non-current assets		11,576,693	18,857,786	11,576,693	18,857,786
Total non-current assets		4,472,597,460	4,927,687,934	3,145,962,254	3,261,512,110
Total assets		9,320,053,464	9,253,357,566	6,859,113,259	6,450,546,123

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	15	332,544,300	331,810,917	331,792,842	310,058,532
Short-term loans from related party	6	-	-	489,222,000	492,450,000
Income tax payable		77,353,383	81,004,760	72,003,129	78,796,790
Other current liabilities	16	146,061,433	155,017,772	143,954,573	155,017,668
Total current liabilities		555,959,116	567,833,449	1,036,972,544	1,036,322,990
Non-current liabilities					
Provision for long-term employee benefits	17	74,338,111	71,073,462	74,338,111	71,073,462
Rental deposits		20,513,858	17,241,188	20,513,858	17,241,188
Total non-current liabilities		94,851,969	88,314,650	94,851,969	88,314,650
Total liabilities		650,811,085	656,148,099	1,131,824,513	1,124,637,640
Shareholders' equity					
Share capital					
Registered, issued and fully paid up					
130,000,000 ordinary shares of Baht 10 each		1,300,000,000	1,300,000,000	1,300,000,000	1,300,000,000
Share premium		1,590,400,000	1,590,400,000	1,590,400,000	1,590,400,000
Retained earnings					
Appropriated-statutory reserve	18	130,000,000	130,000,000	130,000,000	130,000,000
Unappropriated		4,771,412,292	4,362,457,093	2,712,907,576	2,313,453,285
Other components of shareholders' equity		819,563,167	1,178,975,930	(6,018,830)	(7,944,802)
Equity attributable to owners of the Company		8,611,375,459	8,561,833,023	5,727,288,746	5,325,908,483
Non-controlling interests of the subsidiary	10	57,866,920	35,376,444	-	-
Total shareholders' equity		8,669,242,379	8,597,209,467	5,727,288,746	5,325,908,483
Total liabilities and shareholders' equity		9,320,053,464	9,253,357,566	6,859,113,259	6,450,546,123
		-	-	-	-

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Revenues from hotel operations		2,546,092,077	2,398,672,934	2,546,092,077	2,398,672,934
Other income					
Interest income		95,220,043	84,653,364	42,679,003	40,381,562
Exchange gains		37,324,032	-	-	-
Others		97,639,452	54,315,523	30,794,223	26,220,476
Total revenues		2,776,275,604	2,537,641,821	2,619,565,303	2,465,274,972
Expenses					
Cost of hotel operations		821,450,680	769,395,783	821,450,680	769,395,783
Selling and distribution expenses		161,107,003	151,470,424	161,107,003	151,470,424
Administrative expenses		586,164,978	556,909,820	557,038,719	543,942,001
Depreciation and amortisation expenses		225,465,376	266,058,412	225,465,376	266,058,412
Allowance for losses on loans	6	81,210,687	-	-	-
Exchange losses		-	81,039,451	-	-
Total expenses		1,875,398,724	1,824,873,890	1,765,061,778	1,730,866,620
Profit before finance cost and income tax expenses		900,876,880	712,767,931	854,503,525	734,408,352
Finance income	20	-	-	3,228,000	47,100,000
Profit before income tax expenses		900,876,880	712,767,931	857,731,525	781,508,352
Income tax expenses	21	(176,931,205)	(155,009,564)	(165,777,234)	(150,710,520)
Profit for the year		723,945,675	557,758,367	691,954,291	630,797,832

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		(91,226,723)	(197,336,535)	-	-
Gain (loss) on changes in value of available-for-sale investments	12	(270,112,012)	417,509,419	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		(361,338,735)	220,172,884	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain - net of income tax		1,925,972	-	1,925,972	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		1,925,972	-	1,925,972	-
Other comprehensive income for the year		(359,412,763)	220,172,884	1,925,972	-
Total comprehensive income for the year		364,532,912	777,931,251	693,880,263	630,797,832
Profit attributable to:					
Equity holders of the Company		701,455,199	549,593,682	691,954,291	630,797,832
Non-controlling interests of the subsidiary		22,490,476	8,164,685		
		<u>723,945,675</u>	<u>557,758,367</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		342,042,436	769,766,566	693,880,263	630,797,832
Non-controlling interests of the subsidiary		22,490,476	8,164,685		
		<u>364,532,912</u>	<u>777,931,251</u>		
Earnings per share					
Basic earnings per share	22				
Profit attributable to equity holders of the Company		<u>5.40</u>	<u>4.23</u>	<u>5.32</u>	<u>4.85</u>

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
				Other components of shareholders' equity							
				Other comprehensive income							
				Exchange	Surplus on						
				differences on	changes						
				translation of	in value of	Actuarials loss					
				financial	available-for-sale	on defined					
				statements in	investments -	employee					
				foreign currency	related company	benefit plans					
Issued and	Retained earnings							Total other	Total equity	Equity attributable	Total
fully paid-up								components of	attributable to	to non-controlling	shareholders'
share capital	Share premium	Appropriated	Unappropriated	statements in	related company	benefit plans	equity	the Company	the subsidiary	equity	
Balance as at 1 January 2017	1,300,000,000	1,590,400,000	130,000,000	4,072,863,411	958,011,957	8,735,891	(7,944,802)	958,803,046	8,052,066,457	27,211,759	8,079,278,216
Profit for the year	-	-	-	549,593,682	-	-	-	-	549,593,682	8,164,685	557,758,367
Other comprehensive income for the year	-	-	-	-	(197,336,535)	417,509,419	-	220,172,884	220,172,884	-	220,172,884
Total comprehensive income for the year	-	-	-	549,593,682	(197,336,535)	417,509,419	-	220,172,884	769,766,566	8,164,685	777,931,251
Dividend paid (Note 25)	-	-	-	(260,000,000)	-	-	-	-	(260,000,000)	-	(260,000,000)
Balance as at 31 December 2017	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>4,362,457,093</u>	<u>760,675,422</u>	<u>426,245,310</u>	<u>(7,944,802)</u>	<u>1,178,975,930</u>	<u>8,561,833,023</u>	<u>35,376,444</u>	<u>8,597,209,467</u>
	-										
Balance as at 1 January 2018	1,300,000,000	1,590,400,000	130,000,000	4,362,457,093	760,675,422	426,245,310	(7,944,802)	1,178,975,930	8,561,833,023	35,376,444	8,597,209,467
Profit for the year	-	-	-	701,455,199	-	-	-	-	701,455,199	22,490,476	723,945,675
Other comprehensive income for the year	-	-	-	-	(91,226,723)	(270,112,012)	1,925,972	(359,412,763)	(359,412,763)	-	(359,412,763)
Total comprehensive income for the year	-	-	-	701,455,199	(91,226,723)	(270,112,012)	1,925,972	(359,412,763)	342,042,436	22,490,476	364,532,912
Dividend paid (Note 25)	-	-	-	(292,500,000)	-	-	-	-	(292,500,000)	-	(292,500,000)
Balance as at 31 December 2018	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>4,771,412,292</u>	<u>669,448,699</u>	<u>156,133,298</u>	<u>(6,018,830)</u>	<u>819,563,167</u>	<u>8,611,375,459</u>	<u>57,866,920</u>	<u>8,669,242,379</u>

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 2018

(Unit: Baht)

Separate financial statements							
				<u>Other components of shareholders' equity</u>			
				<u>Other comprehensive</u>			
				<u>income</u>			
		<u>Retained earnings</u>		Actuarials loss	Total other		
Issued and	Share premium	Appropriated	Unappropriated	on defined	components of	Total	
fully paid-up				employee	shareholders'	shareholders'	
share capital				benefit plans	equity	equity	
Balance as at 1 January 2017	1,300,000,000	1,590,400,000	130,000,000	1,942,655,453	(7,944,802)	(7,944,802)	4,955,110,651
Total comprehensive income for the year	-	-	-	630,797,832	-	-	630,797,832
Dividend paid (Note 25)	-	-	-	(260,000,000)	-	-	(260,000,000)
Balance as at 31 December 2017	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>2,313,453,285</u>	<u>(7,944,802)</u>	<u>(7,944,802)</u>	<u>5,325,908,483</u>
							-
Balance as at 1 January 2018	1,300,000,000	1,590,400,000	130,000,000	2,313,453,285	(7,944,802)	(7,944,802)	5,325,908,483
Total comprehensive income for the year	-	-	-	691,954,291	1,925,972	1,925,972	693,880,263
Dividend paid (Note 25)	-	-	-	(292,500,000)	-	-	(292,500,000)
Balance as at 31 December 2018	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>2,712,907,576</u>	<u>(6,018,830)</u>	<u>(6,018,830)</u>	<u>5,727,288,746</u>
							-

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 2018

(Unit: 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>
Cash flows from operating activities					
Profit before tax		900,876,880	712,767,931	857,731,525	781,508,352
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:					
Depreciation and amortisation		225,465,376	266,058,412	225,465,376	266,058,412
Allowance for doubtful accounts (reversal)		(449,140)	496,116	(449,140)	496,116
Reduction of inventory to net realisable value		7,690	26,154	7,690	26,154
Reversal of allowance for interest receivables		-	-	(27,702,123)	(11,408,670)
Allowance for losses on loans		81,210,687	-	-	-
Gain on sales of equipment		(819,575)	(1,527,153)	(819,575)	(1,527,153)
Provision for long-term employee benefits		11,343,174	7,752,637	11,343,174	7,752,637
Unrealised exchange gains		-	-	(3,228,000)	(47,100,000)
Dividend income		(66,845,229)	(27,721,100)	-	-
Interest income		(95,220,043)	(84,653,364)	(42,679,003)	(40,381,562)
Profit from operating activities before changes in operating assets and liabilities		1,055,569,820	873,199,633	1,019,669,924	955,424,286
Operating assets (increase) decrease					
Trade and other receivables		19,506,284	(16,549,704)	19,498,645	(16,557,579)
Inventories		1,935,525	3,195,013	1,935,525	3,195,013
Other current assets		174,553	(341,124)	178,232	(341,124)
Other non-current assets		7,281,093	(11,324,145)	7,281,093	(11,324,145)
Operating liabilities increase (decrease)					
Trade and other payables		(32,664,917)	16,430,026	(11,663,990)	24,900,192
Other current liabilities		(8,956,339)	35,366,628	(11,063,095)	35,366,525
Provision for long-term employee benefits		(5,671,060)	(2,290,818)	(5,671,060)	(2,290,818)
Rental deposits		3,272,670	986,519	3,272,670	986,519
Cash flows from operating activities		1,040,447,629	898,672,028	1,023,437,944	989,358,869
Cash paid for corporate income tax		(176,247,320)	(121,764,170)	(168,235,633)	(117,297,240)
Net cash flows from operating activities		864,200,309	776,907,858	855,202,311	872,061,629

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 2018

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities					
Decrease (increase) in current investments		1,387,848,768	(1,000,979,353)	1,025,000,000	(620,000,000)
Cash received from loans to related parties		-	91,593,717	-	-
Cash received from interest receivables from related party		-	-	27,702,123	11,408,670
Cash received from interest income		65,611,861	46,271,802	44,810,152	38,349,075
Dividend income		66,845,229	27,721,100	-	-
Acquisitions of building and equipment		(83,726,265)	(111,585,621)	(83,726,265)	(111,585,621)
Acquisitions of intangible assets		(4,973,600)	-	(4,973,600)	-
Proceeds from sales of equipment		904,372	2,324,870	904,372	2,324,870
Net cash flows from (used in) investing activities		<u>1,432,510,365</u>	<u>(944,653,485)</u>	<u>1,009,716,782</u>	<u>(679,503,006)</u>
Cash flows from financing activities					
Dividend paid	25	<u>(292,500,000)</u>	<u>(260,000,000)</u>	<u>(292,500,000)</u>	<u>(260,000,000)</u>
Net cash flows used in financing activities		<u>(292,500,000)</u>	<u>(260,000,000)</u>	<u>(292,500,000)</u>	<u>(260,000,000)</u>
Increase (decrease) in translation adjustments		<u>(68,877,042)</u>	<u>62,930,851</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		<u>1,935,333,632</u>	<u>(364,814,776)</u>	<u>1,572,419,093</u>	<u>(67,441,377)</u>
Cash and cash equivalents at beginning of year		<u>846,939,969</u>	<u>1,211,754,745</u>	<u>103,282,309</u>	<u>170,723,686</u>
Cash and cash equivalents at end of year		<u>2,782,273,601</u>	<u>846,939,969</u>	<u>1,675,701,402</u>	<u>103,282,309</u>
		-	-	-	-
Supplemental cash flows information					
Non-cash items					
Purchase of equipment for which no cash has been paid		33,368,316	-	33,368,316	-
Purchase of intangible assets for which no cash has been paid		29,984	-	29,984	-

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2018

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, Bangrak, Bangkok.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018	2017
			Percent	Percent
<u>Subsidiary held directly by the Company</u>				
Town Development Company Limited	Holding investment	Thailand	100.00	100.00
<u>Subsidiaries held through its subsidiaries</u>				
Apizaco Limited	Holding investment	Hong Kong	100.00	100.00
Hasfield Holdings Pte., Ltd.	Holding investment	Singapore	100.00	100.00
Zukerman Limited	Holding investment	British Virgin	100.00	100.00
TRR-Kerry Development Company Limited	Holding investment	Thailand	57.33	57.33
Traders Hotel and Resort Limited	Hotel business	Thailand	100.00	100.00

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

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

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 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 standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

TFRS 15 Revenue from Contracts with Customers

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

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

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized 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.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on their financial statements, except for the reclassification of advances from customers to contract liabilities that is required to be separately presented following the adoption of TFRS 15.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

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

4. Significant accounting policies

4.1 Revenue recognition

Revenues from hotel and restaurant operations

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

Interest income

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

Dividends

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

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

4.5 Investments

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

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

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

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

4.6 Property, plant and equipment/Depreciation

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

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

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

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

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

4.7 Intangible assets

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

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

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

4.8 Related party transactions

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

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

4.9 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.10 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.11 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

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

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

Actuarial gains and losses arising from defined benefit plans benefits are recognised immediately in other comprehensive income.

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

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

4.12 Provisions

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

4.13 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.14 Fair value measurement

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

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

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

5. Significant accounting judgements and estimates

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

Property, plant and equipment/Depreciation

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

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

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

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

6. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with associated companies</u>					
Interest income	34	35	-	-	USD LIBOR and 0.92 to 2.05 percent per annum
<u>Transactions with related companies</u>					
Revenue from hotel operations	33	24	33	24	Normal business price
Management fees	81	77	81	77	Contract price
Marketing and promotion fees	26	24	26	24	Contract price
Advertising and reservation fees	14	16	14	16	Contract price

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties (Note 8)</u>				
Related companies				
Others	957	1,952	957	1,952
Total trade receivables - related parties	<u>957</u>	<u>1,952</u>	<u>957</u>	<u>1,952</u>
<u>Other receivables - related parties (Note 8)</u>				
Associated company				
Traders Yangon Company Limited	186	1,080	186	1,080
Related companies				
Others	5,543	1,477	5,543	1,477
Total other receivables - related parties	<u>5,729</u>	<u>2,557</u>	<u>5,729</u>	<u>2,557</u>
<u>Interest receivables from related party</u>				
Subsidiary				
TRR-Kerry Development Company Limited	-	-	-	27,702
Less: Allowance for doubtful interest receivables	-	-	-	(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 from related parties</u>				
Associated companies				
Non-interest bearing				
Traders Square Company Limited	43,508	43,915	-	-
	<u>43,508</u>	<u>43,915</u>	<u>-</u>	<u>-</u>
Interest bearing				
Shangri-La Yangon Company Limited	737,178	732,189	-	-
Traders Yangon Company Limited	511,290	505,586	-	-
Traders Square Company Limited	767,054	761,970	-	-
	<u>2,015,522</u>	<u>1,999,745</u>	<u>-</u>	<u>-</u>
Total	2,059,030	2,043,660	-	-
Less: Allowance for losses on loans	(81,560)	-	-	-
Total long-term loans to and interest receivables from related parties - net	<u>1,977,470</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 and are repayable on demand.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Other payables - related parties (Note 15)</u>				
Related companies				
Shangri-La International Hotel Management Limited	23,769	16,186	23,769	16,186
Shangri-La International Hotel Management BV	16,026	11,505	16,026	11,505
Other	32	73	32	73
Total other payables - related parties	<u>39,827</u>	<u>27,764</u>	<u>39,827</u>	<u>27,764</u>

Short-term loans from related party

Subsidiary

Hasfield Holdings Pte., Ltd.	-	-	489,222	492,450
	<u>-</u>	<u>-</u>	<u>489,222</u>	<u>492,450</u>

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

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

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 1 January 2018	Increase during the year	Decrease during the year	Balance as at 31 December 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>(27,702)</u>	<u>-</u>

(Unit: Thousand Baht)

	Consolidated financial statements				Balance as at 31 December 2018
	Balance as at 1 January 2018	Increase during the year	Decrease during the year	Loss on exchange	
<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	-	-	(407)	43,508
Interest bearing					
Shangri-La Yangon Company Limited	732,189	11,713	-	(6,724)	737,178
Traders Yangon Company Limited	505,586	10,337	-	(4,633)	511,290
Traders Square Company Limited	761,970	12,082	-	(6,998)	767,054
Total	2,043,660	34,132	-	(18,762)	2,059,030
Less: Allowance for losses on loans	-	(81,211)	-	(349)	(81,560)
Total long-term loans to and interest receivables					
from related parties - net	2,043,660	(47,079)	-	(19,111)	1,977,470

(Unit: Thousand Baht)

	Separate financial statements				Balance as at 31 December 2018
	Balance as at 1 January 2018	Increase during the year	Decrease during the year	Gain on exchange	
<u>Short-term loans from related party</u>					
Subsidiary					
Hasfield Holdings Pte., Ltd.	492,450	-	-	(3,228)	489,222
Total short-term loans from related party	492,450	-	-	(3,228)	489,222

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses to their directors and management as detailed below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	<u>2018</u>	<u>2017</u>
Short-term employee benefits	73,292	61,317
Post-employment benefits	3,792	3,944
Total	77,084	65,261

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 26.3 to the financial statements.

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	4,872	4,094	4,858	4,064
Bank deposits	2,777,402	842,846	1,670,843	99,218
Total	<u>2,782,274</u>	<u>846,940</u>	<u>1,675,701</u>	<u>103,282</u>

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carried interests between 0.25 and 2.89 percent per annum (2017: between 0.25 and 1.57 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u> (Note 6)				
Age on the basis of invoice date				
Less than 120 days	957	1,952	957	1,952
Total trade receivables - related parties	<u>957</u>	<u>1,952</u>	<u>957</u>	<u>1,952</u>
<u>Trade receivables - unrelated parties</u>				
Age on the basis of invoice date				
Less than 120 days	125,018	153,606	125,018	153,606
120 - 180 days	198	602	198	602
Over 180 days	43	211	43	211
Total	<u>125,259</u>	<u>154,419</u>	<u>125,259</u>	<u>154,419</u>
Less: Allowance for doubtful debts	<u>(187)</u>	<u>(636)</u>	<u>(187)</u>	<u>(636)</u>
Total trade receivables - unrelated parties, net	<u>125,072</u>	<u>153,783</u>	<u>125,072</u>	<u>153,783</u>
Total trade receivables, net	<u>126,029</u>	<u>155,735</u>	<u>126,029</u>	<u>155,735</u>
<u>Other receivables</u>				
Other receivables - related parties (Note 6)	5,729	2,557	5,729	2,557
Other receivables - unrelated parties	2,542	1,559	2,542	1,559
Interest receivables	10,966	15,489	10,290	12,421
Prepaid expenses	20,431	13,938	20,431	13,929
Total other receivables	<u>39,668</u>	<u>33,543</u>	<u>38,992</u>	<u>30,466</u>
Total trade and other receivables - net	<u>165,697</u>	<u>189,278</u>	<u>165,021</u>	<u>186,201</u>

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Food and beverages	10,735	10,513	-	-	10,735	10,513
Operating equipment	484	3,207	(295)	(423)	189	2,784
General supplies	10,873	12,280	(178)	(76)	10,695	12,204
Engineering tools, spare parts and supplies	6,562	4,589	(1,147)	(1,113)	5,415	3,476
Total	28,654	30,589	(1,620)	(1,612)	27,034	28,977

During the current year, the Company reduced cost of inventories by Baht 0.8 million (2017: 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 0.8 million (2017: 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	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Town Development Company Limited	Baht 1,303 million	Baht 1,303 million	100 (Percent)	100 (Percent)	1,303,000	1,303,000
Total investments in subsidiary					1,303,000	1,303,000

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

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

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

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit allocated to non-controlling interests during the year	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Percent)	(Percent)				
TRR-Kerry Development Company Limited	42.67	42.67	57,866	35,376	22,490	8,165

(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

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Current assets	6,631	644
Non-current assets	131,151	131,151
Current liabilities	2,167	48,888

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	<u>2018</u>	<u>2017</u>
Revenue	58,627	21,327
Profit	52,708	19,134
Total comprehensive income	52,708	19,134

Summarised information about cash flow

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	<u>2018</u>	<u>2017</u>
Cash flow from operating activities	(57,060)	(22,090)
Cash flow from investing activities	63,042	21,327
Net increase (decrease) in cash and cash equivalents	<u>5,982</u>	<u>(763)</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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
			(Percent)	(Percent)				
<u>Associated companies (owned by Zukerman Limited)</u>								
Traders Yangon Company Limited	Hotel	Myanmar	23.53	23.53	28,667	28,935	-	-
Shangri-La Yangon Company Limited	Serviced apartments	Myanmar	22.22	22.22	16,945	17,103	-	-
Traders Square Company Limited	Commercial complex and office for rent	Myanmar	23.56	23.56	676	682	-	-
Total					<u>46,288</u>	<u>46,720</u>	<u>-</u>	<u>-</u>

During the years 2018 and 2017, the Company has no share of profit/loss from investments in associates in the consolidated financial statements.

11.2 Summarised financial information of associates

Financial information of the associated companies is summarised below.

(Unit: Thousand Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues		Loss for the years ended	
	as at 31 December		as at 31 December		as at 31 December		for the years ended		31 December	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Traders Yangon Company Limited	USD 3.6 million	USD 3.6 million	1,784,426	2,187,621	3,601,940	3,851,898	518,295	679,041	(164,298)	(106,650)
Shangri-La Yangon Company Limited	USD 2.0 million	USD 2.0 million	3,457,198	3,766,050	4,058,412	4,213,981	505,325	589,191	(155,781)	(108,735)
Traders Square Company Limited	USD 0.1 million	USD 0.1 million	4,107,610	4,143,690	4,526,913	4,414,090	251,592	155,503	(150,169)	(223,163)

11.3 Investments in associates with capital deficit

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

(Unit: Thousand Baht)

Company's name	Unrecognised share of losses			
	Share of losses		Cumulative share	
	for the years ended		of losses up to	
	31 December		31 December	
	2018	2017	2018	2017
Traders Yangon Company Limited	(38,659)	(25,094)	(459,984)	(421,325)
Shangri-La Yangon Company Limited	(34,615)	(24,161)	(137,383)	(102,768)
Traders Square Company Limited	(35,380)	(52,577)	(103,880)	(68,500)
Total	(108,654)	(101,832)	(701,247)	(592,593)

The financial information of associated companies

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

12. Investments in related party

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2018</u>	<u>2017</u>
Cost - Ordinary shares of Shangri-La Asia Limited	346,625	349,864
Add: Unrealised gain on changes in value of investments	156,133	426,245
Fair value	<u>502,758</u>	<u>776,109</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements
Fair value as at 1 January 2018	776,109
Unrealised loss on changes in value of investment for the period	(270,112)
Translation adjustment	(3,239)
Fair value as at 31 December 2018	<u>502,758</u>

During the year 2018, the subsidiary recognised dividend income from this related party amounting to HKD 2.0 million or equivalent to approximately Baht 8.2 million (2017: HKD 1.5 million or equivalent to approximately Baht 6.4 million).

13. Investments in other company

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2018</u>	<u>2017</u>
Cost - Ordinary shares of Don Muang Tollway Public Company Limited	213,164	213,164
Less: Allowance for loss on diminution in value of investments	(82,013)	(82,013)
Investments in other company, net	<u>131,151</u>	<u>131,151</u>

During the year 2018, the subsidiary recognised dividend income from such company amounting to Baht 58.6 million (2017: Baht 21.3 million).

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land	Buildings and building improvement	Machinery and building equipment	Furniture, fixtures, equipment and computer	Operating equipment	Motor vehicles	Assets under installation	Total
Cost:								
1 January 2017	495,363	3,395,625	1,212,604	3,752,212	98,224	8,361	13,732	8,976,121
Additions	-	303	8,388	45,448	655	2,617	50,696	108,107
Disposals/write-off	-	(1,292)	(6,145)	(54,728)	(59)	(3,982)	-	(66,206)
Transfers in (out)	-	-	13,396	44,542	-	-	(57,938)	-
31 December 2017	495,363	3,394,636	1,228,243	3,787,474	98,820	6,996	6,490	9,018,022
Additions	-	-	6,663	38,570	-	322	71,539	117,094
Disposals/write-off	-	-	(2,046)	(25,800)	-	-	-	(27,846)
Transfers in (out)	-	-	51,422	20,921	-	-	(72,343)	-
31 December 2018	495,363	3,394,636	1,284,282	3,821,165	98,820	7,318	5,686	9,107,270
Accumulated depreciation:								
1 January 2017	-	2,252,661	1,023,419	3,522,089	96,370	7,154	-	6,901,693
Depreciation for the year	-	105,169	69,896	87,483	903	423	-	263,874
Depreciation on disposals/write-off	-	(614)	(6,145)	(54,608)	(59)	(3,982)	-	(65,408)
31 December 2017	-	2,357,216	1,087,170	3,554,964	97,214	3,595	-	7,100,159
Depreciation for the year	-	104,778	31,485	85,046	680	847	-	222,836
Depreciation on disposals/write-off	-	-	(2,046)	(25,716)	-	-	-	(27,762)
31 December 2018	-	2,461,994	1,116,609	3,614,294	97,894	4,442	-	7,295,233
Net book value:								
31 December 2017	495,363	1,037,420	141,073	232,510	1,606	3,401	6,490	1,917,863
31 December 2018	495,363	932,642	167,673	206,871	926	2,876	5,686	1,812,037

(Unit: Thousand Baht)

Separate financial statements

	Land	Buildings and building improvement	Machinery and building equipment	Furniture, fixtures, equipment and computer	Operating equipment	Motor vehicles	Assets under installation	Total
Cost:								
1 January 2017	493,509	3,395,625	1,212,604	3,752,212	98,224	8,361	13,732	8,974,267
Additions	-	303	8,388	45,448	655	2,617	50,696	108,107
Disposals/write-off	-	(1,292)	(6,145)	(54,728)	(59)	(3,982)	-	(66,206)
Transfers in (out)	-	-	13,396	44,542	-	-	(57,938)	-
31 December 2017	493,509	3,394,636	1,228,243	3,787,474	98,820	6,996	6,490	9,016,168
Additions	-	-	6,663	38,570	-	322	71,539	117,094
Disposals/write-off	-	-	(2,046)	(25,800)	-	-	-	(27,846)
Transfers in (out)	-	-	51,422	20,921	-	-	(72,343)	-
31 December 2018	493,509	3,394,636	1,284,282	3,821,165	98,820	7,318	5,686	9,105,416
Accumulated depreciation:								
1 January 2017	-	2,252,661	1,023,419	3,522,089	96,370	7,154	-	6,901,693
Depreciation for the year	-	105,169	69,896	87,483	903	423	-	263,874
Depreciation on disposals/write-off	-	(614)	(6,145)	(54,608)	(59)	(3,982)	-	(65,408)
31 December 2017	-	2,357,216	1,087,170	3,554,964	97,214	3,595	-	7,100,159
Depreciation for the year	-	104,778	31,485	85,046	680	847	-	222,836
Depreciation on disposals/write-off	-	-	(2,046)	(25,716)	-	-	-	(27,762)
31 December 2018	-	2,461,994	1,116,609	3,614,294	97,894	4,442	-	7,295,233
Net book value:								
31 December 2017	493,509	1,037,420	141,073	232,510	1,606	3,401	6,490	1,916,009
31 December 2018	493,509	932,642	167,673	206,871	926	2,876	5,686	1,810,183

As at 31 December 2018, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated of those assets amounted to approximately Baht 5,350 million (2017: Baht 4,771 million).

15. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables - unrelated parties	67,222	104,483	67,222	104,483
Other payables - related parties (Note 6)	39,827	27,764	39,827	27,764
Other payables - unrelated parties	24,212	21,489	24,212	21,489
Interest payables to minority shareholders of subsidiary	-	21,086	-	-
Payables for purchases of assets	35,713	2,314	35,713	2,314
Retention payables	6,837	8,334	6,837	8,334
Accrued expenses	158,733	146,341	157,982	145,675
Total trade and other payables	332,544	331,811	331,793	310,059

16. Other current liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Advances from customers	110,632	117,893	110,632	117,893
Others	35,429	37,125	33,323	37,125
Total other current liabilities	146,061	155,018	143,955	155,018

17. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2018 and 2017, which is compensations on employees' retirement and other long-term employee benefits, were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/Separate financial statements					
	Post-employment		Other long-term		Total	
	benefits from		employee benefits plan			
	employee's retirement					
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Defined benefit obligation at beginning of year	66,141	60,260	4,932	5,352	71,073	65,612
<i>Included in profit or loss:</i>						
Current service cost	5,450	5,304	695	675	6,145	5,979
Interest cost	1,680	1,642	136	131	1,816	1,773
Past service costs	-	-	3,636	-	3,636	-
Actuarial gain	-	-	(254)	-	(254)	-
<i>Included in other comprehensive income:</i>						
Actuarial (gain) loss arising from						
Demographic assumptions changes	(3,155)	-	-	-	(3,155)	-
Financial assumptions changes	2,458	-	-	-	2,458	-
Experience adjustments	(1,710)	-	-	-	(1,710)	-
<i>Benefits paid during the year</i>	<u>(5,122)</u>	<u>(1,065)</u>	<u>(549)</u>	<u>(1,226)</u>	<u>(5,671)</u>	<u>(2,291)</u>
Defined benefit obligation at end of year	<u>65,742</u>	<u>66,141</u>	<u>8,596</u>	<u>4,932</u>	<u>74,338</u>	<u>71,073</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		Other long-term		Total	
	benefits plan		employee benefits plan			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of hotel operations	3,874	3,779	3,071	586	6,945	4,365
Selling and administrative expenses	3,256	3,167	1,142	220	4,398	3,387
Total expenses recognised in profit or loss	<u>7,130</u>	<u>6,946</u>	<u>4,213</u>	<u>806</u>	<u>11,343</u>	<u>7,752</u>

The Company expects to pay Baht 11 million of long-term employee benefits during the next year (2017: Baht 6 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 8 years (2017: 8 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements/ Separate financial statements	
	<u>2018</u>	<u>2017</u>
	(% per annum)	(% per annum)
Discount rate	2.75	2.75
Future salary increase rate	4.50 - 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 2018 and 2017 are summarised below:

(Unit: million Baht)

	Consolidated financial statements/Separate financial statements			
	As at 31 December 2018		As at 31 December 2017	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(5)	6	(3)	3
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Salary increase rate	6	(5)	8	(7)

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits of Baht 12 million. The Company will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

18. Statutory reserve

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

19. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salaries and wages and other employee benefits	561,699	517,248	561,699	517,248
Depreciation and amortisation expenses	225,465	266,058	225,465	266,058
Direct cost of food and beverage	283,797	261,625	283,797	261,625
Other direct cost of hotel operations	245,838	245,835	245,838	245,835
Utilities expenses	148,590	140,820	148,590	140,820
Management fees	81,012	76,974	81,012	76,974
Advertising and promotion expenses	80,213	76,083	80,213	76,083
Maintenance expenses	57,497	55,860	57,497	55,860

20. Finance cost

Finance cost for the years ended 31 December 2018 and 2017 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Unrealised gain on exchange rate on short-term loans from related party	-	-	3,228	47,100
Total	-	-	3,228	47,100

21. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current corporate income tax charge	(172,596)	(153,878)	(161,442)	(149,579)
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(4,335)</u>	<u>(1,132)</u>	<u>(4,335)</u>	<u>(1,132)</u>
Income tax expenses reported in the statements of comprehensive income	<u>(176,931)</u>	<u>(155,010)</u>	<u>(165,777)</u>	<u>(150,711)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to actuarial gain	(481)	-	(481)	-

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	<u>900,877</u>	<u>712,768</u>	<u>857,731</u>	<u>781,508</u>
Income tax at Thai corporate income tax rate of 20 percent	180,175	142,554	171,546	156,302
Difference in tax rate in group companies	(8,385)	(3,693)	-	-
Deferred tax assets which were not recorded during the year	16,312	-	-	-
Effects of:				
Exemption of income	(5,862)	(2,131)	-	-
Non-deductible expenses	(2,120)	24,870	339	694
Additional expense deductions allowed	(6,108)	(6,293)	(6,108)	(6,293)
Others	2,919	(297)	-	8
Total	<u>(11,171)</u>	<u>16,149</u>	<u>(5,769)</u>	<u>(5,591)</u>
Income tax expenses reported in the statement of comprehensive income	<u>176,931</u>	<u>155,010</u>	<u>165,777</u>	<u>150,711</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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets				
Allowance for doubtful interest receivables on loan	-	5,540	-	5,540
Allowance for diminution in value of inventories	324	322	324	322
Allowance for impairment of investment in other company	16,403	16,403	-	-
Allowance for doubtful accounts	37	127	37	127
Provision for long-term employee benefits	14,868	14,215	14,868	14,215
Provisions and other accruals	451	292	451	292
Total deferred tax assets	<u>32,083</u>	<u>36,899</u>	<u>15,680</u>	<u>20,496</u>

22. Earnings per share

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

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

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the year (Thousand Baht)	701,455	549,594	691,954	630,798
Weighted average number of ordinary shares (Thousand shares)	130,000	130,000	130,000	130,000
Earnings per share (Baht per share)	5.40	4.23	5.32	4.85

23. Segment information

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

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

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

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

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

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

The following tables present revenue, profit and total assets information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2018 and 2017.

(Unit: Million Baht)

	Hotel business				Holding Investment		Total segments		Adjustments and		Consolidated	
	Hotel in		Hotel in						eliminations			
	Bangkok		Chiangmai		2018	2017	2018	2017	2018	2017	2018	2017
	<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	2,011	1,889	535	510	-	-	2,546	2,399	-	-	2,546	2,399
Total revenues	2,011	1,889	535	510	-	-	2,546	2,399	-	-	2,546	2,399
Operating results												
Segment gross profit	1,349	1,270	376	359	-	-	1,725	1,629	-	-	1,725	1,629
Interest income	42	40	-	-	53	45	95	85	-	-	95	85
Exchange gains (losses)	-	-	-	-	37	(81)	37	(81)	-	-	37	(81)
Other income	26	24	5	2	67	28	98	54	-	-	98	54
Depreciation and amortisation expenses	(145)	(152)	(80)	(114)	-	-	(225)	(266)	-	-	(225)	(266)
Allowance for losses on loans	-	-	-	-	(81)	-	(81)	-	-	-	(81)	-
Profit (loss) before income tax expenses	711	654	116	69	74	(10)	901	713	-	-	901	713
Income tax expenses	(144)	(138)	(22)	(13)	(11)	(4)	(177)	(155)	-	-	(177)	(155)
Profit (loss) for the year	567	516	94	56	63	(14)	724	558	-	-	724	558
Segment total assets	4,874	4,406	679	740	3,767	4,110	9,320	9,256	-	-	9,320	9,256

Major customers

For the years 2018 and 2017, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

24. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salaries. The fund, which is managed by Finansa Asset Management Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2018, the Company contributed Baht 15 million (2017: Baht 15 million) to the fund.

25. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2016	Annual General Meeting of the shareholders on 27 April 2017	260	2.00
Total dividends for 2017		260	2.00
Final dividends for 2017	Annual General Meeting of the shareholders on 26 April 2018	293	2.25
Total dividends for 2018		293	2.25

26. Commitments and contingent liabilities

26.1 Capital commitments

As at 31 December 2018, the Company had capital commitments of approximately Baht 30 million (2017: Baht 50 million), relating to the construction and renovation of the building of the Hotel.

26.2 Operating lease and service commitments

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

As at 31 December 2018, the Company's future minimum payments required under these non-cancellable operating leases and service agreements amounted to Baht 2 million, which are payable within 1 year.

26.3 Guarantees

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

26.4 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 and penalty fees. The Company did not agree with the decision of the Board of Appeal, and therefore filed a lawsuit with the Labour Court requesting the revocation of the order of the Social Security Office and the decision of the Board of Appeal under the Social Security Act B.E. 2533. Subsequently, on 21 April 2018, the Central Labour Court ordered the revocation of the Social Security Office's order and the Board of Appeal's decision. To date, the Social Security Office and the Board of Appeal have not appealed the Court's ruling and the case is deemed final.

27. Fair value hierarchy

As at 31 December 2018 and 2017, 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 2018			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in related party				
Equity instruments	502,758	-	-	502,758

	(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

28. Financial instruments

28.1 Financial risk management

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

Credit risk

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

Interest rate risk

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

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

(Unit: Million Baht)

	Consolidated financial statements					Effective interest rate
	As at 31 December 2018					
	Fixed interest rates	Floating	Non-interest	Total		
Within 1 year	Over 1 year	interest rate	bearing			
Financial assets						(% per annum)
Cash and cash equivalent	2,626	-	73	83	2,782	0.25 - 2.89
Current investments - fixed						
deposits with financial institution	1,872	-	-	-	1,872	1.10 - 1.65
Trade and other receivables	-	-	-	166	166	-
Long-term loans to and interest						USD LIBOR and 0.92
receivables from related parties	-	1,767	-	210	1,977	to 2.05 percent per annum
	<u>4,498</u>	<u>1,767</u>	<u>73</u>	<u>459</u>	<u>6,797</u>	
Financial liabilities						
Trade and other payables	-	-	-	333	333	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>333</u>	<u>333</u>	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2017

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

(Unit: Million Baht)

Separate financial statements

As at 31 December 2018

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

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2017					
	Fixed interest			Total	Effective interest rate (% per annum)
	rates within 1 year	Floating interest rate	Non-interest bearing		
Financial assets					
Cash and cash equivalent	-	99	4	103	0.25 - 1.57
Current investments - fixed					
deposits with financial institution	2,870	-	-	2,870	1.30 - 1.75
Trade and other receivables	-	-	186	186	-
	<u>2,870</u>	<u>99</u>	<u>190</u>	<u>3,159</u>	
Financial liabilities					
Trade and other payables	-	-	310	310	-
Short-term loans from related party	-	-	492	492	-
	<u>-</u>	<u>-</u>	<u>802</u>	<u>802</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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	69	67	-	-	32.4498	32.6809

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	-	-	15	15	32.4498	32.6809

28.2 Fair values of financial instruments

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

29. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 0.07:1 (2017: 0.08:1) and the Company's was 0.20:1 (2017: 0.21:1).

30. Events after the reporting period

30.1 On 2 February 2019, the Company's Board of Directors' meeting passed a resolution approving the entering into purchase of land and building transaction with unrelated company. On 4 February 2019, the Company entered into the Land Purchase Agreement with a total value of Baht 1,886 million.

30.2 On 25 February 2019, the Company's Board of Directors' meeting passed a resolution approving the dividend payment for 2018 of Baht 2.25 per share, a total of approximately Baht 292.5 million. However, this resolution will be further proposed for the shareholders' approval in the Annual General Meeting of the shareholders for the year 2019.

31. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2019.

To : Managing Director
The Stock Exchange of Thailand

Date : February 25, 2019

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

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

Net profit after corporate income tax for the year ended December 31, 2018 and 2017:

(Baht in million)	<u>2018</u>	<u>2017</u>	<u>Change</u>
The Company	691.95	630.80	9.70%
Consolidated	701.45	549.59	27.63%

The Company:

The Company's profit before corporate income tax for the year ended December 31, 2018 increased by Baht 76.22 million against the year of 2017. 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 29.17 million and increase in profit of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 47.05 million.

Revenues from hotel operations of SLBK increased by Baht 122.38 million from Baht 1,888.92 million to Baht 2,011.30 million due to the increase in room, food & beverages and other revenues resulting from higher occupancy (increased by 2.05%). Gross Profit before expenses increased by Baht 78.44 million. Selling and administrative expenses increased by Baht 6.71 million and Baht 10.92 million respectively. Depreciation expense decreased by Baht 7.52 million against last year. Finance income decreased by Baht 43.87 million mainly due to reduce of unrealized exchange gain from US Dollar loan compared to 2017 as a result from strengthening of Thai Baht currency against US Dollar. As a result, the profit before corporate income tax increased by Baht 29.17 million from Baht 712.92 million to Baht 742.09 million.

Profit before corporate income tax of SLCM increased by Baht 47.05 million as compared to 2017, mainly attributed to higher revenues from hotel operations by Baht 25.04 million from Baht 509.75 million to Baht 534.79 million as a result of higher room occupancy and better average room rates in 2018. Gross Profit before expenses increased by Baht 16.92 million, to Baht 375.87 million from Baht 358.95 million during the same period last year. Selling and administrative expenses increased by Baht 2.92 million and Baht 2.18 million, respectively. Depreciation Expenses decreased by Baht 33.07 million against last year due to the fully depreciation of 10-year life assets. As a result, the profit before corporate income tax increased by Baht 47.05 million from Baht 68.59 million to Baht 115.64 million.

Consequently, the total profit of SLBK and SLCM before corporate income tax increased by Baht 76.22 million from Baht 781.51 million to Baht 857.73 million. The corporate income tax increased by Baht 15.07 million as compared to 2017 due to higher profit before income tax in 2018. The Company recorded a net profit after tax of Baht 691.95 million for the year ended December 31, 2018 compared to profit of Baht 630.80 million last year (increased by 9.70%).

Consolidated:

The consolidated profit before corporate income tax for the year ended December 31, 2018 increased by Baht 188.11 million against last year. The increase in consolidated profit before corporate income tax was due to increase in the Company's profit before corporate income tax of Baht 76.22 million and increase in profit from subsidiaries by Baht 111.89 million. The increase in profit of subsidiaries was largely due to exchange gain from loan to a related company. As a result, the corporate income tax increased by Baht 21.92 million mainly as a result of higher profit from the Company. Overall, the consolidated net profit after tax for the year ended December 31, 2018 increased by Baht 151.86 million against last year (increased by 27.63%).

Yours faithfully,

(Mrs. Pavinee Meensuk)
Director and Company Secretary

To : Managing Director
The Stock Exchange of Thailand

Date : February 25, 2019

Re : Resolutions on recommendation on annual dividend and fixing date of AGM No. 1/2019

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. 3/2019 held on February 25, 2019:

1. That an annual dividend for the operation of the Company from January 1, 2018 to December 31, 2018 at the rate of Baht 2.25 per share for 130,000,000 ordinary shares amounting to Baht 292,500,000 which will be payable to shareholders of the Company (the “Shareholders”) on May 22, 2019 be recommended to the Shareholders for approval at the Annual General Meeting scheduled to be held on April 24, 2019.
2. That the “record date” on which the Shareholders have the right to receive the annual dividend shall be May 3, 2019.
3. That the “record date” on which the Shareholders have the right to attend and vote at the Annual General Meeting of Shareholders No. 1/2019 shall be March 14, 2019.
4. That the Annual General Meeting of Shareholders No. 1/2019 be held on April 24, 2019 at 10.00 a.m. at Myanmar Room, 3rd Floor, Chao Phya Tower, Shangri-La Hotel, Bangkok.
5. That the agenda for the Annual General Meeting of Shareholders No. 1/2019 be as follows:
 - 5.1) To consider approval of minutes of the Annual General Meeting of Shareholders No. 1/2018 which was held on April 26, 2018;
 - 5.2) To acknowledge the report of the Board of Directors on the business operation of the Company for the year 2018;
 - 5.3) To approve the Company’s Statements of Financial Position and the Statements of Income for the year ended December 31, 2018;
 - 5.4) To consider and approve payment of the annual dividend for the year ended December 31, 2018. The details are mentioned in Items 1 and 2;
 - 5.5) To approve the appointment of Directors in place of those Directors retiring by rotation;
All 4 retired directors in 2019 namely as below will be re-appointed to retain the office for another term:-
 1. Mr. Maris Pakdeetaveevivat (Vice Chairman and Managing Director)
 2. Mdm. Kuok Oon Kwong (Director)
 3. Mrs. Chanida Asdathorn (Director)
 4. Mr. Somkiat Asdathorn (Director)

.../2

5.6) To consider the remuneration of the Directors;

The directors' remuneration for the year 2019 will be at the same rate as previous year, which are comparable to the practices among the companies in the similar industry and at the similar size. The details are as follows:-

Position	Remuneration per annum for each position (Baht)	No. of person	Total Remuneration (Baht)
Chairman of the Board of Director	500,000	1	500,000
Directors	180,000	11	1,980,000
Chairman of the Audit Committee	400,000	1	400,000
Members of the Audit Committee	300,000	2	600,000
		Total	3,480,000

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

The below-named auditors of EY Office Limited will be appointed as the Company's auditors for the year 2019 as recommended by the Audit Committee:

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

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

The audit fee for the year 2019 will be Baht 1,740,000 which is Baht 90,000 increase compared to last year.

5.8) To consider other business (if any).

Yours faithfully,

(Mrs. Pavinee Meensuk)
Director and Company Secretary

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

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	2018	2017
Net profit (loss)	701,455 (Update)	549,594
EPS (baht)	5.40	4.23

The Company Financial Statement

	Yearly	
Status	Audited	
Ending	31 December	
Year	2018	2017
Net profit (loss)	691,954	630,798
EPS (baht)	5.32	4.85

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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