

SHANGRI-LA GROUP

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Shangri-La Asia Limited

(Incorporated in Bermuda with limited liability)

website: www.ir.shangri-la.com

(Stock code: 00069)

OVERSEAS REGULATORY ANNOUNCEMENT

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

Hong Kong, 22 February 2021

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 (Group CEO)

Non-executive director(s)

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

Independent non-executive director(s)

Professor LI Kwok Cheung Arthur

Mr YAP Chee Keong

Mr LI Xiaodong Forrest

Mr ZHUANG Chenchao

Ms KHOO Shulamite N K

Shangri-La Hotel Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2020

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 2020, 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 2020, 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.

Emphasis of Matters

- a) I draw attention to Note 1.2 to the consolidated financial statements. The Coronavirus disease 2019 pandemic affects the Group's hotel business due to the restriction on entry into the country of foreign tourists, reducing in purchasing power, including the government measures to prevent and control the spread of COVID-19, and this is significantly impacting the Group's financial position, operating results, and cash flows at present, and is expected to do so in the future. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.
- b) I draw attention to Note 3 to the consolidated financial statements. In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets, provisions and contingent liabilities. As a result, in preparing the consolidated and separate financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of all relief measures which the Group elected to apply under the Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic issued by the Federation of Accounting Professions. This has no significant impact on the Group's consolidated and separate financial statements.

My opinion is not qualified in respect of the these above matters.

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. The amounts recorded directly impact the Company's annual profit and loss. 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 7 to financial statements, as of 31 December 2020 the Group had long-term loans to and interest receivables from related parties (three associated companies) which is significant to the consolidated statement of financial position. I have paid particular attention to the determination of the net realisable value of loans to and interest receivables from those associates, since these considerations required the exercise of significant management judgement with respect to projections of the future operating performance of the associates, and the determination of an appropriate discount rate and key assumptions.

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

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

EY Office Limited
Bangkok: 22 February 2021

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Assets					
Current assets					
Cash and cash equivalents	8	1,162,612,500	1,402,752,931	59,730,730	329,603,696
Fixed deposits with financial institutions		1,152,600,000	1,752,848,106	1,130,000,000	1,725,000,000
Trade and other receivables	9	17,978,578	147,763,563	17,780,790	147,074,366
Inventories	10	24,834,594	26,586,087	24,834,594	26,586,087
Other current assets		21,999,625	20,051,750	21,986,358	20,022,873
Total current assets		2,380,025,297	3,350,002,437	1,254,332,472	2,248,287,022
Non-current assets					
Other non-current financial assets	4, 14	412,351,240	-	-	-
Investments in subsidiaries	11	-	-	1,303,000,000	1,303,000,000
Investments in associates	12	-	-	-	-
Other long-term investments					
Investments in related party	4, 14	-	331,075,666	-	-
Investments in other company	4, 14	-	131,150,597	-	-
Long-term loans to and interest receivables					
from related parties	7, 12	1,157,478,202	1,795,263,990	-	-
Property, plant and equipment	13	3,600,867,111	3,608,705,574	3,599,013,497	3,606,851,960
Intangible assets		3,211,141	6,865,475	3,211,141	6,865,475
Deferred tax assets	21	120,445,358	34,889,080	104,042,677	18,486,399
Other non-current assets		4,294,714	18,811,209	4,294,714	18,811,209
Total non-current assets		5,298,647,766	5,926,761,591	5,013,562,029	4,954,015,043
Total assets		7,678,673,063	9,276,764,028	6,267,894,501	7,202,302,065

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 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	15	97,713,021	268,509,513	95,784,067	266,584,909
Short-term loans from related party	7	-	-	453,102,000	454,969,500
Income tax payable		2,111,302	86,673,588	-	83,867,357
Other current liabilities	16	89,095,897	168,328,782	89,095,897	168,328,782
Total current liabilities		188,920,220	523,511,883	637,981,964	973,750,548
Non-current liabilities					
Provision for long-term employee benefits	17	79,586,749	89,613,511	79,586,749	89,613,511
Deferred tax liabilities	21	7,571,029	-	-	-
Other non-current liabilities		21,589,261	22,243,487	21,589,261	22,243,487
Total non-current liabilities		108,747,039	111,856,998	101,176,010	111,856,998
Total liabilities		297,667,259	635,368,881	739,157,974	1,085,607,546
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		3,848,262,005	5,123,875,879	2,514,355,357	3,102,313,349
Other components of shareholders' equity		449,983,006	435,980,913	(6,018,830)	(6,018,830)
Equity attributable to owners of the Company		7,318,645,011	8,580,256,792	5,528,736,527	6,116,694,519
Non-controlling interests of the subsidiary	11	62,360,793	61,138,355	-	-
Total shareholders' equity		7,381,005,804	8,641,395,147	5,528,736,527	6,116,694,519
Total liabilities and shareholders' equity		7,678,673,063	9,276,764,028	6,267,894,501	7,202,302,065
		-	-	-	-

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 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit or loss:					
Revenues					
Revenues from hotel operations		651,656,818	2,503,260,762	651,656,818	2,503,260,762
Exchange gains		-	20,051,828	-	-
Dividend income	14	3,197,460	17,683,165	-	-
Other income		8,468,335	28,650,054	8,468,335	28,650,054
Total revenues		663,322,613	2,569,645,809	660,125,153	2,531,910,816
Expenses					
Cost of hotel operations		394,992,441	808,729,490	394,992,441	808,729,490
Selling expenses		90,385,364	170,450,412	90,385,364	170,450,412
Administrative expenses		349,552,885	557,368,687	348,348,325	556,151,911
Depreciation and amortisation expenses		223,017,004	216,648,065	223,017,004	216,648,065
Exchange losses		21,813,295	-	-	-
Allowance for expected credit losses of trade receivables	9	4,305,782	-	4,305,782	-
Impairment losses on financial assets	7, 12	469,290,118	-	-	-
Allowance for losses on loans		-	89,830,274	-	-
Total expenses		1,553,356,889	1,843,026,928	1,061,048,916	1,751,979,878
Profit (loss) from operating activities		(890,034,276)	726,618,881	(400,923,763)	779,930,938
Share of losses from investments in associates	7, 12	(218,480,703)	-	-	-
Finance income	19	50,582,470	85,238,317	20,107,066	64,418,091
Finance cost	19	(197,573)	-	(197,573)	-
Profit (loss) before income tax		(1,058,130,082)	811,857,198	(381,014,270)	844,349,029
Income tax benefits (expenses)	21	76,238,646	(163,622,176)	85,556,278	(162,443,256)
Profit (loss) for the year		(981,891,436)	648,235,022	(295,457,992)	681,905,773

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 2020

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		64,052,872	(234,363,313)	-	-
Loss on investments in equity designated at fair value through other comprehensive income	14	-	(149,218,941)	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods		<u>64,052,872</u>	<u>(383,582,254)</u>	<u>-</u>	<u>-</u>
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Loss on investments in equity designated at fair value through other comprehensive income	14	<u>(50,050,779)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		<u>(50,050,779)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other comprehensive income for the year		<u>14,002,093</u>	<u>(383,582,254)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(967,889,343)</u>	<u>264,652,768</u>	<u>(295,457,992)</u>	<u>681,905,773</u>
Profit (loss) attributable to:					
Equity holders of the Company		(983,113,874)	644,963,587	<u>(295,457,992)</u>	<u>681,905,773</u>
Non-controlling interests of the subsidiary	11	<u>1,222,438</u>	<u>3,271,435</u>		
		<u>(981,891,436)</u>	<u>648,235,022</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		(969,111,781)	261,381,333	<u>(295,457,992)</u>	<u>681,905,773</u>
Non-controlling interests of the subsidiary	11	<u>1,222,438</u>	<u>3,271,435</u>		
		<u>(967,889,343)</u>	<u>264,652,768</u>		
Earnings per share					
Basic earnings (loss) per share	22				
Profit (loss) attributable to equity holders of the Company		<u>(7.56)</u>	<u>4.96</u>	<u>(2.27)</u>	<u>5.25</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 2020

(Unit: Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
				Other components of shareholders' equity							
				Other comprehensive income							
		Retained earnings		Exchange differences on translation of financial statements in foreign currency		Fair value reserve	Actuarial loss on defined employee benefit plans	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
Issued and fully paid-up share capital	Share premium	Appropriated	Unappropriated	foreign currency	Fair value reserve	benefit plans	equity	the Company	the subsidiary	equity	
Balance as at 1 January 2019	1,300,000,000	1,590,400,000	130,000,000	4,771,412,292	669,448,699	156,133,298	(6,018,830)	819,563,167	8,611,375,459	57,866,920	8,669,242,379
Profit for the year	-	-	-	644,963,587	-	-	-	-	644,963,587	3,271,435	648,235,022
Other comprehensive income for the year	-	-	-	-	(234,363,313)	(149,218,941)	-	(383,582,254)	(383,582,254)	-	(383,582,254)
Total comprehensive income for the year	-	-	-	644,963,587	(234,363,313)	(149,218,941)	-	(383,582,254)	261,381,333	3,271,435	264,652,768
Dividend paid (Note 25)	-	-	-	(292,500,000)	-	-	-	-	(292,500,000)	-	(292,500,000)
Balance as at 31 December 2019	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>5,123,875,879</u>	<u>435,085,386</u>	<u>6,914,357</u>	<u>(6,018,830)</u>	<u>435,980,913</u>	<u>8,580,256,792</u>	<u>61,138,355</u>	<u>8,641,395,147</u>
Balance as at 1 January 2020	1,300,000,000	1,590,400,000	130,000,000	5,123,875,879	435,085,386	6,914,357	(6,018,830)	435,980,913	8,580,256,792	61,138,355	8,641,395,147
Loss for the year	-	-	-	(983,113,874)	-	-	-	-	(983,113,874)	1,222,438	(981,891,436)
Other comprehensive income for the year	-	-	-	-	64,052,872	(50,050,779)	-	14,002,093	14,002,093	-	14,002,093
Total comprehensive income for the year	-	-	-	(983,113,874)	64,052,872	(50,050,779)	-	14,002,093	(969,111,781)	1,222,438	(967,889,343)
Dividend paid (Note 25)	-	-	-	(292,500,000)	-	-	-	-	(292,500,000)	-	(292,500,000)
Balance as at 31 December 2020	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>3,848,262,005</u>	<u>499,138,258</u>	<u>(43,136,422)</u>	<u>(6,018,830)</u>	<u>449,983,006</u>	<u>7,318,645,011</u>	<u>62,360,793</u>	<u>7,381,005,804</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 2020

(Unit: Baht)

	Separate financial statements						
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity		Total shareholders' equity
			Appropriated	Unappropriated	Other comprehensive income		
					Actuarials loss on defined employee benefit plans	Total other components of shareholders' equity	
Balance as at 1 January 2019	1,300,000,000	1,590,400,000	130,000,000	2,712,907,576	(6,018,830)	(6,018,830)	5,727,288,746
Total comprehensive income for the year	-	-	-	681,905,773	-	-	681,905,773
Dividend paid (Note 25)	-	-	-	(292,500,000)	-	-	(292,500,000)
Balance as at 31 December 2019	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>3,102,313,349</u>	<u>(6,018,830)</u>	<u>(6,018,830)</u>	<u>6,116,694,519</u>
							-
Balance as at 1 January 2020	1,300,000,000	1,590,400,000	130,000,000	3,102,313,349	(6,018,830)	(6,018,830)	6,116,694,519
Total comprehensive income for the year	-	-	-	(295,457,992)	-	-	(295,457,992)
Dividend paid (Note 25)	-	-	-	(292,500,000)	-	-	(292,500,000)
Balance as at 31 December 2020	<u>1,300,000,000</u>	<u>1,590,400,000</u>	<u>130,000,000</u>	<u>2,514,355,357</u>	<u>(6,018,830)</u>	<u>(6,018,830)</u>	<u>5,528,736,527</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 2020

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities					
Profit (loss) before tax		(1,058,130,082)	811,857,198	(381,014,270)	844,349,029
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:					
Depreciation and amortisation		223,017,004	216,648,065	223,017,004	216,648,065
Bad debt		-	1,029,236	-	1,029,236
Reversal of allowance for doubtful accounts		-	(175,801)	-	(175,801)
Reversal of reduction of inventory to net realisable value		(81,335)	(640,816)	(81,335)	(640,816)
Allowance for expected credit loss of trade receivables		4,305,782	-	4,305,782	-
Impairment losses on financial assets		469,290,118	-	-	-
Allowance for losses on loans		-	89,830,274	-	-
Share of losses from investments in associates		218,480,703	-	-	-
Gain on disposals/write-off of machinery and equipment		(327,286)	(1,065,991)	(327,286)	(1,065,991)
Gain from termination of lease contract		(145,261)	-	(145,261)	-
Provision for long-term employee benefits		7,047,345	21,110,616	7,047,345	21,110,616
Unrealised gain on exchange		-	-	(1,867,500)	(34,252,500)
Dividend income		(3,197,460)	(17,683,165)	-	-
Interest income		(50,582,470)	(85,238,317)	(18,239,566)	(30,165,591)
Interest expenses		197,573	-	197,573	-
Profit (loss) from operating activities before changes in operating assets and liabilities		(190,125,369)	1,035,671,299	(167,107,514)	1,016,836,247
Operating assets (increase) decrease					
Trade and other receivables		119,189,925	(5,946,197)	119,189,925	(5,946,197)
Inventories		1,832,828	1,088,965	1,832,828	1,088,965
Other current assets		(355,071)	810,303	(370,681)	802,538
Other non-current assets		4,516,495	(7,234,516)	4,516,495	(7,234,516)
Operating liabilities increase (decrease)					
Trade and other payables		(170,796,492)	(64,578,230)	(170,800,842)	(65,751,376)
Other current liabilities		(79,232,885)	22,267,349	(79,232,885)	24,374,209
Provision for long-term employee benefits		(17,074,107)	(5,835,216)	(17,074,107)	(5,835,216)
Other non-current liabilities		(654,226)	1,729,629	(654,226)	1,729,629
Cash flows from (used in) operating activities		(332,698,902)	977,973,386	(309,701,007)	960,064,283
Cash paid for corporate income tax		(88,743,408)	(157,119,121)	(86,310,161)	(153,385,874)
Net cash flows from (used in) operating activities		(421,442,310)	820,854,265	(396,011,168)	806,678,409

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 2020

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from investing activities				
Decrease in fixed deposits with financial institutions	600,248,106	119,182,479	595,000,000	120,000,000
Interest received	35,572,700	54,365,500	24,037,435	32,773,943
Dividend received	3,197,460	17,683,165	-	-
Acquisitions of property, plant and equipment	(198,015,691)	(2,009,814,713)	(198,015,691)	(2,009,814,713)
Acquisitions of intangible assets	(144,200)	(4,769,186)	(144,200)	(4,769,186)
Proceeds from sales of machinery and equipment	1,557,336	1,533,841	1,557,336	1,533,841
Net cash flows from (used in) investing activities	442,415,711	(1,821,818,914)	422,434,880	(1,860,276,115)
Cash flows from financing activities				
Cash paid for lease liability	(3,599,105)	-	(3,599,105)	-
Interest paid	(197,573)	-	(197,573)	-
Dividend paid	(292,500,000)	(292,500,000)	(292,500,000)	(292,500,000)
Net cash flows used in financing activities	(296,296,678)	(292,500,000)	(296,296,678)	(292,500,000)
Increase (decrease) in translation adjustments	35,182,846	(86,056,021)	-	-
Net decrease in cash and cash equivalents	(240,140,431)	(1,379,520,670)	(269,872,966)	(1,346,097,706)
Cash and cash equivalents at beginning of year	1,402,752,931	2,782,273,601	329,603,696	1,675,701,402
Cash and cash equivalents at end of year	1,162,612,500	1,402,752,931	59,730,730	329,603,696
	-	-	-	-

Supplemental cash flows information

Non-cash items

Purchase of intangible assets for which no cash has been paid	-	543,443	-	543,443
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The accompanying notes are an integral part of the financial statements.

Shangri-La Hotel Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2020

1. General information

1.1 General information of the Company

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 Bermuda. 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.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic affects the Group’s hotel business due to the restriction on entry into the country of foreign tourists, reducing in purchasing power, including the government measures to prevent and control the spread of COVID-19, and this is significantly impacting the Group’s financial position, operating results, and cash flows at present, and is expected to do so in the future. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

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, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2020</u>	<u>2019</u>
			Percent	Percent
<u>Subsidiary held directly by the Company</u>				
Town Development Company Limited	Holding investment	Thailand	100.00	100.00
<u>Subsidiaries held through its subsidiaries</u>				
Apizaco Limited	Holding investment	Hong Kong	100.00	100.00
Hasfield Holdings Pte., Ltd.	Dormant	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	Dormant	Thailand	100.00	100.00

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

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

3. New financial reporting standards

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

During the year, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

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. They also include stipulations regarding the presentation and disclosure of financial instruments.

The adoption of these standards has the impact on the Group's financial statements to result in the following adjustments.

- Classification and measurement of non-listed equity investments - The Group has decided to measure these investments at fair value and classify them as financial assets at fair value through other comprehensive income.
- Recognition of credit losses - The Group recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables and applies the general approach for loans to and interest receivables from related parties.

The Group recognised the cumulative effect of the adoption of these financial reporting standards as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4.

TFRS 16 Leases

TFRS 16 supersedes TAS 17, Leases, together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Group recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Group elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach, fair value measurement of non-listed equity investments, impairment of assets, reversal of deferred tax assets, and not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification.

In the fourth quarter of 2020, the Group has assessed the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of assets, provisions and contingent liabilities. As a result, in preparing the financial statements for the year ended 31 December 2020, the Group has decided to discontinue application of all temporary relief measures on accounting alternatives with no significant impact on the Group's financial statements.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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 Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3 to the financial statements, during the current year, the Group has adopted the set of financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards was recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	The impacts of			
	Financial reporting standards related			
	31 December 2019	to financial instruments	TFRS 16	1 January 2020
Statement of financial position				
Assets				
Current assets				
Other current assets	20,051	-	(850)	19,201
Non-current assets				
Other non-current financial assets	-	462,227	-	462,227
Other long-term investments				
- Investment in related party	331,076	(331,076)	-	-
- Investment in other company	131,151	(131,151)	-	-
Property, plant and equipment	3,608,706	-	21,324	3,630,030
Liabilities				
Current liabilities				
Current portion of lease liability	-	-	9,232	9,232
Non-current liabilities				
Lease liability, net of current portion	-	-	11,242	11,242

(Unit: Thousand Baht)

	Separate financial statements			1 January 2020
	The impacts of		TFRS 16	
	31 December 2019	Financial		
		reporting standards related to financial instruments		
Statement of financial position				
Assets				
Current assets				
Other current assets	20,024	-	(850)	19,174
Non-current assets				
Property, plant and equipment	3,606,852	-	21,324	3,628,176
Liabilities				
Current liabilities				
Current portion of lease liability	-	-	9,232	9,232
Non-current liabilities				
Lease liability, net of current portion	-	-	11,242	11,242

4.1 Financial instruments

As at 1 January 2020, classification and measurement of financial assets required by TFRS 9, in comparison with classification and the former carrying amount, are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			Total
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through other comprehensive income	Amortised cost	
	Financial assets as at 1 January 2020			
Cash and cash equivalents	1,402,753	-	1,402,753	1,402,753
Fixed deposits with financial institutions	1,752,848	-	1,752,848	1,752,848
Trade and other receivables	147,764	-	147,764	147,764
Other non-current financial assets				
- Investment in related party	331,076	331,076	-	331,076
- Investment in other company	131,151	131,151	-	131,151
Long-term loans to and interest receivables from related parties	1,795,264	-	1,795,264	1,795,264
Total financial assets	5,560,856	462,227	5,098,629	5,560,856

(Unit: Thousand Baht)

	Separate financial statements	
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9 Amortised cost
Financial assets as at 1 January 2020		
Cash and cash equivalents	329,604	329,604
Fixed deposits with financial institutions	1,725,000	1,725,000
Trade and other receivables	147,074	147,074
Total financial assets	2,201,678	2,201,678

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss.

4.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

	(Unit: Thousand Baht) Consolidated / Separate financial statements
Operating lease commitments as at 31 December 2019	21,120
Less: Deferred interest expenses	(646)
Increase in lease liability due to TFRS 16 adoption as at 1 January 2020	20,474
Weighted average incremental borrowing rate (percent per annum)	3%
Comprise of:	
Current lease liability	9,232
Non-current lease liability	11,242
	20,474

5. Significant accounting policies

5.1 Revenue and expense 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 calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

Dividends

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

5.2 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.

5.3 Inventories

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

5.4 Investments in associates

Investments in associates are accounted for in the consolidated financial statements using the equity method.

Interests in associates are the carrying amount of the investments in associates determined using the equity method together with any long-term interests that, in substance, form part of the entity's net investments in associates such as long-term loans to and interest receivables from associates for which the settlement is neither planned nor likely to occur in the foreseeable future.

When the Group's share of losses exceeds its interests in associates, the carrying amount of the interests, including long-term loans to and interest receivables from associates, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation, whether legal or constructive, to make payments on behalf of those associates.

5.5 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

5.6 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	-	5 - 40 years
Machinery and building equipment	-	10 - 15 years
Furniture, fixtures and equipment	-	5 - 20 years
Computer	-	3 - 5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

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.

5.7 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.

5.8 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

Accounting policies adopted since 1 January 2020

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term. The lease term of right-of-use assets, vehicle are 2 years.

Right-of-use assets are presented as part of property, plant and equipment in the statement of financial position.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Accounting policies adopted before 1 January 2020

Leases of equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

5.9 Related party transactions

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

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

5.10 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.

5.11 Impairment of non-financial assets

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

An impairment loss is recognised in profit or loss.

5.12 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

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

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

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

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

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

5.13 Provisions

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

5.14 Income tax

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

Current tax

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

Deferred tax

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

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

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

The Group record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.15 Financial instruments

Accounting policies adopted since 1 January 2020

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income (“FVOCI”), or fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition is driven by the Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Group considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Accounting policies adopted before 1 January 2020

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.

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).

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.

5.16 Fair value measurement

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

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

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

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

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

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

6. Significant accounting judgements and estimates

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

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

The Group had paid particular attention to the determination of the net realisable value of loans to and interest receivables from those associates, since these considerations required the exercise of significant management judgement with respect to projections of the future operating performance of the associates, and the determination of an appropriate discount rate and key assumptions.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

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.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

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.

7. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<u>Transactions with associated companies</u>					
Interest income	21	33	-	-	USD LIBOR and 0.92 to 2.05 percent per annum
<u>Transactions with related companies</u>					
Revenue from hotel operations	42	43	42	43	Normal business price
Management fees	27	79	27	79	Contract price
Marketing and promotion fees	7	25	7	25	Contract price
Advertising and reservation fees	9	15	9	15	Contract price
Training fees	1	4	1	4	Contract price

The balances of the accounts between the Company and these related companies as at 31 December 2020 and 2019 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Trade receivables - related parties (Note 9)</u>				
Related companies				
Others	855	242	855	242
Total trade receivables - related parties	855	242	855	242
<u>Other receivables - related parties (Note 9)</u>				
Associated company				
Traders Yangon Company Limited	55	42	55	42
Related companies				
Others	1,330	5,282	1,330	5,282
Total other receivables - related parties	1,385	5,324	1,385	5,324

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Long-term loans to and interest receivables</u>				
<u>from related parties</u>				
Associated companies				
Non-interest bearing				
Traders Square Company Limited	40,716	40,689	-	-
	<u>40,716</u>	<u>40,689</u>	<u>-</u>	<u>-</u>
Interest bearing				
Traders Yangon Company Limited	488,827	488,505	-	-
Shangri-La Yangon Company Limited	711,915	700,410	-	-
Traders Square Company Limited	738,576	728,695	-	-
	<u>1,939,318</u>	<u>1,917,610</u>	<u>-</u>	<u>-</u>
Total	1,980,034	1,958,299	-	-
Less: Allowance for impairment losses on financial assets (2019: Allowance for losses on loans)	<u>(612,848)</u>	<u>(163,035)</u>	<u>-</u>	<u>-</u>
Total	1,367,186	1,795,264	-	-
Less: Share of losses from investments in associates (Note 12)	<u>(209,708)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term loans to and interest receivables from related parties - net	<u>1,157,478</u>	<u>1,795,264</u>	<u>-</u>	<u>-</u>

The interest-bearing portions of the loans carry interest at rates of USD LIBOR and 0.92 to 2.05 percent per annum. The loans are unsecured and repayable on demand. The Group deemed these long-term loans that, in substance, form part of the interests in associates as described in Note 12.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Other payables - related parties (Note 15)</u>				
Related companies				
Shangri-La International Hotel Management Pte., Ltd.	22,897	-	22,897	-
Shangri-La International Hotel Management Limited	2,991	20,146	2,991	20,146
Shangri-La International Hotel Management BV	-	14,648	-	14,648
Other	975	682	5	241
Total other payables - related parties	<u>26,863</u>	<u>35,476</u>	<u>25,893</u>	<u>35,035</u>

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

Hasfield Holdings Pte., Ltd.	-	-	453,102	454,970
Total short-term loans from related party	<u>-</u>	<u>-</u>	<u>453,102</u>	<u>454,970</u>

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

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

(Unit: Thousand Baht)

	Consolidated financial statements				
	Balance	Increase	Decrease	Balance	
	as at 1 January 2020	during the year	during the year	as at 31 December 2020	
<u>Long-term loans to and interest receivables</u>					
<u>from related parties</u>					
Associated companies					
Non-interest bearing					
Traders Square Company Limited	40,689	-	-	27	40,716
Interest bearing					
Traders Yangon Company Limited	488,505	-	-	322	488,827
Shangri-La Yangon Company Limited	700,410	11,505	-	-	711,915
Traders Square Company Limited	728,695	9,794	-	87	738,576
Total	<u>1,958,299</u>	<u>21,299</u>	<u>-</u>	<u>436</u>	<u>1,980,034</u>
Less: Allowance for impairment losses on financial assets (2019: Allowance for losses on loans)	<u>(163,035)</u>	<u>(469,290)</u>	<u>-</u>	<u>19,477</u>	<u>(612,848)</u>
Total	<u>1,795,264</u>	<u>(447,991)</u>	<u>-</u>	<u>19,913</u>	<u>1,367,186</u>
Less: Share of losses from investments in associates (Note 12)	<u>-</u>	<u>(218,481)</u>	<u>-</u>	<u>8,773</u>	<u>(209,708)</u>
Total long-term loans to and interest receivables from related parties - net	<u>1,795,264</u>	<u>(666,472)</u>	<u>-</u>	<u>28,686</u>	<u>1,157,478</u>

The significant increase of Baht 469 million in the allowance for impairment losses on loans to and interest receivable from related parties in 2020 was mainly due to the impact of the Coronavirus disease 2019 pandemic, which significantly affected the businesses, operating results and financial position of the associates and resulted in a reduction in the associates' ability to repay debts.

(Unit: Thousand Baht)

	Separate financial statements				
	Balance				Balance
	as at	Increase	Decrease	Gain on	as at
	1 January	during the	during the	exchange	31 December
2020	year	year		2020	
<u>Short-term loans from related party</u>					
Subsidiary					
Hasfield Holdings Pte., Ltd.	454,970	-	-	(1,868)	453,102
Total short-term loans from related party	454,970	-	-	(1,868)	453,102

Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses to their directors and management as detailed below.

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2020	2019
	Short-term employee benefits	47,487
Post-employment benefits	3,186	3,365
Total	50,673	65,501

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.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash	1,304	3,920	1,303	3,913
Bank deposits	1,161,309	1,398,833	58,428	325,691
Total	1,162,613	1,402,753	59,731	329,604

As at 31 December 2020, bank deposits in saving accounts and fixed deposits carried interests between 0.10 and 0.50 percent per annum (2019: between 0.25 and 1.96 percent per annum).

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>Trade receivables - related parties</u> (Note 7)				
Age on the basis of invoice date				
Less than 120 days	855	242	855	242
Total trade receivables - related parties	855	242	855	242
<u>Trade receivables - unrelated parties</u>				
Age on the basis of invoice date				
Less than 120 days	11,757	131,433	11,757	131,433
120 - 180 days	27	216	27	216
Over 180 days	4,337	-	4,337	-
Total	16,121	131,649	16,121	131,649
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful accounts)	(4,317)	(11)	(4,317)	(11)
Total trade receivables - unrelated parties, net	11,804	131,638	11,804	131,638
Total trade receivables, net	12,659	131,880	12,659	131,880
<u>Other receivables</u>				
Other receivables - related parties (Note 7)	1,385	5,324	1,385	5,324
Other receivables - unrelated parties	1,853	2,189	1,853	2,189
Interest receivables	2,082	8,371	1,884	7,681
Total other receivables	5,320	15,884	5,122	15,194
Total trade and other receivables - net	17,979	147,764	17,781	147,074

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements/Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Food and beverages	8,587	12,194	-	-	8,587	12,194
Operating equipment	-	188	-	-	-	188
General supplies	11,574	9,180	-	-	11,574	9,180
Engineering tools, spare parts and supplies	5,571	6,003	(897)	(979)	4,674	5,024
Total	25,732	27,565	(897)	(979)	24,835	26,586

During the current year, there is no reduction of inventories (2019: Baht 0.1 million), to reflect the net realisable value, but the Company reversed the write-down of cost of inventories by Baht 0.1 million (2019: Baht 0.7 million), and recorded as a reduction to the amount of inventories recognised as expenses during the year.

11. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
			(Percent)	(Percent)		
Town Development Company Limited	Baht 1,303 million	Baht 1,303 million	100	100	1,303,000	1,303,000
Total investments in subsidiary					1,303,000	1,303,000

(Unit: Thousand Baht)

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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</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.	Dormant	Singapore	SGD 34 million	SGD 34 million	100.00	100.00
Traders Hotel and Resort Limited	Dormant	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

11.2 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Percent)	(Percent)				
TRR-Kerry Development Company Limited	42.67	42.67	62,361	61,138	1,223	3,271

(Unit: Thousand Baht)

11.3 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>2020</u>	<u>2019</u>
Current assets	15,061	12,196
Non-current assets	131,151	131,151
Current liabilities	65	65

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	<u>2020</u>	<u>2019</u>
Revenue	3,253	8,599
Profit	2,865	7,667
Total comprehensive income	2,865	7,667

Summarised information about cash flow

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	<u>2020</u>	<u>2019</u>
Cash flow from operating activities	(379)	(3,024)
Cash flow from investing activities	8,509	7,770
Net increase in cash and cash equivalents	<u>8,130</u>	<u>4,746</u>

12. Investments in associates

12.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Paid-up capital as at 31 December		Consolidated financial statements					
					Shareholding percentage		Cost		Carrying amounts based on equity method	
					<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
					(Percent)	(Percent)				
<u>Associated companies (owned by Zukerman Limited)</u>										
Traders Yangon Company Limited	Hotel	Myanmar	USD 3.6 million	USD 3.6 million	23.53	23.53	26,856	26,809	-	-
Shangri-La Yangon Company Limited	Serviced apartments	Myanmar	USD 2.0 million	USD 2.0 million	22.22	22.22	15,881	15,847	-	-
Traders Square Company Limited	Commercial complex and office for rent	Myanmar	USD 0.1 million	USD 0.1 million	23.56	23.56	633	632	-	-
Total							<u>43,370</u>	<u>43,288</u>	<u>-</u>	<u>-</u>

12.2 Summarised financial information of associates

The financial information of these associated companies for the years ended 31 December 2020 and 2019, 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.

Financial information of the associated companies is summarised below.

(Unit: Thousand Baht)

	As at 31 December					
	Traders Yangon Company Limited		Shangri-La Yangon Company Limited		Traders Square Company Limited	
	<u>2563</u>	<u>2562</u>	<u>2563</u>	<u>2562</u>	<u>2563</u>	<u>2562</u>
Total assets	1,194,614	1,413,449	3,095,094	3,151,397	3,398,990	3,556,250
Total liabilities	(3,221,797)	(3,225,276)	(3,582,035)	(3,682,927)	(3,899,939)	(3,979,565)
Net (liabilities)/assets	(2,027,183)	(1,811,827)	(486,941)	(531,530)	(500,949)	(423,315)

(Unit: Thousand Baht)

	For the years ended 31 December					
	Traders Yangon Company Limited		Shangri-La Yangon Company Limited		Traders Square Company Limited	
	<u>2563</u>	<u>2562</u>	<u>2563</u>	<u>2562</u>	<u>2563</u>	<u>2562</u>
Total revenue	139,257	436,313	365,346	430,938	333,680	331,475
Profit (loss)	(231,684)	(126,543)	44,308	27,953	(82,591)	(34,676)

12.3 The reconciliation of interests in associates

In 2020, the Group's management decided to change the objective of the long-term loans to these three associated companies. Given the situation with the Coronavirus disease 2019 pandemic, as described in Note 1.2, no plans have been set for collection of these long-term loans for the foreseeable future and the long-term loans were, therefore, deemed in substance to form part of the interests in associates.

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	As at 31 December 2020			
	Traders Yangon Company Limited	Shangri-La Yangon Company Limited	Traders Square Company Limited	Total
<u>Interests in associates</u>				
Net assets/ (liabilities) of associates	(2,027,183)	(486,941)	(500,949)	(3,015,073)
Shareholding percentage (Percent)	23.53%	22.22%	23.56%	
The Group's interests in associates	(476,996)	(108,198)	(118,024)	(703,218)
<u>Investments in associates</u>				
Ordinary shares, at cost	26,856	15,881	633	43,370
Less: Cumulative share of losses from investments in associates	(26,856)	(15,881)	(633)	(43,370)
Total	-	-	-	-
<u>Long-term loans to and interest receivables from related parties (Note 7)</u>				
Long-term loans to and interest receivables from related parties	488,827	711,915	779,292	1,980,034
Less: Impairment losses on financial assets	(488,827)	-	(124,021)	(612,848)
Total - net	-	711,915	655,271	1,367,186
Less: Share of losses from investments in associates	-	(92,317)	(117,391)	(209,708)
Total long-term loans to and interest receivables from related parties - net	-	619,598	537,880	1,157,478
Unrecognised cumulative share of losses from investments in associates	(450,140)	-	-	(450,140)

13. 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 construction	Right-of-use assets - vehicle	Total
Cost:									
1 January 2019	495,363	3,394,636	1,284,282	3,821,165	98,820	7,318	5,686	-	9,107,270
Additions	1,883,062	-	2,891	36,876	-	380	86,605	-	2,009,814
Disposals/write-off	-	-	(19,725)	(19,171)	-	-	(349)	-	(39,245)
Transfers in (out)	-	5,874	34,687	22,181	-	-	(62,742)	-	-
31 December 2019	2,378,425	3,400,510	1,302,135	3,861,051	98,820	7,698	29,200	-	11,077,839
1 January 2020									
Adjustment of TFRS 16's adoption	-	-	-	-	-	-	-	21,324	21,324
Additions	150,350	-	8,247	21,145	-	-	28,273	-	208,015
Disposals/write-off	-	(289)	(7,296)	(28,801)	(125)	-	(462)	-	(36,973)
Transfers in (out)	-	-	-	18,557	-	-	(18,557)	-	-
Termination of lease contract	-	-	-	-	-	-	-	(21,324)	(21,324)
31 December 2020	2,528,775	3,400,221	1,303,086	3,871,952	98,695	7,698	38,454	-	11,248,881
Accumulated depreciation:									
1 January 2019	-	2,461,994	1,116,609	3,614,294	97,894	4,442	-	-	7,295,233
Depreciation for the year	-	104,113	32,005	75,342	320	897	-	-	212,677
Depreciation on disposals/write-off	-	-	(19,725)	(19,052)	-	-	-	-	(38,777)
31 December 2019	-	2,566,107	1,128,889	3,670,584	98,214	5,339	-	-	7,469,133
Depreciation for the year	-	104,737	30,607	78,467	320	931	-	4,594	219,656
Depreciation on disposals/write-off	-	(251)	(7,008)	(28,797)	(125)	-	-	-	(36,181)
Discounts from lease contract	-	-	-	-	-	-	-	3,935	3,935
Termination of lease contract	-	-	-	-	-	-	-	(8,529)	(8,529)
31 December 2020	-	2,670,593	1,152,488	3,720,254	98,409	6,270	-	-	7,648,014
Net book value:									
31 December 2019	2,378,425	834,403	173,246	190,467	606	2,359	29,200	-	3,608,706
31 December 2020	2,528,775	729,628	150,598	151,698	286	1,428	38,454	-	3,600,867

(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 construction	Right-of-use assets - vehicle	Total
Cost:									
1 January 2019	493,509	3,394,636	1,284,282	3,821,165	98,820	7,318	5,686	-	9,105,416
Additions	1,883,062	-	2,891	36,876	-	380	86,605	-	2,009,814
Disposals/write-off	-	-	(19,725)	(19,171)	-	-	(349)	-	(39,245)
Transfers in (out)	-	5,874	34,687	22,181	-	-	(62,742)	-	-
31 December 2019	2,376,571	3,400,510	1,302,135	3,861,051	98,820	7,698	29,200	-	11,075,985
1 January 2020									
Adjustment of TFRS 16's adoption	-	-	-	-	-	-	-	21,324	21,324
Additions	150,350	-	8,247	21,145	-	-	28,273	-	208,015
Disposals/write-off	-	(289)	(7,296)	(28,801)	(125)	-	(462)	-	(36,973)
Transfers in (out)	-	-	-	18,557	-	-	(18,557)	-	-
Termination of lease contract	-	-	-	-	-	-	-	(21,324)	(21,324)
31 December 2020	2,526,921	3,400,221	1,303,086	3,871,952	98,695	7,698	38,454	-	11,247,027
Accumulated depreciation:									
1 January 2019	-	2,461,994	1,116,609	3,614,294	97,894	4,442	-	-	7,295,233
Depreciation for the year	-	104,113	32,005	75,342	320	897	-	-	212,677
Depreciation on disposals/write-off	-	-	(19,725)	(19,052)	-	-	-	-	(38,777)
31 December 2019	-	2,566,107	1,128,889	3,670,584	98,214	5,339	-	-	7,469,133
Depreciation for the year	-	104,737	30,607	78,467	320	931	-	4,594	219,656
Depreciation on disposals/write-off	-	(251)	(7,008)	(28,797)	(125)	-	-	-	(36,181)
Discounts from lease contract	-	-	-	-	-	-	-	3,935	3,935
Termination of lease contract	-	-	-	-	-	-	-	(8,529)	(8,529)
31 December 2020	-	2,670,593	1,152,488	3,720,254	98,409	6,270	-	-	7,648,014
Net book value:									
31 December 2019	2,376,571	834,403	173,246	190,467	606	2,359	29,200	-	3,606,852
31 December 2020	2,526,921	729,628	150,598	151,698	286	1,428	38,454	-	3,599,013

During the current year, the Company additionally purchased land with structure thereon with an unrelated party, a total value of Baht 150 million. The Company has an objective to use the land for developing its new hotel.

As at 31 December 2020, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 5,470 million (2019: Baht 5,377 million).

Right-of-use assets

The Company has a lease contract for a vehicle used in its operations. The lease term is 2 years.

The Company had total cash outflows for leases for the year ended 31 December 2020 of Baht 3.8 million.

As at 31 December 2020, the Company had no balance of right-of-use assets and lease liability as a result of terminating the lease contract for a vehicle in November 2020.

14. Other non-current financial assets

	(Unit: Thousand Baht)
	<u>31 December 2020</u>
	Consolidated
	<u>financial statements</u>
<u>Equity instruments designated at FVOCI</u>	
Listed equity instruments	
Shangri-La Asia Limited - related party	281,200
Non-listed equity instruments	
Don Muang Tollway Public Company Limited	<u>131,151</u>
Total equity instruments designated at FVOCI	<u><u>412,351</u></u>

Movements of the listed equity instruments for the year ended 31 December 2020 and 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2020</u>	<u>2019</u>
Fair value as at 1 January	331,076	502,758
Unrealised loss on change in fair value of investment for the year	(50,051)	(149,219)
Translation adjustment	175	(22,463)
Fair value as at 31 December	<u><u>281,200</u></u>	<u><u>331,076</u></u>

In 2019, the subsidiary recognised dividend income from Shangri-La Asia Limited amounting to HKD 2.3 million or equivalent to approximately Baht 9.2 million.

The balance of the non-listed equity instruments as at 31 December 2019 is as follows:

	(Unit: Thousand Baht)
	Consolidated financial statements
	<u>31 December 2019</u>
Cost - Ordinary shares of Don Muang Tollway Public Company Limited	213,164
Less: Allowance for loss on diminution in value of investments	(82,013)
Non-listed equity instruments, net	<u>131,151</u>

In 2020, the subsidiary recognised dividend income from Don Muang Tollway Public Company Limited amounting to Baht 3.2 million (2019: Baht 8.5 million).

15. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Trade payables - unrelated parties	26,351	61,545	26,351	61,545
Other payables - related parties (Note 7)	26,863	35,476	25,893	35,035
Other payables - unrelated parties	6,736	21,198	6,713	21,193
Payables for purchase of assets	2,387	20,046	2,387	20,046
Retention payables	5,267	7,691	5,267	7,691
Accrued expenses	30,109	122,554	29,173	121,075
Total trade and other payables	<u>97,713</u>	<u>268,510</u>	<u>95,784</u>	<u>266,585</u>

16. Other current liabilities

	(Unit: Thousand Baht)	
	Consolidated financial statements/ Separate financial statements	
	<u>2020</u>	<u>2019</u>
Advances from customers	67,907	138,359
Others	21,189	29,970
Total other current liabilities	<u>89,096</u>	<u>168,329</u>

17. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2020 and 2019, 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Defined benefit obligation at beginning of year	80,943	65,742	8,670	8,596	89,613	74,338
<i>Included in profit or loss:</i>						
Current service cost	5,918	5,759	769	749	6,687	6,508
Interest cost	2,023	1,857	217	213	2,240	2,070
Past service costs and gains or losses on settlement	(170)	12,532	(1,709)	-	(1,879)	12,532
<i>Benefits paid during the year</i>	<u>(16,357)</u>	<u>(4,947)</u>	<u>(717)</u>	<u>(888)</u>	<u>(17,074)</u>	<u>(5,835)</u>
Defined benefit obligation at end of year	<u>72,357</u>	<u>80,943</u>	<u>7,230</u>	<u>8,670</u>	<u>79,587</u>	<u>89,613</u>

The Company expects to pay Baht 7 million of long-term employee benefits during the next year.

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 8 years (2019: 8 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements/ Separate financial statements	
	<u>2020</u>	<u>2019</u>
	(% per annum)	(% per annum)
Discount rate	2.75	2.75
Future salary increase rate	4.50 - 5.00	4.50 - 5.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

(Unit: million Baht)

	Consolidated financial statements/Separate financial statements			
	As at 31 December 2020		As at 31 December 2019	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(4)	4	(4)	4
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Salary increase rate	8	(7)	8	(7)

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. Finance income/Finance cost

Finance income/Finance cost for the years ended 31 December 2020 and 2019 are summarised below:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Finance income				
Interest income	50,582	85,238	18,240	30,166
Unrealised gain on exchange rate of short-term loan from related party	-	-	1,867	34,252
Total	<u>50,582</u>	<u>85,238</u>	<u>20,107</u>	<u>64,418</u>
Finance cost				
Interest expenses on lease liabilities	(198)	-	(198)	-
Total	<u>(198)</u>	<u>-</u>	<u>(198)</u>	<u>-</u>

20. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Salaries and wages and other employee benefits	420,433	562,704	420,433	562,704
Depreciation and amortisation expenses	223,017	216,648	223,017	216,648
Direct cost of food and beverage	89,292	272,657	89,292	272,657
Other direct cost of hotel operations	76,286	245,634	76,286	245,634
Utilities expenses	84,168	145,732	84,168	145,732
Management fees	27,130	79,097	27,130	79,097
Advertising and promotion expenses	31,337	88,130	31,337	88,130
Maintenance expenses	33,177	54,466	33,177	54,466

21. Income tax

Income tax for the years ended 31 December 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current income tax:				
Current corporate income tax charge	(1,742)	(169,043)	-	(165,304)
Adjustment in respect of income tax of previous year	4	2,615	-	55
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>77,977</u>	<u>2,806</u>	<u>85,556</u>	<u>2,806</u>
Income tax reported in the statements of comprehensive income	<u>76,239</u>	<u>(163,622)</u>	<u>85,556</u>	<u>(162,443)</u>

The reconciliation between accounting profit (loss) and income tax is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Accounting profit (loss) before tax	(1,058,130)	811,857	(381,014)	844,349
Income tax at Thai corporate income tax rate of 20 percent	(211,626)	162,371	(76,203)	168,870
Adjustment in respect of income tax of previous year	(4)	(2,615)	-	(55)
Adjustment in respect of deferred tax liabilities of				
previous year	6,123	-	-	-
Difference in tax rate of group companies	(5,597)	(6,904)	-	-
Unrecognised deferred tax assets on temporary differences	137,554	17,966	-	-
Effects of:				
Exemption of income	(320)	(853)	-	-
Non-deductible expenses	3,342	(619)	116	335
Additional expense deductions allowed	(7,357)	(6,477)	(7,357)	(6,477)
Others	1,646	753	(2,112)	(230)
Total	(2,689)	(7,196)	(9,353)	(6,372)
Income tax reported in the statement of				
comprehensive income	<u>(76,239)</u>	<u>163,622</u>	<u>(85,556)</u>	<u>162,443</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	financial statements	financial statements
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Deferred tax assets				
Allowance for expected credit losses of trade receivables (2019: Allowance for doubtful accounts)	863	2	863	2
Allowance for diminution in value of inventories	180	196	180	196
Allowance for impairment of investment in other company	16,403	16,403	-	-
Provision for long-term employee benefits	15,917	17,923	15,917	17,923
Provisions and other accruals	128	365	128	365
Unused tax losses	86,954	-	86,954	-
Total	<u>120,445</u>	<u>34,889</u>	<u>104,042</u>	<u>18,486</u>
Deferred tax liabilities				
Undued tax remitted	7,571	-	-	-
Total	<u>7,571</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net balance	<u>112,874</u>	<u>34,889</u>	<u>104,042</u>	<u>18,486</u>
Presented as				
Deferred tax assets	120,445	34,889	104,042	18,486
Deferred tax liabilities	7,571	-	-	-
Total	<u>112,874</u>	<u>34,889</u>	<u>104,042</u>	<u>18,486</u>

As at 31 December 2020, the Group has deductible temporary differences totalling Baht 687 million (2019: Nil), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences.

The Company has the unused tax losses amounting to Baht 435 million (2019: Nil) which will expire by 2025.

22. Earnings per share

Basic earnings per share is calculated by dividing profit (loss) 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Profit (loss) for the year (Thousand Baht)	(983,114)	644,964	(295,458)	681,906
Weighted average number of ordinary shares (Thousand shares)	130,000	130,000	130,000	130,000
Earnings (loss) per share (Baht per share)	(7.56)	4.96	(2.27)	5.25

23. Segment information

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

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

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

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

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

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

The following tables present revenue, profit and total assets information regarding the Group's operating segments for the years ended 31 December 2020 and 2019.

(Unit: Million Baht)

	Hotel business				Holding Investment		Total segments		Adjustments and eliminations		Consolidated	
	Hotel in Bangkok		Hotel in Chiangmai									
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenues												
External customers	505	2,016	147	487	-	-	652	2,503	-	-	652	2,503
Total revenues	505	2,016	147	487	-	-	652	2,503	-	-	652	2,503
Operating results												
Segment gross profit	194	1,364	63	331	-	-	257	1,695	-	-	257	1,695
Exchange gains (losses)	-	-	-	-	(24)	(14)	(24)	(14)	2	34	(22)	20
Dividend income	-	-	-	-	3	17	3	17	-	-	3	17
Other income	6	25	2	4	-	-	8	29	-	-	8	29
Depreciation and amortisation expenses	(138)	(135)	(85)	(82)	-	-	(223)	(217)	-	-	(223)	(217)
Allowance for expected credit losses of trade receivables	(4)	-	-	-	-	-	(4)	-	-	-	(4)	-
Impairment losses on financial assets	-	-	-	-	(469)	-	(469)	-	-	-	(469)	-
Allowance for losses on loans	-	-	-	-	-	(90)	-	(90)	-	-	-	(90)
Share of losses from investments in associates	-	-	-	-	(218)	-	(218)	-	-	-	(218)	-
Finance income	20	64	-	-	33	55	53	119	(2)	(34)	51	85
Profit (loss) before income tax	(243)	734	(138)	76	(677)	2	(1,058)	812	-	-	(1,058)	812
Income tax benefits (expenses)	54	(149)	32	(14)	(10)	(1)	76	(164)	-	-	76	(164)
Profit (loss) for the year	(189)	585	(106)	62	(687)	1	(982)	648	-	-	(982)	648
Segment total assets	4,436	5,280	529	615	2,714	3,382	7,679	9,277	-	-	7,679	9,277

Major customers

For the years 2020 and 2019, the Group have no major customer with revenue of 10 percent or more of an entity's revenues.

24. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salaries. The fund, which is managed by Principal Asset Management Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2020, the Company contributed Baht 16 million (2019: Baht 16 million) to the fund.

25. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2018	Annual General Meeting of the shareholders on 24 April 2019	292.5	2.25
Total dividends for 2019		292.5	2.25
Final interim dividends for 2019	The Board of Directors' Meeting on 29 April 2020	292.5	2.25
Total dividends for 2020		292.5	2.25

26. Commitments and contingent liabilities

26.1 Capital commitments

As at 31 December 2020, the Company had capital commitments of approximately Baht 54 million (2019: Baht 211 million), relating to the construction and renovation of hotels.

26.2 Service commitments

As at 31 December 2020, future minimum payments required under non-cancellable service contracts of approximately Baht 1 million (2019: Baht 1 million) which are payable within 1 year.

26.3 Guarantees

- (1) As at 31 December 2020, there were outstanding bank guarantees of approximately Baht 12 million (2019: Baht 12 million) issued by a bank on behalf of the Company in respect of electricity usage.
- (2) As at 31 December 2020 and 2019, the Company entered into the Counter Indemnity Agreement with the parent company to indemnify the contingent liability relating to loan facilities of its two associated companies, Traders Yangon Company Limited and Shangri-La Yangon Company Limited, amounting to USD 11.77 million and USD 6.67 million, respectively, which is loan facilities according to the subsidiary's proportionate interest in these associates.

27. Fair value hierarchy

As at 31 December 2020 and 2019, the subsidiary had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVOCI				
Listed equity instruments	281	-	-	281
Non - Listed equity instruments	-	-	131	131

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Available-for-sale investments				
Investments in related party				
Equity instruments	331	-	-	331

Valuation techniques and inputs to Level 3 valuation

The fair value of investment in equity instruments of non-listed company has been determined by analysis and considering change in the invested companies' financial position and operation performance, including other several factors.

During the current year, there was no transfer within the fair value hierarchy.

28. Financial instruments

28.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, fixed deposits with financial institutions, trade and other receivables, long-term loans to and interest receivables from related parties, other financial assets, trade and other payables and short term loans from related party. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables, long-term loans to and interest receivables from related parties and fixed deposits with financial institutions. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade and other receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and regularly monitoring outstanding trade receivables. As a result, the Group does not expect to incur material financial losses.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The calculation reflects the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off in accordance with the Group's policy, by appropriate consideration.

Cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Group's policy by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate risk through a counterparty's potential failure to make payments.

Long-term loans to and interest receivables from related parties

The Group manages the credit risk from balances of long-term loans to and interest receivables from related parties in accordance with the Parent's policy and performed an impairment analysis at each reporting date to measure expected credit losses.

Market risk

There are two types of market risk comprising currency risk and interest rate risk.

Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its borrowing and lendings that are denominated in foreign currencies. 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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	43	64	-	-	30.0371	30.1540

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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	-	15	15	30.0371	30.1540

Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Group's profit before tax to a reasonably possible change in US dollar exchange rate, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities as at 31 December 2020.

			(Unit: Thousand Baht)	
			As at 31 December 2020	
			Consolidated financial statements	Separate financial statements
Impact to profit before tax				
THB against USD				
- Increase 5 %			64,850	(22,655)
- Decrease 5 %			(64,850)	22,655

This information is not a forecast or prediction of future market conditions and should be used with care.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its long-term loans to related parties. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: million Baht)

Consolidated financial statements							
As at 31 December 2020							
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate	
	Within 1 year	1-5 years					
Financial assets							
Cash and cash equivalents	395	-	-	731	37	1,163	0.10 - 0.50
Fixed deposits with financial institutions	1,153	-	-	-	-	1,153	0.60 - 1.50
Trade and other receivables	-	-	-	-	18	18	-
Long-term loans to and interest receivables from related parties	-	-	907	-	250	1,157	USD LIBOR and 0.92 to 2.05 percent per annum
	<u>1,548</u>	<u>-</u>	<u>907</u>	<u>731</u>	<u>305</u>	<u>3,491</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	98	98	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98</u>	<u>98</u>	

(Unit: million Baht)

Consolidated financial statements

As at 31 December 2019

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	1,266	-	-	49	88	1,403	0.25 - 1.96
Fixed deposits with financial institutions	1,753	-	-	-	-	1,753	0.90 - 1.73
Trade and other receivables	-	-	-	-	148	148	-
Long-term loans to and interest receivables from related parties	-	-	1,565	-	230	1,795	USD LIBOR and 0.92 to 2.05 percent per annum
	<u>3,019</u>	<u>-</u>	<u>1,565</u>	<u>49</u>	<u>466</u>	<u>5,099</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	269	269	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>269</u>	<u>269</u>	

(Unit: million Baht)

Separate financial statements

As at 31 December 2020

	Fixed interest rates			Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	20	-	-	24	16	60	0.10 - 0.40
Fixed deposits with financial institutions	1,130	-	-	-	-	1,130	0.60 - 1.50
Trade and other receivables	-	-	-	-	18	18	-
	<u>1,150</u>	<u>-</u>	<u>-</u>	<u>24</u>	<u>34</u>	<u>1,208</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	96	96	-
Short-term loan from related party	-	-	-	-	453	453	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>549</u>	<u>549</u>	

(Unit: million Baht)

Separate financial statements							
As at 31 December 2019							
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total		Effective interest rate
	Within 1 year	1-5 years					
Financial assets							
Cash and cash equivalents	220	-	-	49	61	330	0.25 - 1.10
Fixed deposits with financial institutions	1,725	-	-	-	-	1,725	1.38 - 1.75
Trade and other receivables	-	-	-	-	147	147	-
	<u>1,945</u>	<u>-</u>	<u>-</u>	<u>49</u>	<u>208</u>	<u>2,202</u>	
Financial liabilities							
Trade and other payables	-	-	-	-	267	267	-
Short-term loan from related party	-	-	-	-	455	455	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>722</u>	<u>722</u>	

Interest rate sensitivity

The Group considers that there is no significant impact on the Group's profit before tax arising from the possible change in interest rates on financial assets which bear floating interest rates.

Liquidity risk

The Group monitors its liquidity requirements to ensure it has sufficient cash to meet operational needs. However, the Group has assessed and concluded the risk is low, since the majority of the Group's financial liabilities are short-term loans from related party, which has maturity within 12 months can be rolled over with the lender.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Million Baht)

Consolidated financial statements					
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Trade and other payables	-	98	-	-	98
Total non-derivatives	<u>-</u>	<u>98</u>	<u>-</u>	<u>-</u>	<u>98</u>

(Unit: Million Baht)

	Separate financial statements				Total
	On demand	Less than 1 year	1 to 5 years	> 5 years	
Non-derivatives					
Trade and other payables	-	96	-	-	96
Short-term loans from related party	453	-	-	-	453
Total non-derivatives	<u>453</u>	<u>96</u>	<u>-</u>	<u>-</u>	<u>549</u>

28.2 Fair values of financial instruments

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

29. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, the Group's debt-to-equity ratio was 0.04:1 (2019: 0.07:1) and the Company's was 0.13:1 (2019: 0.18:1).

30. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2021.

To : Managing Director
The Stock Exchange of Thailand

Date : February 22, 2021

Re : Management Discussion and Analysis for the period ended December 31, 2020

The Board of Directors is pleased to announce the Company's results of operation for the period ended December 31, 2020 as follows: -

Net profit / (loss) after corporate income tax for the year ended December 31, 2020 and 2019:

(Baht in million)	<u>2020</u>	<u>2019</u>	<u>Change</u>
The Company	(295.46)	681.91	(143.33%)
Consolidated	(983.11)	644.96	(252.43%)

The Company:

The Company's profit before corporate income tax for the year ended December 31, 2020 decreased by Baht 1,225.36 million against the corresponding period of last year. The decrease in the Company's profit was mainly attributed to the decrease in profit before income tax of Shangri-La Hotel, Bangkok ("SLBK") by Baht 1,011.78 million and decrease in profit of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 213.58 million.

Revenues from hotel operations of SLBK decreased by Baht 1,510.71 million from Baht 2,015.70 million to Baht 504.99 million mainly due to the decrease in all types of revenue including room, food & beverages and other revenue resulting from lower occupancy due to COVID-19 pandemic situation. Gross Profit before expenses decreased by Baht 1,169.58 million. Selling and administrative expenses decreased by Baht 67.30 million and Baht 156.45 million, respectively. Depreciation expense increased by Baht 3.4 million against last year. Finance income decreased by Baht 32.58 million mainly due to weakening of Thai Baht currency against US Dollar. As a result, the profit before corporate income tax decreased by Baht 1,011.78 million from profit of Baht 768.70 million to loss of Baht 243.08 million.

Profit before corporate income tax of SLCM decreased by Baht 213.58 million as compared to 2019, mainly attributed to lower revenues from hotel operations by Baht 340.89 million from Baht 487.56 million to Baht 146.67 million as a result of lower room occupancy and average room rates in 2020 due to COVID-19 pandemic situation. Gross Profit before expenses decreased by Baht 268.29 million. Selling and administrative expenses decreased by Baht 12.76 million and Baht 47.05 million, respectively. Depreciation expenses increased by Baht 2.95 million against last year. As a result, the profit before corporate income tax decreased by Baht 213.58 million from profit of Baht 75.65 million to loss of Baht 137.93 million.

Consequently, the total profit of SLBK and SLCM before corporate income tax decreased by Baht 1,225.36 million from profit of Baht 844.35 million to loss of Baht 381.01 million. The corporate income tax decreased by Baht 248.00 million as compared to 2019 due to loss before income tax in 2020. The Company recorded a net loss after tax of Baht 295.46 million for the year ended December 31, 2020 compared to profit of Baht 681.91 million last year (decreased by 143.33%).

Consolidated:

The consolidated profit before corporate income tax for the year ended December 31, 2020 decreased by Baht 1,869.99 million against last year. The decrease in consolidated profit before corporate income tax was due to decrease in the Company's profit before corporate income tax of Baht 1,225.36 million and decrease in profit from subsidiaries by Baht 644.63 million. The decrease in profit of subsidiaries was largely due to the impairment losses on financial assets and share of losses from investments in associates. As a result, the corporate income tax decreased by Baht 239.86 million mainly as a result of loss from the Company. Overall, the consolidated net profit after tax attributable to the equity holders of the Company for the year ended December 31, 2020 decreased by Baht 1,628.07 million against last year (decreased by 252.43%).

Yours faithfully,

(Mrs. Pavinee Meensuk)
Director

Headline: Financial Performance Yearly (F45) (Audited)

Security Symbol: SHANG

Announcement Details

Financial Statement (F45)		
Company name	SHANGRI-LA HOTEL PUBLIC COMPANY LIMITED	
Quarter	Yearly	
(In thousands)		
Financial Statement		
	Yearly	
Status	Audited	
Ending	31 December	
Year	2020	2019
Profit (loss) attributable to equity holders of the Company *	(983,114)	644,964
EPS (baht)	(7.56)	4.96
Type of report	Unqualified opinion with an emphasis of matters /Others	

*For consolidated financial statements

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

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

Signature _____

(Mrs. Pavinee Meensuk)

Director

Authorized Persons to Disclose Information

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