

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, 11 November 2019

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

Executive director(s)

Ms KUOK Hui Kwong (Chairman)

Mr LIM Beng Chee (CEO)

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

Shangri-La Hotel Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month and nine-month periods ended
30 September 2019

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Shangri-La Hotel Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Shangri-La Hotel Public Company Limited and its subsidiaries as at 30 September 2019, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2019, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Shangri-La Hotel Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Chonlaros Suntiasvaraporn
Certified Public Accountant (Thailand) No. 4523

EY Office Limited
Bangkok: 11 November 2019

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	30 September 2019	31 December 2018	30 September 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		307,410	2,782,274	68,775	1,675,701
Current investments - fixed deposits					
with financial institutions		2,556,529	1,872,031	1,715,000	1,845,000
Trade and other receivables	4	140,507	165,697	135,861	165,021
Inventories		23,359	27,034	23,359	27,034
Other current assets		2,361	420	2,345	395
Total current assets		3,030,166	4,847,456	1,945,340	3,713,151
Non-current assets					
Investments in subsidiaries	5	-	-	1,303,000	1,303,000
Investments in associates	6	-	-	-	-
Other long-term investments					
Investment in related party	7	327,534	502,758	-	-
Investment in other company	8	131,151	131,151	-	-
Long-term loans to and interest receivables					
from related parties	3	1,888,513	1,977,470	-	-
Property, plant and equipment	9	3,621,492	1,812,036	3,619,639	1,810,183
Intangible assets		6,529	5,523	6,529	5,523
Deferred tax assets		34,892	32,082	18,490	15,680
Other non-current assets		10,038	11,577	10,038	11,577
Total non-current assets		6,020,149	4,472,597	4,957,696	3,145,963
Total assets		9,050,315	9,320,053	6,903,036	6,859,114

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 30 September 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	30 September 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	10	234,720	332,544	232,855	331,793
Short-term loan from related party	3	-	-	461,492	489,222
Income tax payable		36,733	77,353	30,801	72,003
Other current liabilities	11	199,774	146,062	199,768	143,955
Total current liabilities		471,227	555,959	924,916	1,036,973
Non-current liabilities					
Provision for long-term employee benefits	12	88,860	74,338	88,860	74,338
Rental deposits		20,861	20,514	20,861	20,514
Total non-current liabilities		109,721	94,852	109,721	94,852
Total liabilities		580,948	650,811	1,034,637	1,131,825
Shareholders' equity					
Share capital					
Registered, issued and fully paid up					
130,000,000 ordinary shares of Baht 10 each		1,300,000	1,300,000	1,300,000	1,300,000
Share premium		1,590,400	1,590,400	1,590,400	1,590,400
Retained earnings					
Appropriated-statutory reserve		130,000	130,000	130,000	130,000
Unappropriated		4,970,910	4,771,412	2,854,018	2,712,908
Other components of shareholders' equity		418,155	819,563	(6,019)	(6,019)
Equity attributable to owners of the Company		8,409,465	8,611,375	5,868,399	5,727,289
Non-controlling interests of the subsidiary		59,902	57,867	-	-
Total shareholders' equity		8,469,367	8,669,242	5,868,399	5,727,289
Total liabilities and shareholders' equity		9,050,315	9,320,053	6,903,036	6,859,114
		-	-	-	-

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

Directors

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 September 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Revenues from hotel operations		559,640	590,771	559,640	590,771
Other income					
Interest income		20,044	25,490	6,595	11,600
Exchange gains		29,884	17,137	-	-
Others		4,749	13,557	4,801	8,169
Total revenues		614,317	646,955	571,036	610,540
Expenses					
Cost of hotel operations		198,074	204,783	198,074	204,783
Selling expenses		38,551	38,947	38,551	38,947
Administrative expenses		139,560	144,498	139,264	141,400
Depreciation and amortisation expenses		54,355	57,051	54,355	57,051
Total expenses		430,540	445,279	430,244	442,181
Profit before finance cost and income tax expenses		183,777	201,676	140,792	168,359
Finance income	13	-	-	2,236	12,750
Profit before income tax expenses		183,777	201,676	143,028	181,109
Income tax expenses	14	(30,421)	(38,465)	(28,575)	(36,207)
Profit for the period		153,356	163,211	114,453	144,902
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		(74,053)	(89,787)	-	-
Loss on changes in value of available-for-sale investment		(74,868)	(141,523)	-	-
Other comprehensive income for the period		(148,921)	(231,310)	-	-
Total comprehensive income for the period		4,435	(68,099)	114,453	144,902

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 30 September 2019

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit attributable to:				
Equity holders of the Company	153,363	161,170	<u>114,453</u>	<u>144,902</u>
Non-controlling interests of the subsidiary	<u>(7)</u>	<u>2,041</u>		
	<u>153,356</u>	<u>163,211</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	4,442	(70,140)	<u>114,453</u>	<u>144,902</u>
Non-controlling interests of the subsidiary	<u>(7)</u>	<u>2,041</u>		
	<u>4,435</u>	<u>(68,099)</u>		
Earnings per share				
Basic earnings per share	15			
Profit attributable to equity holders of the Company	<u>1.18</u>	<u>1.24</u>	<u>0.88</u>	<u>1.11</u>

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of comprehensive income

For the nine-month period ended 30 September 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Revenues from hotel operations		1,788,527	1,856,868	1,788,527	1,856,868
Other income					
Interest income		64,480	72,363	22,785	34,001
Exchange gains		41,525	38,160	-	-
Others		26,402	48,764	15,200	22,713
Total revenues		1,920,934	2,016,155	1,826,512	1,913,582
Expenses					
Cost of hotel operations		591,040	586,190	591,040	586,190
Selling expenses		127,201	112,343	127,201	112,343
Administrative expenses		433,831	419,811	432,923	407,794
Depreciation and amortisation expenses		161,242	171,751	161,242	171,751
Total expenses		1,313,314	1,290,095	1,312,406	1,278,078
Profit before finance cost and income tax expenses		607,620	726,060	514,106	635,504
Finance income	13	-	-	27,730	5,250
Profit before income tax expenses		607,620	726,060	541,836	640,754
Income tax expenses	14	(113,587)	(133,688)	(108,226)	(128,025)
Profit for the period		494,033	592,372	433,610	512,729
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		(246,095)	(88,461)	-	-
Loss on changes in value of available-for-sale investment		(155,313)	(266,467)	-	-
Other comprehensive income for the period		(401,408)	(354,928)	-	-
Total comprehensive income for the period		92,625	237,444	433,610	512,729

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the nine-month period ended 30 September 2019

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit attributable to:				
Equity holders of the Company	491,998	584,202	<u>433,610</u>	<u>512,729</u>
Non-controlling interests of the subsidiary	<u>2,035</u>	<u>8,170</u>		
	<u>494,033</u>	<u>592,372</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	90,590	229,274	<u>433,610</u>	<u>512,729</u>
Non-controlling interests of the subsidiary	<u>2,035</u>	<u>8,170</u>		
	<u>92,625</u>	<u>237,444</u>		
Earnings per share				
Basic earnings per share	15			
Profit attributable to equity holders of the Company	<u>3.78</u>	<u>4.49</u>	<u>3.34</u>	<u>3.94</u>

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
				Other components of shareholders' equity							
				Other comprehensive income							
				Exchange	Surplus on						
				differences on	changes						
				translation of	in value of	Actuarials loss	Total other		Total equity		Equity attributable
				financial	available-for-sale	on defined	components of		attributable to		to non-controlling
				statements in	investments -	employee	shareholders'		owners of		interests of
				foreign currency	related company	benefit plans	equity		the Company		the subsidiary
Issued and	Retained earnings										
fully paid-up	Share premium	Appropriated	Unappropriated								
share capital											
Total											
shareholders' equity											
Balance as at 1 January 2018	1,300,000	1,590,400	130,000	4,362,458	760,675	426,245	(7,945)	1,178,975	8,561,833	35,376	8,597,209
Profit for the period	-	-	-	584,202	-	-	-	-	584,202	8,170	592,372
Other comprehensive income for the period	-	-	-	-	(88,461)	(266,467)	-	(354,928)	(354,928)	-	(354,928)
Total comprehensive income for the period	-	-	-	584,202	(88,461)	(266,467)	-	(354,928)	229,274	8,170	237,444
Dividend paid (Note 17)	-	-	-	(292,500)	-	-	-	-	(292,500)	-	(292,500)
Balance as at 30 September 2018	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>4,654,160</u>	<u>672,214</u>	<u>159,778</u>	<u>(7,945)</u>	<u>824,047</u>	<u>8,498,607</u>	<u>43,546</u>	<u>8,542,153</u>
Balance as at 1 January 2019	1,300,000	1,590,400	130,000	4,771,412	669,449	156,133	(6,019)	819,563	8,611,375	57,867	8,669,242
Profit for the period	-	-	-	491,998	-	-	-	-	491,998	2,035	494,033
Other comprehensive income for the period	-	-	-	-	(246,095)	(155,313)	-	(401,408)	(401,408)	-	(401,408)
Total comprehensive income for the period	-	-	-	491,998	(246,095)	(155,313)	-	(401,408)	90,590	2,035	92,625
Dividend paid (Note 17)	-	-	-	(292,500)	-	-	-	-	(292,500)	-	(292,500)
Balance as at 30 September 2019	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>4,970,910</u>	<u>423,354</u>	<u>820</u>	<u>(6,019)</u>	<u>418,155</u>	<u>8,409,465</u>	<u>59,902</u>	<u>8,469,367</u>

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

Separate financial statements

	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of 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 2018	1,300,000	1,590,400	130,000	2,313,453	(7,945)	(7,945)	5,325,908
Total comprehensive income for the period	-	-	-	512,729	-	-	512,729
Dividend paid (Note 17)	-	-	-	(292,500)	-	-	(292,500)
Balance as at 30 September 2018	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>2,533,682</u>	<u>(7,945)</u>	<u>(7,945)</u>	<u>5,546,137</u>
Balance as at 1 January 2019	1,300,000	1,590,400	130,000	2,712,908	(6,019)	(6,019)	5,727,289
Total comprehensive income for the period	-	-	-	433,610	-	-	433,610
Dividend paid (Note 17)	-	-	-	(292,500)	-	-	(292,500)
Balance as at 30 September 2019	<u>1,300,000</u>	<u>1,590,400</u>	<u>130,000</u>	<u>2,854,018</u>	<u>(6,019)</u>	<u>(6,019)</u>	<u>5,868,399</u>

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Cash flow statement

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Profit before tax	607,620	726,060	541,836	640,754
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	161,242	171,751	161,242	171,751
Bad debt and allowance for doubtful accounts (reversal)	515	(93)	515	(93)
Reversal of reduction of inventory to net realisable value	(344)	(163)	(344)	(163)
Reversal of allowance for interest receivables	-	-	-	(11,007)
Gain on disposals of machineries and equipment	(842)	(799)	(842)	(799)
Loss on write-off of equipment	349	-	349	-
Provision for long-term employee benefits	18,966	5,971	18,966	5,971
Unrealised gain on exchange	-	-	(27,730)	(5,250)
Dividend income	(11,202)	(26,052)	-	-
Interest income	(64,480)	(72,363)	(22,785)	(34,001)
Profit from operating activities before changes in operating assets and liabilities	711,824	804,312	671,207	767,163
Operating assets (increase) decrease				
Trade and other receivables	24,968	55,567	24,981	55,559
Inventories	4,019	3,094	4,019	3,094
Other current assets	(1,941)	455	(1,950)	455
Other non-current assets	1,539	5,074	1,539	5,074
Operating liabilities increase (decrease)				
Trade and other payables	(97,824)	(103,690)	(98,938)	(95,767)
Other current liabilities	53,712	(22,727)	55,813	(23,069)
Provision for long-term employee benefits	(4,444)	(4,599)	(4,444)	(4,599)
Rental deposits	347	2,705	347	2,707
Cash flows from operating activities	692,200	740,191	652,574	710,617
Cash paid for corporate income tax	(157,017)	(171,424)	(152,238)	(167,146)
Net cash flows from operating activities	535,183	568,767	500,336	543,471

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

(Unaudited but reviewed)

Shangri-La Hotel Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities				
Decrease (increase) in current investments	(684,498)	121,752	130,000	(245,000)
Cash received from interest receivables from related party	-	-	-	11,007
Cash received from interest income	38,967	50,175	26,449	34,498
Dividend income	11,202	26,052	-	-
Acquisitions of property, plant and equipment	(1,968,115)	(64,389)	(1,968,115)	(64,389)
Acquisitions of intangible assets	(3,962)	(2,375)	(3,962)	(2,375)
Proceeds from disposals of machineries and equipment	866	869	866	869
Net cash flows from (used in) investing activities	<u>(2,605,540)</u>	<u>132,084</u>	<u>(1,814,762)</u>	<u>(265,390)</u>
Cash flows from financing activities				
Dividend paid	(292,500)	(292,500)	(292,500)	(292,500)
Net cash flows used in financing activities	<u>(292,500)</u>	<u>(292,500)</u>	<u>(292,500)</u>	<u>(292,500)</u>
Decrease in translation adjustments	<u>(112,007)</u>	<u>(69,050)</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>(2,474,864)</u>	<u>339,301</u>	<u>(1,606,926)</u>	<u>(14,419)</u>
Cash and cash equivalents at beginning of period	2,782,274	846,940	1,675,701	103,282
Cash and cash equivalents at end of period	<u>307,410</u>	<u>1,186,241</u>	<u>68,775</u>	<u>88,863</u>
	-	-	-	-
Supplemental cash flows information				
Non-cash items				
Purchase of equipment for which no cash has been paid	-	5,551	-	5,551
Purchase of intangible assets for which no cash has been paid	-	605	-	605

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

Shangri-La Hotel Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month and nine-month periods ended 30 September 2019

1. General information

1.1 Basis for the preparation of interim financial statements

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

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

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

1.2 Basis of consolidation

These consolidated financial statements include the financial statements of Shangri-La Hotel Public Company Limited ("the Company") and its subsidiaries ("the subsidiaries") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2018. There have been no changes in the composition of the Group during the current period.

1.3 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

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

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

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any material impact on the Company's and its subsidiaries' financial statements. In accordance with TFRS 15, advance received from customers is presented as contract liability, and is the consideration that the Company and its subsidiaries receive or are entitled to receive from a customer while they still have an obligation to transfer goods or services to the customer. Advance received from customers is recognised as revenue when the Company and its subsidiaries fulfill the obligation specified in the contract.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

TFRS 16 Leases

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

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

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018.

3. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with associated companies</u>					
Interest income	8	9	-	-	USD LIBOR and 0.92 to 2.05 percent per annum
<u>Transactions with related companies</u>					
Revenues from hotel operations	11	11	11	11	Normal business price
Management fees	18	19	18	19	Contract price
Marketing and promotion fees	6	6	6	6	Contract price
Advertising and reservation fees	3	4	3	4	Contract price

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with associated companies</u>					
Interest income	25	25	-	-	USD LIBOR and 0.92 to 2.05 percent per annum
<u>Transactions with related companies</u>					
Revenues from hotel operations	33	25	33	25	Normal business price
Management fees	57	59	57	59	Contract price
Marketing and promotion fees	18	19	18	19	Contract price
Advertising and reservation fees	11	10	11	10	Contract price

(Unaudited but reviewed)

The balances of the accounts between the Company and these related companies as at 30 September 2019 and 31 December 2018 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
<u>Trade receivables - related parties (Note 4)</u>				
Related companies				
Others	792	957	792	957
Total trade receivables - related parties	792	957	792	957
<u>Other receivables - related parties (Note 4)</u>				
Associated company				
Traders Yangon Company Limited	17	186	17	186
Related companies				
Others	2,742	5,543	2,742	5,543
Total other receivables - related parties	2,759	5,729	2,759	5,729
<u>Long-term loans to and interest receivables</u>				
<u>from related parties</u>				
Associated companies				
Non-interest bearing				
Traders Square Company Limited	41,009	43,508	-	-
	41,009	43,508	-	-
Interest bearing				
Shangri-La Yangon Company Limited	703,130	737,178	-	-
Traders Yangon Company Limited	489,715	511,290	-	-
Traders Square Company Limited	731,550	767,054	-	-
	1,924,395	2,015,522	-	-
Total	1,965,404	2,059,030	-	-
Less: Allowance for losses on loans	(76,891)	(81,560)	-	-
Total long-term loans to and interest receivables				
from related parties - net	1,888,513	1,977,470	-	-

The above loans-interest bearing carry interests at the rates of USD LIBOR and 0.92 to 2.05 percent per annum and are repayable on demand.

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
	(Audited)		(Audited)	
<u>Other payables - related parties (Note 10)</u>				
Related companies				
Shangri-La International Hotel Management Limited	17,418	23,769	17,418	23,769
Shangri-La International Hotel Management BV	12,212	16,026	12,212	16,026
Others	343	32	343	32
Total other payables - related parties	<u>29,973</u>	<u>39,827</u>	<u>29,973</u>	<u>39,827</u>
<u>Short-term loan from related party</u>				
Subsidiary				
Hasfield Holdings Pte., Ltd.	-	-	461,492	489,222
Total short-term loan from related party	<u>-</u>	<u>-</u>	<u>461,492</u>	<u>489,222</u>

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

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

(Unit: Thousand Baht)

	Consolidated financial statements				
	Balance	Increase	Decrease	Gain	Balance
	as at	during	during	(loss) on	as at
	1 January 2019	the period	the period	exchange	30 September 2019
<u>Long-term loans to and interest receivables</u>					
<u>from related parties</u>					
Associated companies					
Non-interest bearing					
Traders Square Company Limited	43,508	-	-	(2,499)	41,009
Interest bearing					
Shangri-La Yangon Company Limited	737,178	8,489	-	(42,537)	703,130
Traders Yangon Company Limited	511,290	7,975	-	(29,550)	489,715
Traders Square Company Limited	767,054	8,756	-	(44,260)	731,550
Total	<u>2,059,030</u>	<u>25,220</u>	<u>-</u>	<u>(118,846)</u>	<u>1,965,404</u>
Less: Allowance for losses on loans	<u>(81,560)</u>	<u>-</u>	<u>-</u>	<u>4,669</u>	<u>(76,891)</u>
Total long-term loans to and interest receivables from related parties - net	<u>1,977,470</u>	<u>25,220</u>	<u>-</u>	<u>(114,177)</u>	<u>1,888,513</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements				
	Balance	Increase	Decrease	Balance	
	as at	during	during	as at	
	1 January 2019	the period	the period	30 September 2019	
<u>Short-term loan from related party</u>					
Subsidiary					
Hasfield Holdings Pte., Ltd.	489,222	-	-	(27,730)	461,492
Total short-term loan from related party	489,222	-	-	(27,730)	461,492

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2019 and 2018, the Company and its subsidiaries had employee benefit expenses to their directors and management as detailed below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September	
	Consolidated financial statements/ Separate financial statements	
	2019	2018
Short-term employee benefits	15,172	15,946
Post-employment benefits	750	986
Total	15,922	16,932

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September	
	Consolidated financial statements/ Separate financial statements	
	2019	2018
Short-term employee benefits	47,235	46,109
Post-employment benefits	2,573	2,989
Total	49,808	49,098

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 18.3 to the financial statements.

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
<u>Trade receivables - related parties</u> (Note 3)				
Age on the basis of invoice date				
Less than 120 days	792	957	792	957
Total trade receivables - related parties	792	957	792	957
<u>Trade receivables - unrelated parties</u>				
Age on the basis of invoice date				
Less than 120 days	102,372	125,018	102,372	125,018
120 - 180 days	24	198	24	198
Over 180 days	422	43	422	43
Total	102,818	125,259	102,818	125,259
Less: Allowance for doubtful debts	(414)	(187)	(414)	(187)
Total trade receivables - unrelated parties, net	102,404	125,072	102,404	125,072
Total trade receivables, net	103,196	126,029	103,196	126,029
<u>Other receivables</u>				
Other receivables - related parties (Note 3)	2,759	5,729	2,759	5,729
Other receivables - unrelated parties	2,879	2,542	2,879	2,542
Interest receivables	11,259	10,966	6,626	10,290
Prepaid expenses	20,414	20,431	20,401	20,431
Total other receivables	37,311	39,668	32,665	38,992
Total trade and other receivables - net	140,507	165,697	135,861	165,021

5. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	30 September	31 December	30 September	31 December	30 September	31 December
	2019	2018	2019	2018	2019	2018
			(Percent)	(Percent)	(Audited)	
Town Development Company Limited	Baht 1,303 million	Baht 1,303 million	100	100	1,303,000	1,303,000
Total investments in subsidiary					1,303,000	1,303,000

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	
			30 September	31 December	30 September	31 December
			2019	2018	2019	2018
					(Percent)	(Percent)
<u>Subsidiaries held through Town Development Company Limited</u>						
TRR-Kerry Development Company Limited	Holding investment	Thailand	Baht 231 million	Baht 231 million	57.33	57.33
Apizaco Limited	Holding investment	Hong Kong	HKD 206 million	HKD 206 million	100.00	100.00
Hasfield Holdings Pte., Ltd.	Holding investment	Singapore	SGD 34 million	SGD 34 million	100.00	100.00
Traders Hotel and Resort Limited	Hotel business	Thailand	Baht 0.2 million	Baht 0.2 million	100.00	100.00
<u>Subsidiary held through Apizaco Limited</u>						
Zukerman Limited	Holding investment	British Virgin	USD 1	USD 1	100.00	100.00

6. Investments in associates

6.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			30 September	31 December	30 September	31 December	30 September	31 December
			2019	2018	2019	2018	2019	2018
			(Percent)	(Percent)		(Audited)		(Audited)
Associated companies (owned by Zukerman Limited)								
Traders Yangon Company Limited	Hotel	Myanmar	23.53	23.53	27,020	28,667	-	-
Shangri-La Yangon Company Limited	Serviced apartments	Myanmar	22.22	22.22	15,972	16,945	-	-
Traders Square Company Limited	Commercial complex and office for rent	Myanmar	23.56	23.56	637	676	-	-
Total					43,629	46,288	-	-

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

6.2 Summarised financial information of associates

Financial information of the associated companies is summarised below.

(Unit: Thousand Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues for the nine-month periods ended		Profit (loss) for the nine-month periods ended	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September		30 September	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Traders Yangon Company Limited	USD 3.6 million	USD 3.6 million	1,413,385	1,784,426	3,325,060	3,601,940	306,608	375,388	(110,743)	(136,143)
Shangri-La Yangon Company Limited	USD 2.0 million	USD 2.0 million	3,187,667	3,457,198	3,741,629	4,058,412	329,956	379,757	13,128	(116,896)
Traders Square Company Limited	USD 0.1 million	USD 0.1 million	3,703,870	4,107,610	4,149,352	4,526,913	248,490	166,965	(51,354)	(113,608)

(Unaudited but reviewed)

6.3 Investment in associates with capital deficit

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

(Unit: Thousand Baht)

Company's name	Unrecognised share of losses		
	Share of profit/(losses)	Cumulative unrecognised	
	for the nine-month period ended	share of losses as at	
	30 September 2019	30 September 2019	31 December 2018
			(Audited)
Traders Yangon Company Limited	(26,058)	(486,042)	(459,984)
Shangri-La Yangon Company Limited	2,917	(134,466)	(137,383)
Traders Square Company Limited	(12,099)	(115,979)	(103,880)
Total	(35,240)	(736,487)	(701,247)

The financial information of associated companies

The financial information of these associated companies for the three-month and nine-month periods ended 30 September 2019 and 2018, which was included in the consolidated financial statements, was prepared by the associates' management. However, the Company's management believes that there would have been no significant difference to financial information if those financial information had been reviewed by auditors.

7. Investment in related party

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 September 2019	31 December 2018
		(Audited)
Cost - Ordinary shares of Shangri-La Asia Limited	326,714	346,625
Add: Unrealised gain on change in value of investment	820	156,133
Fair value	327,534	502,758

(Unaudited but reviewed)

Movements of the investments in related party account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Fair value as at 1 January 2019	502,758
Unrealised loss on change in value of investment for the period	(155,313)
Translation adjustment	(19,911)
Fair value as at 30 September 2019	327,534

During the current period, the subsidiary recognised dividend income from this related party amounting to HKD 1.5 million or equivalent to approximately Baht 5.9 million.

8. Investment in other company

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	30 September 2019	31 December 2018
		(Audited)
Cost - Ordinary shares of Don Muang Tollway Public Company Limited	213,164	213,164
Less: Allowance for loss on diminution in value of investment	(82,013)	(82,013)
Investment in other company, net	131,151	131,151

During the current period, the subsidiary recognised dividend income from such company amounting to Baht 5.3 million.

9. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2019	1,812,036	1,810,183
Acquisitions during the period - at cost	1,968,115	1,968,115
Disposals/write-off during the period - net book value at disposals/write-off date	(373)	(373)
Depreciation for the period	(158,286)	(158,286)
Net book value as at 30 September 2019	3,621,492	3,619,639

(Unaudited but reviewed)

On 4 February 2019, the Company entered into the Land Purchase Agreement with an unrelated company, a total value of Baht 1,886 million. Subsequently, on 14 March 2019 the Company registered the transfer of the ownership of the property and made full payment to the seller. The Company has an objective to use the land for developing its new hotel.

10. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
Trade payables - unrelated parties	52,433	67,222	52,433	67,222
Other payables - related parties (Note 3)	29,973	39,827	29,973	39,827
Other payables - unrelated parties	13,708	24,212	13,708	24,212
Payables for purchases of assets	9,872	35,713	9,872	35,713
Retention payables	7,016	6,837	7,016	6,837
Accrued expenses	121,718	158,733	119,853	157,982
Total trade and other payables	<u>234,720</u>	<u>332,544</u>	<u>232,855</u>	<u>331,793</u>

11. Other current liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
Advance received from customers	177,959	110,632	177,959	110,632
Others	21,815	35,430	21,809	33,323
Total other current liabilities	<u>199,774</u>	<u>146,062</u>	<u>199,768</u>	<u>143,955</u>

12. Provision for long-term employee benefits

Movements in the provision for long-term employee benefits account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated / Separate financial statements
	<hr/>
Balance as at 1 January 2019	74,338
Current service cost	4,881
Interest cost	1,553
Past service cost	12,532
Benefits paid during the period	(4,444)
	<hr/>
Balance as at 30 September 2019	88,860
	<hr/>

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

13. Finance cost

Finance cost for the three-month and nine-month periods ended 30 September 2019 and 2018 are summarised below:

	(Unit: Thousand Baht)			
	<hr/>			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<hr/>		<hr/>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Unrealised gain on exchange rate on short-term loan from related party	-	-	2,236	12,750
	<hr/>		<hr/>	
Total	-	-	2,236	12,750
	<hr/>		<hr/>	

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Unrealised gain on exchange rate on short-term loan from related party	-	-	27,730	5,250
Total	-	-	27,730	5,250

14. Income tax

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

Income tax expenses for the three-month and nine-month periods ended 30 September 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	(30,607)	(38,146)	(28,761)	(35,888)
Deferred tax:				
Relating to origination and reversal of temporary differences	186	(319)	186	(319)
Income tax expenses reported in the statements of comprehensive income	<u>(30,421)</u>	<u>(38,465)</u>	<u>(28,575)</u>	<u>(36,207)</u>

	(Unit: Thousand Baht)			
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	(116,452)	(131,941)	(111,091)	(126,278)
Adjustment in respect of income tax expense of previous year	55	-	55	-
Deferred tax:				
Relating to origination and reversal of temporary differences	2,810	(1,747)	2,810	(1,747)
Income tax expenses reported in the statements of comprehensive income	<u>(113,587)</u>	<u>(133,688)</u>	<u>(108,226)</u>	<u>(128,025)</u>

15. Earnings per share

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

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the period (Thousand Baht)	153,363	161,170	114,453	144,902
Weighted average number of ordinary shares (Thousand shares)	130,000	130,000	130,000	130,000
Earnings per share (Baht per share)	1.18	1.24	0.88	1.11

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the period (Thousand Baht)	491,998	584,202	433,610	512,729
Weighted average number of ordinary shares (Thousand shares)	130,000	130,000	130,000	130,000
Earnings per share (Baht per share)	3.78	4.49	3.34	3.94

16. Segment information

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

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and nine-month periods ended 30 September 2019 and 2018.

(Unit: Million Baht)

	For the three-month periods ended 30 September											
	Hotel business						Total segments		Adjustments and		Consolidated	
	Hotel in Bangkok		Hotel in Chiangmai		Holding Investment		2019	2018	eliminations		2019	2018
	2019	2018	2019	2018	2019	2018			2019	2018		
Revenues												
External customers	450	468	110	123	-	-	560	591	-	-	560	591
Total revenues	<u>450</u>	<u>468</u>	<u>110</u>	<u>123</u>	<u>-</u>	<u>-</u>	<u>560</u>	<u>591</u>	<u>-</u>	<u>-</u>	<u>560</u>	<u>591</u>
Operating results												
Segment gross profit	291	302	70	85	-	-	361	387	-	-	361	387
Interest income	7	12	-	-	13	13	20	25	-	-	20	25
Other income (expenses)	4	8	1	-	(1)	6	4	14	-	-	4	14
Depreciation and amortisation expenses	(33)	(37)	(21)	(21)	-	-	(54)	(58)	-	-	(54)	(58)
Exchange gains	-	-	-	-	30	17	30	17	-	-	30	17
Profit before income tax expenses	133	146	7	20	44	36	184	202	-	-	184	202
Income tax expenses	(27)	(32)	(1)	(4)	(3)	(3)	(31)	(39)	-	-	(31)	(39)
Profit for the period	<u>106</u>	<u>114</u>	<u>6</u>	<u>16</u>	<u>41</u>	<u>33</u>	<u>153</u>	<u>163</u>	<u>-</u>	<u>-</u>	<u>153</u>	<u>163</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Hotel business											
	Hotel in		Hotel in		Holding Investment		Total segments		Adjustments and		Consolidated	
	Bangkok		Chiangmai						eliminations			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues												
External customers	1,440	1,474	349	383	-	-	1,789	1,857	-	-	1,789	1,857
Total revenues	1,440	1,474	349	383	-	-	1,789	1,857	-	-	1,789	1,857
Operating results												
Segment gross profit	963	1,000	234	271	-	-	1,197	1,271	-	-	1,197	1,271
Interest income	23	34	-	-	41	38	64	72	-	-	64	72
Other income	13	20	2	3	11	26	26	49	-	-	26	49
Depreciation and amortisation expenses	(100)	(111)	(61)	(61)	-	-	(161)	(172)	-	-	(161)	(172)
Exchange gains	-	-	-	-	42	38	42	38	-	-	42	38
Profit before income tax expenses	471	542	43	83	94	101	608	726	-	-	608	726
Income tax expenses	(100)	(111)	(8)	(17)	(6)	(6)	(114)	(134)	-	-	(114)	(134)
Profit for the period	371	431	35	66	88	95	494	592	-	-	494	592

17. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht)
Final dividends for 2017	Annual General Meeting of the shareholders on 26 April 2018	292.5	2.25
Total dividends for 2018		<u>292.5</u>	<u>2.25</u>
Final dividends for 2018	Annual General Meeting of the shareholders on 24 April 2019	292.5	2.25
Total dividends for 2019		<u>292.5</u>	<u>2.25</u>

18. Commitments and contingent liabilities**18.1 Capital commitments**

As at 30 September 2019, the Company had capital commitments of approximately Baht 47 million (31 December 2018: Baht 30 million), relating to the construction, renovation of the hotel building and acquisition of equipment.

18.2 Operating lease and service commitments

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

As at 30 September 2019 and 31 December 2018, future minimum payments required under these non-cancellable operating leases and service contracts were as follows:

	(Unit: Million Baht)	
	Consolidated financial statements/ Separate financial statements	
	<u>30 September 2019</u>	<u>31 December 2018</u>
Payable:		
In up to 1 year	11	2
In over 1 and up to 4 years	3	-

18.3 Guarantee

- (1) As at 30 September 2019, there were outstanding bank guarantees of approximately Baht 11 million (31 December 2018: Baht 11 million) issued by a bank on behalf of the Company in respect of electricity usage.
- (2) The Company entered into the Counter Indemnity Agreement with the parent company to indemnify the contingent liability relating to loan facilities of its two associated companies, Traders Yangon Company Limited and Shangri-La Yangon Company Limited, amounting to USD 11.77 million and USD 6.67 million, respectively, which is loan facilities according to the subsidiary's proportionate interest in these associates.

19. Foreign currency risk

The balances of financial assets and liabilities denominated in foreign currencies of the Company and its subsidiaries as at 30 September 2019 and 31 December 2018 are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018
	(Million)	(Million) (Audited)	(Million)	(Million) (Audited)	(Baht per 1 foreign currency unit)	
USD	70	69	-	-	30.5919	32.4498
Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018	As at 30 September 2019	As at 31 December 2018
	(Million)	(Million) (Audited)	(Million)	(Million) (Audited)	(Baht per 1 foreign currency unit)	
USD	-	-	15	15	30.5919	32.4498

20. Fair value of financial instruments

As at 30 September 2019 and 31 December 2018, the subsidiary had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 30 September 2019			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Investments in related party				
Equity instruments	327,534	-	-	327,534

(Unit: Thousand Baht)

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

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

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 November 2019.

To : Managing Director
The Stock Exchange of Thailand

Date : November 11, 2019

Re : Management Discussion and Analysis for the period ended September 30, 2019

The Board of Directors is pleased to announce the Company's results for the period ended September 30, 2019 as follows:-

Net profit after corporate income tax for the three-month period ended September 30, 2019 and 2018:

(Baht in million)	<u>2019</u>	<u>2018</u>	<u>Change (%)</u>
The Company	114.45	144.90	-21.01%
Consolidated	153.36	161.17	-4.84%

The Company:

The Company's profit before corporate income tax for the three-month period ended September 30, 2019 decreased by Baht 38.08 million against the corresponding period last year. The decrease in the Company's profit was mainly attributed to the decrease in profit before corporate income tax of Shangri-La Hotel, Bangkok ("SLBK") by Baht 25.66 million and decrease in profit before corporate income tax of Shangri-La Hotel, Chiang Mai ("SLCM") by Baht 12.42 million.

Revenues from hotel operation of SLBK decreased by Baht 17.05 million from Baht 467.65 million to Baht 450.60 million during the same period last year due to the decrease in food & beverages revenues which resulted from lower F&B covers. Gross profit decreased by Baht 9.91 million. Selling expenses decreased by Baht 0.38 million and administrative expenses increased by Baht 0.46 million. Depreciation expenses decreased by Baht 3.30 million against the same period last year. Finance income decreased by Baht 10.51 million due to strengthening of Thai Baht currency against US Dollar. As a result, the profit before corporate income tax decreased by Baht 25.66 million from Baht 161.25 million to Baht 135.59 million.

Revenues from hotel operation of SLCM decreased by Baht 14.09 million from Baht 123.12 million to Baht 109.03 million during the same period last year. Gross profit decreased by Baht 14.51 million. Administration expenses decreased by Baht 2.60 million. Depreciation expenses increased by Baht 0.61 million against the same period last year. As a result, the profit before corporate income tax decreased by Baht 12.42 million from Baht 19.86 million to Baht 7.44 million.

Consequently, the total profit before corporate income tax of SLBK and SLCM decreased by Baht 38.08 million from Baht 181.11 million to Baht 143.03 million. The corporate income tax decreased by Baht 7.63 million. As a result, the Company recorded a net profit after tax of Baht 114.45 million for the three-month period ended September 30, 2019 from a profit of Baht 144.90 million against the corresponding period last year (decreased by 21.01%).

Consolidated:

The consolidated profit before corporate income tax for the three-month period ended September 30, 2019 decreased by Baht 17.90 million against the corresponding period last year. The decrease in consolidated profit before corporate income tax was due to the decrease in the Company's profit before corporate income tax of Baht 38.08 million whereas profit of subsidiaries increased by Baht 20.18 million which was largely due to the increase in exchange gain from loan to a related company. The corporate income tax decreased by Baht 8.04 million. Overall, the consolidated net profit after tax attributable to the equity holders of the company for the three-month period ended September 30, 2019 decreased by Baht 7.81 million against the corresponding period last year (decreased by 4.84%).

.../2

Net profit after corporate income tax for the nine-month period ended September 30, 2019 and 2018:

(Baht in million)	<u>2019</u>	<u>2018</u>	<u>Change (%)</u>
The Company	433.61	512.73	-15.43%
Consolidated	492.00	584.20	-15.78%

The Company:

The Company's profit before corporate income tax for the nine-month period ended September 30, 2019 decreased by Baht 98.92 million against the corresponding period last year. The decrease in the Company's profit was mainly attributed to the decrease in profit before corporate income tax of SLBK by Baht 59.17 million and decrease in profit of SLCM by Baht 39.75 million.

Revenues from hotel operation of SLBK decreased by Baht 33.89 million from Baht 1,474.07 million to Baht 1,440.18 million during the same period last year due to the decrease in room and food & beverages revenues, which resulted from lower occupancy and F&B covers. Gross profit decreased by Baht 36.55 million. Selling expenses increased by Baht 13.67 million whereas administrative expenses increased by Baht 25.05 million. Depreciation expenses decreased by Baht 11.02 million against the same period last year. Finance income increased by Baht 22.48 million mainly due to strengthening of Thai Baht currency against US Dollar. As a result, the profit before corporate income tax decreased by Baht 59.17 million from Baht 557.86 million to Baht 498.69 million.

Revenues from hotel operation of SLCM decreased by Baht 34.45 million from Baht 382.79 million to Baht 348.34 million during the same period last year. Gross profit decreased by Baht 36.64 million. Selling expenses increased by Baht 1.18 million whereas administrative expenses increased by Baht 0.08 million. Depreciation expenses increased by Baht 0.51 million against the same period last year. As a result, the profit before corporate income tax decreased by Baht 39.75 million from Baht 82.89 million to Baht 43.14 million.

Consequently, the total profit before corporate income tax of SLBK and SLCM decreased by Baht 98.92 million from Baht 640.75 million to Baht 541.83 million. The corporate income tax decreased by Baht 19.80 million. As a result, the Company recorded a net profit after tax of Baht 433.61 million for the nine-month period ended September 30, 2019 from a profit of Baht 512.73 million against the corresponding period last year (decreased by 15.43%).

Consolidated:

The consolidated profit before corporate income tax for the nine-month period ended September 30, 2019 decreased by Baht 118.44 million against the corresponding period last year. The decrease in consolidated profit before corporate income tax was due to the decrease in the Company's profit before corporate income tax of Baht 98.92 million and decrease in profit from subsidiaries by Baht 19.52 million. The decrease in profit of subsidiaries was largely due to the decrease in dividend income from related company. As a result, the corporate income tax decreased by Baht 20.10 million. Overall, the consolidated net profit after tax attributable to the equity holders of the company for the nine-month period ended September 30, 2019 decreased by Baht 92.20 million against the corresponding period last year (decreased by 15.78%).

Yours faithfully,

Mrs. Pavinee Meensuk
Director and Company Secretary

Headline: Reviewed financial performance Quarter 3 (F45)

Security Symbol: SHANG

Announcement Details

Financial Statement (F45)

Company name	SHANGRI-LA HOTEL PUBLIC COMPANY LIMITED
Quarter	Quarter 3

(In thousands)

Financial Statement	Quarter 3		For 9 Months	
Status	Reviewed		Reviewed	
Ending	30 September		30 September	
Year	2019	2018	2019	2018
Profit (loss) attributable to equity holders of the Company *	153,363	161,170	491,998	584,202
EPS (baht)	1.18	1.24	3.78	4.49

Type of report Unqualified opinion

*For consolidated financial statements

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

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

Signature _____

(Mrs. Pavinee Meensuk)

Director and Company Secretary

Authorized Persons to Disclose Information

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